



Supply Chain Fees and Charges Policy



Background to the policy

ATG TRAINING recognises that we hold full accountability for the delivery of the SFA contract and this cannot be assigned to sub-contractors. **ATG TRAINING** ensures that we and any of our subcontractors operate in compliance with SFA funding guidance.

ATG TRAINING will monitor and review all subcontracted services in order to inform corrective, preventative and improvement actions and manage risk through contingency planning. Where underperformance is identified it will be addressed through measured and targeted action plans backed by support and development from **ATG TRAINING**.

ATG TRAINING work in partnership with subcontractors, we aim to share best practice, offer support and ensure transparency.

Scope of the Policy

The policy is designed to inform key stakeholders of our intentions with regards to subcontracted provision.

This Policy is published in line with Skills Funding Agency Requirements stated in Funding Rules 2016/2017.



1. Policy Statement

ATG TRAINING is committed to working with subcontractors in delivering a professional learner and employer experience; an experience that incorporates best practices in training and assessment, technology and tools, and ensuring the learner is at the centre of everything we do.

Reasons for subcontracting

Indicative reasons for **ATG TRAINING** to maintain and develop the subcontracted provision are:

Examples provided, please select/ add to as appropriate:

- Delivery of niche provision
- To widen the range and scope of provision offered by ATG in terms of engagement, retention and progression opportunities
- To contract expert teaching and resources in a cost effective manner
- To support delivery of Skills Funding Agency Contract
- To increase referrals in terms of learner and employer engagement between the organisations
- To deliver provision which engages hard-to-reach learners
- To respond to meet customer demands
- To capacity build both organisations in order to respond to new projects and priorities
- To develop and support small local training providers

The purpose of this policy is to ensure effective management of subcontractors and adherence to the necessary policies, procedures and processes stipulated by government agencies (like the Skills Funding Agency) and our own organisation. Our initial engagement with and final decision to partner with a subcontractor will be informed by the following:

- A fair, open and transparent tender process.
- Compliance with all legal and contractual requirements
- Sharing of best practices – specific to industrial sectors and across industrial sectors
- Agreeing to our standard Service Level Agreement that describes the role and responsibility of both parties (**ATG TRAINING** and the subcontractor)
- An open relationship with key stakeholders in the subcontractor organisation such that we are able to share improvement opportunities – operational delivery, learner volumes, etc.
- Value for money – for the learner, employer, subcontractor, **ATG TRAINING** and government.

This policy relates to activity funded through the Skills Funding Agency (SFA) and



European Social Fund (ESF) whereby **ATG TRAINING** enters into a subcontracting agreement to deliver activity.

2. Policy Communication and Review

2.1 Communication

This policy will be available to all subcontractors and potential subcontractors via the **ATG TRAINING** website and will also be shared with stakeholders during face-to-face meetings.

2.2 Policy Review

The policy is reviewed annually by the Executive Team in **ATG TRAINING**.

Any material changes in the funding landscape and/or with existing and potential subcontractors that present a reason to review the existing policy and potentially change any of the content will be brought to the attention of the Quality Manager.

3. Subcontracting Tendering Process and Due Diligence

ATG TRAINING will ensure that the selection of subcontractors is fair, open and transparent throughout the tendering process.

All new subcontracting opportunities will be published on the **ATG TRAINING** website should we wish to tender any provision.

Subcontractors will provide **ATG TRAINING** with an initial expression of interest by completing the due diligence form.

The Finance Director and the Quality Director will review all potential subcontractor information. This process will ensure that **ATG TRAINING** is convinced the subcontractor has sufficient capacity, quality and business standing to deliver the provision in a way that complies with our predefined standards.

All subcontractors who undertake the tendering process will be notified of the outcome. Subcontractors who are successful during this process will receive a due diligence visit from **ATG TRAINING** to complete further due diligence checks before a Contract for Service is issued.

4. Managing Subcontractor Provision

4.1 Responsibility and Limits of Subcontracted Provision

Ultimately, as the primary contractor with the Skills Funding Agency, **ATG TRAINING** retains responsibility and accountability for all aspects of the training provision delivered by the subcontractor.

ATG TRAINING will ensure a legally binding agreement/contract for services is in place with all subcontractors and must be signed by the Chief Executive.

In addition, a Service Level Agreement between **ATG TRAINING** and the subcontractor will define specific activities together with the respective quality standards, timing, sequencing, etc. to be undertaken by both parties.

4.2 Managing Subcontracted Provision

Each subcontractor will be provided with a main point of contact for management and administration of the subcontracted provision.

