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| <b><u>Policy Title</u></b>               | FE Supply Chain Fees & Charges Policy  |
| <b><u>Policy Category</u></b>            | Compliant  |
| <b><u>Owner</u></b>                      | Director of Legal and Contracts  |
| <b><u>Group Executive Lead</u></b>       | Chief Operations & Compliance Officer  |
| <b><u>Date Written</u></b>               | May 2023   |
| <b><u>Considered By</u></b>              | Executive Board  |
| <b><u>Approved By</u></b>                | Corporation  |
| <b><u>Date Approved</u></b>              | July 2023  |
| <b><u>Equality Impact Assessment</u></b> | The implementation of this policy is not considered to have a negative impact on protected characteristics   |
| <b><u>Freedom of Information</u></b>     | This document will be publicly available through the Group's Publication Scheme.   |
| <b><u>Review Date</u></b>                | July 2024  |
| <b><u>Policy Summary</u></b>             | Requirement of funding to publish our fees and charges policy that would apply to its supply chain (subcontracting).<br>This policy sets out the Group's approach to subcontracting and fees / charges for subcontracting. This policy is to be made available via the website of any NCG Colleges undertaking subcontracting. |

| <b><u>Applicability of Policy</u></b> | <b><u>Consultation Undertaken</u></b> | <b><u>Applicable To</u></b> |
|---------------------------------------|---------------------------------------|-----------------------------|
| Newcastle                             | Yes                                   | Yes                         |
| Newcastle Sixth Form                  | Yes                                   | Yes                         |
| Carlisle                              | Yes                                   | Yes                         |
| Kidderminster                         | Yes                                   | Yes                         |
| Lewisham                              | Yes                                   | Yes                         |
| Southwark                             | Yes                                   | Yes                         |
| West Lancashire                       | Yes                                   | Yes                         |
| Professional Services                 | Yes                                   | Yes                         |

| <b><u>Changes to Earlier Versions</u></b> |   |
|---|---|
| <b><u>Previous Approval Date</u></b>      | <b><u>Summarise Changes Made Here</u></b>   |
| July 2018                                 | Refresh of Policy to ensure relevant. Minor wording changes made.   |
| Oct 2018                                  | Refresh to emphasis retained funding instead of management fee following advice from tax advisors   |
| July 2019                                 | Refresh of Policy to ensure relevant. Minor wording changes made.   |
| July 2020                                 | Refresh of Policy to ensure relevant. Minor wording changes made.   |
| July 2021                                 | Refresh of Policy to ensure relevant. Minor wording changes made.   |
| July 2022                                 | Refresh of Policy to ensure relevant. Added in breakdown of how the retained funding is allocated to support provided by NCG to our Subcontractors. |
| July 2023                                 | Refresh of Policy to ensure relevant.   |

| <b><u>Linked Documents</u></b>   |  |
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| <b><u>Document Title</u></b>   | <b><u>Relevance</u></b>  |
| <i>NCG Financial Regulations</i>   | <i>Overarching policy setting out financial rules of which this is policy is referred</i>  |
| <i>Subcontracting Strategy FY24</i>  | <i>Overarching strategy outlining the educational rationale for subcontracting</i>   |
| <i>Subcontract Management Framework (to be re-named Subcontracting Handbook during FY24)</i> | <i>Overarching policy / procedure for procuring and managing subcontractors</i>  |
| <i>Supply Chain Guide – are you a pre-approved partner?</i>                                  | <i>Guide for potential pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us</i> |
| <i>Supply Chain Guide – are you interested in becoming a pre-approved partner?</i>           | <i>Guide for pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us</i>           |

## Equality Impact Assessment

|   | Judgement   | Explanatory Note if required |
|---|---|------------------------------|
| <b>EIA 1 - Does the proposed policy / procedure align with the intention of the NCG Mission and EDIB Intent Statement in Section 2?</b>   | Yes   |                              |
| <b>EIA 2 - Does the proposed policy / procedure in any way impact unfairly on any protected characteristics below?</b>  |   |                              |
| <b>Age</b>  | No  |                              |
| <b>Disability / Difficulty</b>  | No  |                              |
| <b>Gender Reassignment</b>  | No  |                              |
| <b>Marriage and Civil Partnership</b>   | No  |                              |
| <b>Race</b>   | No  |                              |
| <b>Religion or Belief</b>   | No  |                              |
| <b>Sex</b>  | No  |                              |
| <b>Sexual Orientation</b>   | No  |                              |
| <b>EIA3 - Does the proposed policy / processes contain any language / terms / references / phrasing that could cause offence to any specific groups of people or individuals?</b> | No  |                              |
| <b>EIA4 - Does the policy / process discriminate or victimise any groups or individuals?</b>  | No  |                              |
| <b>EIA 5 - Does this policy / process positively discriminate against any group of people, or individuals?</b>  | No  |                              |
| <b>EIA 5 - Does this policy / process include any positive action to support underrepresented groups of people, or individuals?</b>   | No  |                              |
| <b>EIA 6 - How do you know that the above is correct?</b>   | This policy has been reviewed by colleagues across NCG at various levels to ensure it aligns to NCG's mission and values, and no group is unfairly disadvantaged. |                              |

## **FE Supply Chain Fees and Charges Policy**

**2023/2024**

### **Overview**

NCG is one of the UK's leading providers of education and training, consisting of seven colleges, with over 2,000 staff nationally, which makes us one of the largest not for profit training groups in the UK.

