



Subcontract Management Framework

CONTENTS



Contents	i
Acknowledgment	ii
Glossary	iii
Introduction	1
Section 1: Procurement	5
Section 2: Negotiation and On-Boarding	10
Section 3: Management and Monitoring	18
Section 4: Exit and Exit of Contract Review	25
Forms:	
SMFF-01: Mini-Competition Request Form	
SMFF-02: Mini-Competition Specification	
SMFF-03: Mini-Competition Response Form	
SMFF-04: Mini-Competition Evaluation Form	
SMFF-05: Sole Provider Assessment Form	
SMFF-06: Exemption Form	
SMFF-07: Specialist Review	
SMFF-08: On-Boarding Checklist	
SMFF-09: On-Boarding Action Plan	
SMFF-10: Health & Safety Initial Questionnaire	
SMFF-11: Contact Sheet	
SMFF-12: Contract Checklist	
SMFF-13: Contract Review Template	
SMFF-13a: Health & Safety Quarterly Questionnaire	
SMFF-14: Contract Closure Checklist	

ACKNOWLEDGMENT



NCG is committed to continuously reviewing and improving its policies and procedures to ensure that they meet the minimum standards set by our Funders and the Law. As part of the review of the Subcontract Management Framework, NCG extended the scope to include stakeholders from outside the group. NCG would like to take this opportunity to formally recognise and thank each organisation involved in the review alongside the SMF Champions.

Stakeholders

Arrow Sales Training Limited
Back 2 Work Complete Training Limited
Business Support and Development Ltd
Castlevue Group Training Limited
Gram Training Ltd
Kendal College
Learning Curve (JAA) Limited
Mantra Learning Limited
Middleton Murray
Pathway First Limited
Pertemps People Development Group (PPDG)
Preston College
Prospect Training (Yorkshire) Ltd
Sora Services Limited
TDB Training Specialists Limited
The Salford Diocesan Trust trading as St Antony's Centre
Standguide Ltd
The Salvation Army
Training 4 Business
Wirral Metropolitan College
West London College of Business & Management Sciences - Manchester Campus Limited

GLOSSARY



Business Development Representative	The individual from the Group or divisional Business Development team responsible for a particular delivery opportunity or need
Contract Representative	The individual within each division who is responsible for populating approved template documentation and issuing of contracts, variations and notices to subcontractors. This may be the Group Contracts team or a Supply Chain Manager depending on the division
Divisional Quality Lead	The individual responsible for management, monitoring and reporting of divisional quality of subcontracted provision
Divisional SLT / Principalship	The group of individuals responsible for approving decisions within each division, e.g. the SLT for Intraining and Rathbone or the Principalship for the Colleges
Dynamic Purchasing System (DPS)	An EU compliant procurement method which allows the creation of a list of pre-approved partners who have achieved the minimum criteria required to be a subcontractor to NCG or any of its subsidiaries
Funder or Funding Body	The organisation which pays NCG for direct and subcontracted delivery
Head of Business Development	The individual leading on business development within each division and / or for NCG
Head of Division	The most senior post holder within each division, e.g. Principal or Managing Director
Head of Subdivision	The most senior post holder within each subdivision, e.g. Director of School or Service or Head of Subdivision
In-tend	The eTendering system which is used to run the Dynamic Purchasing System (DPS) and any mini competitions. All suppliers who wish to be placed on the DPS will need to apply via the In-tend portal (https://in-tendhost.co.uk/ngc/)
Operational Team	The individuals responsible for the delivery and monitoring of subcontracted and / or direct delivery
Performance Director	The individual responsible for performance in each division. Within Intraining, this is the Chief Operating Officer

RAG Rating	Red Amber Green rating or numerical equivalent given to the level of risk associated to a particular subcontractor
Red Flag	The system used to run checks on a company's background
Senior Finance Post	The most senior finance post holder in the division or, if Group Finance is used by the division, the Group Financial Controller
SMFF	Subcontract Management Framework Form – a document for completion
SMFP	Subcontract Management Framework Process – a document showing the process to be followed
Specialist Review	Review undertaken by competent Specialists within the Group, e.g. Divisional Quality Lead, Divisional H&S Lead, etc.
Sponsor	The individual requesting a mini competition to be carried out
Subcontractor or Delivery Partner	The organisation providing services on NCG's behalf
Supply Chain Lead	The individual with overall responsibility for subcontracting within each division or subdivision
Supply Chain Manager	The individual with overall responsibility for managing the subcontract on a day to day basis, e.g. Contract & Performance Managers, Supply Chain Managers
Supply Chain Strategy Team	The Head of Supply Chain Strategy and Supply Chain Strategy Co-ordinator employed by Intraining to support the Group when subcontracting
Support Services	Group and divisional support services, e.g. Contracts, Estates, Finance, Health & Safety, HR, IT, Marketing, MIS, Procurement and Quality

INTRODUCTION



The NCG Subcontract Management Framework has been developed using the Merlin Principles to support NCG to procure and maintain excellent and positive relationships with Subcontractors. The framework enables this to be done in a creative and innovative way ensuring maximum flexibility, which focuses on qualitative rather than quantitative evaluation of organisations. This enables NCG to provide greater support to those Subcontractors who are identified as needing it most via our risk analysis.

The Merlin Standard has been designed to recognise and promote sustainable excellence and partnership working within supply chains and provide guidance to those seeking to achieve it. NCG has aligned its Subcontract Management Framework to the four integrated and fundamental Merlin principles: Supply Chain Design, Commitment, Conduct and Review.

The framework should be used throughout NCG and its divisions for all end to end delivery and where the organisation delivers the majority of the provision to a learner, unless the Funding Body defines all delivery by another organisation as subcontracting (as defined in the Procurement Principles for Supply Chain document). Each division shall have an appropriate infrastructure to provide the operational instruction, guidance and documentation for the individuals responsible for each area of the framework. The framework seeks to provide as much guidance as is necessary to take it to this next stage.

The Overarching Subcontract Management Framework Process (**SMFP-00**) is outlined below and a more detailed process for each stage is included at the beginning of each section. Behind each of these processes is an information brief which explains the process in more detail.

Each information brief provides contact details for the owner of the process, to which any queries regarding its use should be directed

In support of the Merlin Principle “Commitment”, to develop supply chain partners and to inform them how they will be procured, managed and monitored a version of the process, a number of associated policies and procedures are available for distribution and storage on each of the divisions’ websites, In-tend and the Subcontractor Portal. A list of the associated documentation can be found at the end of this section.

The aim of the framework is to set a consistent standard for the procurement and management of subcontractors across NCG and thereby drive the behaviours required to operate to the benefit of the funding body, providing value for money at every stage.

The Overarching Subcontract Management Framework Process (SMFP-00)

