

Supply Chain Policy

Working with Skills Training UK

Formed in 1992, Skills Training UK has 25 years' experience in delivering employability and skills solutions. Skills Training UK is a Prime Contractor to the Education and Skills Funding Agency (ESFA) and delivers Apprenticeships, Traineeships, and Study Programme mainstream provision nationally as well as a range of European Social Fund funded provision including Youth Talent, Skills Support for the Unemployed, and Skills Support for the Workforce.

We ensure that all provision funded through our contracts with the ESFA both mainstream and ESF funded provision provides good value for money for both the Funding Organisations responsible for providing the funding for the provision as well as the organisation delivering the programme as a Partner to us. We expect and maintain a high standard of delivery for all customers using our provision, and those organisations who contract services from us are termed (and henceforth described as) 'Supply Chain Partners' to indicate that in partnership we share a responsibility to deliver the contract to Skills Training UK standards and expectations.

We achieved the highest grade of Excellent for the Merlin Standard twice (2012 and 2014), which has been created to recognise and promote supply chain excellence in design, implementation and performance. We are also the only organisation to have achieved the highest grade of Strong for the DWP Provider Assurance Team assessment which measures governance, compliance and data security of DWP contracted provision. We have received full assurance from the ESFA for our sub-contracting arrangements over the previous 3 years and our approach/policies are externally audited and assured.

The purpose of this policy is to provide transparency for all Supply Chain Partners, Funding Organisations and other associated parties or individuals regarding the procurement, due diligence process, support and charging rationale related to sub-contracted provision using Skills Training UK's direct contract with any Funding Organisation.

This policy will be reviewed on an annual basis and will be published on the Skills Training UK website.

Rationale for contracting out delivery

Skills Training UK believes that a Supply Chain should be maintained at a nominal proportion of the overall funded provision in line with Funding Organisation expectations. We are an experienced supply chain manager who currently work with over 70 Supply Chain Partners across a range of different contracts and we will consider the use of sub-contracted provision when all the following criteria apply:

- There are clearly identified benefits to utilising the Supply Chain Partner
- Where the customer experience is likely to benefit or be enhanced by the inclusion of the Supply Chain Partner – for example a specialised service

- The Supply Chain Partner has a proven and demonstrable track record in the delivery of the kind of provision being sought for by the Funding Organisation
- The provision is suitably located to enable effective monitoring in terms of performance and continuous improvement by Skills Training UK
- The Supply Chain Partner is likely to have the capacity and capability to meet with Skills Training UK due diligence and contract management requirements

How we identify Supply Chain Partners

Identification and procurement of Supply Chain Partners will usually be in response to requests/approaches made by the Funding Organisation to Skills Training UK. In all instances where we are looking for Supply Chain Partners an advertisement (or 'Call') will be made available on our website indicating that we are looking for suitable Partners for a specific contract(s). We may also use a range of other information and business development websites to advertise a Call for Partners. If additional Supply Chain Partners or services are required following a Call, this will be by invitation only. Contracts shall be awarded based on an approached organisation's suitability, track record and capacity to deliver the service.

The Due Diligence process

Skills Training UK operates a due diligence process as follows. Note that due to the nature of Calls for Supply Chain Partners, Points 1 and 2 may follow at a later date

following receipt of the Expression of Interest; however, no contract will be issued or agreed without at least one face to face meeting and follow up from the Development Director. All Points below must be completed for a potential Supply Chain Partner to pass our due diligence process.

1. An initial discussion will be held between a Senior Manager of the potential Supply Chain Partner and the Operations Manager for the programme to ascertain provision type
2. Agreement to progress onto the due diligence stage confirmed by a follow up meeting and/or discussion with a Director for Skills Training UK
3. Expression of Interest is issued to the potential Supply Chain Partner for completion. Supporting due diligence documentation may be requested at this point; a list of expected due diligence paperwork is listed below:

Policies and Procedures

1.1 Expression of Interest / Pre-Qualifying Questionnaire

1.2 Statutory Accounts for last 3 years (or Management Accounts where 3 years accounts are not held)

1.3 Insurance Certificates

Employer Liability

Public Liability

Professional Indemnity

Please note that a threshold amount may be expected for each of these depending on the contract being tendered for, for example Employer Liability may be set at a minimum of £5m

1.3 Health & Safety

1.4 Data Protection & Information Sharing – to include:

- a. Evidence of conformity with General Data Protection Regulation
- b. Evidence of Cyber Essentials Certification for publicly funded provision
- c. Evidence of Cyber Essentials + (where appropriate/required for contract)

1.5 Safeguarding

1.6 Equality & Diversity

1.7 Sustainable Development/Environmental Policy

1.8 Business Continuity Plan

1.9 Human Resources Policy

1.10 Details of Staff bonus structure

1.11 Training and Development Plan

Evidence of Quality Standards

Evidence of any quality standard appropriate to the contract; the following is a non-exhaustive list.

