

2022/23 SUPPLY-CHAIN FEES POLICY

Policy last updated: August 2022

Review date: August 2023

1. Policy Statement

1.1 NLTG is committed to growing and diversifying the range of courses it delivers to widen participation and meet the regional and local economic needs. In order to achieve this, NLTG where applicable will make the strategic decision to subcontract a small part of its provision to partner organisations who can demonstrate high quality delivery and who appear on the Register of Apprenticeship Training Providers.

1.2 The purpose of this document is to define the basis on which any subcontracting arrangements will be managed.

2. Scope

2.1 This document sets out NLTG's Supply Chain Fees and Charging Policy for 2022/23. This Policy applies to all provision that is subcontracted delivery by NLTG under its contract for services with the ESFA.

2.2 NLTG endeavours to minimise the risk within the supply chain ensuring that subcontractors working with NLTG offer high quality provision that is responsive to communities, learners and employers. NLTG upholds the principles of the Common Accord (see appendix 1) seeking to optimise the impact and effectiveness to the end user. NLTG recognises the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact for learners.

3. Disclaimer

3.1 NLTG reserves the right to amend its subcontracting arrangements at any time in accordance with the requirements of funding bodies.

4. Rationale for Subcontracting

4.1 Subcontracting enables NLTG to respond quickly to employer and learner demand and provide niche provision in areas where subcontractors have specialist experience.

4.2 Subcontracting enables added value by maximising government funds for the learner experience.

5. Improving the Quality of Teaching and Learning

5.1 Subcontracting enables providers to share good practice and learn from each other across the sector raising standards of teaching, learning and assessment and ultimately learner's success. Subcontracting also increases the choices of learners and employers in accessing quality education and training within their locality.

5.2 Subcontracted partners must appear on the Register of Apprenticeship Training Providers and to meet NLTG's quality assurance standards with NLTG being committed to supporting, developing and sharing good practice and professional development of staff through quality reviews, operational meetings, observations of teaching and learning and learner and employer feedback.

5.3 The quality of subcontracted provision will be monitored and managed through our existing quality improvement process with NLTG's Self-Assessment Report/Quality Improvement Plan process ensuring continuous improvement in all aspects of the learner journey.

6. Management Fees

6.1 NLTG retains a management fee from all subcontracted partner organisations with this ranging from 10% to 15%.

6.2 The fees charged reflect the cost of the procurement process, the management of the contract, and support services provided to our supply-chain. Where less or additional support is required, our fees will be flexible to reflect costs (ref Table 1).

7. Support for Sub Contractors

7.1 In return for the management fee charged by NLTG subcontractors will receive a high level of support and guidance, including the following:

- a) advice and guidance at pre-contract stage
- b) certification and registration with awarding bodies (if required)
- c) observation of teaching, learning and assessment
- d) regular review meetings
- e) support with funding rules compliance
- f) administration support, including in-depth checks of evidence submitted, and regular feedback on issues identified
- g) input of enrolment documentation submitted
- h) submissions of data to funding organisations
- i) regular financial reports to inform invoicing
- j) data checks and support to resolve data queries
- k) support to address any areas for improvement
- l) quality improvement support (see section 5)

8. Reasons for Differences in Fees Charged

8.1 Not all subcontractors are charged the same management fee, differences in fees are dependent upon the level of support required, the experience of the Subcontractor, their target learners; their track record, published success rates, and the level of risk determined by the due diligence process.

9. Payment Arrangements

9.1 Payments are made on a monthly basis by the end of the following month in which the activity is successfully processed and uploaded to the ESFA Submit learner data portal by NLTG.

9.2 Following validation of the evidence in the ILR return, NLTG will make the appropriate payment to the Subcontractor based on the level of income calculated by the validation process in that month less the agreed management fee.

9.3 Payments by NLTG will be paid upon receipt of an invoice from the subcontractor.

9.4 All payments are made by BACS.

9.5 NLTG expects that the Subcontractors will fully engage in the accuracy of payments and they therefore have the responsibility to review their monthly data and invoice amounts to identify any inaccuracies

10. Review and publication of Subcontracting, Supply-Chain Fees and Charges Policy

10.1 The policy will be reviewed on an annual basis by the Senior Management Team at NLTG and forwarded to the Board of Directors for approval, implementation and publication.