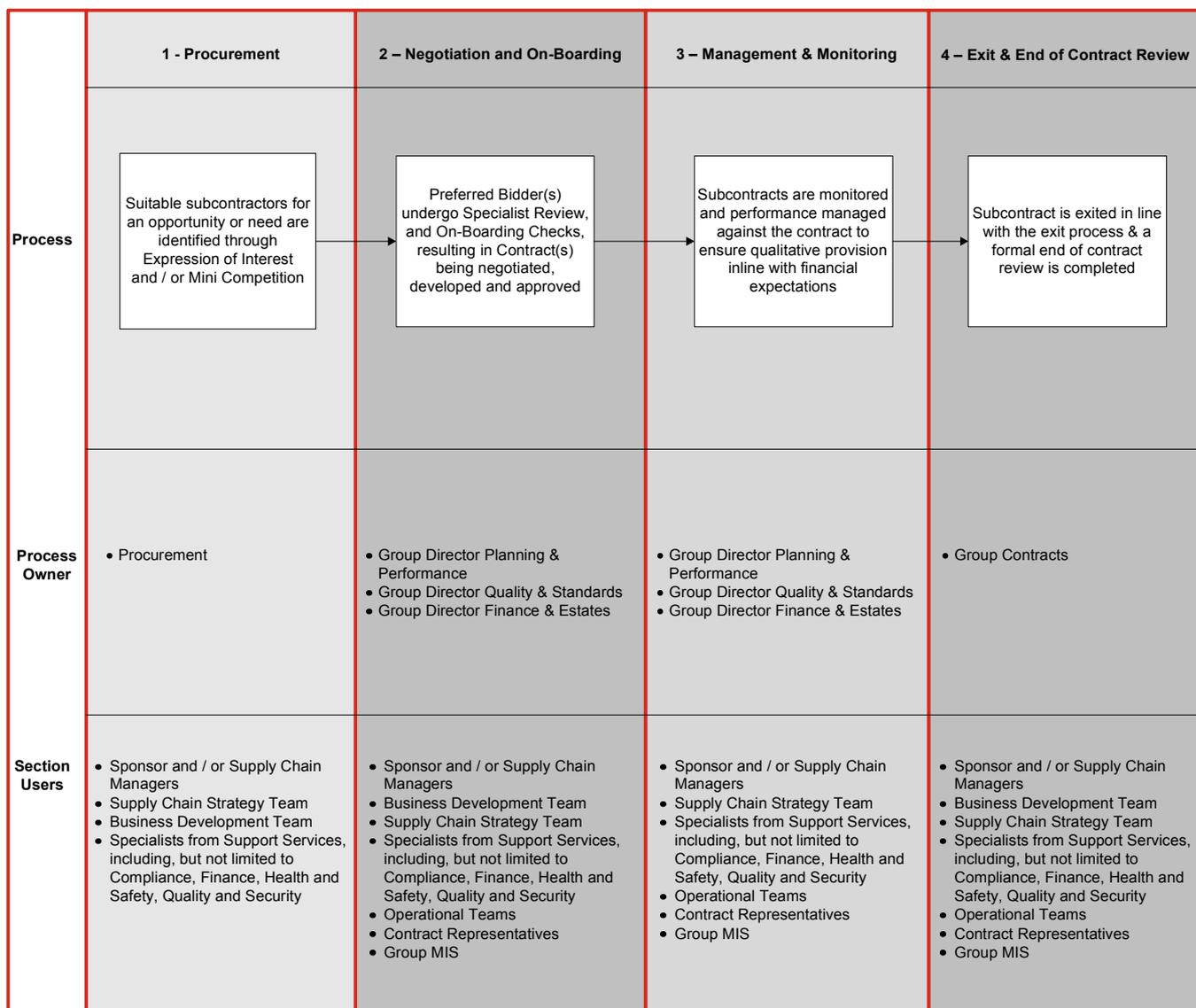


Fig 0: SMFP-00 Overarching Subcontract Management Framework Process

Below is an overview of each of the sections of the framework:

Section 1: Procurement

The framework recognises that other processes are in place to identify the necessity to subcontract part or all of the delivery, and therefore focuses on the selection of organisations in an open, fair and transparent way following qualitative and financial assessment.

The framework, in addition to addressing the fundamental steps in the process of subcontracting, also reviews the role of commissioning, including the procurement process and how the supply chain behaviour is affected by the behaviour of NCG.

The procurement aspect of the framework has been developed to ensure compliance with EU and UK Procurement Regulations by creating open, fair and transparent competition for all subcontracting opportunities.

Section 2: Negotiation and On-Boarding

This section of the framework outlines the further checks undertaken, including Specialist Review to ensure the preferred Bidder(s) meet our minimum standards. The negotiations will be informed by the outcome of the Specialist Review. Only organisations which fully meet our minimum standards will be issued a contract, once we are confident that the necessary funding is available and approval has been sought, both internally and from the Funder.

Section 3: Management and Monitoring

The purpose of this section of the framework is to ensure effective supply chain management. This requires an appropriate mix of data analysis, monitoring visits and quality review to ensure that delivery meets the required standard and that any risk to the expected outcomes is mitigated to limit the impact to all of those involved.

Section 4: Exit

The purpose of this section of the framework is to ensure that all contracts are closed properly. As a business we recognise that there are three possible ways for a contract to end: (1) natural end; (2) break in contract (divorce); and (3) termination for breach. The framework sets out a consistent approach to closure, irrespective of the way in which the contract ends.

<p>Contacts for Overarching Policy queries</p>	<p>The Group Contracts Team Tel: 0114 289 8424 or 07734 875055 Email: contracts@intraining.co.uk</p> <p>OR</p> <p>The Procurement Team Tel: 0191 200 4869 Email: procurement@ncgrp.co.uk</p> <p>OR</p> <p>The Supply Chain Strategy Team Tel: 07827 340160 or 07775 013850 Email: partnerships@intraining.co.uk</p>
---	---

Associated documentation

All associated documentation is referenced in the framework for ease of use and does not form part of the SMF.

- Form - Maytas
- Form - New Supplier
- Form - Subcontractor Declaration Pro-forma
- Framework - Supply Chain Communication
- Framework - Procurement Principles for Supply Chain
- Framework - Supply Chain Tiers and the SMF
- Guide - Already a pre-approved partner on our Dynamic Purchasing System?
- Guide - Are you interested in becoming a Delivery Partner?
- Policy - Supply Chain Fees and Charging Policy
- Procedure - Creation and Management of Dynamic Purchasing System (DPS)
- Process – Contract Approval and Sign-off Approval
- Process - Financial Ceiling
- Report - Merlin
- Strategy - Supply Chain

SECTION 1: PROCUREMENT



The Procurement Process for Supply Chain (SMFP-01)

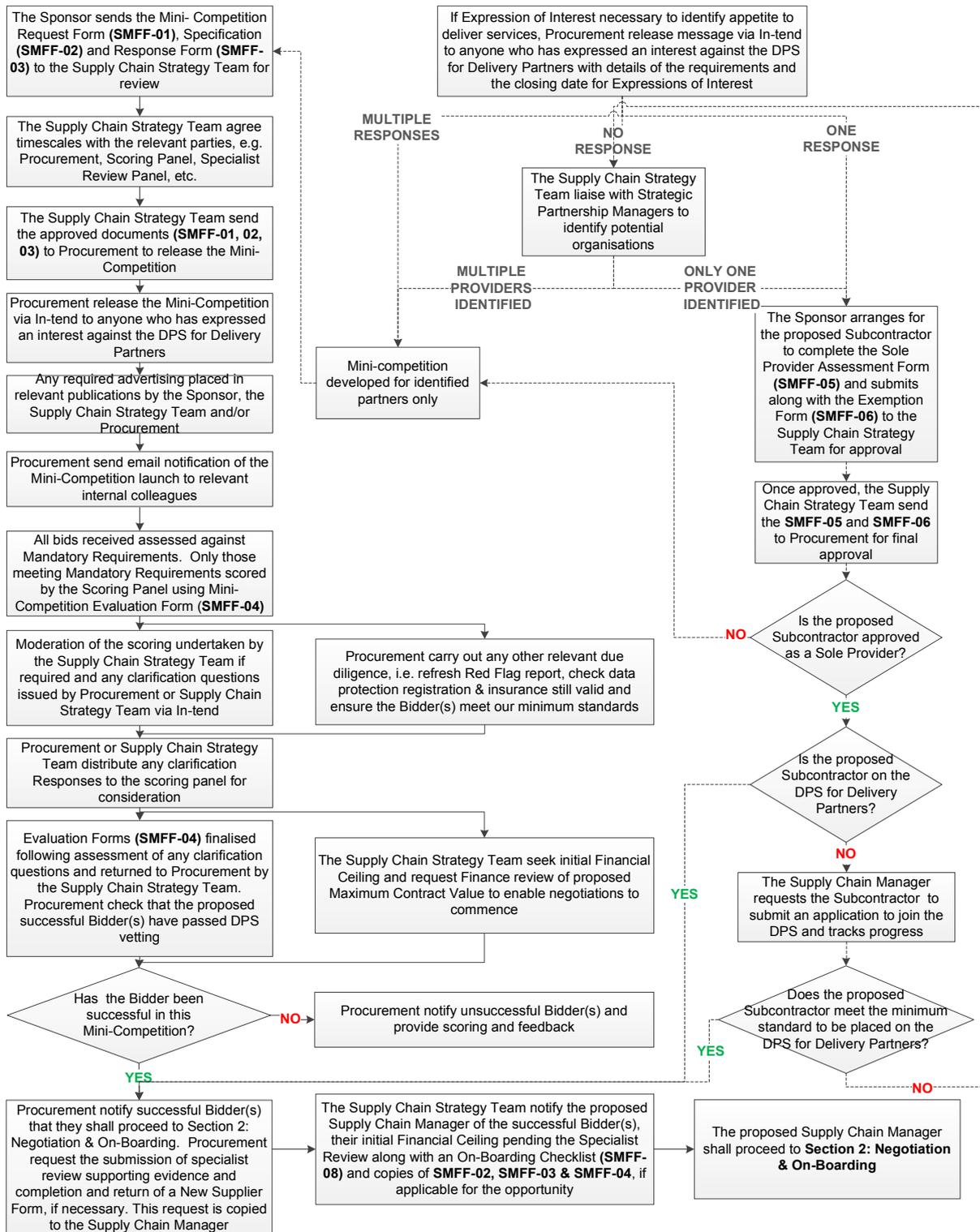


Fig 1: SMFP-01 Procurement Process Diagram

The Procurement Information Brief

The purpose of this process is to ensure that, when the need arises to subcontract delivery, all contracts are awarded fairly and openly to the organisation(s) that best fit NCG requirements.

The process has been developed in line with EU and UK Procurement Regulations, with which NCG must comply. Any non-compliance with these regulations can result in legal action being taken against NCG in the High Court (or the Court of Session in Scotland) and delay to the procurement process.

