

<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 Operations and Compliance Officer
<u>Date Written</u>	May 2022
<u>Considered By</u>	Executive Board
<u>Approved By</u>	Corporation
<u>Date Approved</u>	July 2022
<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 publicly available through the Group's Publication Scheme.
<u>Review Date</u>	July 2023
<u>Policy Summary</u>	Requirement of funding to publish our fees and charges policy that would apply to its supply chain (subcontracting). 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.

<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
Professional 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.
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 Supply Chain Partners.



<u>Linked Documents</u>	
<u>Document Title</u>	<u>Relevance</u>
<p>NCG Financial Regulations</p>	<p>Overarching policy setting out financial rules of which this is policy is referred</p>
<p>Subcontract Management Framework</p>	<p>Overarching policy / procedure for procuring and managing subcontractors</p>
<p>Supply Chain Guide – are you a pre-approved partner?</p>	<p>Guide for potential pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us</p>
<p>Supply Chain Guide – are you interested in becoming a pre-approved partner?</p>	<p>Guide for pre-approved delivery partners intending to be a subcontractor setting out what to expect if they work for us</p>



Equality Impact Assessment

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

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.

We believe in procuring and working with like-minded Supply Chain Partners. who share our mission, vision and values. We value the people we engage with throughout our supply chain to assist the delivery of our vital work and deliver high quality standards.

We believe that by working together with like-minded Supply Chain Partners, we can impact positively in our communities, by ensuring no lives are forgotten; the environment; and in assisting economic recovery post Brexit and the Covid-19 pandemic.

Furthermore, we are committed to ensuring that our students, our staff and all of our stakeholders' study and work in environments that embed the principles and practices of equality, diversity and inclusion. We do not tolerate racism or discrimination in any form.

We are dedicated to our mission in pursuit of social mobility, in an inclusive and diverse learning community, and we know that great organisations really listen to stakeholders without defensiveness, or being distracted, or making excuses. We expect our subcontractors to share the same ethos as we do to tackle racism and other forms of discrimination and prejudice.

Background

As a Lead Provider, we are committed to publishing our supply chain fees and charging policy on our website for 'delivery' 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.
- 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?

We believe in procuring like-minded Supply Chain Partners 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 one of the following justifications is met:

- 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.
- The activity fills gaps in niche or expert provision, or provide better access to training facilities where we cannot do this ourselves.
- Where we need to enable better access to learners in a wider geography than our colleges are able to support.
- The activity offers an entry point to education for disadvantaged groups, particularly those who may not wish to study on a college campus.
- 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.

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. We will prioritise any partnership that helps widen participation or tackles under-representation.

We do not believe that it is in the best interest of our Learners to procure the services of a broker to source Supply Chain Partners or undertake distant subcontracting of any funding stream, without due consideration. With the exception of existing distant subcontracting commissioned by the West Lancashire College campus, for the delivery of 16 to 19 using professional football clubs to deliver a discrete curriculum tailored to professional football very different to other sport provision in the area and the online learning project; and subject to consent from the ESFA, we do not intend to undertake distant subcontracting.

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. This means that we may need to manage volumes of subcontracting during the academic year period by releasing funding in stages, as part of managing Supply Chain Partners' performance.

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

Exemptions to the Policy

This policy shall apply except, whereby an Employer or Funder stipulates a specific Supply Chain Partner should be used and/or fees we can retain.

The management of the Supply Chain Partner, irrespective of this exemption, shall be in accordance with Section 3 of the SMF 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 Supply Chain Partners 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, 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 are committed to retain no greater than 20% of the funding earned for the proportion of the delivery undertaken by the Supply Chain Partner. However, we recognise that each relationship is different and that each Supply Chain Partner 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 Supply Chain Partner is assured to receive 80% of the funding we receive from the Funder for their proportion of the delivery, subject to the Supply Chain Partner delivering a high-quality standard.

Whereby the Funder stipulates a maximum amount that can be retained, we seek to offset any additional costs incurred from our commercial income, to ensure that Learners are not disadvantaged and receive the same high-quality standard.

As part of our contract negotiations, we may tailor the payment structure to reflect any upfront costs incurred by the Supply Chain Partner and NCG's financial risk assessment of the Supply Chain Partner, taking in to account historical management and monitoring information gathered by NCG and latest statutory accounts and/or forecasts to ensure that the overall performance on the Funding Agreement is not negatively impacted. For new Supply Chain Partners, we will use the information provided to us as part of the Specialist Review (as part of Section 2: Negotiation and On-boarding of the SMF).

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 increase the amount we retained during the year. For avoidance of doubt, whereby the Supply Chain Partner 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 Supply Chain Partners.

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 Supply Chain Partner, contract development and management, general overheads (or 45% of the retained element); and
- 0.4% for training including support and advice provided to Supply Chain Partner (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 Supply Chain Partner 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 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 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.
- Other specific support may be available depending on the 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 monthly 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 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 like-minded 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 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 [here](#).

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.