

<u>Policy Title</u>	Supply Chain Fees & Charges Policy	
<u>Policy Category</u>	Compliant	
<u>Owner</u>	Group Head of Contracts & Procurement	
<u>Group Executive Lead</u>	Chief Finance Officer	
<u>Date Written</u>	April 2020	
<u>Considered By</u>	Executive Board	
<u>Approved By</u>	Corporation	
<u>Date Approved</u>	July 2020	
<u>Equality Impact Assessment</u>	The implementation of this policy is not considered to have a negative impact on protected characteristics	
<u>Freedom of Information</u>	This document will be publically available through the Group's Publication Scheme.	
<u>Review Date</u>	May 2021 for submission to June Executive and July Corporation meetings	
<u>Policy Summary</u>	<p>Education and Skills Funding Agency (ESFA) requirement of funding to publish our fees and charges policy that would apply to its supply chain (subcontracting). Note: 2020/21 funding requirements specific to subcontracting have not yet been finalised and therefore the policy may need to be amended in due course.</p> <p>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.</p>	
<u>Applicability of Policy</u>	<u>Consultation Undertaken</u>	<u>Applicable To</u>
Newcastle	Yes	Yes
Newcastle Sixth Form	Yes	Yes
Carlisle	Yes	Yes
Kidderminster	Yes	Yes
Lewisham	Yes	Yes
Southwark	Yes	Yes
West Lancashire	Yes	Yes
Group Services	Yes	Yes
<u>Changes to Earlier Versions</u>		
<u>Previous Approval Date</u>	<u>Summarise Changes Made Here</u>	
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.	
<u>Linked Documents</u>		
<u>Document Title</u>	<u>Relevance</u>	
NCG Financial Regulations	Overarching policy setting out financial rules of which this is policy is referred	

Subcontract Management Framework	Overarching policy / procedure for procuring and managing subcontractors
Supply Chain Guide – are you a pre-approved partner?	Guide for potential pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us
Supply Chain Guide – are you interested in becoming a pre-approved partner?	Guide for pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us

Supply Chain Fees and Charges Policy 2020/2021



Date approved:	Version 1 – July 2020
Approved by:	Corporation
Review date:	June 2021
Responsible Manager:	Group Head of Contracts & Procurement
Group Executive Lead:	Chief Finance Officer
Accessible to Students/Customers:	Yes

1. Consultation

Consultation undertaken with all Colleges during May 2020.

2. Applicability of Policy to Organisation

This policy applies to all Colleges. In the event that the Group expands during the year, the Executive Lead for the Merger or Acquisition shall agree the implementation date of the Policy with the new College's Principal / Managing Director.

3. Scope and Purpose of Policy

The Skills Funding Agency (SFA), now known as the Education and Skills Funding Agency (ESFA) introduced a new requirement of funding in 2013-14 for providers to publish their fees and charges that they would apply to their supply chain (subcontracting). A new policy was duly approved by NCG Executive Board in June 2013 and approved subsequently prior to the funding year commencing.

As a result of further changes to the Funding Rules in 2015/16 by the SFA, to strengthen the controls on subcontracting, the approval of this policy and acceptable levels of subcontracting has moved to the Corporation.

This policy is then made available via the website of any NCG Division undertaking subcontracting.

The ESFA advise that as a minimum, the following must be included in the supply chain fees and charges policy:

- 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 supply chain partners and where the policy is published.

4. Policy Statement

The policy statement is attached in the format that it will be published in Appendix 1

5. Linked Policies

None

6. Linked Procedures

- NCG Financial Regulations
- Subcontract Management Framework
- Supply Chain Guide – are you a pre-approved partner?
- Supply Chain Guide – are you interested in becoming a pre-approved partner?

7. Equal Opportunities Statement

An Equality Impact Assessment will be completed by each College. This policy may be subject to review following Equality Impact Assessment by the Colleges.

8. Location and Access to the Policy

The Supply Chain Fees and Policy Statement is located as follows:

- NCG Intranet: Group Services: Group Policies and Procedures
- NCG Website: Guide to Information: Our policies & procedures: Supply Chain Information

9. Person Responsible for the Policy

Chief Finance Officer



Supply Chain Fees and Charges Policy - Appendix 1 2020/2021

Background

As a Lead Provider, we are committed to publishing our supply chain fees and charging policy on our website for 'provision' 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 supply chain partners and where the policy is published.

Why do NCG subcontract?

As one of the largest not for profit national training establishments, we seek to develop like-minded Supply Chain Partners in niche sectors and to fulfil any gaps in geographical coverage to meet the needs of our Employers and Funders. We work with Supply Chain Partners who can complement our existing provision and offer quality driven industry-recognised qualifications and services to support Learners, Participants and Employers.

NCG's overall strategy for subcontracting has not changed, we will continue to subcontract to meet the Commissioners', Employers' and Learners' requirements across all of our provision, subject to Commissioners' geographical boundaries.

With the changes to the funding requirements for the subcontracting of Apprenticeships, NCG's strategy will target Supply Chain Partners who provide apprenticeships that we currently do not offer or apprenticeship in geographical areas we are unable to deliver in to support the needs of our Employer base.

