



Supply Chain Fees and Charges Policy - Appendix 1 2016/2017

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 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 subcontractors' 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; and
- How and when the policy is communicated and discussed with current and potential supply chain partners and where the policy is published.

The Supply Chain Fees and Charges Policy is approved for publication by the Governing Body.

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. 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 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 required that Supply Chain Partners should attend specific training that we offer that sets out to share best practice across our direct and supply chain network. This is part of our commitment to capacity building of our Supply Chain Partners in accordance with our Subcontract Management Framework ("SMF").

What Management Fees do NCG 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 average percentage retained by NCG is typically 20%. This management fee is deducted from the funding income we receive. From time to time, we may decide to discount our pricing proposal to our Funders; as a result, we 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 and reflect the nature of involvement and expectations. This may vary from milestone payments to achievement based payments.

We will agree the management fee with our Supply Chain Partners based on historical management and monitoring information. For new Supply Chain Partners, the management fee will be informed by the Specialist Review (undertaken as part of Section 2: Negotiation and On-boarding of the SMF). In addition, the management fee will reflect variations of the amount of support needed at the contract set up stage.

All management fees will be reviewed at least annually. However, should the rationale for the management fee change during the year, NCG shall be entitled to adjust the management fee accordingly reflect any additional support required.

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 as a minimum we provide the following services and support:

- Designated Supply Chain Manager who will manage and monitor your performance, quality and compliance activities;
- Management in accordance with our published SMF, (an overview of which is available within ProContract, our e-tendering portal and on our website at <http://www.ncgrp.co.uk/GuideToInformation.aspx?id=657>);
- Advice and guidance from our team of Specialists as part of the Specialist Review;
- 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 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.

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 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 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.

NCG 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 Supply Chain Partner you must request a login and submit an application 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 by the governing body on an annual basis.

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 <http://www.ncgrp.co.uk/GuideToInformation.aspx?id=657>

Potential Supply Chain Partners are advised of our Fees & Charging Policy as part of every opportunity we publish making clear the anticipated management fee that shall apply.

Supply Chain Managers shall remind new and existing Supply Chain Partners of the policy, the management fee and the services that will be provided as part of the initial on-boarding and negotiation stage of the SMF.