

Delivery Partner Negotiated Price Policy 2021-22

Scope

The policy applies to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.

Context

The policy is a mandatory requirement that must be in place prior to participating in any subcontracted delivery partner provision or supply chain management arrangement. The content of this policy has been developed in line with the AoC/AELP Common Accord, the ESFA Funding Rules and the LSIS Supply Chain Management document.

Overarching Principle

HIT Training will use its Delivery Partners to optimise the impact and effectiveness of service delivery to the end user. HIT Training will therefore ensure that;

Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the LSIS publication “Supply Chain Management – a good practice guide for the post-16 skills sector” (November 2012 and subsequent iterations)

HIT Training will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential Delivery Partners to ensure compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.

The funding that is retained by HIT Training will be related to the costs of the services provided. These services, and the levels of funding being retained for them, are clearly documented and agreed by all parties, as set out in the contract agreement. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.

Where disputes between Delivery Partners cannot be resolved through mutually agreed internal resolution procedures, HIT Training 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 Delivery Partners are attained through adherence to both the letter and spirit of contracts or delivery. 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.

Rationale for subcontracting - recruitment and selection of Delivery Partners

HIT Training’s approach to subcontracting is to extend the accessibility of provision for learners and therefore a skilled workforce for employers.

Subcontracting with a partner organisation may be considered as part of HIT Training's ongoing commitment to provide high quality learning to all its learners. HIT Training expects the same standards of its subcontractors as it does of its own provision, as all HIT Training's learners are entitled to receive the same quality of programme. HIT Training will not subcontract to meet short term funding objectives.

HIT Training subcontracts to extend the breadth of its learning offer, broadening the range of sector subject areas or business sectors that can be covered. More specifically, HIT Training awards subcontracts on the basis that subcontracting will:

- enhance the opportunities available for learners
- fills gaps in niche or expert provision
- provides improved access to training facilities
- support improved geographical access for learners
- offers an entry point for disadvantaged groups
- give consideration of the impact on individuals with shared protection characteristics

Specifically with regards to apprenticeship subcontracting, HIT Training will only subcontract where the subcontractor is an employer that wishes to deliver part of the apprenticeship training to provide bespoke training specific to that employer's business.

Subcontracts will only be awarded where our due diligence determines that the subcontractor has the capacity to deliver provision to the expectations of HIT Training and regulatory bodies including the ESFA and Ofsted.

Assessing costs claimed by subcontractors

HIT Training will use its extensive knowledge of costs of training delivery, which include, but are not limited to, training staff costs, learning materials costs and premises for learning delivery costs, to determine that each cost claimed by a subcontractor is reasonable and proportionate. Where the subcontracted provision is apprenticeship training delivered by an employer, HIT Training will require the provider to retain evidence of actual costs and only actual and eligible costs will be paid in line with the extant ESFA apprenticeship funding rules.

Quality Assurance

The quality of the provision will be monitored and managed through the existing HIT Training quality audit arrangements and observation of practise as designated by a partner's overall risk banding grade.

The observation of partners will result in a report from HIT Training that will state areas of good practice identified and areas for development to improve the quality of provision. In addition to observation visits, partners can request access to information and guidance on preparing for Ofsted inspection and sharing of information relevant to operating as an approved centre.

Publication of information relating to Delivery Partnerships

In compliance with the ESFA and other agency funding rules that apply, HIT Training will publish its delivery partner negotiated price policy and actual end-of-year Delivery Partner funding and negotiated prices on the company website each ESFA Contract year (and in the case of actual end of year data, as required by the ESFA).

HIT Training will ensure all actual and potential Delivery Partners have sight of this policy and any other relevant documents, such as risk banding. Risk banding includes:

- The typical percentage range of negotiated price to manage the supply chain, and how this range is calculated.
- The rationale used to determine the negotiated price through each Delivery Partner is a risk based approach.
- The contributory risk factors that would result in differences in negotiated price for, or support provided to, different Delivery Partners might include:
 - Previous track record
 - Success levels
 - Type of customers to be engaged
 - Type of provision to be undertaken
 - Contract duration

The risk band that will be used to allocate HIT Training's negotiated price. Risk factors are given a score so that each Delivery Partner is aware of why they are in a particular band, this process will be used to give Delivery Partners an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk Delivery Partners will be allocated less funding but receive more monitoring and support.

