Sheffield City Council Communities, Libraries, Learning & Skills

Supply-Chain Fees & Charges Policy 2017-18

Adult Education Budget (AEB) and Apprenticeship Funding

The following policy relates to the supply chain arrangements, fees, and charges applied by Sheffield City Council Communities, Libraries, Learning & Skills to its sub-contracting arrangements with regard to Education and Skills Funding Agency (ESFA) funded delivery.

Reasons for Sub-Contracting

Sheffield City Council undertakes sub-contracting of provision for the following reasons:

- To ensure that Sheffield has a wide ranging offer of learning and training which meets the economic, social and academic demands of the city’s population.
- To deliver specialist provision to vulnerable and/or disadvantaged groups.
- To address gaps in provision that cannot be accommodated within its own delivery training centres.
- To ensure employer choice.
- To meet the strategic aims of the Council’s Apprenticeship programme.

Improving Sub-contractors AEB Teaching & Learning, Apprenticeship Training and On Programme Assessment

Sheffield City Council undertakes comprehensive support to sub-contractors to ensure improvements in teaching and learning, apprenticeship training and on-programme assessment that take place over the contracted period. Support provided includes:

- Training and the implementation of peer Observations of Teaching & Learning
- Generic support Workshops & Network Meetings
- Focused quality training sessions
- Teaching & Learning Quality Audits
- Support in the production and review of annual Self-Assessment Report, Quality Improvement Plans, and Teaching, Learning and Assessment Development Plans.
- Preparation support work for Ofsted Inspection
- Support for additional funding bids

Updated Version: 1st November 2017
Improving Sheffield Council, Communities, Libraries, Learning & Skills AEB
Teaching & Learning, Quality of Apprenticeship Training and On - Programme
Assessment

Sheffield City Council undertakes the following activity to ensure improvements in
teaching and learning, apprenticeship training and on- programme assessment that
take place over the academic year.

- The undertaking of Observation of Teaching & Learning and/or Learning
  Walks across all Education and Skills Funding Agency funded programmes
- Training and the implementation of peer Observations of Teaching & Learning
- Focused quality training sessions for teaching and support staff.
- Teaching & Learning Quality Audits
- The production and review of the overall annual Self-Assessment Report,
  Quality Improvement Plans, and Teaching & Learning Development Plans.
- Preparation support work for Ofsted Inspection

Percentage Rate of Fees

In the 2017-18 academic year, Sheffield City Council will retain a management fee of
15%.

The 15% management fee is calculated based on the cost of providing sub-
contractors with contract management, quality assurance, preparation for Ofsted
Inspection support and the processing of monthly ILR data returns to the Data
Service.

Contract Support Received By Sub-contractors

Sub-contractors receive the following contract support from Sheffield City Council:

Regular quality provider reviews covering the following aspects:

- Monitoring of performance (including recruitment against profile where
  applicable, pass rates, retention rates, and achievement rates).
- Records of Observation of Training & Learning and / or Learning Walks
- Contractual changes since the last review.
- Organisational and delivery arrangement changes since the last review.
- Finance – monitoring of payments.
- Advertising and marketing activity.

Updated Version: 1st November 2017
• Information and paper flows.
• Receipt and use of programme tracking documents
• Safeguarding and Prevent
• Unannounced visits.
• Equal Opportunities
• Health & Safety

Data support is also provided including paperwork briefings, production of management information reports and the submission of funding claims to the Education and Skills Funding Agency.

Regular best practice events delivered to sub-contractors across all programmes.

**Payment Terms to AEB Sub-contractors**

**Payment Process – Delivery of Non Regulated Adult Learning Provision**

• 70% of the cost of each course will be paid at the commencement of each course, on the receipt of **start** paperwork.

• 30% will be paid on the completion of each course on receipt of **end** paperwork.

**Payment Process – Pathway Coordination**

• 50% of the cost of each term’s delivery programme will be on the receipt of **start** paperwork

• 50% will be paid when the term’s delivery programme is complete and an identified outcome is evidenced

**Course Paperwork Submission Deadlines**

• The potential supplier should note the following deadlines for final submission of Community Learning course paperwork to Sheffield City Council in order to ensure payment for delivery.

