



SUPPLY-CHAIN FEES AND CHARGES POLICY

Policy Aim

This document aims to provide consistency of approach and transparency to the NLRCo supply-chain fees and charges in relation to its provision subcontracting.

Definition of Terms

Standard Management Fee – this fee is determined by the size of the subcontracted partnership contract (as per Maximum Contract Value figure), and is the fee applied to all such contracts to account for standard costs incurred by NLRCo through its management of these contracts.

Additional Management Fee – sometimes there will be a need to apply an additional management fee to offset additional costs incurred by NLRCo for the management of individual subcontracted contracts (this fee will be determined on a contract-by-contract basis).

Skills Funding Agency (SFA) – Government funded agency that supports provision for learners in further education who are aged 19 or over, and also including Apprentices who are aged 16-18 years old.

1. Reasons for subcontracting

NLRCo recognises the need to offer as diverse a range of provision as possible, in as flexible and cost effective a way as possible. By working in partnership with subcontractors NLRCo is able to do the following:

- Offer niche provision
- Engage with the wider community, thus increasing wider participation by attracting learners who are unable, or unwilling, to attend provision offered on campus
- Offer flexibility by delivering provision at times and venues convenient to learners and employers
- Be responsive to learner and employer requirements
- Ensure greater cost efficiency
- Engage with new markets

2. Improving Quality

NLRCo is committed to continual improvement in teaching and learning, both in its own direct provision and in its subcontracted provision. A range of approaches are employed in order to do this, such as session observations and Self Assessment Reports. In terms of provision subcontracting specifically the following processes are in place to help monitor quality

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of provision, and actively improve quality on an on-going basis:

- A robust schedule of Quality Assurance Audits that are carried out throughout the year
- Annual Reviews with target setting
- Regular management meetings between the College and all its subcontractors (with a minimum of one management meeting per term)
- Training and Development workshops (as appropriate)

3. Fees

Standard Management Fee – This fee is applied to all subcontracted contracts, and is the proportion of SFA/EFA funding retained by NLRCo to cover standard costs incurred through its management of these contracts. These costs include:

- Administration
- Quality assurance
- MIS functions relating to the submission of funding claims to the SFA and EFA
- Provision of management meetings
- Provision of a dedicated Account Manager
- Provision of professional advice regarding SFA/EFA funding matters
- Due Diligence support, guidance and checking.

The size of the standard management fee is determined by the size of the subcontracted contract as the smaller the contract the less cost effective it is for the College to manage. Therefore the following scale of standard management fees are applied to all contracts*:

SIZE OF SUBCONTRACT (as per Maximum Contract Value of subcontract)	STANDARD MANAGEMENT FEE APPLIED
£100,000 and over	15%
£99,999 - £50,000	17.5%
£49,999 - £10,000	20%
Up to £9,999	22.5%

* - in exceptional cases, where the College absorbs a subcontractor's own SFA funding allocation as a result of Minimum Contract Level regulations, the standard management fee applied will be 10% for the first 3 years of the partnership. After this period of time the standard management fee applied will revert to those detailed in the above table.

Additional Management Fee – In some cases NLRCo will undertake further, additional functions in terms of managing the subcontracted provision, such as, but not limited to:

- registering learners with awarding bodies
- incurring the cost of examination fees
- responsibility for Internal Quality Assurance of provision
- increased Quality Assurance Audits if provision is new or is underperforming
- additional support necessitated due to subcontractors poor performance (in relation to delivery of provision, poor success rates or administration processes linked to provision)
- type of provision, for example more resources will be required to manage the administration of apprenticeship programmes than some other types of programmes

In these cases an Additional Management Fee will be applied to the subcontracted provision as well as the Standard Management Fee. This fee will be agreed with subcontractors prior to the

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issuing of contracts, and will be reviewed prior to annual re-contracting.

4. Payment Terms

Payment terms will be dependent upon the type and length of provision subcontracted:

- *Classroom Provision* – for programmes of short duration (12 weeks or less) payment will be split between an **on-programme payment** (made after enrolment forms and attendance registers have been received for the entirety of the funded programme and the College is satisfied that learner eligibility and attendance satisfies EFA/SFA requirements) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies EFA/SFA requirements). For programmes of longer duration overall payment may be further divided to allow for **on-programme payments** to be made mid-programme or at the end of each academic term or at other defined points during the programme; again payment will be based upon the receipt of appropriate attendance registers for specified periods of the programme and learner completion of the minimum qualifying period as stipulated in *A New Streamlined Funding System for Adult Skills – March 2013*.
- *Workplace Provision* (excluding Apprenticeships) – payment will be split between an **initial payment** (made after submission of enrolment paperwork completed to SFA requirements and learner completion of the minimum qualifying period as stipulated in *A New Streamlined Funding System for Adult Skills – March 2013*), **on-programme payment/s** (made at defined points during the programme, with payment dependent upon the receipt of satisfactorily-completed learner reviews submitted to the College in a timely manner) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies SFA requirements).
- *Apprenticeship Provision* - payment will be split between an **initial payment** (made after submission of enrolment paperwork completed to SFA requirements and learner completion of the minimum qualifying period as stipulated in *A New Streamlined Funding System for Adult Skills – March 2013*), an **on-programme payment** (made at the planned mid-point of the programme, with payment dependent upon the receipt of satisfactorily-completed learner reviews submitted to the College in a timely manner and the completion of the functional skills element of the framework) and an **achievement payment** (made upon receipt of proof of learner achievement that satisfies SFA requirements).

Upon receipt of satisfactory evidence the College will pay associated invoices within 30 days of the invoice date. This payment will be made by BACS transfer. However, if any supporting evidence is queried by NLRCo then payment will be withheld until these queries are resolved, and payment will then be made at the earliest possible opportunity.

5 Policy Review

NLRCo will review this policy annually. This review will take place in June of each year, and any policy revisions will be completed and published prior to the commencement of the next academic year.

6 Communication

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Any changes to the policy will be communicated to existing subcontractors at contract management meetings. Furthermore, NLRCo will distribute a copy of this policy to all potential new subcontractors and discuss it with them as part of NLRCo pre-contracting process.

7 **Publication of Policy**

An up-to-date copy of this policy will be posted on the NLRCo website. Paper copies of the policy will be made available on request.

8 **Related Publications**

Publications that should be referred to in conjunction with this policy are as follows:

Funding Rules 2013/2014 – Version 2 [Skills Funding Agency]

Funding Guidance for Young People 2013/14 Funding Regulations - Version 1 [Education Funding Agency]

Funding Guidance for Young People 2013/14 Rates and Formula - Version 1 [Education Funding Agency]

A New Streamlined Funding System for Adult Skills – March 2013 [Skills Funding Agency]