

# Workers' Educational Association

## Supply Chain Fees and Charges (Subcontracting) Policy

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## 1. Scope

To outline the fees and charges of supply chain activity using Education and Skills Funding Agency/MCA funds provided by the Workers' Educational Association (WEA), in its capacity as contractor, to its subcontractors.

## 2. Purpose

The purpose of this policy is to demonstrate how the WEA will seek to optimise the impact and effectiveness of service delivery within its supply chain, identify costs incurred and provide transparency to all for the allocation of Funding Agency/MCA funds to third parties for subcontracted provision.

## 3. Reason for subcontracting

The WEA will work in partnership with a number of high quality partners to deliver its programmes where,

- The subcontractor has the skills and experience to deliver programmes that the WEA would otherwise be unable to provide.
- The subcontractor is a niche or specialist provider that is able to deliver provision more efficiently and cost effectively than the WEA.
- The WEA will benefit by gaining experience of new and innovative methods of delivery and by gaining access to new markets.
- Build the capacity and sustainability of the voluntary and community sector.

## 4. Quality and Teaching and Learning

The subcontractor will at all times comply with the WEA's quality standards for teaching and learning and contracts with subcontractors will stipulate financial penalties for any under achievement of quality measures.

The WEA, through its Education Team structure will closely monitor the performance of the subcontractor throughout the duration of the contract and will address emerging quality issues immediately.

Subcontractor provision will be included in the relevant programme area of the WEA's annual SAR.

## 5. Selection of Subcontractors

The WEA will operate an Approved Supplier list and will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels.

A risk factor assessment is conducted for each subcontractor based on thorough due diligence evidence provided including credit and Companies House checks. The risk factor table in Annex 1 shows the performance indicators, criteria and risk levels against which subcontractors are assessed.

See annex 2 for a detailed split of the charges.

## 6. Fees and Charges

Fees will be in line with the costs incurred by the WEA to ensure the subcontractor meets the standards as described above. The fees will range from between 15% and 20% of the contract value. The WEA as the principal contract holder carries the full responsibility of ensuring the terms and of its contract are met. The WEA will provide the following services to its subcontractors:

1. Annual and monthly performance review and planning meetings
2. Quality Monitoring meetings (at least once a term)
3. MIS and ICT support in order to enable ILR returns
4. Quality audits of subcontractor delivery
5. Quality support of OTLA (Quality assuring the OTLA processes of the Subcontractor to ensure they meet the relevant standards)
6. Ensuring funding compliance and recording of all data in the ILR
7. Annual audits carried out by the WEA Internal auditors to ensure independent checks of point 3
8. Training and support on administrative process, systems and paperwork to enable the submission of accurate and timely data
9. Financial processing costs
10. Access to Canvas for tutors and learners as appropriate
11. Access to training for tutors (access to WEA on-line training for subcontractor tutors)
12. Administration of learning and learner support
13. Marketing and publicity support – sharing of course publicity information across WEA and subcontractor websites
14. Evaluation and Impact reports

15. Performance Improvement Action Planning & Support – proportionate to identified level of improvement needed to meet quality or performance standards

- Informal action planning – Based on a medium risk assessment a SMART time limited action plan is set and monitored.
- Formal action planning – Based on major or significant risk assessment a formal action plan and performance improvement plan is implemented.

Additional Charges apply (where appropriate) for:

- Exam registration
- Internal Verification services
- Liaison with External Verification
- Exam centre registration
- Purchase of resources
- Intensive improvement support

The costs incurred by the WEA will vary depending on the risk and need of each individual subcontractor. The fee will be agreed with the each subcontractor prior to the issue of any contract.

Payment will be made to subcontractors in line with the monthly ILR submissions, once the monthly ILR has been validated by the funder and the payment has been received by the WEA.

All subcontractors will have a financial ILR profile prepared as part of the contract, detailing the payment amount of ILR to be achieved by a certain date. Subcontractor performance will be monitored against this profile.

## **7. Access to Policy**

This Policy is available on the WEA's website.

## **8. Mechanisms for Feedback**

Constructive comments on the continual improvement of this Policy are welcomed and should be forwarded to the Chief Operating Officer.

End of Policy

## Annex 1 – Risk Factor Table

Performance Indicator	Criteria	Risk Level	Score
Previous track record in terms of meeting funding and success rate targets	All fully met and evidenced	Low Risk	5
	Up to 10% below funding target and/or 5% below national success rates	Medium Risk	10
	More than 10% below funding target and/or more than 5 % below success rate or no evidence	High Risk	15
Length and quality of the relationship with the WEA	1 or more years as subcontractor – no issue	Low Risk	5
	1 or more years as subcontractor – some issue	Medium Risk	10
	1 or more years but serious issues or new with no previous relationship with the WEA	High Risk	15
Financial stability of subcontractor  (based on due diligence test)	Fully compliant – accounts, insurance, credit rating	Low Risk	5
	Compliant but some issues requiring further guidance	Medium Risk	10
	Compliant but requiring additional guidance and support – both in depth and timing	High Risk	15
Type of Provision to be undertaken  <i>*relates to qualifying days for funding in ESFA common funding rules</i>	Short* funded programmes	Low Risk	5
	Medium* courses under classroom based provision	Medium Risk	10
	Long* courses or apprenticeships	High Risk	15
Contract performance and duration	Fully compliant with quality assurance procedures	Low Risk	5
	Near full compliance with some issues	Medium Risk	10
	Additional support substantial to ensure compliance with more serious issues	High Risk	15
Contract size	Up to £350,000	Low Risk	5
	Between £350,001 and £500,000	Medium Risk	10
	£500,001 and above	High Risk	15

Low risk = 30-45 (15% for contract management)

Medium risk = 46-60 (17.5% for contract management)

High risk = >61 (20% for contract management)

## Annex 2 - Charging Methodology for Subcontractor Fees

<b>WEA Support</b>	<b>Percentage of Overall Charge</b>
Quality including curriculum and accreditation processes, monitoring, audit and OTLA quality support	6.00%
Ensuring funding compliance, reporting and consolidation of all the data in the ILR, MIS and ICT support	3.00%
Finance processing, systems, compliance and audit support	3.00%
Access to training for tutors, VLE (Canvas), evaluation, research and impact reports, marketing and publicity, support networks	1.00%
Annual and monthly performance review and planning meetings including performance improvement action planning & support – proportionate to identified level of improvement needed to meet quality or performance standards; Informal action planning & formal action planning	2.00%
<b>TOTAL CHARGE @ 15%</b>	<b>15.0%</b>
Additional support from the basic charge of 15% e.g. advice on policy, development, eligibility and data collection  Annual and monthly performance review and planning meetings including performance improvement action planning & support – proportionate to identified level of improvement needed to meet quality or performance standards; Informal action planning & formal action planning	2.50%
<b>TOTAL CHARGE @ 17.5%</b>	<b>17.5%</b>
Intensive support and development e.g. quality, curriculum advice, funding advice, programme design  Funding support and advice on eligibility  Annual and monthly performance review and planning meetings including performance improvement action planning & support – proportionate to identified level of improvement needed to meet quality or performance standards; Informal action planning & formal action planning	2.5%
<b>TOTAL CHARGE @ 20%</b>	<b>20.0%</b>