Courses Delivered in Autumn Term: 5pm Friday 12th January 2018
Courses Delivered In Spring Term: 5pm Friday 20th April 2018
Courses Delivered In Summer Term: 5pm Friday 3rd August 2018

*Updated Version: 1st November 2017*
Payment Process – Delivery of Regulated Adult Learning Provision

Payments will be made to suppliers based on the following criteria:

- The delivery of a qualification aim agreed in the contract negotiation process which is listed on the Learning Aims Reference System (LARS) / Learning Aims Reference Application (LARA) / Adult Education Budget funding rates and formula 2017 to 2018 and subsequently included in the potential provider’s contract profile of delivery.

- Payments will be based on the tariffed price per qualification as listed on the Learning Aims Reference System (LARS) / Learning Aims Reference Application (LARA) / Adult Education Budget funding rates and formula 2017 to 2018.

- Payments will be based on actual submission of accurately completed course paperwork, including learner enrolment forms, course registers, qualification achievement evidence, and where applicable learner fee remission evidence.

- Payments will be made on the actual recruitment, learner funding eligibility, learner employment status and learner paperwork submissions. Payments will not be based on profiled starts shown in contract.

- Learners will only become eligible for funding after they have been retained on programme for a minimum of six continuous weeks from their actual start date.

- Payments will be based on actual Adult Education Budget earnings drawn down from the Education and Skills Funding Agency.

- All payments will be subject to the deduction of a 15% Sheffield City Council Management Fee.

- Payments will be made on actual learner earnings at the end of each term. The 2017-18 term end dates are shown as follows:

  - Autumn Term: 29th December 2017
  - Spring Term: 6th April 2018
  - Summer Term: 27th July 2018

Updated Version: 1st November 2017
• In the event of late submissions of course paperwork or qualification achievement evidence after the 31st July 2018 a final payment will be made to Providers no later than the 31st October 2018.

• Providers should note that 80% of learner Adult Education Budget earnings are secured through learner retention on programme and the remaining 20% is secured through the achievement of the qualification aim.

• Providers should note that all Education & Skills Funding Agency funding is subject to both internal and external audit. Any overpayments identified due to non-compliance will be subject to financial claw back or a reconciliation of outstanding due payments.

Wider Family Learning (WFL) & Family English Maths and Language (FEML)

These elements are directly delivered by Sheffield City Council, Communities, Libraries, Learning, & Skills. Sub-contractors are not used to deliver Wider Family Learning and Family English Maths and Language (FEML).

Payment of AEB Invoices

Payments for Adult Education Budget (AEB) delivery are made 30 days after the receipt of invoice. All payments to sub-contractors are made in line with Sheffield City Council payment procedures.
Apprenticeships Pricing / Payment Mechanism / Funding - May 17 onwards.

For apprenticeship commencing from 1st May 2017 and after.

Frameworks and Standards

1. The following list of funding types may form part of a monthly payment dependent on the individual circumstances of each apprenticeship as specified in the funding rules including the Apprenticeship Technical Funding Guide for Starts from May 2017.

   A. Employer Levy Payment or Co-Investment
   B. Apprenticeship Instalments
   C. Additional Payments
      i. Support for Younger Apprentices – 16-18 years old Provider £1000 Incentive
      ii. Eligible 19-24 years old with EHC plan or has been in the care of their local authority
      iii. Support for Younger Apprentices – 16-18 years old Employer £1000 Incentive
      iv. Support for Younger Apprentices – 20% Framework Instalments Uplift (20% held back until Framework Completion)
      v. Support for Younger Apprentices – Framework Completion
      vi. Disadvantage Funding
   D. Other Payments
      i. English and Maths
      ii. Learning Support Fund
   E. Apprenticeship Completion

2. A 15% Management Fee will be levied by the Purchaser on all the above payment with the exception of:
   - C ii. Eligible 19-24 years old with EHC plan or has been in the care of their local authority
   - C iii. Support for Younger Apprentices Employer £1000 Incentive, which will be passed on in full to the employer
   - D ii Learning Support Fund

3. Tier 1 and 2 sanctions will be applied to Training Sub-Contractor’s monthly payment as set out in the Performance Mechanism at Schedule 3 and the Training Sub-Contractor (provider) monthly monitoring and KPI process at Schedule 8.