Daily, weekly and monthly reports will be provided, giving key updates on subcontractor performance.

Monthly management meetings will be held with each subcontractor to review the provision, to provide and share best practice and to address any issues/concerns.

An observation schedule will be implemented and following to cover aspects of recruitment, teaching, learning and assessment

A six-monthly Contract Review meeting will be held between Senior Management in both organisations to review the performance of the contract and agree a subsequent improvement plan to resolve any areas of contractual or Service Level Agreement non-conformance.

All contracts between **ATG TRAINING** and the subcontractor will run for a period of 12 months with a renewal meeting / discussion taking place prior to contract renewal.

5. Fees and Charges

All fees and charges will be transparent and calculation methods will be available to the subcontractor.

The SFA requires/expects that the amount of funding retained by **ATG TRAINING** for programmes and provision delivered in whole or in part by a sub-contractor takes account of the actual costs incurred by each party in the delivery of the provision. This, together with the supplier contract and supporting Service Level Agreement will form the basis of monthly payments to either party – principally to the subcontractor.

All subcontractors will be required to submit a profile request at the start of every academic year. Supplementing this will be the monthly performance review meetings between **ATG TRAINING** and the subcontractor about performance levels – specifically any areas of under-performance.

Any difference in payments received by the subcontractor from **ATG TRAINING** in the undertaking of agreed activity (e.g. training and/or assessment) will be communicated to and understood by the subcontractor in advance of the payment due date.

5.1 Management Fees

The Management Fees charged by **ATG TRAINING** cover all activity undertaken by **ATG TRAINING** to support the subcontractor.

The standard Management Fee that will apply to the subcontracted activity will range between 7.5 and 15%. The Fee is determined by the size of the subcontractor contract as the smaller the contract the less cost effective it is for **ATG TRAINING** to manage and there being less opportunity to realise economies of scale in our operating structure and processes:

The Management Fee will be agreed with the subcontractor prior to the issuing of the Contract of Services and will be reviewed prior to re-contracting on an annual basis.

ATG TRAINING will provide the following activities and support mechanisms for this fee:

- Allocated contract manager to provide support on the management and administration of the subcontracted provision and answer any enquiries
- Updates on key sector information including funding and eligibility changes
- Support and guidance on regular financial reports and learner data analysis
- A suite of Key Performance Indicators (KPI's). These will comprise of situation-specific criteria and those generic to all subcontractors.
- Learner data audits to ensure compliance against SFA guidelines
- Quality assurance audits/visits (including unannounced visits) and report provided detailing all feedback and recommendations
- Teaching and learning observations and learner feedback to provide feedback and support to improve the quality of provision
- Qualification Success Rate (QSR) reports every quarter and will show overall and timely achievement broken down by year, age band and sector.

• 5.2 Payment Terms

5.2.1 Complete Provision

If the subcontractor is delivering and managing all of the learner provision, **ATG TRAINING** will follow the payment terms and conditions described below:

ATG TRAINING shall provide the subcontractor with details of the Provider Funding Report (PFR) when successful monthly funding submissions to the SFA for the Organisation's learners are completed. The subcontractor will then submit invoices.

The transaction process will be conducted every month upon commencement of the learner programmes for the duration of the contract term. The parties agree that, should the government change the structure of funding, the terms of this agreement shall become void and that the parties will enter into negotiations in good faith to agree new contractual terms to ensure continuance of the learner programme.

5.2.2 Partial Provision

If the subcontractor is delivering part of the learning provision (and not all), **ATG TRAINING** will follow the payment terms and conditions described below:

The Fees will be paid in instalments outlined in the specific contract. The subcontractor shall invoice **ATG TRAINING** each term. All invoices shall be sent with the required supporting information. For Learners on block courses, the subcontractor shall submit an invoice after each block course. 25% of the total payment will be withheld for block courses pending achievement.

If the subcontractor does not provide the appropriate information, this will result in non-payment for particular dates or re-adjustments to the invoice.

The subcontractor will make no charge for periods during which lecturing or training staff are absent or taking industrial action during contracted days.

The Fees are exclusive of any applicable value added tax but inclusive of all obligations of the subcontractor and costs and expenses of subcontractor in connection therewith.

ATG TRAINING will pay the fees and any other sums payable within 30 days of the date of the subcontractor invoice. Prior to any such payment, **ATG TRAINING** shall be entitled to make deductions or deferments in respect of any dispute or claims with or against the subcontractor.

