

## **Supply Chain Policy 2022/23**

### **Scope**

This policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.

### **Context**

The policy is a mandatory requirement that must be in place prior to participating in any subcontracting activity.

### **Rationale for sub-contracting**

Luminate Education Group (“the Group”) engages with sub-contractors in order to better meet customer needs and to do the following:

- To work with providers who effectively reach priority learners in the community and who can demonstrate positive employment outcomes
- To provide access to, or engagement with, a new range of customers
- To support another provider to develop capacity/ quality
- To provide additional delivery where the cost of developing direct delivery would be unsustainable
- To work with providers which offer sector specific LEP priority engagement

All sub-contractors will be subject to the Group’s due diligence process. New sub-contractors are appointed either through an advertised tendering process or where specific providers are able to make a contribution to the Group’s wider priorities. Preference will be given to providers who recruit learners within the Group’s normal recruitment area.

### **Quality assurance and support provided to sub-contractors**

The quality of sub-contract provision is carefully monitored and managed through existing quality assurance processes and procedures. The Group provides training for subcontractor staff on request, including but not limited to:

- The contract and funding body requirements
- Professional training and development for partner staff
- Access to learning resources and materials
- Participation in the Group’s observation of teaching, learning and assessment process
- Participation in the Group self-assessment process

- Access to a range of in-house training delivered by the Group e.g. Self-Assessment Report (SAR) training
- Monitoring of initial guidance, assessment, delivery of learning programs and associated targets.

Group staff will visit sub-contractors regularly and will provide curriculum planning advice and funding updates. Quality audits will be completed and feedback provided with priority being given to new providers or providers where there has been an identified concern regarding their performance.

Support sessions on areas such as equality and diversity, data recording, legislative compliance and the Education Inspection Framework will be provided on request or as a group activity. Support is provided to sub-contractors through close monitoring and tracking of learner progress using Group systems and the continual review of contract performance.

In addition, the Group supports the sub-contractor in meeting the requirements of the Equality Act, minimising complaints and drop-out rates through a series of direct contacts with both the learners and employers via learner validation calls, employer and learner surveys. The results of this activity are shared openly and monitored to support improvement. Sub-contractors will be expected to take account of the potential costs of reasonable adjustments under the Equality Act when planning their course delivery.

## **Management fee**

The Group will report its subcontracting fee charges policy and actual end-of-year subcontracting fees as required by the ESFA. This will only relate to subcontracted delivery of full programmes or frameworks. The Group will ensure all actual and potential subcontractors have sight of this Policy and any other relevant documents related to fee charges.

The management fee is based on a number of factors including:

- The funding value of the contract activity
- The risk and track record of the partner for the contract activity
- The type and level of support required from the Group
- The duration of the contract

The typical Group management fee ranges from 20% to 25% of the contractual value of the activity, depending on the variables above. As a minimum the fee will include:

- Group management time for the due diligence and pre-contracting process, contracting, meetings & performance monitoring
- A risk related fee element, dependant on the provision subcontracted and track record of the potential partner
- Administration staff time
- Support with delivery of high-quality teaching, learning and assessment.

The Group retains a proportion of the funds received from ESFA which covers the direct costs associated with operating and quality assuring sub-contracted provision and provides a contribution towards relevant indirect costs such as finance, student support, IT and other curriculum support costs.

The Group may also retain up to 10% of the value of each invoice payable to a provider on an interim basis, pending completion of student qualifications and finalisation of accounts. This is to

allow for any potential shortfall in ESFA income. Once accounts are finalised, interim retentions are usually paid to the provider within six months of the end of the contract.

No fees or charges are payable by the sub-contractor to the Group.

## **Payment terms**

The Group will make payment to the sub-contractor within 30 days of receiving a valid claim for payment or invoice. Payments will usually follow the submission of the Individualised Learner Record (ILR) and receipt of the Occupancy Report (Provider Funding Report) by the Group.

No payment will be made in respect of any learner remaining on programme where there has been no evidence of learning received for a period of 12 weeks.

## **Communication of the supply chain charges policy**

This policy is published on the Group internet at <https://leedscitycollege.ac.uk/the-college/corporate-documents/> and can be sent to all sub-contractors on request. The policy is discussed with potential subcontractors during the due diligence and contracting process.

The Group will submit regular returns to ESFA and publish a full list of providers with subcontractors including:

- Name of sub-contractor
- UKPRN
- Contract start date and end date
- Provision type
- Source of funding
- Total gross income
- Total paid to sub-contractor
- Total funds retained by the Group

## **Policy review**

This policy is updated annually in line with updates from the ESFA funding guidance and will be reviewed in July 2023.

July 2022