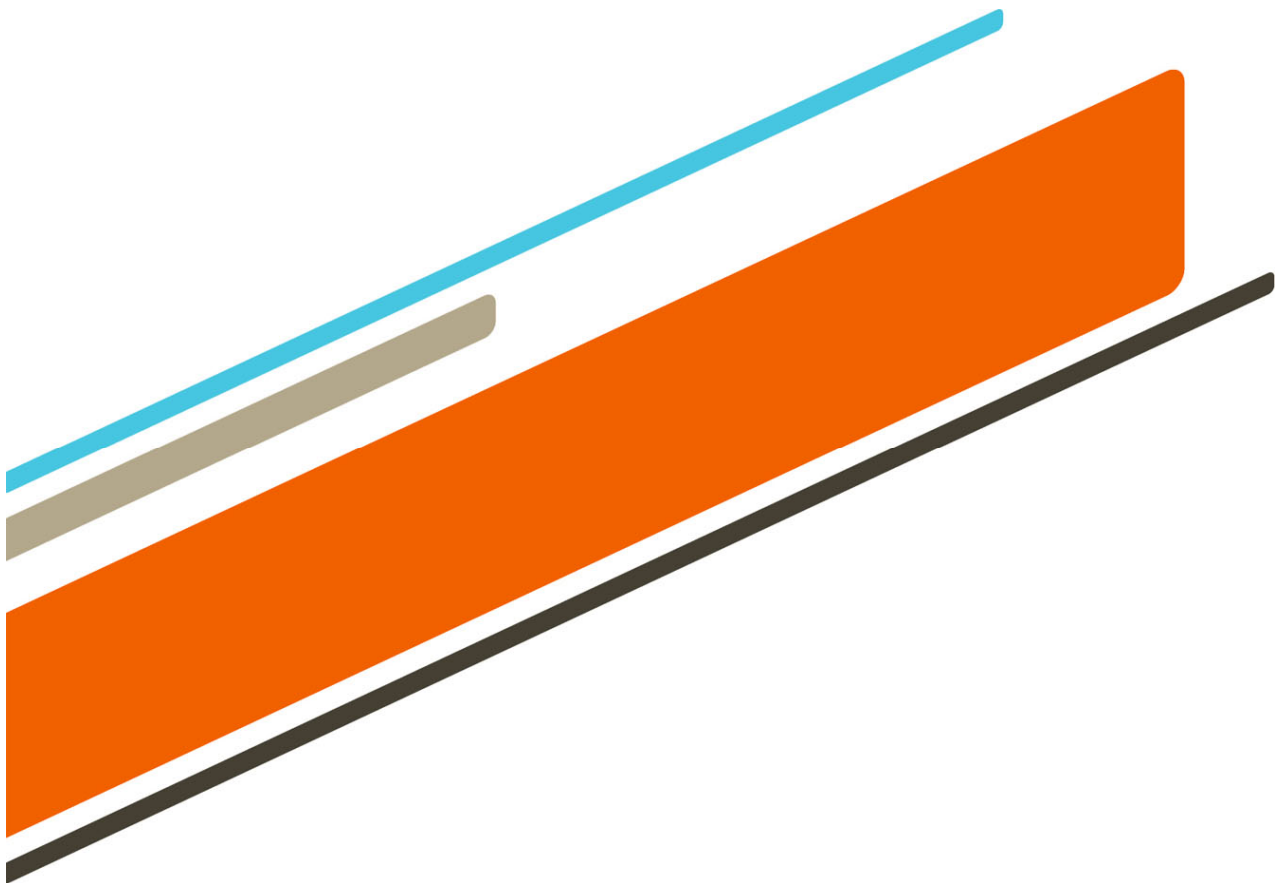


MULTI REGIONAL  
PROVIDERS APPROVAL  
PROCESS  
2006/07

---





# Multi Regional Providers Approval Process

## Background

There are three fundamental aims of the Approval Process:

1. To produce contracting and allocation decisions that are consistent, fair and rational in the view of employers, providers and learners - establishing a value for money service for the taxpayer.
2. To ensure that quality and flexible provision is secured from providers with long-term capacity and satisfactory financial health. This includes assessing both past and present performance against the ability to potentially produce and manage an expansion of provision.
3. To develop quality and flexible capacity to satisfy employer needs and produce learner achievements. This capacity has to be viewed on the provider ability to meet past and current provision with suitable levels of achievement

The contracting process has to therefore balance long term risk whilst ensuring the ability to meet employer and learner demand for provision.

The Approval Process is designed to ensure that all aims are met but reserving the ability of Regions to apply local knowledge and a balanced view of the risks and development of future capacity.

It is designed to embed processes to ensure future provision matches the quality requirements of employers and stakeholders. This is vital to establish measures and milestones to monitor provision after contract decisions are made and to ensure achievements are produced.

Therefore whilst centralised provider assessment of ability will be disseminated the Approval process does allow decisions which reflect Regional knowledge and balanced judgement. In cases where decisions are made which reflect Regional judgement as opposed to the centralised assessment, however, the Region takes on responsibility and accountability for decisions made and for informed quality control and risk management of provision.