Opportunities will be issued depending on demand and will be in line with funding availability and opportunities that NCG intend to bid for. To ensure that opportunities are open, fair and transparent NCG will annually review our Procurement Principles to ensure they meet the same standard as those set out by each relevant Funder. The Procurement Principles will be agreed and published with the Supply Chain Fees and Charging Policy each year and are available on each division's website. The Procurement Principles will also identify any potential exemptions for each Funder. In the event that a need arises and no exemptions are appropriate, the process set out below must be followed.

If there is a requirement to use an expression of interest in advance of launching a Mini-Competition, the Sponsor will ask the Procurement Team to seek these through In-tend. Organisations must be given a minimum of 2 working days to respond, depending on the nature and urgency of the requirement. If expressions of interest are received, the Mini-Competition may only be published to those who expressed an interest.

If only one organisation expresses an interest, no Mini-Competition will be needed. A Sole Provider Assessment Form (**SMFF-05**) must be completed by the proposed Subcontractor along with an Exemption Form (**SMFF-06**) by the Sponsor. The Sole Provider Assessment Form (**SMFF-05**) and the Exemption Form (**SMFF-06**) must be approved by the Supply Chain Strategy Team and the Procurement Team to confirm that the organisation identified either through the expression of interest stage or by ourselves meets our minimum requirements and is suitably qualified to provide the services. The Procurement Team will also ensure that the proposed Subcontractor is on the DPS for Delivery Partners. If they are not the Supply Chain Manager will be responsible for ensuring the Subcontractor submits an application to join the DPS and have this approved before the process can move to Section 2: Negotiation and On-Boarding.

If no organisation expresses an interest, the Strategic Partnership Managers will be asked identified potential organisations, if only organisation is identified, no Mini-Competition will be needed and the above process should be followed. If multiple organisations are identified either as part of the expression of interest or following the research undertaken by the Strategic Partnership Managers, a Mini-Competition must be run.

If there is a need to run a Mini-Competition, the Sponsor will complete the Mini-Competition Request Form (**SMFF-01**) and develop the Mini-Competition Specification (**SMFF-02**) and Mini-Competition Response Form (**SMFF-03**), which should include any mandatory

questions e.g. Finance, Quality of Provision, Health and Safety. Some questions will only apply to Skills provision, e.g. the organisation must be on the Register of Training Organisations (RTO) in this example, if the Subcontractor is not on the RTO, a business case must be submitted, if it is felt it would be a good strategic fit. They should also gather any other documents that need to be distributed to potential Bidders. A draft version of the contract that will be used (if available) along with the Supply Chain Registration and Partner guides should be included, and any other documents that may help interested providers make the decision on whether to bid for the contract or not, and what will be expected of them if they are successful. These documents should be emailed by the Sponsor to the Supply Chain Strategy Team for approval. Once approved, the Supply Chain Strategy Team will send everything to the Procurement Team to enable the Mini-Competition to be released.

The Sponsor should liaise with the Supply Chain Strategy Team at least five (5) working days prior to the opportunity being published to ensure resources are available and the Supply Chain Strategy Team should inform the Procurement Team as soon as they are made aware of a requirement for a Mini-Competition. The Supply Chain Strategy Team must agree dates and timescales with all relevant parties, including the Procurement Team and the relevant members of the Scoring Panel.

Any appropriate advertising of the opportunity outside of the DPS will be discussed, agreed and arranged. Advertising will be done by the Sponsor, the Supply Chain Strategy Team or the Procurement Team depending on the requirements.

The Mini-Competition will be available to all organisations, irrespective of their DPS approval status, so long as they have expressed an interest in the DPS project via In-tend. Any providers who have not submitted an application or are part way through the application process and apply for the opportunity must be successful with their DPS application before a contract award is made.

In-tend is an electronic tendering system, which allows all exchanges between NCG and interested organisations during the tendering process to be carried out electronically, and therefore will all be stored electronically. Organisations are able to view opportunities, download all associated documentation and submit their returns via the NCG In-tend website. The Procurement Team is then able to view the returns made against the Mini-Competition and distribute to others accordingly.

Once the Mini-Competition has been launched an email notification will be sent to relevant internal colleagues to inform them of the opportunity, what it is for, when the closing date is and who the Sponsor is. This will help colleagues to deal with any queries they may receive regarding the Mini-competition.

After the closing date the submissions will be scored by all relevant parties using the Mini-Competition Evaluation Form (**SMFF-04**). The Sponsor will need to decide who will carry out the scoring and the Supply Chain Strategy Team will arrange for these people to be available when required, in advance of the competition being released. The Mini-Competition will not be approved by the Supply Chain Strategy Team without the names of

the individuals who will score the bid and the date the bids will be scored. There must be a minimum of two people scoring each bid. The Supply Chain Strategy Team will ensure the Scoring Panel are sent the bids prior to the agreed scoring day. If required, moderation of scoring will then be carried out by the Supply Chain Strategy Team.

Whilst the bids are being scored, the Procurement Team will ensure that any other required due diligence is carried out, for example a refresh of the Red Flag report for each organisation, and a check to ensure their insurance cover or data protection registration has not expired since they applied to join the DPS.

If any clarification is required, the Procurement Team or the Supply Chain Strategy Team will issue the questions to relevant providers via In-tend. Responses will be collated and sent back to the Scoring Panel so scoring can be completed.

The Supply Chain Strategy Team will moderate the Evaluation Forms (**SMFF-04**) before informing the Procurement Team of the winning bidder(s).

At the same time, the Supply Chain Strategy Team will check with Finance that the proposed successful Bidder(s) have sufficient Financial Ceiling available for a contract to be awarded. Finance will approve proposed contract values to be awarded and notify both the Supply Chain Strategy Team prior to the Procurement Team notifying the successful Bidder(s) that their bid will proceed to the next stage. The proposed financial allocation will then be discussed and negotiated with the successful Bidder(s) as part of section 2 - Negotiation and On-Boarding.

Once all approvals have been sought the Procurement Team will prepare successful and unsuccessful notifications and distribute to bidders via In-tend. Unsuccessful bidders will be provided with scoring and feedback, which may assist them in future bids. The Procurement Team will also request that the successful Bidder(s) submits the required information for the Specialist Review and completes and returns a New Supplier Form if they have not previously been used by NCG. The Procurement Team will also copy the Supply Chain Manager into the notification and the information request. Once this form is returned to the Procurement Team, the organisation will be set up on the NCG Finance system and a supplier code will be generated. If the New Supplier Form has not been returned when the contract has been approved both internally and by the Funder (following submission of the Subcontractor Declaration Form), as per the Contract Approval and Sign-off Process) and is ready to be issued, an additional copy will be sent by the Contracts Team with the contract as part of Section 2: Negotiation and On-Boarding.

The Supply Chain Strategy Team will provide the proposed Supply Chain Manager (if the individual was not involved in the scoring of the bid) with a copy of the Mini-Competition Specification (**SMFF-02**), the successful Bidder(s) Mini-Competition Response Form (**SMFF-03**), the Mini-Competition Evaluation Form (**SMFF-04**) and the On-boarding Checklist (**SMFF-08**) to enable them to commence negotiations. The Supply Chain Manager will note any issues or outstanding actions identified from the Mini-Competition Evaluation form (**SMFF-04**) on the On-boarding checklist (**SMFF-08**) and will begin the process detailed in Section 2: Negotiation and On-Boarding.

Note: No delivery should commence prior to Section 2: Negotiation and On-Boarding of the Subcontract Management Framework being completed.

Key contact for queries	The Procurement Team Tel: 0191 200 4869 Email: procurement@ncgrp.co.uk OR The Supply Chain Strategy Team Tel: 07827 340160 or 07775 013850 Email: partnerships@intraining.co.uk
--------------------------------	---

SECTION 2: NEGOTIATION & ON-BOARDING



Negotiation and On-Boarding Process (SMFP-02)