5.3 Additional Costs and Activities not Included in the Management Fee

The Management Fee does not include the below activities but could necessitate additional charges:

- Awarding Organisation registration and examinations fees and charges
- Internal verifications
- Additional support necessitated due to poor performance (in relation to delivery of provision, poor success rates or additional administration requirements)
- Training sessions for specific subject areas outside the contract

ATG TRAINING can provide the additional activities, services and training as part of the contract if requested by a subcontractor. The charges applicable to these activities will depend on the requirements and timescales and will be agreed (fee,

standards, timing, etc.) as part of contract negotiation between both parties. Such services will also form part of the Service Level Agreement.

6. Quality Assurance and Performance

All Subcontractors will supply **ATG TRAINING** with all necessary paperwork required for funding compliance (reviews, signups, H&S assessments, change of circumstances, early leavers etc.) for the monthly SFA submissions in a timely manner. Any areas for concern will be discussed at the monthly performance review meeting.

ATG TRAINING will conduct both announced and unannounced Quality Assurance audits with the subcontractor. Where applicable, **ATG TRAINING** will provide the subcontractor with scope and dates for each audit. As a minimum, **ATG TRAINING** will review the below during each audit visit:

- Performance
- Accuracy of data
- Quality of delivery – teaching, learning and assessment
- Learner progression, early leavers, achievers
- Internal and external verification
- Health and safety
- Equality and Diversity
- Safeguarding
- Policies and procedures for the delivery of the contracted provision
- Information, advice and guidance
- Facilities and resources

A copy of the audit report feedback and improvement plan will be sent to the subcontractor. Subsequent improvement plans will form part of the monthly performance review meetings between **ATG TRAINING** and the subcontractor.

All subcontractors must meet the minimum performance levels for each sector subject area as set by the SFA.

Where performance of a subcontractor falls below the required standard, subcontractors will be provided with a notice to improve. This will form the basis of an agreed improvement business plan, with implementation monitored on an on-going basis at the monthly performance review meeting and be incorporated into an amended Service Level Agreement between both parties. If the subcontractor fails to meet the necessary improvements in the agreed timescales, **ATG TRAINING** may be obliged to implement contract termination procedures.

All subcontractors are required to undertake a Self-Assessment (SAR) and Quality Improvement Plan (QIP) for their provision in-line with the Common Inspection

Framework. Subcontractors will also contribute into **ATG TRAINING**'s SAR and QIP. The subcontractor will make available the content of SAR and QIP.

7. Publication of Information Relating to Subcontracting

In compliance with the SFA Funding Guidelines, **ATG TRAINING** will publish its subcontracting fees and charges at the end of each academic year. This will include:

- Name of the subcontractor
- UKPRN number of the subcontractor
- Contract start and end date
- Type of provision (for example, 16-18 Apprenticeships, 19+ Apprenticeships, classroom learning, workplace learning)
- Funding that the SFA have paid to the **ATG TRAINING** for provision delivered by the subcontractor in that academic year
- Funding **ATG TRAINING** have paid to the subcontractor for provision delivered in that academic year
- Funding **ATG TRAINING** have retained in relation to each subcontractor for that academic year
- If appropriate, funding the subcontractor has paid to **ATG TRAINING** for services or support **ATG TRAINING** have provided in connection with the subcontracted provision

Declared Fees/Payments for subcontracted provision 16/17							
Subcontractor Name	UKPRN	Contract Start Date	Contract End Date	Type of provision	Funding that SFA have paid to ATG for Provision	Funding ATG have paid to subcontractor	Gross Fee charged
NTG TRAINING LTD	10024833	01/08/2016	31/07/2017	19+ Apprenticeships and AEB	£360,000	£306,000	15%
TRAINING FUTURES (UK) LIMITED	10031408	01/08/2016	31/07/2017	19+ Apprenticeships	£420,000	£357,000	15%
				Total	£780,000	£663,000	15%



Final Declared Fees/Payments for subcontracted provision 15/16							
Subcontractor Name	UKPRN	Contract Start Date	Contract End Date	Type of provision	Funding that SFA have paid to ATG for Provision	Funding ATG have paid to subcontractor	Gross Fee charged
NTG TRAINING LTD	10024833	01/08/2014	31/07/2015	19+ Apprenticeships and ASB	£406,040.23	£345,134.19	15%
THE CHILD CARE COMPANY (OLD WINDSOR) LIMITED	10022788	01/08/2014	31/07/2015	19+ Apprenticeships	£74,504.78	£63,329.07	15%
TRAINING FUTURES (UK) LIMITED	10031408	01/08/2014	31/07/2015	19+ Apprenticeships	£412,509.85	£350,633.37	15%
				Total	£893,054.86	£759,096.63	15%