Communication

This Policy will be reviewed annually in July and updated as required. It will be published on HIT Training's website by the 1st August for the start of the new ESFA Contract year in which it will be applied. Potential Delivery Partners will be directed to it as the starting point in any relationship. Material changes will be discussed with Delivery Partners prior to them being included in the policy.

Subcontracting by the Delivery Partner

Hit Training does not expect Delivery Partners will subcontract any part of their contract with HIT Training to a third party. Any exceptional reasons which may lead a Delivery Partner to consider subcontracting should be discussed with HIT Training in the first instance, and would require approval by the ESFA before proceeding. The terms of the contract between HIT Training and the Delivery Partner would continue to apply in the event of sub- contracting.

Contingency Planning

Should HIT Training withdraw from a contract with a Delivery Partner, or should a Delivery Partner withdraw from the arrangement, or should a Delivery Partner go into administration or liquidation, HIT Training will consider any such occurrence subject to its individual circumstances, for the best possible outcome for the learners, and where applicable, the employers of those learners. HIT Training would look to our ongoing sub-contractor base, and if this is not viable, HIT Training would evaluate whether it had resource and expertise internally. Should this not be the case, HIT Training would look to its broader network to source the appropriate expertise.

The Negotiated Price Risk Factor Table

HIT Training will typically retain 15% to 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that HIT Training incurs in effectively identifying, selecting and managing all Delivery Partners provision. This includes the amount of administration and quality monitoring activities and any other support activities that HIT Training would attach to the risk rating of the Delivery Partner.

Further price negotiation may be required to cover any of HIT Training's additional support that HIT Training deems necessary to ensure the quality of teaching and learning and the success rates of any supply chain provision. Further price negotiation may be determined using a weighted table of risk factors. The table is available to all actual and potential Deliver Partners. It is designed to ensure that additional support provided to a Delivery Partner is covered through the funding retained. It is recognised that some forms of subcontracting will not encounter all the risk factors, for example where the subcontractor is an employer delivering only part of the programme. Only relevant risk factors will be applied. Prices may be negotiated each year at contract renewal, giving Delivery Partners the opportunity to enhance their negotiated price through continuous improvement. Delivery Partners new to contracting with HIT Training may be prudently assessed at the higher level of risk, with negotiated price applicable to this level of risk, until their performance has been proven under contract. This approach will allow HIT Training to focus support where and when it is needed.

Benchmark Criteria	Scale	Score
Overall success rates for AAP	70%	1
	66 - 69%	2
	65 - 63%	3
	62% or less	4
Overall success rates for APP	75%	1
	71 - 74%	2
	68 - 70%	3
	67% or less	4
Overall success rates for NVQ only	80%	1
	76 - 79%	2
	75 - 73%	3
	72% or less	4
Overall success rates for E3 qualifications	85%	1
	80-84%	2
	76 - 79%	3
	75% or less	4
Overall success rates for L1 qualifications	85%	1
	80 - 84%	2
	76 - 79%	3
	75% or less	4
Overall success rates for Other Vocational qualifications (all levels) only	85%	1
	80 - 84%	2
	76 - 79%	3
Out of funding learners as a % of a contract	0%	1
	1 - 2%	2
	3 - 4%	3
	5%+	4
Observation grading. Each partner will be observed at least once a quarter - we will look at the quality of teaching, learning and assessment in line with the common inspection framework.	Grade 1	1
	Grade 2	2
	Grade 3	3
	Grade 4	4
Compliance results (error ratings to be applied) Based on 10-30% sample	1%	1
	2%	2
	5%	3
	6%+	4
Job entries per quarter	50% or more	1
	30 - 49%	2
	15 - 29%	3
	0 - 14%	4
<u>Ofsted</u> Grade	Grade 1	1
	Grade 2	2
	Grade 3	3
	Grade 4	4

Additional support for Delivery Partners

The precise additional support given to each Delivery Partner and associated pricing will be negotiated individually, but will be based on the risk approach, and may include:

- Additional Quality visits
- Additional site visits
- Additional Teaching & Learning observation
- Additional tutor support
- More rigorous verification

The risk band will be determined using the table above.