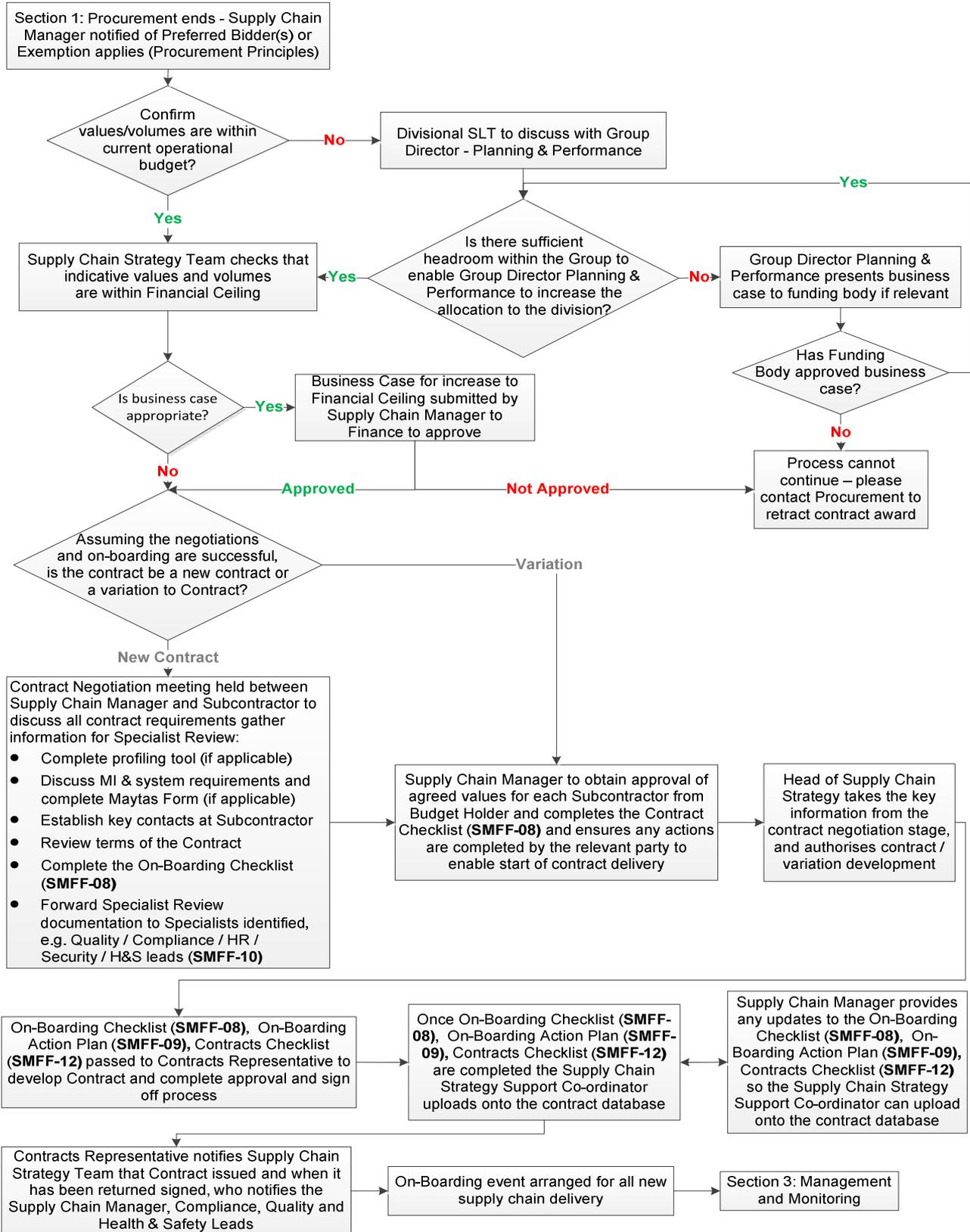


Fig 2: SMFP-02 Negotiation and On-Boarding Process

Specialist Review Process (SMFP-03)

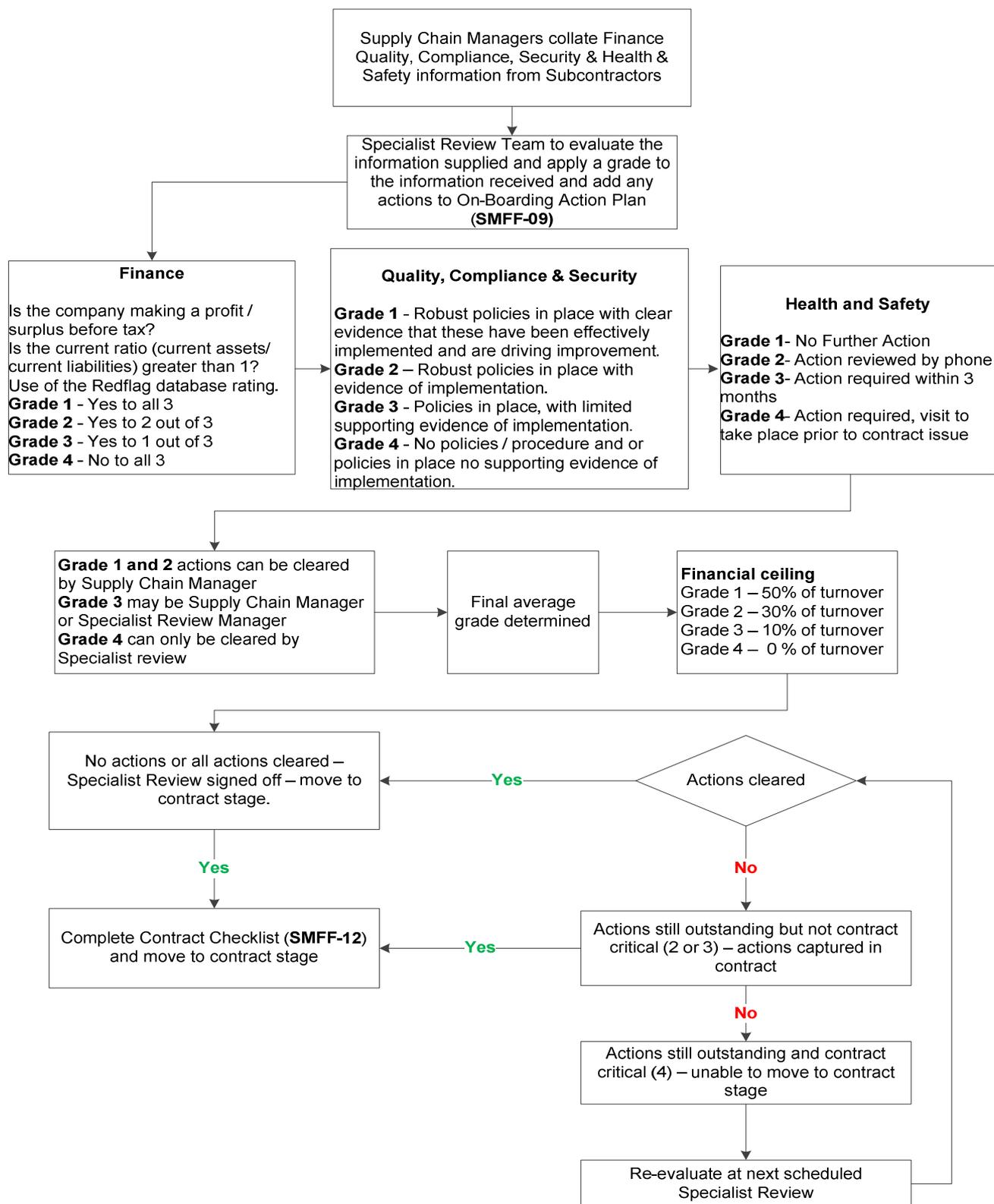


Fig 3: SMFP-03 Specialist Review Process

The purpose of this process is to ensure that, once a Subcontractor has been selected, all of the relevant information is negotiated and agreed ready for the contract documentation to be developed. It is also to ensure the necessary funding is available so funding body approval can be obtained. The process should be used for new contracts and for variations to current contracts once confirmation that the Subcontractor can be awarded additional funding, either relying on the exemptions outlined in the Procurement Principles for Supply Chain, or following Section 1: Procurement.

When the process reaches this stage the proposed successful Subcontractor(s) will have been identified through a Mini-Competition at Section 1: Procurement or a variation to a current contract is necessary.

There are two scenarios, which require contract negotiation and on-boarding:

1. Subcontractor to deliver a new Contract; or
2. Subcontractor to deliver a revised or renewed Contract.

If an existing Subcontractor is issued with a further contract to allow them to deliver existing contract activity (i.e. carry-in value to complete contract activity) this process does not need to be followed, however the Contract Approval and Sign-off Process must still be followed. The quality activities that require assurance and improvement and are part of initial on-boarding should continue to be monitored via the embedded quarterly quality reviews within the month Contracts Review meetings.

Finance

Before any Contract Negotiation takes place it is essential that there is sufficient headroom within the current operational budget. If there is no available funding within the divisional operational budget, the Group Director Planning & Performance must be contacted to seek approval by a member of the Divisional SLT / Principalship prior to proceeding. If there is no available headroom the Group Director Planning & Performance will present a business case to the relevant funding body. Once a response has been received back and if funding is available, the Supply Chain Strategy team will liaise with the Divisional Finance staff to check the indicative values and volumes are within Financial Ceiling.

If the business case is unsuccessful, Procurement must be notified immediately to retract the successful notification.

Once it has been confirmed by the Supply Chain Strategy team what room is in the operational budget, or confirmed by the Group Director Planning and Performance that the contract value can be increased, the Supply Chain Manager should arrange and hold a meeting with each proposed successful Subcontractor, having first reviewed the available ceiling of the Subcontractor.

The Supply Chain Manager will obtain approval from the Budget Holder of the proposed values to be awarded to each Subcontractor before anything is discussed or agreed with the Subcontractor.

