

The Learning and Skills Service

Supply Chain Fees and Charges Policy

2025-26

Supply Chain Fees and Charges Policy,

1. Purpose and Scope

The North East Combined Authority Funding and Performance Management Rules require all providers who subcontract provision to publish a supply chain and charges policy in the interest of transparency and openness along with a rationale for subcontracting provision. The intention of the policy is to set out how Sunderland City Council (SCC) meets and fulfils this requirement through its subcontracting arrangements.

1. Policy Statement

The Learning and Skills Service subcontracts a broad range of learning programmes for individuals aged 19 and over. These include non-accredited introductory and short courses under Tailored Learning, as well as accredited and vocational programmes leading to formal qualifications up to level 3.

The Service's commissioning and delivery priorities for Adult Skills Fund post-19 education and training are designed to align with Sunderland City Council's strategic objectives in Economy, Education & Skills, and Health & Wellbeing, as outlined in the City Plan. This overarching strategy includes:

- Growing the economy
- Promoting better living and working
- Improving health and wellbeing
- Improving education and skills
- Building resilient communities
- Ensuring the Council becomes an effective collaborator and commissioner of services

In addition, our aims are aligned with national priorities such as preparing individuals for employment, supporting people into work, raising attainment in education and skills training, and improving proficiency in Maths, English, and Digital Skills.

The Learning and Skills Service also aim to:

- Develop opportunities to meet the needs of learners and employers in new and emerging areas of delivery
- Meet the local and regional economic agenda, especially as expressed by the North East Combined Authority

3. Overarching principles

The Learning and Skills Service is committed to maximising the effectiveness and impact of its provision for learners, while ensuring the responsible use of public funds. To achieve this, we will:

- Rigorously apply the principles outlined in Ofsted's Education Inspection Framework.
- Ensure that all sub-contracted provision aligns with recognised best practices within the skills sector.
- Conduct fair, transparent procurement processes supported by robust due diligence for all potential sub-contractors.
- Retain funding in proportion to the actual costs of services delivered. Details of these services and the associated retained funding will be clearly communicated to stakeholders and formally documented within contractual agreements.

4. Rationale for sub-contracting

SCC does not deliver learning directly but is a strong commissioner of high-quality provision and subcontracts delivery to:

- To broaden the curriculum, offer and increase opportunities for learners
- Strengthen partnerships with local community organisations to enhance access and outcomes for adult learners.
- Diversify the capacity to deliver niche provision in marginalised communities, offered through subcontractual arrangements.
- Ensure that provision adds measurable value with all contractual arrangements demonstrating clear value for money

5. Improving the quality of teaching and learning

All subcontracted providers are expected to meet the Learning and Skills Service's Quality Assurance standards which are set out in a series of Key Performance Indicators, tailored to each provider and designed to contribute to continuous improvement. Quality Assurance processes are collaborative with a focus on driving continuous improvement.

The performance and quality of subcontracted activity will be monitored and managed through a range of processes and procedures including:

- Planned/unannounced observations and learning walks
- A schedule of monitoring visits to providers' premises, where appropriate, to assess compliance and quality of learner documentation and operational policies.
- Contract Review meetings with owners and managers, to measure performance and put in place actions for improvement when necessary.

- Learner and employer voice interviews and analysis.
- Sampling of learner documentation
- Self-assessment
- Participation in thematic Deep Dives
- Provision of CPD programmes and opportunities for development of tutors and assessors.
- Analysis of learner participation and progress
- Impact and destination tracking

6. Funding rates

Payments for accredited provision will be based on national funding rates, modified to reflect the Learning and Skills Service Management Fee.

For non-regulated Tailored Learning, subcontractors are invited to submit quotes for each programme which are then assessed by the Service in terms of quality, guided learning hours, learner numbers and overall value for money.

7. Sub-contracting fees and charges

The Learning and Skills Service charge a management fee of 20% for all subcontracted activities.