4. Where employer co-investment is required, the employer must pay the full co-investment for the whole apprenticeship within 30 days of the apprenticeship starting. If an employer fails to make the required payment then the apprenticeship will be removed from the Individual Learner Record (ILR) and no ESFA funding will be drawn down or paid to the Training Sub-Contractor.

Updated Version: 1st November 2017
5. Alternative employer co-investment payment schedules can only be arranged and agreed with the employer by the Purchaser. Payments to the Training Sub-Contractor will cease if the employer fails to make any co-investment payment in line with the agreed alternative payment schedule. The Purchaser will work with the Training Sub-Contractor to resolve the co-investment underpayments with the employer. Where a resolution cannot be found the apprenticeship will cease and alternative arrangements may be considered for the apprentice.

6. The Purchaser will be responsible for the collection, evidence and recording on the ILR of the employer co-investment. The Purchaser will pay the employer co-investment to the Training Sub-Contractor as part of the monthly payments in equal instalments over the number of planned months of the apprenticeship. Appropriate deductions will be made including the management fee, completion payment, and applicable tier 1 and 2 financial sanctions.

7. For Standards the Apprenticeship completion payment from the ESFA and 20% of any Employer Co-investment will be used to cover the cost of the End Point Assessment (EPA). Once all EPA costs have been met, including any resits the remaining balance minus the management fee will be paid to the Training Sub-Contractor.

8. Where an apprentice does not complete the apprenticeship the Training Sub-contractor shall not receive any completion payment for that apprentice.

9. The Purchaser shall not pay more than the Price less the Purchaser’s 15% management fee for any Qualification.

10. Unless agreed otherwise between the Purchaser and the Training Sub-Contractor in writing, the Purchaser shall pay the Training Sub-Contractor within 30 days of the date the Purchaser completes the Training Sub-Contractor Monthly Monitoring and KPI Procedure, which is when the contracting team instruct the finance team to release payment. (See schedule 8).

11. The Training Sub-contractor must notify the Purchaser in writing of any over-payment of funding received and repay on receipt of a written request.

12. The Purchaser shall pay the funding directly into the Training Sub-Contractor’s chosen bank account through BACS (the Bankers Automatic Clearing System) unless the Parties agree an alternative arrangement in writing.

Updated Version: 1st November 2017
Performance Mechanism

Sanctions

The table below sets out the sanctions that will be implemented based on the Training Sub-Contractor performance. Tier 1 has a set of associated Key Performance Indicators (KPIs). Refer to the contract Schedule 3 - Performance Mechanism Part 2 for details of the KPI measures.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Sanction</th>
</tr>
</thead>
</table>
| 1    | Tier 1 financial sanctions will be applied once a Tier 1 sanction threshold has been met and further KPI fails occur. Financial sanctions will continue to apply to subsequent KPI fails until there have been no KPI fails for three consecutive months. Refer to the Training Sub-Contractor Monthly Monitoring and KPI Process procedure for details of the application of financial penalties, improvement plans, and the correction, challenges and appeals processes. See Schedule 8 “Training Sub-contractor Monthly Monitoring and KPI Process”.

When a Tier 1 financial threshold is met KPI fails will attract a percentage reduction in the total payment due for the month in which the KPI fails are identified by the Purchaser as shown in the table below. |

<table>
<thead>
<tr>
<th>Number of KPI Fails in a Month</th>
<th>Percentage Reduction Applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>2</td>
<td>4%</td>
</tr>
<tr>
<td>3 or more</td>
<td>5%</td>
</tr>
</tbody>
</table>

Updated Version: 1st November 2017
The Training Sub-Contractor will receive a monthly KPI report via Anycomms with the monthly payment summary identifying if any KPIs have been failed and the resulting funding reduction.

A Tier 1 performance adjustment as set out in the table above shall be in addition to any Recovery of Funds.