1. Subcontractor to deliver a new Contract

Prior to Negotiation Meeting

Following notification by Group Procurement that their Mini-Competition submission has been successful, the Subcontractor should be contacted by their Supply Chain Manager. In line with the requirements identified in the SMF, the Subcontractor should be asked to provide a number of documents for review by the Specialist Review team. The Supply Chain Manager will specify the document requirements as they may differ from Contract to Contract. If the Subcontractor has worked with NCG on a different contract you may be able to access a number of the requirements via naturally occurring evidence. Where possible, this should be obtained internally to avoid duplication and additional work for the Subcontractor, however timeframes of evidence must be considered and if the available evidence is out of date an up-to-date copy must be requested.

Specialist Review team

For each Mini-Competition, a Specialist Review team will be allocated comprising of representatives from the following departments:

- Quality & Safeguarding;
- Compliance;
- Health & Safety; and
- Security (if applicable).

This team will be booked by the Supply Chain Strategy team. The purpose of the Specialist Review is to evaluate the evidence collected from the Subcontractor requested on the Specialist Review Pro-forma (**SMFF-07**).

Negotiation Meeting

The purpose of the Contract Negotiation and Specialist Review meeting is to identify any issues that would prevent a contract being awarded using the grading system 1-4 as outlined in the Specialist Review Process (**SMFP-03**).

Ideally the Contract Negotiation meeting should be held on the proposed delivery premises. The Subcontractor's attendees should be decision makers within the organisation and include those who will have accountability for delivering the proposed contract.

The On-Boarding Checklist (**SMFF-08**) and Specialist Review Pro-forma (**SMFF-07**) should form the basis of the discussion. It is important that the meeting sets expectations on both sides. The following items will need to be covered in this meeting:

- Discuss and agree, in principle, the values and volumes to be delivered;
- Establish MI & system requirements;
- Discuss and complete the Subcontractor Health & Safety Initial Questionnaire (**SMFF-10**);

- Establish key contacts at the Subcontractor on the Contact Form (**SMFF-11**); and
- Review terms of the contract.

Negotiation process

During the Contract Negotiation process, the Supply Chain Manager must ensure that the Mini-Competition documents, policies and all other documents that have been requested from the Subcontractor are available for review by the Specialist Review team who will provide a given grade 1 to 4. Actions from assessments with a Grade 1 and 2 can be cleared by the Supply Chain Manager. Actions from assessments with a Grade 3 will be cleared by either the Supply Chain Manager or Specialist Review team member - this should be detailed on the action log. Actions with a Grade 4 can only be cleared by the Specialist Review team member should a decision be made collectively to continue with this process. Evidence of this detail must be added to the On-Boarding Action Plan (**SMFF-09**) and, together with any initial actions identified and not resolved, added to the standard agenda template at the first Contract Review meeting.

Financial Ceiling

A Subcontractor's financial ceiling will be determined by taking into consideration whether the Subcontractor is making a profit / surplus before tax, has a current ratio (current assets/current liabilities) greater than 1 and use of the Redflag database rating. This will be initially set for all organisations when they become pre-approved on DPS.

Following the Specialist Review, the grading given by the Finance team will be added before an overall average grade is calculated. Using the grades 1 to 4, a revised financial ceiling will be set and the amount available for this Contract.

The Financial Ceiling Value will be the following percentile points multiplied by the latest turnover:

- Average Grade 1 = 50% of turnover;
- Average Grade 2 = 30% of turnover;
- Average Grade 3 = 10% of turnover; and
- Average Grade 4 = no financial ceiling available.

Health & Safety

Health & Safety will now form part of the main Specialist Review process. This will be achieved by the completion of the Health and Safety Initial Questionnaire (**SMFF-10**), privy to any supporting evidence required to be considered by the Specialist Review team and graded 1 to 4.

If any actions identified by the Specialist Review team cannot be resolved within the timeframes discussed, the Head of Supply Chain Strategy will request formal notification from the Divisional SLT / Principalship to give notice to withdraw from contractual discussions or, if necessary, contract delivery.

It is important that all required areas are completed during the meeting to minimise gaps and any issues that will delay the contract being awarded.

The Subcontractor will complete a New Supplier Form and return to the Procurement team, who will set the Subcontractor up on the Finance system to allow payments to be processed.

Once the On-Boarding Checklist (**SMFF-08**) and Specialist Review (**SMFF-07**) have been completed these documents should be sent to the Supply Chain Strategy team for review and approval. Once the review has been completed, the Supply Chain Strategy team will request that the Contract is developed by the Contract Representative. The Supply Chain Strategy Support Co-ordinator will then track the amount awarded in relation to the total contract value.

Finance Approval of Contract Award Value

The Supply Chain Manager will then obtain approval from the Senior Finance Post holder of the agreed values to be awarded to each Subcontractor.

Note: The Supply Chain Manager must ensure both parties are happy that everything has been discussed and agreed, including Maximum Contract Value and are happy to proceed to contract development.

Contract Development

The completed On-Boarding Checklist (**SMFF-08**), On-Boarding Action Plan (**SMFF-09**) and Contract Checklist (**SMFF-12**) should be sent to the Contract Representative highlighting any issues raised at the Contract Negotiation meeting. If any of the actions identified need to be completed to enable a contract to be issued, the Contract Checklist (**SMFF-12**) and On-Boarding Action Plan (**SMFF-09**) should not be signed off by the Head of Supply Chain Strategy and the contract should not be prepared.

No actions assigned or all actions cleared will result in automatic approval by the Head of Supply Chain Strategy and the contract can be developed. Any actions outstanding but not deemed contract critical (grades 2 – 3) to be captured within the contract. A contract will not be developed where any actions are still outstanding or deemed contract critical (grade 4). This can be re-evaluated at the next scheduled Specialist Review meeting.

The Contract Representative must ensure that all divisional approvals have been sought under the Contract Approval and Sign-off process. Once all internal approvals have been obtained the Contract Representative must submit the Subcontractor Declaration Pro-forma and Maytas Form to Helpdesk to enable Group MIS to seek the Funder's approval. Once Group MIS confirm that the Subcontractor Declaration Pro-forma has been submitted to the Funder the Contract may be issued to the Subcontractor.

It is essential that all new Subcontractors attend the On-Boarding event.

Make arrangements to deliver an On-Boarding event

The purpose of the On-Boarding event is to ensure that when a new subcontractor has been identified, they are provided with all of the information and assistance required to enable them to begin delivery on behalf of NCG and give them the best possible start to ensure success throughout the duration of the contract.

The Supply Chain Manager should monitor progress to ensure that all actions are completed by the relevant party within the necessary timescale to enable delivery of the contract to commence. Actions may be for the subcontractor, the Supply Chain Manager or associated internal support services.

Once all actions on the On-Boarding Checklist (**SMFF-08**) and Specialist Review (**SMFF-07**) have been completed this document should be uploaded to the contract database.

Once the Supply Chain Manager is satisfied, the contract will become operational and will be managed and monitored through Section 3: Management and Monitoring by the Supply Chain Manager and Head of Supply Chain Strategy.

Note: No delivery should commence prior to the contract being signed and returned.

2. Subcontractor to deliver a revised or renewed Contract

Contract Negotiation

As the Subcontractor has already delivered the contract previously, a number of the Contract Negotiation requirements will already be evidenced and as long as the evidence is up to date, this information can be used. Please proceed as above where there is missing information.

Negotiation Meeting

A light touch meeting will take place to agree the revised terms to be reflected in the renewed / revised contract. Ideally this should take place at the Subcontractor's premises to ensure that there has been no deterioration to their business since the award of the original contract.

Finance Approval of Contract Award Value

The Supply Chain Manager will then obtain approval from the Budget holder of the agreed values to be awarded to each Subcontractor.

Contract Development

The Supply Chain Manager should request a contract variation to amend the contract terms following the Negotiation meeting. Where it is not appropriate to complete the On-Boarding Checklist, an email outlining all amendments and approval from the Budget Holder and Head of Supply Chain Strategy should be sent to the Contract Representative to prepare the contract variation.

The Contract Representative must ensure that all divisional approvals have been sought under the Contract Approval and Sign-off process. Once all internal approvals have been obtained the Contract Representative must submit the Subcontractor Declaration Pro-forma and Maytas Form to Helpdesk to enable Group MIS to seek the Funder's approval. Once Group MIS confirm that the Subcontractor Declaration Pro-forma has been submitted to the Funder, the Contract may be issued to the Subcontractor.

Note: No additional delivery beyond the original signed contract should commence prior to the contract variation being signed and returned.

