



Supply Chain Fees and Charges Policy 2018-2019

Approved by:	Created:	Next review date:
	2018/19	31 July 2019

1. Scope

- 1.1 This policy outlines how NEWTEC will apply fees and charges to contracts with organisations which it subcontracts to deliver education and training provision on its behalf in 2018/19.
- 1.2 The policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency or any successor organisation.
- 1.3 The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting arrangements from 1 August 2017. It has been written in accordance with the Education and Skills Funding Agency's requirements stated in its 16 – 19 Funding Guidance 2017-2018 and the Adult Education Budget: Funding and Performance Rules 2017-2018.

2. Rationale for Subcontracting

- 2.1 NEWTEC is committed to the high-quality delivery of a range of courses and focuses its recurrent funding on meeting the needs of the wider community, employers and residents in line with the funders' priorities and identified skills gaps.
- 2.2 NEWTEC will look to subcontract some elements of ESFA funded provision to organisations delivering provision that fit its strategic objective; meet the needs of customers, both local and regional, and in order to:
 - expand its provision with new courses or delivery models that NEWTEC is currently not equipped to deliver;
 - target specific communities NEWTEC is unable to reach and widen participation
 - grow its provision and provide customers with niche or specialist provision offered by partners;
 - maintain market share and look to expand contract values whilst supporting smaller providers to develop and grow their specialist provision;
 - offer flexibility by delivering provision at times and venues convenient to learners and employers
 - provide excellent development opportunities for NEWTEC and its subcontractors to share best practice and find sustainable ways of working in line with the Merlin Standard

3. Supply Chain Fees and Charges 2018/19

- 3.1 The typical percentage of fees retained by NEWTEC in 2018/19 to manage subcontractors is 20% with subcontractors retaining 80%. However, NEWTEC reserves the right to set rates/fees contingent on the performance of the subcontractor in light of known risk factors.
- 3.2 New partners naturally present a higher risk to NEWTEC and attract a higher management fee reflecting a higher level of quality assurance and resource intervention.
- 3.3 The rate reflects the cost of the procurement process and management of the contract.
- 3.4 NEWTEC will provide the following support for the management fee:
 - cost of managing and administering the subcontracting arrangements
 - support with quality of teaching, learning and assessment
 - access to NEWTEC CPD programmes
 - business development and compliance audits

- A dedicated subcontract manager who is available to provide support and undertake: regular site visits and teaching observations
- access to learner support
- enrolment support (Information, Advice and Guidance on learner eligibility, provision of paperwork, processing of enrolment paperwork)
- data and finance management (achievement data, Provider Funding Reports)
- regular review/support meetings

3.5 Further charges to cover additional costs may be added to the base 20% fee to cover the cost to NEWTEC of any additional support that NEWTEC deems necessary to ensure the quality of teaching and learning, the overall learner experience and the success rates of any subcontracted provision.

3.6 This could include but is not limited to:

- use of NEWTEC premises for delivery
- use of NEWTEC staff to deliver elements of subcontracted provision
- additional support arrangements
- registration and exam booking fees
- additional support arrangements put in place to manage underperformance by subcontractor
- weekly paperwork compliance checks and technical support
- administrative support to ensure all paperwork is audit and ILR compliant
- MIS data monitoring for completeness, accuracy and financial payments
- all items identified in the contract monitoring and review section of this policy

4. Payment arrangement

4.1 Payments will be made once NEWTEC is in receipt of funding from ESFA.

4.2 NEWTEC will calculate the amount payable to subcontractors each month as follows:

- following the validation of the data submitted in the ILR return. NEWTEC will make the appropriate payment to the subcontractor based on the level of income received from the ESFA and/or their payment profile.
- NEWTEC will make payments within 30 days of receipt of a monthly invoice with a valid purchase order number.

5. Policy Dissemination and Publication

5.1 This policy will be published on NEWTEC's website at www.newtec.ac.uk and will be communicated to all potential subcontractors as part of the procurement and tendering process.

6. Policy Review

6.1 This policy will be reviewed annually and in-year to reflect any changes in the ESFA funding guidelines and/or NEWTEC Strategic Plan.