

SUB-CONTRACTING Supply Chain Fees and Charges POLICY

POLICY VERSION NUMBER	2
MEMBER OF STAFF RESPONSIBLE FOR POLICY	Project Manager

RECORD OF REVISIONS TO POLICY		
DATE	DETAILS	APPROVED BY
July 2014	First draft	Nicola Kelly, Project Manager
July 2015	Second draft	Nicola Kelly, Project Manager

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Date of corresponding Impact Assessment	tbc
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Review to be approved by	General Manager

1. SCOPE

This Policy sets out the basis on which North Liverpool Regeneration Company enters into and manages its subcontracting arrangements, including supply chain fees and charges. The policy applies to all supply chain activity supported with funds by the Skills Funding Agency, the Education Funding Agency or any successor organisations.

2. CONTEXT

In line with its values North Liverpool Regeneration Company aims to be open and transparent in its decision making, ensuring such decisions are ethically and commercially sound. To this end North Liverpool Regeneration Company will publish its rationale, selection, management and quality assurance arrangements for subcontracting to partner delivery organisations.

This policy explains the subcontracting arrangements between North Liverpool Regeneration Company and provider organisations to which the NLRCO makes payment for the delivery of training on its behalf (Subcontractor Partner). The policy covers subcontracting provision, where NLRCO subcontracts the delivery of full frameworks or programmes. It does not cover service subcontracting for part of a programme or framework, or other services.

NLRCO will hold legal contracts with all subcontractors and will only subcontract with organisations which are legal entities.

North Liverpool Regeneration Company's Sub-contracting Policy reflects the following guidance:

- AoC/AELP Common Accord,
- Skills Funding Agency Funding rules and
- LSIS Supply Chain Management - good practice guide.

3. RATIONALE

The Mission of North Liverpool Regeneration Company is to provide training and support for NEET young people and those residents living in disadvantaged communities.

It is committed to growing and diversifying its range of learning programmes to meet the skills needs of the local and regional economy. To support this North Liverpool Regeneration Company has made the strategic decision, where appropriate, to sub-contract provision to partner organisations who can demonstrate high quality delivery and share NLRCO's values and ethos.

The decision to sub-contract provision is made on an individual basis with each partner. NLRCO will sub-contract where the business case meets one or more of the following priorities:

- To support unemployed learners into employment or further education
- To meet the skills needs of the local and regional economy
- To provide niche or specialist technical training that NLRCO cannot provide
- To diversify and engage with providers across a wider range of provision to ensure NLRCO meets SFA commitments in the face of changing economic and social factors, whilst providing flexibility and capacity for future growth
- To support small local providers providing flexible and responsive training in hard to reach communities

- To engage in new and emerging markets, learning from and sharing good practice across the partnership
- To provide niche delivery where the cost of developing direct delivery would be inappropriate.

4. OVERARCHING PRINCIPLES

North Liverpool Regeneration Company will ensure each subcontractor partner is engaged in a contractual and legally binding arrangement to deliver education and training provision which is in line with its Development Plan and provides optimum benefit to the end user.

North Liverpool Regeneration Company will continuously monitor delivery to minimise risk and ensure subcontracting partners deliver only high-quality provision responsive to the needs of local communities, learners and employers.

NLRCO will ensure that:

- Supply chain management activities comply with best practice in the learning and skills sector as set out in 'Supply Chain Management – a good practice guide for the post-16 skills sector' (LSIS);
- Procurement activities are fair and transparent;
- It undertakes robust due diligence on potential subcontractors, which commits supply chains to demonstrating the highest quality of learning, value for money and a positive impact on learners' lives;
- Funding retained by NLRCO is proportionate to the services provided and will be negotiated in a fair and transparent manner; such services and the level of funding retained, will be clearly documented and agreed by all parties;
- Should disputes between supply chain partners fail to be resolved through mutually agreed internal resolution procedures, NLRCO will submit to independent outside arbitration or mediation and abide by its findings;
- Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence both to 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.

