

# SUPPLY CHAIN FEES & CHARGES POLICY

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## General Overview

As a Lead Provider the Yorkshire College of Beauty is committed to publishing our supply chain fees and charging policy on our website for 'provision' subcontracting. Each year, we review and enhance our offer to ensure we are a leading provider of choice for Beauty Therapy and Hairdressing.

Our supply chain fees and charging policy as a minimum shall cover:

- Our rationale for subcontracting
- Any exceptions to the policy
- Our contribution to improving our subcontractors quality of teaching and learning
- Typical percentage range of fees retained to manage subcontractors and how this range is calculated
- The support we will provide in return for the fee we charge
- If appropriate, the reason for any difference in fees charged
- Payment terms e.g. timings of payment in relation to delivery provision in accordance with our self-billing process
- Timing for policy review
- How and when the policy is communicated and discussed with current and potential supply chain partners and where the policy is published
- Exit process

## Why does the Yorkshire College of Beauty Subcontract?

As one of the larger training providers in beauty therapy we seek to develop like-minded Subcontractors in our niche sector and to fill any gaps to meet the needs of our employers, learners and funders. We work with Subcontractors who can complement our existing provision and offer quality driven industry recognised qualifications and services to support learners and employers. The Yorkshire College of Beauty recognize that by subcontracting development opportunities and shared good practices lead to innovation and new ways of working.

Subcontractors are sourced by direct approach, referrals from other partners or personal recommendations.

Our overall strategy for subcontracting has not changed and we will continue to satisfy learners and employers requirements in our area by offering:

- niche provision,
- engage with learners on a more personalized level,
- offer flexible delivery of training on site and at external venues
- respond to learner and employer requirements.

With the changes to the funding requirements for the subcontracting of Apprenticeships, the Yorkshire College of Beauty strategy will target partners who provide apprenticeship frameworks and apprenticeship standards in the hair and beauty industry.

The Yorkshire College of Beauty shall also be subcontracting the end point assessment to an Apprentice Assessment Organisation (City & Guilds). As responsibility sits with the employer to select the appropriate organization and negotiate the fees, the Apprentice Assessment Organisation shall be exempt. Should the employer ask the YCOB to help them select an Apprentice Assessment Organisation, the YCOB will comply with the YCOB financial regulations.

### **Exemptions to the Policy**

The Apprenticeship Funding Rules and Performance Management Rules passed responsibility to employers to choose their own Apprentice Assessment Organisation and negotiate fees and whilst the YCOB shall be responsible for payment of the fees subcontracting to the AAO shall be exempt from this policy. Likewise, if the employer stipulates the supply chain partner we use/or fees we can charge can be exempt from this policy.

### **Selection Process**

All subcontractors are subject to completing an application, rigorous due diligence and interview before we contract with them and look at being able to work with subcontractors who are able to support local needs.

After receipt of application, due diligence and interview, the YCOB will carry out a site visit to review resources, organizational procedures, paperwork and observation of induction and or delivery.

### **Contract**

Once satisfied that the subcontractor meets all requirements of the YCOB then a legally binding contract will be issued. The contract stipulates what we expect from partners and what they can expect from us in return.

Subcontract provision will not commence until the contract has been signed by both parties.

### **Commitment to improving the quality of Teaching & Learning**

We are committed to a policy of continual improvement to the quality of teaching, learning and assessment. In support of this a range of approaches are used such as observations, self-assessment reports and quality improvement plans. It is a requirement that subcontractors follow the YCOB's standards, policies & procedures where necessary.

This effective approach has developed to meet requirements of both lead provider and subcontractor and we have found this to be extremely effective in responding to learner and funder needs whilst providing the necessary assurance and due diligence in the use of public funds through effective leadership (Grade 2 Ofsted July 2016) confirms 'Managers monitor the provision delivered by subcontractors rigorously and effectively'. The YCOB has a strong Quality & Performance Management ethos and has resulted in excellent performance and works effectively with delivery partners

## **Fees retained by the Yorkshire College of Beauty**

We recognize that subcontractors have different levels of capacity and skills and therefore we tailor the fee we retain from the funding we receive, to reflect the services and support we provide to the subcontractor to deliver high quality provision in proportion to the delivery undertaken by the subcontractor.