<table>
<thead>
<tr>
<th>2</th>
</tr>
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<tbody>
<tr>
<td>A Tier 2 sanction will be applied where concerns are identified about the performance, quality or compliance of a Training Sub-Contractor. The following list of examples is not exhaustive:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>• Failure to meet any delivery process requirements</td>
</tr>
<tr>
<td>• Consistently failing KPIs</td>
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<tr>
<td>• Low success rates in one or more SSAs</td>
</tr>
<tr>
<td>• Slow learner progress</td>
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<tr>
<td>• Insufficient employer involvement</td>
</tr>
<tr>
<td>• Failure to provide withdrawal, completion paperwork, or notification of the continuation of learning beyond the planned end date, by the end of year deadline. (See KPI 1.2).</td>
</tr>
</tbody>
</table>

In the case of a Tier 2 sanction, a letter will be issued explaining the reason/s for the sanction and that the following will apply:

• No new Orders shall be placed with the Training Sub-Contractor
• All payments will be suspended until the identified issues that resulted in the Tier 2 sanction have been remedied to the satisfaction of the Purchaser
• On successful resolution of the identified issues, payments will be released, minus a 5% deduction applied for each calendar month where the Tier 2 sanction was in place.

A Tier 2 performance adjustment as set out in the table above shall be in addition to any Recovery of Funds.

<table>
<thead>
<tr>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Termination</td>
</tr>
</tbody>
</table>

In all circumstances provided for by this Contract including, but not limited to, the following circumstances:

• Serious underperformance against KPIs
• Financial or legal irregularities

Updated Version: 1st November 2017
- Serious issue of safeguarding that have not been identified or addressed by the Training Sub-Contractor
- Serious allegations made by learners or employers. For the avoidance of doubt, termination will only be considered where any such serious allegations are substantiated.
- Failure to meet due diligence requirements or to produce evidence as requested by the deadlines required
- Where the Training Sub-Contractor is not able to deliver the learning agreed or does not have appropriate capacity, resources or infrastructure and is demonstrably affecting the progress and achievement of learners
- The performance of the Training Sub-Contractor is significantly below the national average for their sector.
- The Training Sub-Contractor consistently fails to address issues that have been identified by the Purchaser, and/or does not engage in communication, and/or QPRs and/or does not attend events or complete required documentation on time.
- The Training Sub-Contractor is removed from the Register of Apprentice Training Providers (RoATP).
- The ESFA instruct the Purchaser to cease contracting with the Training Sub-Contractor.

If a decision is taken to terminate the contract a formal letter will be sent from the Purchaser to the senior designated person within the Training Sub-Contractor to inform them of the decision made, further action to be taken and the arrangements to transfer the Apprentices to alternative provision.

In accordance with the terms of this Contract no new orders will be placed with the Training Sub-Contractor, existing Apprentices will be transferred to an alternative provider(s) and this Contract shall be terminated.
Skills Made Easy Delivery - Residual Activity

For apprenticeships frameworks commencing prior to 1st May 2017.

- Training Providers will be paid in line with the relevant ESFA funding rules, in arrears, with a 15% management fee deduction being made prior to payment.

- Additional financial deductions may be made as set out at schedule 1 of the contract, based on the Training Providers performance against Key Performance Indicators.

Sanctions that will be applied:

<table>
<thead>
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<tbody>
<tr>
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<td>KPI Fails will attract a percentage reduction in the total payment due for the month in which the KPI Fails are identified by the Purchaser as shown in the table below.</td>
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Training providers will receive a monthly KPI report via Anycomms with the monthly payment summary identifying if any KPIs have been failed and the resulting reduction. Please see guidance on the KPI Challenge Period and Appeals process.

A Tier 1 performance adjustment as set out in the table above shall be over and above any Recovery of Funds.

Updated Version: 1st November 2017
2 A Tier 2 sanction will be applied where concerns are identified about the performance, quality or compliance of a training provider. The following list of examples is not exhaustive:
- Failure to meet any delivery process requirements
- Consistently failing KPIs
- Low success rates in one or more SSAs
- Slow learner progress
- Insufficient employer involvement
- Failure to provide withdrawal, completion paperwork, or notification of the continuation of learning beyond the planned end date, by the end of year deadline. (See KPI 1.3).

In the case of a Tier 2 sanction, a letter will be issued explaining the reason/s for the sanction and that the following will apply:
- No new Orders shall be placed with the Training Sub-Contractor
- All payments will be suspended until the identified issues that resulted in the Tier 2 sanction have been remedied to the satisfaction of the Purchaser
- On successful resolution of the identified issues, payments will be released, minus a 5% deduction applied for each calendar month where the Tier 2 sanction was in place.

A Tier 2 performance adjustment as set out in the table above shall be over and above any Recovery of Funds.

