



YH Training Services Ltd

Supply Chain - Fees and Charges Policy 17/18

YH currently subcontracts with a small number of mainly established providers in York and North Yorkshire. We are not currently looking at growing this provision but may consider in exceptional circumstances, a new subcontract which fits in with our strategic objectives for delivery in Yorkshire and Humber.

YH pays its subcontractors once YH receives the funding from the Education Skills Funding Agency, usually around the 14-20th of the month. This means that subcontractors will normally receive their money within 2 working days after YH has received the income from the ESFA. This is well within the ESFA's requirements which state that payment should be made within 30 days.

Due to the additional requirements on apprenticeship delivery from 1st May 2017, specifically the need to monitor the receipt of compulsory employer contributions and the need to monitor the delivery of 20% off the job training, we have had to increase our management fee as hereunder:

For established providers our fees are maximum of 17.5%. This will be reduced if the following applies:

Apprenticeships:

- *If achievement rate equivalent to national rate for sector or 70% as a minimum, minus 2% = 15.5%*
- *Use of e-portfolios – 1% = 14.5%*
- *Use of electronic files – 1% = 13.5%*
- *Satisfactory compliance – 1% = 12.5%*

AEB:

- *If achievement rate at 85% at least, minus 2% = 15.5%*
- *Employment progression minimum of 35%, minus 1% = 14.5%*
- *Use of electronic files – 1% = 13.5%*
- *Satisfactory compliance, minus 1% = 12.5%*

EFA:

- *If achievement rate at 70% at least, minus 2% = 15.5%*
- *Positive progression of at least 70%, minus 1% = 14.5%*
- *Use of electronic files, minus 1% = 13.5%*
- *Satisfactory compliance, minus 1% = 12.5%*

Therefore for established providers there is an opportunity for the management fee to be only 12.5%.



Fees include contract management, quality and compliance advice, support with funding rules and any other general advice and support.

If any additional support is required by the subcontractor, this is discussed with them and if applicable any separate charges will be agreed in advance with the subcontractor.

YH may consider taking on a new subcontractor who is not an established provider, however this will be very unlikely. In this instance we would then negotiate a higher fee depending on the individual's requirements. This is likely to be around 20% initially until we consider them to be an established provider which will take at least 12 -24 months. After 12 months we will review the performance of the new subcontractor and may be in a position to negotiate the management fee.

Please note, the above policy does not at the moment include the requirement for YH as the main provider to undertake some of the off the job training. This requirement was due to be introduced from the 1st May 2017 but has not yet been implemented for non-levy paying employers. However, it does apply to levy paying businesses and in this instance, YH would discuss individual circumstances with each subcontractor.

Should you wish to be considered for a subcontract with YH please contact Frank McMahon, Managing Director at frank.mcmahon@yh-group.co.uk