Our vision is to be the UK's leading college group recognised for our local impact, national influence and reach. Our mission is to enable social mobility and economic prosperity through education. We will do this through six core pillars:

- Quality: Exceptional teaching, learner experience and outcomes.
- Curriculum: Innovative, relevant courses and qualifications.
- People: Ambitious and responsible educators, and leaders.
- Facilities: Outstanding digital and physical learning environments.
- Finance: Financial sustainability powering reinvestment.
- Reach: Impactful external engagement and civic commitment.

We value and empower our people (direct and outsourced) by:

- Being both inclusive and diverse.
- Trusting and respecting our communities.
- Taking ownership whilst working collaboratively.
- Inspiring excellence and curiosity.

Each year, we review our curriculum offer and reach, to determine where there is a clear strategic intent to subcontract to enable us to deliver the local skills improvement plans.

### **Background**

As a Lead Provider, we are committed to publishing our supply chain fees and charging policy on our website for FE subcontracting. Each year, we review and enhance our offer to ensure we are a leading provider of choice.

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

- Our reasoning for subcontracting.
- Any exemptions to the policy.
- Our contribution to improving our subcontractors' quality of teaching and learning.
- The typical percentage of funding retained by us, and how this range is calculated.
- The support we will provide.
- If appropriate, the reason for any differences in fees paid.

- Payment terms e.g., timing of payments in relation to delivering provision in accordance with our self-billing process.
- Timing for policy review, and
- How and when the policy is communicated and discussed with current and potential Subcontractors and where the policy is published.

### **NCG's Subcontracting Rationale.**

We believe in procuring like-minded Subcontractors to deliver high quality provision on our behalf, whereby there is clear curriculum intent. This intent is agreed by the NCG Board each year through our Subcontracting Strategy. It stipulates that where we identify activities with clear curriculum intent, we will procure and work with Subcontractors, if at least one of the following justifications is met:

- a. The activity enhances the opportunities available to the young people and adults in our college geographies, particularly where this also supports the development of our own direct delivery.
- b. The activity fills gaps in niche or expert provision, or provide better access to training facilities where we cannot do this ourselves.
- c. Where we need to enable better access to learners than our colleges are able to support.
- d. The activity offers an entry point to education for disadvantaged groups, particularly those who may not wish to study on a college campus.
- e. The activity supports individuals who share protected characteristics, where there might otherwise be gaps, or it addresses an equality, diversity issue in line with NCG Equality, Diversity, Inclusion and Belonging (EDIB) policy.

It is also our strategy to manage the levels of subcontracting to be within the limits specified by the Education and Skills Funding Agency for their funded provision. If during the year, we are able to demonstrate clear curriculum and strategic intent, to maintain the levels of subcontracting to those in the prior year, and we can demonstrate that Learners would be displaced, we may seek consent from the relevant Funder to increase our planned levels of subcontracting in year.

We shall comply with NCG's Financial Regulations and the Public Contracts Regulations 2015 when procuring Subcontractors.

### **Exemptions to the Policy**

This policy shall apply to all FE subcontracted provision only, irrespective of whether the Subcontractor is delivering the whole programme or just a small proportion.

This policy shall apply in all circumstances, except, whereby an Employer or Funder stipulates a specific Subcontractor should be used and / or fees we can retain.

The management of the Subcontractor, irrespective of this exemption, shall be in accordance with the Subcontract Management Framework (and the associated fees and charges will be duly published in accordance with the funding rules).

### **NCG's commitment to improving the quality of Teaching and Learning**

We are committed to a policy of continual improvement to the quality of teaching, learning and assessment, as outlined in our Teaching, Learning and Assessment Policy and throughout our Great Place to Teach brand.

We will ensure that:

- a) the Learner experiences meet our expectations, and
- b) teachers receive regular feedback on how to further develop their practice for their ongoing professional development. The premise underlying this strand is that all teachers can develop and improve their practice, given considered and well-intended feedback.

All teachers irrespective of whether they are employed by us or one of our Subcontractors will be observed in line with NCG's TLA Policy to ensure a consistent approach that drives high quality and continuous improvement from within.

Furthermore, Subcontractors should attend training which we may offer that sets out to share best practice across our direct delivery and supply chain network. This is part of our commitment to capacity building of our Subcontractors in accordance with the SMF. We do not charge any fees for the provision of any such training.

### **How does NCG calculate fees paid to Subcontractors?**

We are committed to retain no greater than 20% of the funding earned for the proportion of the delivery undertaken by the Subcontractor. However, we recognise that each relationship is different and that each Subcontractor has a different level of capacity and skills and therefore we tailor the retained funding for services provided by us to ensure high quality of provision. Albeit, the Subcontractor is assured to receive 80% of the funding we receive from the Funder for their proportion of the delivery, subject to the Subcontractor delivering a high-quality standard.