## **Multi – Regional Provider / Consortia Arrangements**

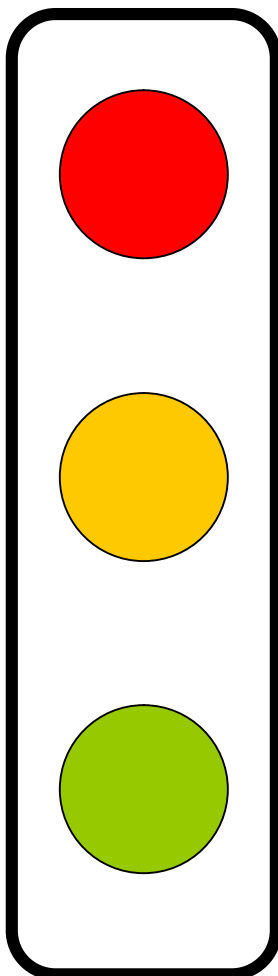
Where consortia/ providers bridge Regional LSC boundaries the Region where the provider Head Office is situated will undertake to lead the decisions on contracting and allocations. Other agreements to nominate a lead Region can be made with the assent of the other Regions so affected.

The lead role includes:

- Ascertaining relevant information across all Regions where the provision will take place
- Agreeing appropriate action regarding contracting and allocation based on the situation across all Regions effected
- negotiating and communicating decisions regarding providers with all associated Regions and directly with the provider(s)
- producing one contract and Annexes in consultation with other Regions to ensure consistency for the consortia and that the contract maximum value is within agreed limits across all Regions
- arranging for the regional audit manager to undertake a financial health assessment on behalf of all regions, with recommended contract value and exposure limits
- coordinating the monitoring (including financial health) audit and control of the provision across all regions
- Direct control over contract performance management



General definitions for Red, Amber and Green provider assessments



**RED**

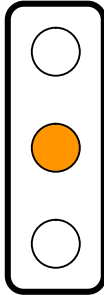
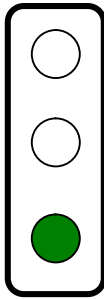
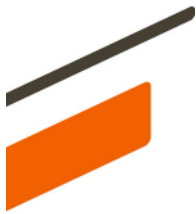
Red - serious concerns over the proposed value of the TTG contract - further consideration and authorisation from National Office will be required if contracts are offered.

**AMBER**

Amber - further work is needed before contracting can occur and decisions required by Regional Skills and Finance Directors in liaison with Regional Audit Manager – signed off by Regional Director

**GREEN**

Green - contract with these providers (assuming all other criteria have been met).



# Green

Proceed with contracting and allocation process

# Amber

Review of factors halting Green designation in consultation with Regional Audit Manager

Green designation?

Yes

Proceed as in Green above

No

Regional judgement to change decision?

No

Lead Region communicates to provider/ consortia

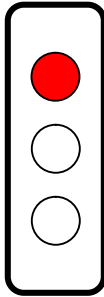
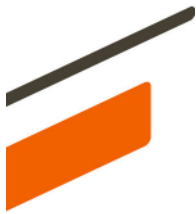
Regional Skills Director and Regional Provider Financial Management Director agree written business case in consultation with Regional Audit Manager

Consideration given to factors causing concern. Possibly reduced initial allocation / contracting review period

Regional Director confirms decision of RSD and RPFMD

Lead Region communicates to provider / consortia

Consider options to mitigate risks highlighted within the business case in Appendix A



# RED

Review of factors halting Amber designation in consultation with Regional Audit Manager

Amber designation?

Yes

Proceed as in Amber above

No

Regional Skills and Regional Provider Financial Management Directors agree business case in consultation with Regional Audit Manager

Ensure business case covers areas raised as issues both now and for the future provision

Regional Director agrees case and forwards to National Office for Director, Procurement, National Office to assess in consultation with National Director, Provider Financial Management

Negative decision

Lead region communicates decision to provider / consortia

Positive decision

Lead Region agrees development plan with provider / consortia that specifically addresses risks highlighted and necessary monitoring arrangements

Lead Region confirms plan with other Regions and provider / consortia

Consider options to mitigate risks highlighted within the business case in Appendix A



# Annex A

## Options to mitigate risk

These are options that could be considered to balance the risks undertaken in Amber and Red situations against the need for provision.

It is important to consider timescales far beyond the initial contracting decision to ensure the provision is successful. Therefore measures to establish processes and milestones that can be monitored are important. Regional Audit Teams will be able to assist with planning and monitoring.

The Development Plan is compulsory in Red situations to specifically address the risks highlighted.

- Development Plan that specifically addresses issues that are downgraded from Green designation. This needs to include measurable milestones at frequent intervals
- Lead Region agrees reduced contracting with other Regions
- Contract up to recommended limit where an excess is requested, monitor and agree the extension if progress is satisfactory, in liaison with the regional audit manager
- Suggest consortia gains new lead provider which obviates the concerns and issues raised in consultation with Regional Audit Manager
- Consider capacity building to obviate risks and set review date for re-assessment of contracting
- Agree levels of performance to match data returns and satisfaction survey results which will make funding contingent on satisfactory performance.
- Place organisation on “watch” with credit reference company
- Request management accounts to be provided at regular intervals



- Request lead provider to obtain written guarantees from all sub-contracting providers in the consortium that undertake to fulfil LSC contractual obligations including repayment of any funding owed to the LSC in the event of the lead provider failing financially in consultation with legal and audit.
- Where provider was also operating within Employer Training Pilots review past performance and base measurable targets on past performance
- Assess quality of data provided by provider and monitor / train to ensure quality data is produced
- Consider use of QIA intervention to address longer term issues
- Consider increased and/or focused audit activity in liaison with the Regional Audit Manager
- Establish peer referencing link