

# Supply Chain Fees & Charges Policy

## 1. Introduction

1.1 As an SFA Prime Provider Siemens must publish a supply-chain fees and charges policy on our website before entering into any Sub-Contract Agreements for the 2014/2015 academic year.

## 2. Scope

2.1 This policy statement details how Siemens will apply fees and charges to Sub-Contract Agreements with organisations for the delivery of training on the Company's behalf for 2014/15 and is published in line with SFA requirements stated in Funding Rules 2014/15.

## 3. Reasons for Subcontracting

3.1 Siemens sub contracts for one or more of the following reasons:

3.1.1 To deliver niche provision – building on a sub-contractors' extensive and focused experience in the specialist areas.

3.1.2 To capacity build – help Siemens to respond flexibly to changing market demands and emerging opportunities.

3.1.3 To engage with new markets – provide access to, or engagement with, a new range of customers.

3.1.4 To ensure revenue / margin protection – working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources.

3.1.5 To ensure greater cost efficiency – to run certain programmes where it would not be viable for Siemens to build up in-house resources and expertise.

3.1.6 To provide good development opportunities for both Siemens and its Sub-contractors, to share good practice and new ways of working.

3.1.7 To temporarily expand provision to meet a short term need.

## 4. Contribution to Improving the Quality of Teaching, Learning and Assessment.

4.1 Siemens ensures that Sub-contractors are made aware of the Company's Quality processes and procedures and that they are guided and supported by Siemens to fully comply with the Company's Quality Standards.

4.2 Siemens ensures that all sub-contractors are made aware of the process of completing the Siemens Self-Assessment Review and the Quality Improvement Plan. Any actions arising are addressed in co-operation between the Company and the Sub-contractor.

4.3 Sub-contractors are required to hold course centre approvals in their own right and fully liaise with the awarding bodies. Siemens will regularly review External Verifier's reports submitted by Sub-contractors and monitor any follow-up required.

4.4 Siemens will appoint an appropriately qualified Technical Specialist for each contract whose responsibilities include undertaking regular quality assurance monitoring visits to check learner files, schemes of work and conduct Internal Verification.

## 5. Range of fees

5.1 The typical range of fees charged by subcontractors is negotiated at local level and is dependent upon local customs and practice and the level of risk.

5.2 The fee is calculated by assessing a number of risk factors derived through the Sub-Contracting with Training Partners/Associates Quality process and due diligence that Siemens requires all potential sub-contractors to undergo, including but not exclusively;

- If the potential sub-contractor is registered on the Register of Training Organisations
- Anticipated demands of the contract on the Siemens resources.
- Financial standing of the Sub-contractor.

- Proven track record of the Sub-contractor with regard to meeting success and funding targets.
- Contract size with regard to both funding and learner numbers
- Provision meets priority needs of local / community or sector priorities

## **6. Support for Sub-contractors**

6.1 Sub-contractors will receive:

- Designated points of contact and support from the Siemens Contracts Manager
- Advice and guidance at pre-contract stage.
- Regular review meetings with progress reports.
- Specialised Information, Advice and Guidance as required.
- Regular monitoring visits with detailed feedback identifying good practice and areas for improvement.
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified.
- Input of induction documentation submitted.
- Submissions of data to funding organisations.
- Ongoing data checks and support to resolve data queries.
- Ongoing support to address any areas for improvement.

## **7. Reason for Differences in Fees Charged**

7.1 Fees charged by individual providers may differ depending on the calculation of local provision

## **8. Payment Terms between Siemens and its Sub-contractors**

8.1 Payments are made as agreed by local service level agreements.

8.2 Payments are made based on the SFA value provided in the PFR received monthly by Siemens from The Data Service,.

8.3 Details of any rights by Siemens to withdraw, reduce or withhold funding are published in the Service level Agreement and relate to the protection of SFA funds and not to the benefit of Siemens.

8.4 Siemens expects Supply Chain members to fully engage in assessing the accuracy of payments and therefore have a responsibility to review their monthly financial reconciliations to identify any inaccuracies.

8.5 Supply Chain partners are responsible for all registration costs and any associated costs of maintaining Direct Claims Status with their awarding bodies.

## **9. Policy dissemination**

9.1 This policy will be disseminated to current sub-contractors via email and a website link.

## **10. Policy review**

10.1 This policy will be reviewed at least annually and in addition in-year as needed to reflect any changes in SFA funding rules.

## **11. Policy publication**

11.1 This policy will be published on the Siemens website and is also available upon request.

## **12. Current Subcontractor Costs for Siemens Apprentice Cohorts per region**

Lincoln College	£96,405
Macclesfield College	£9,455
Furness College	£89,640
Tyne Metropolitan College	£129,000
Trafford College	£115,868
Hartlepool College of Further Education	£17,156
Leeds City College	£103,800
BARKING AND DAGENHAM COLLEGE	£89,960
LOUGHBOROUGH COLLEGE	£15,000

SWINDON COLLEGE	£38,562
BIRMINGHAM METROPOLITAN COLLEGE	£69,200
MIDDLESBROUGH COLLEGE	£13,500
WARWICKSHIRE COLLEGE	£126,730
North warwickshire and Hinckley college	£106,720