NCG shall also be subcontracting the end-point assessment to End Point Assessment Organisations. As responsibility sits with the Employer to select the appropriate organisation and negotiate the fees, End Point Assessment Organisations shall be exempt from the Subcontract Management Framework ("SMF"). Should the Employer ask NCG to help them to select the End Point Assessment Organisation, NCG shall comply with NCG's Financial Regulations and the Public Contracts Regulations 2015.

Exemptions to the Policy

This policy shall not apply to End Point Assessment Organisations. Likewise, if an Employer stipulates the Supply Chain Partner, we use and/or fees we can retain, this shall be exemption from the Policy. The management of the Supply Chain Partner (not End Point Assessment Organisations), irrespective of whether the Employer stipulates the Supply Chain Partner, shall be in accordance with Section 3 of the SMF.

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. In support of this it is a requirement that Supply Chain Partners 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 Supply Chain Partners 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 Supply Chain Partners?

We recognise that all Supply Chain Partners have different levels of capacity and skills and therefore we tailor the Fee payable for services provided by Supply Chain Partners.

When calculating the Fee payable to the Supply Chain Partner, NCG calculates the Fee attributable for the proportion of the delivery that the Supply Chain Partner provides to our Learners and / or Participants, e.g. 80% of the funding received from the Funder.

The average percentage of the funding retained by NCG is typically 20% (except whereby the Funder stipulates a maximum amount that can be retained), which reflects the cost of the services we provide to our Learners and to meet our obligations to the Funders.

As part of our contract negotiations, we may tailor the payment structure to support and reflect the nature of our involvement and expectations. The Fees payable will reflect the level of service provided to us by our Supply Chain Partners and the resources we need to monitor the relationship, e.g. if NCG is responsible for the account management of the Employer base, which is the responsibility of the Lead Provider for apprenticeships, this would be covered by the amount of funding we retain. We may also vary our Fee structure and agree set milestone payments or achievement based payments, to reflect how we receive the funding or to encourage high quality performance. We will set out in the subcontract what the retained fees

costs of, e.g. dedicated staff costs; other costs, such as specialists; and a contribution to general overheads.

We will agree the Fee with our Supply Chain Partners based on historical management and monitoring information, e.g. if a Supply Chain Partner has been consistently rated as Amber (Grade 2) by NCG, the Fees paid by us, will reflect the additional resources required from us to ensure that the overall performance on the Funding Agreement is not negatively impacted.

For new Supply Chain Partners, the Fee paid by us will be informed by the Specialist Review (undertaken as part of Section 2: Negotiation and On-boarding of the SMF). In addition, the Fee will reflect the amount of support needed at the contract set up stage to ensure the Supply Chain Partner's offer is at least equivalent to or exceeds our offer.

All Fees paid to Supply Chain Partners will be reviewed at least annually. However, should the Supply Chain Partner be under-performing against the Minimum Performance and Minimum Service Levels and we need to provide additional performance monitoring to drive high quality provision, we reserve the right to adjust the Fee paid by us during the year.

In the event, that the Employer asks NCG to help them to select the End Point Assessment Organisation, NCG will comply with NCG's Financial Regulations to procure the End Point Assessment Organisation for the Employer and shall negotiate a set fee for the end point assessment rather than take a percentage of the funding we receive from the Education and Skills Funding Agency (ESFA) and/or the Employer.

NCG does not charge a management fee and does not provide management or any other services to Supply Chain Partners.

What support do NCG offer their Supply Chain?

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

- Designated Supply Chain Manager who will monitor the performance, quality and compliance activities;
- Monitoring activities in accordance with our published SMF, (an overview of which is available within ProContract, 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 Supply Chain Partner. This would be to protect public funds, where in our opinion, for example, we do not hold sufficient progression evidence to support any on programme payment.

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

We expect Supply Chain Partners to fully engage in assessing the accuracy of payments and therefore they have a responsibility to review the payments made and the supporting evidence we provide to identify any inaccuracies.

Our Supply Chain Partners 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 our Supply Chain Partners wish to access our preferential fees offered by our Awarding Organisation, we will enter in to discussions with them to enable our Supply Chain Partners to benefit from these.

NCG Supply Chain Opportunities

As one of the largest providers of education and training, we regularly seek potential Supply Chain Partners to support and contribute to appropriate bidding opportunities. To be considered as a potential Supply Chain Partner you must request a login and apply to join our Dynamic Purchasing System (DPS) at <https://procontract.due-north.com/register>

Please contact NCG Group Procurement Team with any queries you may have on 0191 200 4290 or by email at 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 partners on our website at <https://www.ncgrp.co.uk/guide-to-information/our-policies-and-procedures/supply-chain-information/>

Potential Supply Chain Partners 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 Supply Chain Partner is aware of the Fee they will receive.

Supply Chain Managers shall remind new and existing Supply Chain Partners of the Policy, agree the Fee that will be paid and the Services that will be provided as part of Section 2: Negotiation and On-boarding of the SMF.