As part of our contract negotiations, we may tailor the payment structure or the amount we retain to reflect the proposed delivery being undertaken by the Subcontractor or any upfront costs the Subcontractor may incur, subject to there being no adverse financial impact to NCG.

All Fees paid to Subcontractors will be reviewed at least annually. However, should the Subcontractor be under-performing against the contractual Key Performance Indicators and Minimum Standards and we need to provide additional performance monitoring to drive high quality provision, we reserve the right to increase the amount we retained during the year. For avoidance of doubt, whereby the Subcontractor is under-performing we may retain more than 20% of the funding earned. In the event, the amount of funding retained by NCG exceeds 20%, NCG will provide justification to the Funder, on request.

NCG does not charge a management fee and does not provide management or any other services to Subcontractors.

## **How does NCG allocated the retained funding to the support it provides?**

Of the aggregated 20% retained funding, NCG apportions such amount accordingly,

- 10.6% of the total funding is retained for quality assurance and oversight (or 53% of the retained element), which consists of project management, Principalship, quality assurance and performance monitoring, Specialist review / monitoring, health and safety and any associated registration and exam fees;
- 9% for administrative functions such as data returns and compliance, finance, procuring the Subcontractor, contract development and management, general overheads (or 45% of the retained element); and
- 0.4% for training including support and advice provided to Subcontractor (or 2% of the retained element).

NCG does not retain any funding for potential clawback from the Funder. In the event that funding is clawed back by the Funder, the Subcontractor would be expected to repay NCG in accordance with the contract, including any other costs / losses incurred by NCG as a result of the clawback, such as loss of retained funding to cover the costs it has incurred to support high quality provision.

## **What support do NCG offer their Supply Chain?**

We believe that each Subcontractor has a joint responsibility, alongside NCG, to deliver high quality provision to all Learners and therefore we will monitor and support each Subcontractor, where possible, to ensure high quality of provision, including the following:

- Designated Supply Chain Manager who will monitor the performance, quality and compliance activities in accordance with our published Subcontract Management Framework, (an overview of which is available within, our e-tendering portal and on our website at [here](#)).
- Advice and guidance from our team of Specialists as part of the Specialist Review to ensure that the Learners receive at least the same standard as our direct Learners.
- Access to training and development opportunities and our resources, such as copies of our policies and procedures, and
- Other specific support may be available depending on the particular requirements of the contract.

## **How and when do NCG make payments to the Supply Chain?**

Payments are made in line with the subcontract. We normally make payments on a monthly basis at the end of the following month in which the activity is successfully delivered, validated and payment confirmed by the Funder. Payments are made based on the payments confirmed by the Funder.

Should for any reason our funding be reduced by more than 10%, we may exercise our rights under the subcontract to withdraw or reduce funding.

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

Validated payments are made (mainly by BACS) on the last Friday of the calendar month (to ensure paid within 28 days). We may decide to alter the payment date due to bank holidays and the business closing between 25 December and 1 January.

We expect Subcontractors to fully engage in assessing the accuracy of payments and therefore they have a responsibility to review the proposed payments due to be made and the supporting evidence we provide to identify any inaccuracies. In the event the Subcontractor does not agree the amount payable, NCG may withhold the payment until such time that this has been agreed, to protect public funds.

Our Subcontractors are responsible for all registration costs and any associated costs of maintaining Direct Claims Status with their awarding organisations, except, where agreed otherwise, as part of contract negotiations. Should NCG register Learners with our Awarding Organisation, the cost of registration and certification may be re-charged to the Subcontractor in accordance with the subcontract.

### **NCG Supply Chain Opportunities**

As one of the largest providers of education and training, we regularly seek potential like-minded Subcontractors to support and contribute to appropriate bidding opportunities. To be considered as a potential Subcontractor you must be approved as a Delivery Partner on our Dynamic Purchasing System (DPS).

More information on how to join our DPS, is available on our website [here](#) under the heading [Interested in becoming a subcontractor to NCG](#).

Please contact NCG's Procurement Team with any queries you may have by email at [procurement@ncgrp.co.uk](mailto:procurement@ncgrp.co.uk).

### **How often do NCG review the Supply Chain Policy?**

The Policy will be reviewed on an annual basis. The Policy is then approved for publication by the Corporation no later than at the July meeting.

### **How and when the policy is communicated to and discussed with current and potential subcontractors and where it is published**

The Supply Chain Fees and Charging Policy is made available to Staff through our Intranet and for existing and potential Subcontractors on our website at [here](#).

Potential Subcontractors are advised of our Fees & Charging Policy as part of every opportunity we publish making clear the funding that we shall retain, so that the Subcontractor is aware of the Fee they will receive.

Supply Chain Managers shall remind new and existing Subcontractors of the Policy, agree the Fee that will be paid and the Services that will be provided as part of negotiation and on-boarding the Subcontractor each year.