Key contact for queries	<p>The Group Contracts Team Tel: 0114 289 8424 or 07734 875055 Email: contracts@intraining.co.uk</p> <p>OR</p> <p>The Supply Chain Strategy Team Tel: 07827 340160 or 07775 013850 Email: partnerships@intraining.co.uk</p> <p>Each division will have a nominated Supply Chain Lead and Supply Chain Managers, if applicable. The Supply Chain Lead is normally a member of the Principalship or Senior Leadership team.</p>
--------------------------------	--

SECTION 3: MANAGEMENT & MONITORING



The Management and Contract Review Process (SMFP-04)

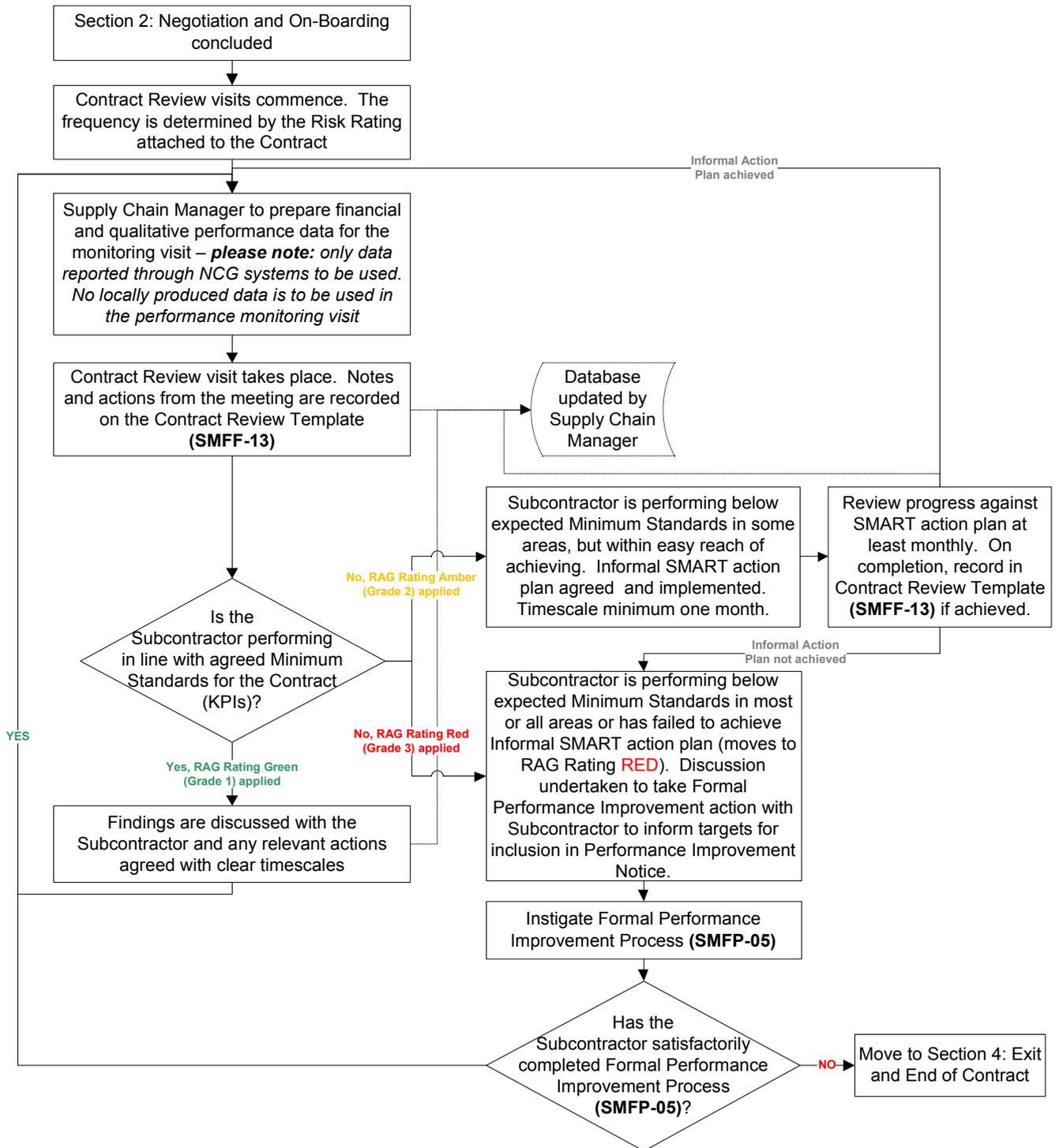


Fig 4: SMFP-04 Management and Contract Review Process

The Formal Performance Improvement Process (SMFP-05)

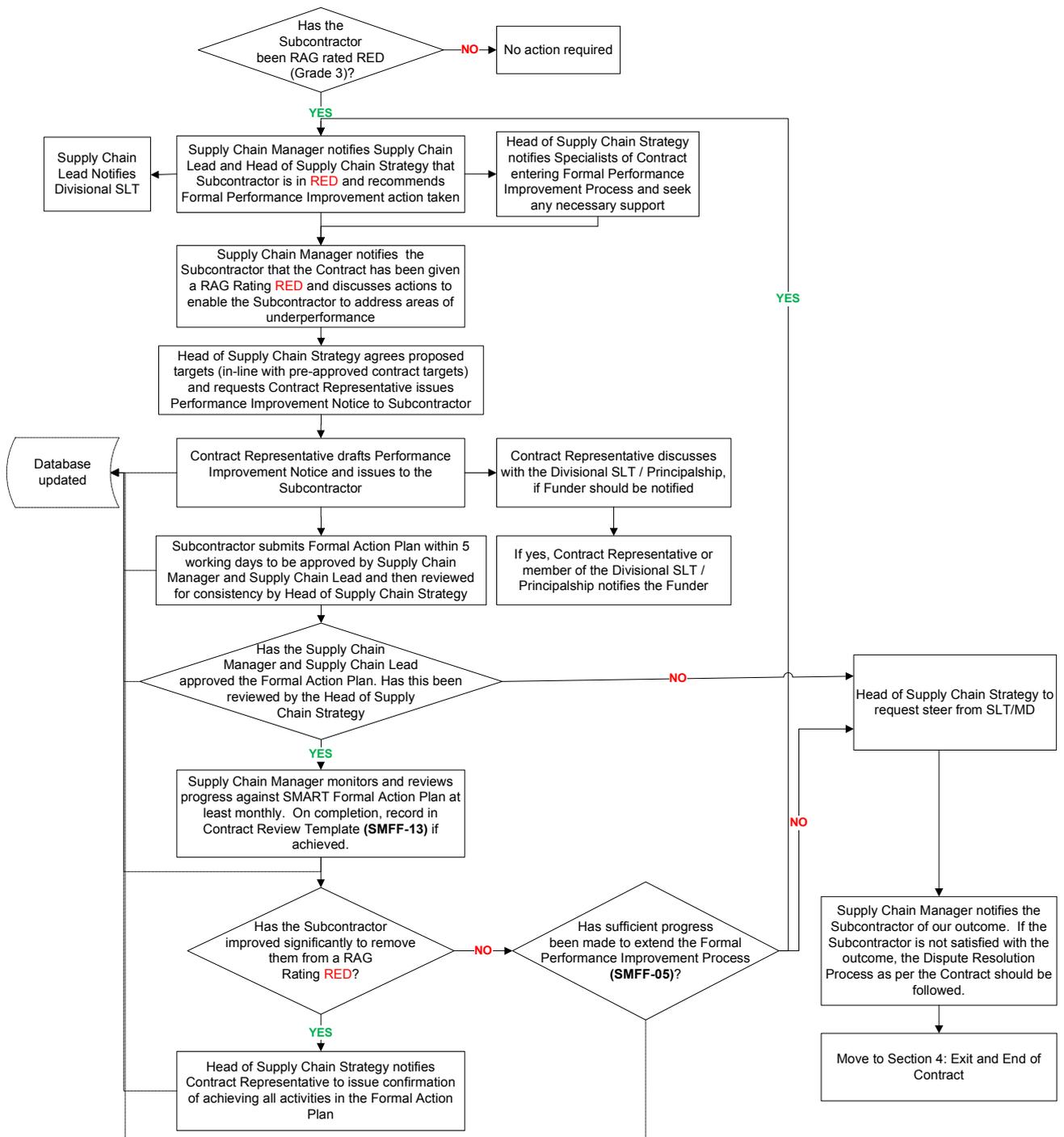


Fig 5: SMFP-05 Formal Performance Improvement Process

The purpose of these processes is to ensure effective supply chain management, which requires an appropriate mix of data analysis, monitoring visits and quality review to ensure that delivery meets the required standard and that any risk to the expected outcomes is mitigated to limit the impact to all involved.

All Subcontractors should have a dedicated Supply Chain Manager and a condensed version of the Subcontract Management Framework as a minimum, so that they are aware of how they will be managed. They should be supported where possible with training, guidance notes and access to Network Events and Portals to enable the sharing of good practice and signposting to key strategies and opportunities to improve performance.

Outside of holistic risk reporting where risks become issues, or where risks are significant and require significant remedial actions, the immediate escalation process to the Head of Supply Chain Strategy should take place.