10.2 The policy will be made available online at www.nltg.co.uk and is available in hard copy on request. The policy will be discussed with all current and future subcontractors during contract negotiation meetings.

10.3 Data regarding the actual level of funding paid and retained for each subcontractor will be published within 30 days of the 2022/23 ILR closing.

10.4 Publication will only relate to 'provision' subcontracting i.e. subcontracted delivery of full programmes or Frameworks/Standards. It will not include the delivery of a 'service' as part of the delivery of a programme (for example, buying the delivery of part of an Apprenticeship Framework or Standard or outreach support).

Table 1 Breakdown of NLTG Subcontracting Management Fees

	Breakdown of services	Contribution to High Quality Training	Risk Rating	
			High	Low
Performance Management	Undertake a robust and thorough Induction of all new potential supply chain partners	Ensures potential supply chain partner meet required ESFA sub controls assurances and ultimately leads to the delivery of a quality training provision	5%	4%
	Contract management, monitoring and reporting	Identifies effective Leadership and Management and supports the setting of ambitious targets		
	Monthly performance monitoring meetings	Ensures Quality of Delivery by focusing on overall monthly performance around recruitment (against planned profiles), retention, success, destination, Progression and overall value for money.		
Quality Monitoring Activities and Support	Initial and on-going quality assurance of subcontractors' provision, policies and processes	Provides effective assurance of Quality of Teaching and Learning and the learner and employer experience	7%	4%
	Satisfaction surveys - learners and employers	Gives learners and employers the opportunity to provide feedback to enable use within quality improvement activities		
	Observations of teaching, learning, assessment and Information Advice and Guidance (IAG).	Quality assures the learner experience and enable the sharing of good practice to support the development of delivery staff.		
	Provision of supporting material via NLTG's Learner Hub for staff and learners	Ensures robust processes and further supports effective promotion/delivery of Safeguarding, Prevent, Equality and Diversity, Safe, Equal and Well		
	Access to and support from Teaching and Learning and English and maths Specialists.	Supports staff development and ensures that best practice is shared.		
Administrative	Monthly compliance and Audit activity	Meets ESFA subcontracting requirements and provides assurances that all funding rules and requirements are being met.	3%	2%
	Administrative and processing of learner documentation and input into MI system.			
		Total Management Fee	15%	10%

**A COMMON ACCORD
IN THE WORKING OF SUPPLY CHAINS IN THE
POST-16 LEARNING AND SKILLS SECTOR**

The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.

**Signatories to this document commit to the following
“Overarching Principle”:**

Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.

***This organisation commits itself to the clauses and principles of the
Common Accord***

Clauses and principles of the Common Accord

- i. The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.
- ii. Signatories to the Common Accord commit to the “Overarching Principle” that: **“Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.”**
- iii. In line with the overarching principle, signatories will abide by the following:
 - a. **Supply chain management activities should align with the principles of best practice in the skills sector.** Signatories to the Common Accord agree to be guided by the principles given in the LSIS publication **“Supply Chain Management – a good practice guide for the post-16 skills sector”** (Nov 2012 and subsequent iterations)
 - b. **Prime/lead providers in supply chains will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels.** Signatories agree the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
 - c. **Funding for learning that is retained by the lead provider must be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties.** Signatories commit that the rates of such retained funding should be commercially viable for both sides, should be negotiated and agreed in a fair and transparent manner, and should relate to the actual services being provided.
 - d. **Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, signatories commit to submission of the dispute to independent outside arbitration or mediation and to abide by its findings.** Signatories agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications,

negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with the Overarching Principle.

- iv. Signatories to the Common Accord understand and accept that their commitment and adherence to it may be used as criteria or standards by other sector stakeholders, including (but not limited to) funding, representative and professional bodies.



Signed _____

GARETH LINDSAY
NLTG Managing Director