



## **Supply Chain Fees and Charges Policy - Appendix 1 2018/2019**

### **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 throughout England, Scotland and Wales across all of our provision.

With the changes to the funding requirements for the subcontracting of Apprenticeships, NCG's strategy will target Supply Chain Partners who provide apprenticeship frameworks and apprenticeship standards that we currently do not offer or apprenticeship frameworks and apprenticeship standards 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**

From May 2017, the Apprenticeship Funding and Performance Management Rules, passed responsibility to Employers to choose their own End Point Assessment Organisations and negotiate the fees. Whilst NCG shall be responsible for payment of the fees, subcontracting to End Point Assessment Organisations, shall therefore, be exempt from this Policy. Likewise, if the 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, 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%, which reflects the cost of the services we provide to our Learners and meeting 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 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.

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 Friday of the calendar month. 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 bodies. 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 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](mailto: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.