The Yorkshire College of Beauty charge a 15 percent management fee to reflect the services we provide for our subcontractors. Additional charges may be made if the subcontractor requires extra support and services out of that available under the management fee. When calculating the fee payable to the subcontractor the YCOB calculates the fee attributable for the portion of training delivered by the subcontractor. As part of the contract negotiations, we may tailor the payment structure to reflect the level of resources we need to manage the relationship.

We will agree the fee with our subcontractors based on historical management and monitoring information. For new supply chain partners, the fee will be informed by a review that will reflect variations of the amount of support needed at the contract set up.

All fees will be reviewed annually, however should the rationale for the fee change during the year, the YCOB shall be entitled to adjust the fee accordingly to reflect any additional support required.

## **What support does the Yorkshire College of Beauty offer Subcontractors?**

- Monthly dissemination of information on subcontractors performance
- Monthly detailed provider funding reports
- Designated subcontracting manager who will manage and monitor the performance, quality and compliance activities:
  - Preparation of contracts
  - Process funding - ILR, employer incentive, subcontractor declaration
  - Manage financials received from employers and the ESFA and make appropriate payments
  - Monthly MIS detailing each learner and employer details to ensure they meet the audit requirements and ESFA funding rules
  - MIS upload to the hub
  - Advice and guidance for funding, government initiatives, documents, H&S, eligibility of learners
  - Due diligence, quality check list,
  - External assurance on subcontracting controls audit & certificate
  - Investigate complaints or allegations made against the subcontractor if applicable
  - Sector skill standards updates
  - Identify provision and skills gaps
  - ALS information and guidance
  - Audit checks and observations on teaching, learning and assessment
  - Access to our resources such as policies and procedures
  - Provide nominated safe guarding and prevent coordinator for queries, concerns and reporting of incidents
  - Provide nominated financial staff for queries regarding payments and incentives
  - Other specific support available depending on requirements of the contract

## **Payments to subcontractors**

Payments are made in line with the subcontract. Payments are made on a monthly basis at the end of the following month in which activity is successfully delivered, validated and payment confirmed and received from the ESFA. Payments are made based on the payments received from the ESFA less the management fee agreed as part of the contract.

Should for any reason our funding be reduced we may exercise our right under the contract to withdraw or reduce funding.

From time to time we may withhold funding due. This would be to protect public funds where in our opinion, for example, we do not hold sufficient progression evidence to support any on programme payment.

We operate a self-billing process and invoices are not accepted, unless this is agreed as part of contract negotiations. Most payments are made by BACS on the last Friday of the calendar month. Payments may be rescheduled in December due to bank holidays and business closure between 20<sup>th</sup> December – 1<sup>st</sup> January.

We expect subcontractors to fully engage in assessing the accuracy of payments and therefore they have a responsibility to review the payments made and the supporting evidence we provide to identify any inaccuracies.

Considered risks would be below target retention and achievement rates and not meeting quality assurance measures as outlined in the contract.

### **End of Contract and SCP Exit**

When an SCP has successfully delivered their commitments within the Service Level Agreement and the contract has come to its natural end, we will commence the exit process.

- 1.The SCP will be notified by the sub contract manager 1 month in advance of the date that the contract will be ending. This will include a time and date of contract end as well as arrangements for closure.
- 2.The sub contracting manager will produce a contract closure plan outlining the process for informing the SCP of services delivered and written confirmation of the SCPs knowledge that the contract has ended.
- 3.The Director will be responsible for formally closing the contract
- 4.The SCPs details will be maintained on our Supply Chain database should the need arise to commission the service of the SCP for future contracts.

Where an SCP has been identified to be in breach of their contractual obligations outlined in the Service Level Agreement or here has been persistent unsatisfactory performance, the contract may need to be terminated.

- The sub contracting team will conduct an emergency review and ensure all other avenues for ensuring the SCP has improved performance have been exhausted
- The sub contracting Manager will notify the appropriate Contract Representative that it is their intention to terminate the contract (as well as reasons for the termination)
- The sub contracting Manager will will notify the appropriate Commissioner / Funding Body representative that it is their intention to terminate the contract

- Support will be provided to the SCP by providing them with guidance for how to prevent contract termination in the future
- The sub contracting manager will seek the relevant approvals and issue the termination notice.
- The contracts database will be updated to record the new end date
- The sub contracting manager and senior management team will arrange a meeting 8 weeks prior to the termination to plan how volumes will be re-allocated