

2015/16 Supply Chain Fees and Charges Policy Statement



Background

As a Prime Provider, we are committed to publishing our supply chain fees and charging policy on our website. Each year, we will 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;
- Our contribution to improving our subcontractor's quality of teaching and learning;
- The typical percentage range of fees retained to manage subcontractors, and how this range is calculated;
- The support we will provide in return for the fee we charge;
- If appropriate, the reason for any differences in fees charged;
- Payment terms e.g. timing of payments in relation to delivering provision in accordance with our self-billing process;
- Timing for policy review

Why do we 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. We are looking for Partners who can complement our existing provision and offer quality driven industry-recognised qualifications and services to support participants and employers to excel.

Our commitment to improving the quality of IAG, Teaching, Learning and Assessment

We are committed to a policy of continual improvement to the quality of teaching, learning and assessment, through inviting our Supply Chain Partners to attend mandatory training and sharing of best practice across our direct and supply chain network. This is demonstrated through our commitment to capacity building our Supply Chain Partners in accordance with our Subcontract Management Framework (SMF) and our Supply Chain Strategy.

What Management Fees do we apply?

We recognise that all Supply Chain Partners have different levels of capacity and skills and therefore we tailor our management fee to suit the needs of the supply chain partner to deliver quality provision.

The typical percentage range retained by NCG is between 20% to 30%. This management fee is deducted from the funding income we receive. For avoidance of doubt the income we receive from our Funders may be less than the published rates. As a result, we may adjust the management fee to ensure that this does not fundamentally affect our Supply Chain Partners.

As part of our contract negotiations, we may tailor the payment structure to support the delivery being subcontracted and the amount of funding available. This may vary from milestone payments to achievement based payments.

The amount charged will be negotiated with individual parties and will depend on a number of factors including but not limited to our financial, quality, compliance, security and health & safety assessments.

We will agree the management fee with our Supply Chain Partners based on the information we hold about and / or receive from the partner. If the organisation is new to working with us, the management fee will reflect the contract set up stage. As part of the negotiations, we may consider a rebate at the end of the first review period if our initial assessment was significantly imbalanced. All management fees will be reviewed annually, unless otherwise agreed.

What support do we offer our Supply Chain?

We believe that the Supply Chain relationship has a joint responsibility to deliver high quality provision to all participants and therefore as a minimum we provide the following service and support to our Supply Chain Partners:

- Designated Supply Chain Manager who will manage and monitor your performance, quality and compliance activities;
- Management through our published SMF, (for example, a performance review conducted at least six weekly by telephone, and at least one per quarter face to face if Green RAG rating);
- Access to our contract specific policies and procedures;
- Validation of all claims prior to submission to Funder;
- Access to best practice meetings, training workshops and / or supply chain conference specific to contract delivery;
- Other support is available specific to the type and size of contract and notified as part of the Section 2: On-boarding and Negotiation of the SMF

How and when do we make payments to our Supply Chain Partners?

Payments are made 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 less the management fee agreed as part of contract negotiations and honoured in the Supply Chain Partner's subcontract.

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 funding due. 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, and for us to benefit.

We operate a Self-Billing Process and invoices are not accepted, unless this is agreed as part of contract negotiations. Most payments are made by BACS on the last working day of the calendar month. We may decide to alter the payment date in December due to bank holidays.

We expect Supply Chain Partners to fully engage in assessing the accuracy of payments and therefore 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 bodies. Should our Supply Chain Partners wish to access our preferential fees offered by our awarding bodies, we will enter in to discussions with them to enable our Supply Chain Partners to benefit from these.

Supply Chain Opportunities

As one of the largest providers of Employability and Skills programmes, we regularly seek potential Supply Chain Partners to support and contribute to appropriate bidding opportunities. To be considered as a potential delivery partner you must request a login and submit an application to join our Dynamic Purchasing System (DPS) at <https://in-tendhost.co.uk/ncg/>.

Key contact for queries NCG Group Procurement Team: Amy Clare or Paul Fergus
Tel: 0191 200 4869 or Email: procurement@ncgrp.co.uk

How often will we review this policy?

We will review our Supply Chain Fees and Charges Policy at least annually.