3 Contract Suspension / Termination

In all circumstances provided for by this Contract including, but not limited to, the following circumstances:
- Serious underperformance against KPIs
- Financial or legal irregularities
- Serious issue of safeguarding that have not been identified or addressed by the Training Sub-Contractor
- Serious allegations made by learners or employers. For the avoidance of doubt, termination will only be considered where any such serious allegations are found to be substantiated.
- Failure to meet Due Diligence requirements or to produce evidence as requested by the deadlines required
- Where the Training Sub-Contractor is not able to deliver the learning agreed or does not have appropriate capacity, resources or infrastructure and is demonstrably affecting the progress and achievement of learners
- The performance of the Training Sub-Contractor is significantly below the national average for their sector.

Updated Version: 1st November 2017
- The Training Sub-Contractor consistently fails to address issues that have been identified by the Purchaser, does not engage in communication, QPRs and does not attend events or complete required documentation on time.
- The Training Sub-Contractor is removed from the Register of Apprentice Training Providers (RoATP).
- The ESFA instruct the Purchaser to cease contracting with the Training Sub-Contractor.

In accordance with the terms of this Contract no new Orders will be placed with the Training Sub-Contractor, existing Apprentices will be transferred to an alternative provider(s) and this Contract shall be terminated.

A formal letter will be sent from the Purchaser to the senior designated person within the Training Sub-Contractor to inform them of the decision made, further action to be taken and the arrangements to transfer the Apprentices to alternative provision.

Training Sub-Contractor Payment of Apprenticeship

Unless agreed otherwise between the Purchaser and the Training Sub-Contractor in writing, the Purchaser shall pay the Training Sub-Contractor within 30 days of the date the Purchaser completes the Training Sub-Contractor Monthly Monitoring and KPI Procedure, which is when the contracting team instruct the finance team to release payment. Refer to the contract - Schedule 8 - Training Sub-Contractor Monthly Monitoring and KPI Procedure.

Updated Version: 1st November 2017
Supply-Chain Fees & Charges Policy: Review & Communication

The Supply-Chain Fees & Charges policy is reviewed on an annual basis and is communicated to both current and potential sub-contractors during the contract negotiation period which takes place in July, August, and September of each academic year.

The Supply-chain Fees & Charges policy is reviewed in June of each year when the final versions of Education and Skills Funding Agency funding and contracting guidance is issued to Sheffield City Council.

The Supply-chain Fees & Charges policy is published on the Sheffield City Council website.

SIGNED


Job Title: Head of Communities, Libraries, Learning & Skills

Date: 11/11/17

Updated Version: 1st November 2017
## Submission Deadlines for Paperwork

<table>
<thead>
<tr>
<th>Return</th>
<th>Submission Deadline</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>R01 - AUG</td>
<td>24/08/2017</td>
<td>Paperwork submission deadline, four working days before the end of the month.</td>
</tr>
<tr>
<td>R02 - SEP</td>
<td>26/09/2017</td>
<td>Paperwork submission deadline, four working days before the end of the month.</td>
</tr>
<tr>
<td>R03 - OCT</td>
<td>25/10/2017</td>
<td>Paperwork submission deadline, four working days before the end of the month.</td>
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<tr>
<td>R04 - NOV</td>
<td>24/11/2017</td>
<td>Paperwork submission deadline, four working days before the end of the month.</td>
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<tr>
<td>R05 - DEC</td>
<td>22/12/2017</td>
<td>Paperwork submission deadline, four working days before the end of the month.</td>
</tr>
<tr>
<td>R06 - JAN</td>
<td>25/01/2018</td>
<td>Submission deadline for achievement paperwork for previous term.</td>
</tr>
<tr>
<td>R07 - FEB</td>
<td>22/02/2018</td>
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<tr>
<td>R08 - MAR</td>
<td>27/03/2018</td>
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<tr>
<td>R09 - APR</td>
<td>24/04/2018</td>
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<tr>
<td>R10 - MAY</td>
<td>25/05/2018</td>
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<tr>
<td>R11 - JUN</td>
<td>26/06/2018</td>
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<tr>
<td>R12 - JUL</td>
<td>25/07/2018</td>
<td>Submission deadline for achievement paperwork for previous term.</td>
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Updated Version: 1\textsuperscript{st} November 2017