HIT Training may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the Deliver Partner such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from HIT Training
- Internal Verification

HIT Training's Management Contribution

How the funding retained for each activity contributes to delivering high quality training and how the funding retained is reasonable and proportionate to delivery of the apprenticeship training.

- **Data compliance audit checks**

Where the Delivery Partner will be completing the full induction and sign up process for all learners, HIT Training will ensure all documentation meets the requirements of the ESFA funding rules and subcontract requirements. This will be carried out in full at start of programme and further checks will be completed during the programme to ensure continued compliance to funding rules and learning outcomes.

- **Quality monitoring, support and development**

HIT Training's Quality Control function is responsible for the administration and compliance aspect of the quality assurance function. This will ensure that there is a consistent approach to the formative and summative quality assurance activity. In addition, it provides a clear commitment to the learner / apprentice journey and how our training consultants manage their caseloads effectively and adhere to assessment protocols. This function operates independently to all other quality assurance functions to ensure that a fair and robust process is implemented. Quality Control (QC) assurers will operate nationally within their relevant sector specialism. The sampling strategy will align with the Training Consultant (TC) to ensure that the activities are appropriately verified. As a minimum, each learner on an apprenticeship will be formatively sampled at month 4 and month 8. Each training consultant will have a deep dive activity annually or sooner if a concern is identified.

The QC team will conduct learner interviews and evaluations are part of the monitoring process for the learner experience, these will be shared centrally. The QC manager will ensure that a sample across all programmes and qualifications is collated.

HIT Training's Development Quality function is responsible for the monitoring of a timely, consistent delivery of training and assessment working with a team of TCs. The Development Quality Assurer will be to provide development of the Training consultant's teaching and assessment skills to achieve timely

completions, ensuring apprentices' gateway readiness and learner's achievement across all learning aims. The Development Quality Assurer will coach, develop and prepare new TCs through their Induction programme, ensuring they have the skills and expertise to successfully train a full caseload of learners.

Their function is critical in ensuring an effective learner journey, monitoring the enrolment process, frequency of visits, use of HIT Training's training and assessment materials in line with the delivery model and programme sequencing, progression and achievement readiness (whether this be an apprenticeship or short course). This function must ensure that the integrity of the programme is achieved and external and sector requirements are adhered to.

Development Quality Assurers will provide relevant support and information and data to the operations departments to assist business planning and performance management.

Teaching and Learning Specialists are responsible for the monitoring of teaching and learning via online technologies and by arrangement, face to face interventions, to maintain and improve quality teaching standards ensuring consistent practices that meet the Education Inspection Framework and HIT protocols. All observations will be accompanied by verbal and written feedback which in turn will support the continuous personal development of trainers / learning & development consultants. Observations are graded 1 – 4 in line with Ofsted grading.

The Lead End Point Assessment Quality Assurer (EPA QA) is responsible for providing the Delivery Partner with all materials and guidance to appropriately prepare a learner for the EPA, across all apprenticeships. Communications to and from the End Point Assessment Organisation (EPAO) are to be shared through this role to ensure that it meets the assessment plan requirements and HIT / EPAO protocol. Additional responsibilities include training and development of EPA practices and EPA readiness, management and support of all return to learning, quarterly trend report across all standards to allow the business to understand good practices and areas of improvement, management of EPA achievement rate.

The Quality Manager (QM) is accountable for securing and profiling timely programme completions. The QM is responsible for the implementation of all quality related policies and processes in full, which further includes the development and support of all delivery and quality staff in respect of training and assessment activities and programme management.

- **Contract Management**

A dedicated Account Manager is aligned to the Delivery Partner to manage the ongoing relationship and ensure all elements of the programme are delivered as agreed under this contract.

In addition to this the Delivery Partner will meet with senior contract management team on a quarterly basis to review performance against contract and manage expectations.

Administration of the contract on a monthly basis will include reconciliation of costs against delivery, checking of progression of all learners linked to the contract and processing of payments against ESFA claim returns.

To be reasonable and proportionate, HIT Training's retained funding will be a percentage applied to the funding for each learner under the subcontract. Thus ensuring the retained funding is commensurate with the scale of delivery.