Risk Management

At the start of the contract, a selection of suitable measures should be identified by the Supply Chain Lead and Head of Supply Chain Strategy and approved by the Performance Director. The RAG rating points system will support the tolerance levels and weightings needs specific to the contract being delivered. These minimum standards (KPIs) must be recorded in the contract.

This should be a mixture of quantitative and qualitative measures that provide a balanced but robust view of how the Subcontractor is performing, enabling a risk rating of Red, Amber or Green to be applied on a monthly basis. The RAG rating would indicate the following:

Green	Performing well across all measures	No concerns
Amber	Performing at a level that requires improvement which can be managed by the Supply Chain Manager	No major concerns
Red	Performing at a level that requires immediate remedial action or action which has not been remedied informally	Concerns evident

Due to the individual nature of the contracts being delivered by NCG there is not a one size fits all solution. However, measures from the following headings need to be identified; Performance, Quality, Compliance, Customer Feedback, Health, Safety and Safeguarding, Equality, Diversity and Sustainability, all of which will feed in to the quarterly quality reviews which take place internally. The measures taken should be regularly reviewed by the Head of Supply Chain Strategy to ensure that they remain appropriate to assessing the risk of the Subcontractor delivery throughout the term of the contract.

The Supply Chain Lead will agree a set time in the month for the appropriate data sources to be utilised to enable the Supply Chain Manager to prepare financial and qualitative performance data for the Contract Review meeting. Only data reported through NCG systems must be used. No locally produced data will be accepted. The Supply Chain Manager will undertake the Contract Review meeting with the Subcontractor at least

quarterly face to face and on the Subcontractor's premises. The Supply Chain Manager shall agree with the Subcontractor the frequency of the next meeting and venue depending on the Risk Rating assigned to the Subcontractor. Following completion of the Contract Review meeting, the Supply Chain Manager will confirm the Risk Rating for the Subcontractor.

The Supply Chain Lead will review each Subcontractor's Risk Rating with the Supply Chain Manager on a monthly basis and raise any concerns with the Head of Supply Chain Strategy. Should the Subcontractor be performing at the RAG Rating Amber, the Subcontractor should be managed informally by the Supply Chain Manager to drive performance and move to the RAG Rating Green at the next Contract Review meeting. The Supply Chain Manager and the Subcontractor will work together to develop and agree an informal SMART action plan to meet the minimum standards for the contract. The Supply Chain Manager shall review the progress made against the informal SMART action plan.

If the informal SMART action plan is achieved, the Supply Chain Manager will confirm at the next Contract Review meeting and record on the Contract Review template (**SMFF-13**). The Subcontractor will be assessed in accordance with the contract review cycle.

If the informal SMART action plan is not achieved, the Subcontractor will move in to the RAG Rating Red. For any Subcontractor performing at the RAG Rating Red, a discussion must take place to determine if the Formal Performance Improvement Process (**SMFP-05**) will be instigated.

Formal Performance Improvement Process

The Supply Chain Manager should notify the Supply Chain Lead and the Head of Supply Chain Strategy that the Subcontractor has been assessed as RAG Rating Red and recommend that the Formal Performance Improvement Process (**SMFP-05**) be instigated. The Supply Chain Lead will notify the Divisional SLT / Principalship. The Head of Supply Chain Strategy will notify the Specialists if the contract is entering Formal Performance Improvement Process and seek any necessary support.

The Supply Chain Manager should notify the Subcontractor that the Contract has been given a RAG Rating Red and discuss the actions to enable the Subcontractor to address areas of underperformance. The Head of Supply Chain Strategy will review the proposed targets and request that the Contract Representative issues a Performance Improvement Notice.

The Contract Representative will draft the Performance Improvement Notice and issue to the Subcontractor. The Contract Representative will discuss with the Divisional SLT / Principalship as to whether the Funder should be notified. If the Divisional SLT / Principalship agree the Funder should be notified, the Contract Representative or a member of the Divisional SLT / Principalship will notify the Funder immediately.

The Subcontractor must submit a Formal Action Plan within 5 working days for approval by the Supply Chain Manager and Supply Chain Lead, which will be reviewed by the Head of

Supply Chain Strategy to maintain consistency across the Group. This activity will ensure appropriate escalation to the Divisional SLT / Principalship and will identify actions that the Supply Chain Manager should undertake to assure or improve the provision by the Subcontractor. Best practice recommends that a brief overview is prepared highlighting any issues or outstanding actions to support the associated risk rating. The Head of Supply Chain Strategy will consult with the Supply Chain Lead and / or the Divisional SLT / Principalship to determine how the services will be delivered, if the contract is terminated.

Once the Head of Supply Chain Strategy has reviewed the Formal Action Plan, the Supply Chain Manager shall monitor and review the Formal Action Plan at least monthly and record the progress in the Contract Review template (**SMFF-13**). If the Supply Chain Manager, the Supply Chain Lead and / or the Head of Supply Chain Strategy rejects the Formal Action Plan, a member of the Divisional SLT / Principalship and / or Head of Division will be requested to make the final decision. The Supply Chain Manager shall notify the Subcontractor of the outcome and if appropriate the contract will be terminated. The Subcontractor may decide to exercise the dispute resolution process, as defined in the contract, if they are not satisfied with the decision.

Once the Formal Action Plan has concluded, the Supply Chain Manager, the Supply Chain Lead and the Head of Supply Chain Strategy shall assess and decide if significant progress has been made to remove them from a RAG rating RED. If the Subcontractor has fully achieved all actions, the Head of Supply Chain Strategy will notify the Contract Representative to issue confirmation of achieving the Formal Action Plan and remove the Subcontractor from the Formal Performance Improvement Process.

If the Subcontractor has not fully achieved all actions, the Supply Chain Manager, the Supply Chain Lead and the Head of Supply Chain Strategy will consider if sufficient progress has been made and may decide to extend the Formal Performance Improvement Process (**SMFP-05**). The above process will be followed again for the extension period.

If the Subcontractor has not made sufficient progress the Formal Performance Improvement Process (**SMFP-05**) will end and the Supply Chain Manager will notify the Subcontractor that the Contract will be terminated. The Subcontractor may decide to exercise the dispute resolution process, as defined in the contract, if they are not satisfied with the decision.

No additional funding can be awarded during whilst the Subcontractor is following the Formal Performance Improvement Process (**SMFP-05**).

Performance Monitoring

The RAG Rating and the maturity of the delivery relationship will support the frequency and type of meeting to be held with the Subcontractor. It is recommended that all Subcontractors with relationships of specific contract delivery of less than 6 months should be visited every 4 weeks until the second internal quarterly quality review has been completed. Again this will depend on the type of contract being delivered and should be agreed by the Head of Supply Chain Strategy and the a member of the Divisional SLT / Principalship. For example:

Activity	Who	Type of Visit	Minimum Frequency
Contract Review Template completed	RAG Rating Red	Face to Face on subcontractors premises.	Every 4 weeks
	RAG Rating Amber		Every 6 weeks
	RAG Rating Green	By Phone (although 4 per annum must take place on Subcontractor's premises)	Every 6 weeks

During the completion of the Contract Review Template (**SMFF-13**) the Supply Chain Manager will review a number of key areas such as outstanding actions, profile, finance, compliance, teaching and learning profile, success rates and quality levels. The approach should be standardised and relevant to the contract being delivered. This will enable the next step to be actions taken to improve the areas of risk. All actions should be SMART and agreed by both parties.

The Contract Review Template (**SMFF-13**) and process has been designed to enable flexibility and adaptability to the requirements of each contract. The template highlights key areas where an evidenced based approach is enabled through desktop review and mandatory areas identified for discussion to support the risk rating given. It is important that if, following discussions with the Subcontractor, the Supply Chain Manager believes that the risk rating applied through the measures agreed is not appropriate, that they advise the Supply Chain Lead and the Head of Supply Chain Strategy through the monthly monitoring process.

Quality Review

During the monthly Contract Review meetings, quarterly quality information will be collected from each Subcontractor to review quality levels. This will be used to make judgements and identify actions that will be followed up at the next Contract Review meeting. The quarterly quality review should focus on key quality-related themes in relation to the specific deliverables and key themes of the contract being subcontracted.

An annual calendar should be produced for each contract identifying the key themes that relate to the success of the appropriate delivery. Again this is unlikely to be a one size fits all due to the diversity of the contracts delivered by NCG and should be approved by the Head of Supply Chain Strategy and the Supply Chain Lead.

Health and Safety Review

Each Subcontractor will be required to undergo a Health and Safety review quarterly. During the monthly Contract Review meetings, quarterly Health and Safety information will be collected from each Subcontractor to review Health and Safety levels. At least every three years, but ideally annually, the Subcontractor will be asked to complete the Health and Safety Initial Review Form (**SMFF-10**). This will be instigated by the Supply Chain

Manager and, once completed, passed to the Health and Safety Specialist to review and award a grade 1 to 4.