5. CONDUCT

The subcontracting process will ensure that all partners are accountable and contribute to organisational objectives. The organisations with which North Liverpool Regeneration Company contracts will be subject to the following requirements and standards of conduct:

- The subcontracting partnership should be a robust and uniform process

- The Subcontracting process should be a positive experience and seek to support learners to achieve.
- The Subcontracting process will seek to be fair and equitable in terms of the range and challenge of targets to be set.
- Progress against the agreed contract will be continuously reviewed and updated during subcontracting meetings.
- Subcontracting meetings and targets will only use recognised NLRCO data from the ILR.
- All discussions and information associated with Subcontracting must be dealt with in a confidential manner as stated in the contract
- Quality or audit issues must be addressed to comply with the Common Inspection Framework..
- The Subcontracting process is designed to review performance and plan for the next year in terms of targets, LEP skill priorities and business development needs, and is therefore an annual cycle.
- Subcontracting performance will be monitored with a number of review meetings and internal audits over any one academic year.
- The cycle of Subcontracting and reviews will fit into the business and quality cycle of NLRCO.

6. QUALITY ASSURANCE and PERFORMANCE STANDARDS

North Liverpool Regeneration Company has a joint responsibility with its subcontractors to deliver high quality provision to all learners. The quality of provision will be monitored and managed through NLRCO's comprehensive quality assurance procedures. NLRCO will clearly set out its expectations of subcontractor partners, including:

- A statement of the of the work required, targets and minimum performance standards;
- Any special conditions which apply during the contract;
- A statement of the consequences of any failure to meet required standards;
- Data requirements and frequency.

Quality Monitoring and Support

North Liverpool Regeneration Company is dedicated to continuous improvement of teaching and learning across all provision. Quality Assurance reviews and scheduled observations will be conducted throughout the year for all partners. Feedback is shared with delivery staff including partner managers and outcomes form part of the partnership review meetings in which all aspects of partner performance are discussed - including areas for improvement. Monthly sub-contractor meetings include standardisation to share good practice and discuss any quality trends. All partners must submit an annual Self- assessment Report (SAR). Quality assurance arrangements are detailed in the schedules of the service level agreement.

Specific quality monitoring processes include:

- Quality assurance review
- Observation of teaching, learning and assessment
- Regular contract management meetings
- Learner survey
- Annual SAR
- Regular desktop review and data reconciliation
- Partner feedback survey

7. MANAGEMENT FEES AND CHARGES

North Liverpool Regeneration Company will set a management fee with all subcontracting organisations. The fee will be determined individually for each partner based on the amount of support the provider requires and the risk rating determined through the due diligence process. Other factors influencing the fee include, but are not limited to: previous track record and market experience, achievement of targets and success rates, length of contract, quality systems and administrative compliance. Sub-contractors considered to present higher risk will be charged a higher management fee and receive higher levels of support and monitoring.

The College's management fee is generally up to a maximum of 20% of the funding allocation. Charges for any additional services or equipment will be agreed with the subcontractor and charged at actual cost. Such charges will typically be agreed at outset.

Variation in Management Fees

Where sub-contractors require additional support, training or intervention to deliver outcomes to contractual requirements and these incur additional costs to NLRCO the management fee may, exceptionally, be recalculated and negotiated accordingly.

8. PAYMENT ARRANGEMENTS

- ❖ Payments are calculated on a cumulative basis at the end of each month in which the activity is successfully and satisfactorily processed in accordance with the evidence requirements detailed in the service level agreement and deadlines for submission of paperwork.
- ❖ Following validation of the evidence in the ILR return, NLRCO will calculate the appropriate payment to the partner based on the level of income calculated by the validation process in that month less the agreed management fee and less any outstanding audit fee.
- ❖ This calculation will form a partner report which is sent to the partner detailing learners and amount due to invoice. Payment is made within 30 days of receipt of invoice.

Funding to the value of up to 20% can be withheld if evidence is not available for audit purposes and will not be released until audit requirements are completed and evidence supplied. Non submission of required evidence may result in further due diligence checking which may delay payments further. Subcontractors have a responsibility to review the accuracy of payments made. Subcontractors are responsible for meeting all awarding body and direct claims costs. All payments are subject to SFA funding rules in respect of retention and payments will be calculated on active learners.

9. PUBLISHING SUBCONTRACTING DATA and POLICY COMMUNICATION

In accordance with Skills Funding Agency (SFA) requirements NLRCO will publish annually data regarding the funding paid to subcontractors within one calendar month of the final Funding Return to the SFA.

This Policy is available on-line at www.nlrc.com and can be made available in an alternative format or language upon request. The Policy forms the starting point in any subcontracting relationship and will be discussed with all current and future partners during contract negotiation meetings. It will be reviewed annually and when significant changes in funding rules are introduced. Any changes will be notified to subcontractors as part of their regular performance review or via separate correspondence.