The fees charged reflect the cost of developing the curriculum, capacity development, the commissioning and procurement processes, managing and quality assuring the provision, providing support for improvement including CPD programmes and administration of the individual contracts.

8. Support provided to sub-contractors

All subcontractors will be supported throughout the length of their contracts, although the mix, balance and level of support for each provider will vary depending on their specific needs.

The support subcontractors will receive in return for the management fee charged includes:

1. Management of contracts

- Ongoing strategy and policy development
- Developing practice in alignment with funding rules and regulations, including support with interpretation of and compliance with regulations
- Development of tender documentation and management of NEPO portal activity

- Carrying out all subcontractor due diligence processes, including financial audit and legal scrutiny
- Drawing up and managing contracts and variations
- Managing and monitoring budgets
- Transactional finance
- Overall scrutiny of contract performance and making appropriate interventions where necessary

Staff directly involved:

- Portfolio Holders
- Director of Strategy and Corporate Affairs
- Learning and Skills Service Manager
- Quality, Performance and Achievement Manager
- Quality Monitoring Officer
- Engagement Officers

2. **Quality assurance and monitoring activities**

- Contract and performance monitoring, including evaluation, analysis, interventions and actions for improvement
- Audits, Monitoring Visits, Contract Reviews, Observations of Teaching, Learning and Assessment and learner/employer interviews in line with the Service's Performance Management Framework
- Developing and reviewing providers' quality management systems
- Management Information services and data control advice, including inputting data and submitting ILR claims

Staff directly involved:

- Learning and Skills Service Manager
- Quality, Performance and Achievement Manager
- Engagement Officers
- Quality Monitoring Officer
- Data and Funding Officer
- Contract Assistant

3. **Other activities to support sub-contractors**

- Provision of Information, Advice and Guidance to providers in relation to contractual and funding rules, Ofsted requirements and good practice in the delivery of skills provision
- Support with all aspects of compliance within Safeguarding, Prevent, FBV, Equality & Diversity and Health & Safety
- CPD opportunities, coaching and planned training and development
- Co-ordination and management of training provider forums
- Assistance in the completion of SARs and QIPs
- Supporting the celebration of learners' achievements

Staff directly involved:

- Learning and Skills Service Manager
- Quality, Performance and Achievement Manager
- Engagement Officers
- Quality Monitoring Officer

9. Payment arrangements

The Learning and Skills Service agrees contracts and details of payment arrangements prior to the delivery of provision by sub-contractors. Provider payments are aligned to the delivery of specific outputs within a defined timeframe and providers must show evidence of their delivery via timely submission of the required data and documentation outlined in the contractual requirements.

For accredited programmes, subcontractors have the option of staged payments or payment upon evidence of completion. 30% of the cost is paid at the start of each course to support initial outlay requirements such as learner registration with Awarding Organisations and other set-up costs. The remaining 70% is paid on programme completion and receipt of the qualification certificate.

For non-accredited Tailored Learning programmes, the full amount is paid on completion of each course, aligned to the achievement of key targets such as recruitment, retention, achievement and progression.

All providers are required to submit specified ILR information to demonstrate enrolment, eligibility, completion and achievement of all learners recruited.

All payments will be triggered by validated evidence of delivery and following receipt of a valid and approved invoice. Payments will be made to sub-contractors 30 days after receipt of the invoice.

Submission of inaccurate information will delay the validation of evidence and impact on the timescales in which payment can be made.

The Service expects that providers will co-operate in assessing the accuracy of payments and check remittance advice notes to ensure there are no errors. Where inaccuracies have occurred, providers are expected to notify the Service as soon as they have been identified.

10. Policy review and communication

This policy will be reviewed annually by The Learning and Skills Service in August. The policy will be available on the council website via the following link: [Learning and Skills Service policies - Sunderland City Council](#)

It will also be communicated to providers at pre-contract meetings and Provider Forums. Providers will be notified of any policy changes as part of their regular Contract Review Meetings.

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