2.1 Matrix Standard

2.2 Merlin Assessment

2.3 Investors in People

2.4 Positive About Disability

2.5 ISO9001 / ISO27001 / ISO14001

4. It is expected that all Expressions of Interest will have a reference from at least one organisation for whom the Supply Chain Partner has previously delivered a contract. Where this is not possible a statement explaining the reason for the absence of this may be considered – for example because the company is new and has no existing delivery history.
5. Skills Training UK receives completed Expression of Interest form and due diligence documentation and begins the due diligence process
5. Due diligence information will be formally reviewed by a Director for Skills Training UK who will discuss potential Supply Chain Partners with the Board to determine service need and the level of contract available.
6. References contacted by Skills Training UK to confirm contract delivery and performance where stated.
7. A recommendation is made by the Director from Skills Training UK to the Board of Directors based on capacity, capability, added value, and reputational considerations
8. Potential sub-contractor to be informed of decision

Contract Agreement

Skills Training UK will use the model Sub-Contractor's Agreement published by the Funding Organisation and amended as required by mutual agreement between both parties. This ensures that contracting is transparent and that terms and conditions (except where amended and agreed by mutual consent) mirror those between Skills Training UK and the Funding Organisation.

Signatories for contract agreement will always be at Director level within both organisations and no contractual agreement can be agreed between Skills Training UK and another organisation without Board approval and a Directors signature.

What Skills Training UK will provide

For the significant majority of sub-contracting arrangements, Skills Training UK has set a gross margin of 20% which has been applied across all contracts commenced within the 2021/22 academic year and will continue to be applied in the 2022/23 academic year. The margin retained by Skills Training UK is used to recover the costs associated with the supporting Supply Chain Partners; Skills Training UK holds ultimate responsibility to the Funding Organisation for delivery of the contract and as a result we are responsible for the actions of all Supply Chain Partners connected to the programme of delivery. The following is a non-exhaustive list of support provided to all members of our Supply Chain.

Staff costs associated with managing the contract (8.3% of the 20% gross margin)

- Regular support and engagement with Supply Chain Partners through the Operations Manager for the relevant contract
- Regular support with delivery and quality through engagement with the Quality Team of Skills Training UK, including observation of teaching and learning, file quality, and compliance monitoring
- Access to the Data Management Performance Team with Skills Training UK who are responsible for the processing and maintenance of claims data
- Access to our Finance Team who will coordinate with the Data Management Performance Team to ensure performance within each month is recognised and that payment is authorised and released appropriately

System costs associated with managing the contract (6.3% of the 20% gross margin)

- Use of our management information systems (Solution 9) to input data and manage performance where appropriate
- Funding of on-going development based on Supply Chain Partner feedback/input and identified changes to processes/reporting by the Education and Skills Funding Agency)
- Systems and processes associated with delivery of the contract including paperwork and claims processes
- Data Security and Protection, including conformity to Cyber Essentials accreditation

Training and Development of Staff (4.2% of the 20% gross margin)

- Access to Skills Training UK Quality Team as described and costed above on an ongoing basis
- Access to Skills Training UK internal training courses which may include:
 - System training

- Safeguarding and Safer Recruitment
 - Prevent
 - Data Security
- Sharing of relevant information and publications/updates from the ESFA and OFSTED made available to Skills Training UK
 - Support and guidance in order for the Supply Chain to maintain a continuous improvement strategy; including the Self-Assessment Process
 - Regular communication regarding best practice

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Marketing and Promotion (1.2% of the 20% gross margin)

- Marketing and promotion of services through our website and social media platforms
- Posters and marketing materials approved and designed through our team
- Access to further opportunities with Skills Training UK including partnership and bidding opportunities

Additional support

Where it is identified that a Supply Chain Partner requires additional support to meet the minimum ongoing requirements of the contract provided, and with the agreement of the organisation, Skills Training UK will set a gross margin slightly higher than the typical 20%, up to a maximum value of 25%, to provide additional support including (through not limited to):

- Additional monthly support and engagement with the Operations Manager for the relevant contract
- Additional monthly engagement with the Quality Team of Skills Training UK, including observation of teaching and learning, file quality, and compliance monitoring as well as reworked policies and procedures where required.
- Additional administrative support through the Data management Performance team, including programme administration, data input, and claim administration. This is particularly useful for smaller organisations who may not have the back office function to support claim processing.

It is intended that the increased gross margin will only apply until such a time that both parties are satisfied that the gross margin can be reduced to 20% in line with other Supply Chain Partners. A review of contracting arrangements will be undertaken on a biannual basis, with a formal review of the applied gross margin at the end of each academic year.

Payment Terms

Skills Training UK will endeavour to ensure that Partner Organisations will be paid within 30 days from receipt of funding from the Funding Organisation; contracts will reflect these terms and conditions. Skills Training UK recognises the impact that cash flow has on smaller organisations and will always endeavour to ensure that payment for provision is made as soon as is practical after delivery has taken place.

1. Claim period ends – this is typically the last day of each month though can vary between contracts.
2. Final claim submitted to Funding Organisation; this is usually up to 5 working days after the close of the claim period
3. An Activity Summary will be sent out to all Supply Chain Partners within 5 working days of the claim period end which outline activity undertaken in each month
4. Supply Chain Partner agrees Activity Summary reflects activity undertaken during claim period
5. Once Activity Summary is agreed with the Supply Chain Partner a self-billing invoice will be raised and sent to the Partner within 5 working days.
6. Skills Training UK is paid by the Funding Organisation
7. Payment is released to the Supply Chain Partner within 10 days of payment being received from the Funding Organisation