Key Contacts for Queries	<p>The Supply Chain Strategy Team Tel: 07827 340160 or 07775 013850 Email: partnerships@intraining.co.uk</p> <p>Quality contacts: Group louise.dawson@ncgrp.co.uk Intraining danielle.coleman@intraining.co.uk KC adrian.ward@kidderminster.ac.uk NCL greg.smith@ncl-coll.ac.uk NSFC emma.rugman@newcastlesfc.ac.uk Rathbone gina.steele@rathboneuk.org WLC jenny.littewood@westlancs.ac.uk</p> <p>Health and Safety contacts: karl.lothian@ncgrp.co.uk</p>
---------------------------------	---

SECTION 4: EXIT & END OF CONTRACT



Exit and End of Contract Review Process (SMFP-06)

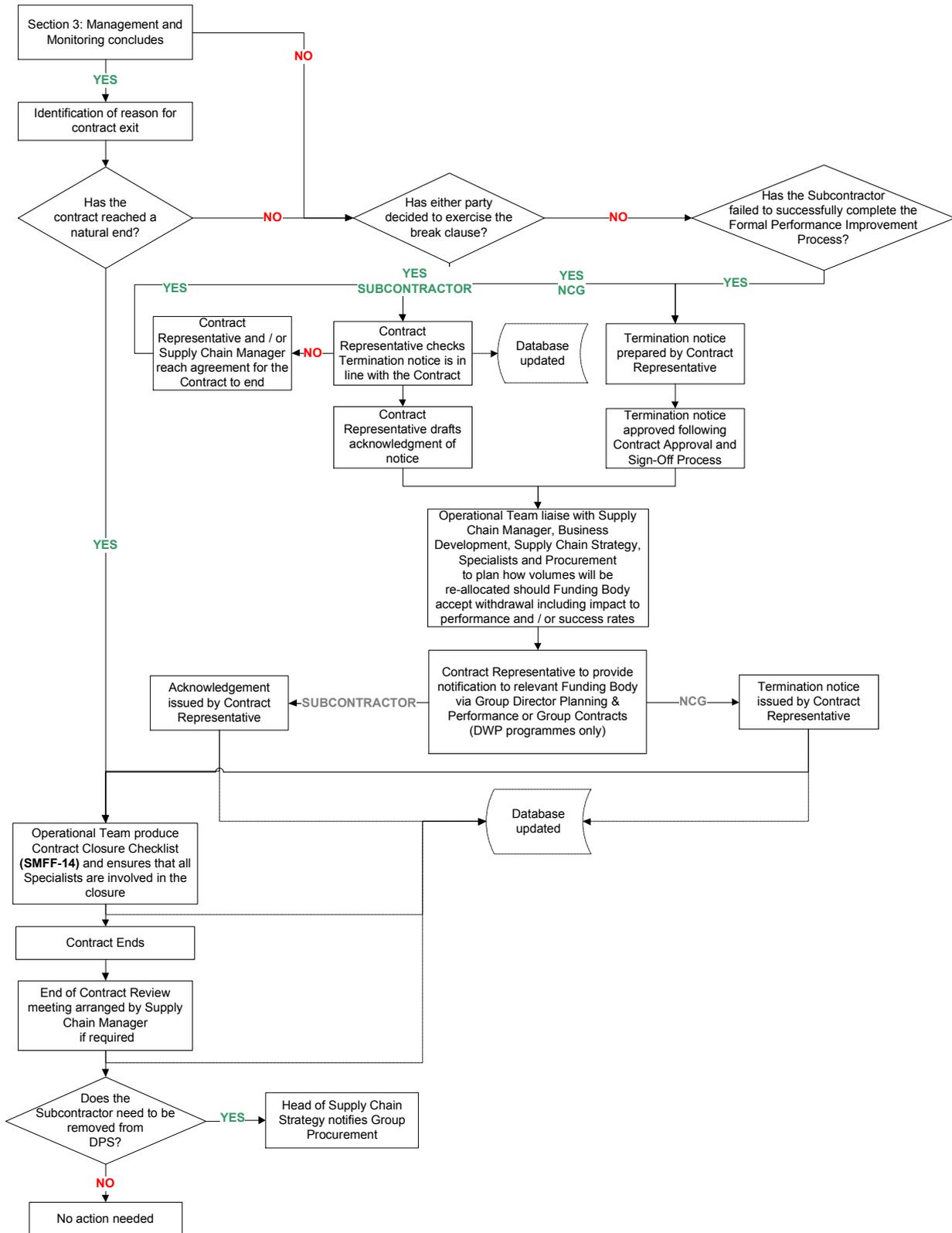


Fig 6: SMFP-06 Exit and End Process

The purpose of the process is to ensure that all contracts are closed properly. This document sets out the process to be followed when contracts end or need to be exited. There are three possible ways for a contract to end: (1) natural end; (2) break in contract (divorce); and (3) termination for breach.

The process for dealing with each scenario is as follows:

(1) Natural end

The contract database records the end date of all contracts. The Contract Representative will remind the Operational Team that the contract is due to end within the next three calendar months.

The Operational Team will be responsible for formally closing the contract.

(2) Break contract in line with terms

a) NCG

The Operational Team will contact their Contract Representative to advise that there is a need to end the contract. On receipt, the Contract Representative shall draft the Termination Notice, subject to all relevant approvals being received in accordance with the Contract Approval and Sign-off Process.

The Operational Team will liaise with the Head of Supply Chain Strategy, Procurement, Business Development (if appropriate) and other Specialists to plan how volumes will be re-allocated, e.g. reallocation to other Subcontractors, In-house or a new Mini-Competition.

The Contract Representative shall seek internal approvals in accordance with Contract Approval and Sign-off Process. Once all approvals have been received, the Contract Representative shall notify the Funding Body via the Group Director Planning and Performance (EFA / SFA) or the Group Contracts team (DWP only).

The Termination Notice will be issued and a copy uploaded to the contracts database.

Or

b) Subcontractor

The Contract Representative receives a break notice from a Subcontractor, who will notify the Operational Team. The Contract Representative will check that the break notice has been served correctly and draft an Acknowledgment.

If not, the Supply Chain Manager will be asked to negotiate with the Subcontractor and the Group Contracts team before accepting in principle.

The Operational Team will liaise with the Head of Supply Chain Strategy, Procurement, Business Development (if appropriate) and other Specialists to plan how volumes will be re-allocated, e.g. reallocation to other Subcontractors, In-house or a new Mini-Competition.

The Contract Representative shall seek internal approvals in accordance with Contract Approval and Sign-off Process. Once all approvals have been received, the Contract Representative shall notify the Funding Body via the Group Director Planning and Performance (EFA / SFA) or the Group Contracts team (DWP only).

The Acknowledgment will be issued and a copy uploaded to the contracts database along with the new end date.

(3) Breach of contract

The Operational Team identifies that a contract needs to be terminated due to unsatisfactory completion of the Formal Performance Improvement Process (**SMFP-05**).

The Operational Team will notify the Contract Representative that it is their intention to terminate the contract.

The Contract Representative will prepare the notice setting out the reason why the contract is being terminated.

The Operational Team will liaise with the Head of Supply Chain Strategy, Procurement, Business Development (If appropriate) and other Specialists to plan how volumes will be re-allocated, e.g. reallocation to other Subcontractors, In-house or a new Mini-Competition.

The Contract Representative shall seek internal approvals in accordance with Contract Approval and Sign-off Process. Once all approvals have been received, the Contract Representative shall notify the Funding Body via the Group Director Planning and Performance (EFA / SFA) or the Group Contracts team (DWP only).

The Termination Notice will be issued and a copy uploaded to the contracts database.

The contracts database will be updated by the Contract Representative to record the new end date.

For all Contract Closures

The Operational Team will be responsible for formally closing the contract.

The Operational Team will commence the Contract Closure Checklist (**SMFF-14**) and liaise with Specialists to ensure smooth closure.

For all contract closures, the Supply Chain Manager will decide if there is a need for an End of Contract Review Meeting. This should be arranged and should include Finance, Quality, the Head of sub-division, the Head of Supply Chain Strategy and any other relevant parties who have had involvement in this particular contract.

Once the contract has been closed the Supply Chain Manager will review the Contract Closure Checklist (**SMFF-14**) to ensure it has been completed and will decide on whether there is a need for an End of Contract Review meeting to be arranged. A copy of the Contract Closure Checklist (**SMFF-14**) and any minutes from the End of Contract Review meeting should be uploaded on to the contracts database.

The Head of Supply Chain Strategy is responsible for consulting with all Supply Chain Managers before notifying Group Procurement if a subcontractor should be removed from the Dynamic Purchasing System as a pre-approved delivery provider.

Key contact for queries	The Group Contracts Team Tel: 0114 2898424 Email: contracts@intraining.co.uk
--------------------------------	--