

## SUPPLY CHAIN MANAGEMENT AND PROVIDER PAYMENTS POLICY

### Introduction

With the advent of the Apprenticeship Reforms in 2017, Skills Edge has identified the need to ensure the appropriate breadth and depth of provision to meet the diverse needs of our employers. It is our view that no one provider will be able to directly offer all the training programmes for many of the employers, including the large levy paying employers.

The advent of the Apprenticeship Standards will mean that there will likely be in excess of 600 different apprenticeship programmes, ranging from intermediate level 2 through to level 7 degree apprenticeships. Skills Edge is very clear in our focus that our core direct offer to employers is focused primarily around the corporate and professional services sectors, although we do and will continue to offer programmes in other vocational areas where we have expertise, existing market share and competency, such as Hairdressing, Beauty and Barbering.

In order to satisfy the expanding needs of our employers (both existing and new) Skills Edge will look to partner and subcontract with third party training providers, FE Colleges, Higher Educational institutions and other organisations in order to ensure we can offer employers a fully managed service which meets the entire breadth and depth of their individual needs.

Our approach to subcontracting, follows our previous ethos of not intending to subcontract large volumes of our provision. However, where there is the opportunity to widen and enhance the offer to learners and meet the full needs of employers in offering a more diverse range of qualifications, delivery models and to widen the geographical reach, Skills Edge will consider working with high quality partners to broaden their offer and reach a greater audience of learners, employers and sectors.

### The Policy

This policy provides a clear and transparent structure upon which our supply chain will be acquired, developed, supported and managed.

All existing subcontractors are provided with a copy of our refreshed Supply Chain Management and Provider Payments Policy at the start of each academic year. For new subcontractors, this is provided along with a copy of the contract and Centre Manual.

This policy will be reviewed annually as part of our internal audit and document control processes. It will however be updated more frequently to take account of changes in legislation, contractual requirements, or the additions or change in circumstances to the subcontractor partners are shown in the Appendix. Where this policy is updated in year, existing subcontractors will be made aware of the updated version by the Commercial Director at the next monthly performance review.

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It is an essential part of our government funded contracts and good practice to use a robust system for the selection, development and management of any providers who will be involved in the delivery of any part of the journey of our learners. It is a requirement of the bodies who provide us with the monies (directly or indirectly) and who regulate and inspect training providers i.e. The Skills Funding Agency, Education Funding Agency, and Ofsted (Office for Standards in Education) that a transparent and fair process is in place and used effectively.

Skills Edge are responsible for learners at all times and to ensure resources are available to effectively manage the supply chain we retain a % of funding to contribute towards the costs associated with Quality Assurance activity we need to carry out to ensure learners receive high quality provision and that all contractual obligations and regulatory requirements are met.

The policy is supported by an annual supply chain management cycle, processes and other documentation to ensure that the policy is implemented consistently, and that communication and management of supply chain partners is consistent, fair, timely and effective.

The documents provide information that can be assessed to identify a risk rating by specific headings and for the overall expression of interest or full tender. This information and the outcome of the scoring assessment provide a provider funding payment level which is based upon the risk rating.

### How Skills Edge supports its Supply-Chain Partners

Skills Edge charges a transparent set of management fees to its subcontractor partners (See management Fee Structure) for the facilitation of funding and the suite of value added services provided to our suppliers to help improve their own capability and capacity to deliver, which ultimately then helps provide an even better level of services to the service users (both learners and their employers).

As part of the management fee retained by Skills Edge for the services we provide additional support to support the development of the supply chain and individual partners and their teams. The activities undertaken, and support provided include:

- Robust and thorough Induction of all new supply chain partners
- Initial and on-going quality assurance of subcontractors' policies and processes.
- Access and utilization of the Skills Edge electronic Sign-up Application.
- On site observations of teaching, learning and assessment
- Satisfaction surveys – learners and employers
- Contract management, monitoring and reporting

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- Access and support from occupational specialists and Teaching & Learning Specialists.
- Monthly monitoring meetings which each partner
- Monthly compliance Audit activity
- Access to mandatory industry Training: Equality & Diversity, Safeguarding and Prevent
- Quarterly partner briefings and best Practice Events
- Detailed briefing and workshops on funding policy and landscape
- Regular newsletters

Management Fee Structure Our fee structure is primarily based on a risk management approach, although the bandings indicated below highlight flexibility depending in other key operational and business driven factors:

### Risk Rating Management Fee Band Value

“High Risk” - 25 % - 20%

“Medium Risk” - 20% - 15%

“Low Risk” - 15% - 10%

The risk bands defined above directly correlate the intensity of support and/or intervention required to ensure the programmes offered are ultimately delivered to the standard and quality to which we expect and deliver internally.

All new subcontractors will be automatically placed into “High Risk” band, due to lack of track record specifically with Skills Edge. Over time our subcontractors are able to move between risk bands depending on performance against a set of agreed criteria, which enables Skills Edge to reduce our levels of direct additional support and/or where necessary intervention and we are therefore then able to reduce the management fees retained accordingly in both a fair and transparent way.

In order for our subcontractors to reduce the management fees we retain they are required to achieve the following key measures and performance criteria:

- Planned Performance Vs Actual Recruitment Profile over an agreed period
- At least 6 consecutive monthly audit and compliance checks by Skills Edge where the error rate is less than 5%

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- Completion and appropriate evidence of all mandatory training for delivery staff as stipulated in the contract
- Overall and Timely Success above agreed benchmarks as per the contract
- The satisfactory and timely completion of all required paperwork which forms part of the monthly submission to evidence payment of work undertaken.

N.B. Subcontractors can move both up and down the banding scales depending on actual ongoing performance against the above measures.

### Our Process

Skills Edge has a clear process in place which covers, initial engagement, due diligence, onboarding, mobilization and then on-going support and performance management.

An initial Expression of Interest (EOI) document is available on the Skills Edge web site:

**<http://skillsedge.co.uk/>**

The decisions made at each stage in the process will be communicated to the potential supply chain partner and both expressions of interest and full proposals/due diligence will be assessed by the appropriate members of the management team including the Commercial Director who will make any judgements about the financial position of any applicants.

Feedback will be provided to support any decisions that are communicated and a copy of the completed document, including Skills Edge's assessment of their position may be provided upon request. This information may also be used in the creation of an action plan to support the development of the partner.

Supply chain partners will be issued with a contract, including a profile showing the specific financial arrangements and delivery performance indicators and targets. Supply chain partners will be expected to participate fully in Quality, Compliance and Performance monitoring and other activities outlined in the contract or agreement.

Skills Edge are fully committed to and have signed up to the "Common Accord" and will expect all supply chain partners to sign up to it as part of the contract with Skills Edge. See Appendix A.

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### Payments

Payments are calculated, reconciled and paid monthly. Skills Edge will provide details of the evidence requirements and payment arrangements in individual contracts and will ensure partners understand the arrangements specific to what they are delivering. Skills Edge are contracted to a number of different public funding bodies and work within requirements of these, which includes when and how payments are made to supply chain partners, however Skills Edge will make all verified payments due to partners within 30 days of Skills Edge receiving funds from the appropriate funding bodies.

Skills Edge will publish details of all funding received and payments made to individual subcontractors on an annual basis in line with ESFA Funding Rules and Contractual requirements. This financial information will be included as an appendix to this policy.

### A COMMON ACCORD IN THE WORKING OF SUPPLY CHAINS IN THE POST-16 LEARNING AND SKILLS SECTOR

*The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.*

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Signatories to this document commit to the following

“Overarching Principle”:

Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.

*This organisation commits itself to the clauses and principles of the  
Common Accord*

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Position: \_\_\_\_\_

Organisation: \_\_\_\_\_

Date: \_\_\_\_\_

### Clauses and principles of the Common Accord

- i. The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.
- ii. Signatories to the Common Accord commit to the “Overarching Principle” that: **“Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.”**
- iii. In line with the overarching principle, signatories will abide by the following:
  - a. **Supply chain management activities should align with the principles of best practice in the skills sector.** Signatories to the Common Accord agree to be guided by the principles given in the LSIS publication **“Supply Chain**

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*Management – a good practice guide for the post-16 skills sector” (Nov 2012 and subsequent iterations)*

- b. **Prime/lead providers in supply chains will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels.** *Signatories agree the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.*
  - c. **Funding for learning that is retained by the lead provider must be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties.** *Signatories commit that the rates of such retained funding should be commercially viable for both sides, should be negotiated and agreed in a fair and transparent manner, and should relate to the actual services being provided.*
  - d. **Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, signatories commit to submission of the dispute to independent outside arbitration or mediation and to abide by its findings.** *Signatories agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. 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.*
- iv. Signatories to the Common Accord understand and accept that their commitment and adherence to it may be used as criteria or standards by other sector stakeholders, including (but not limited to) funding, representative and professional bodies.