

SUPPLY CHAIN MANAGEMENT POLICY

Responsible Manager	Director of Operations and Quality
Date of Issue	September 2017
Issue Number	V2.0
Date for Review	September 2019

Table of Contents

1	Purpose and Context	2
2	Scope and Responsibility	2
3	Reasons for Sub-Contracting	2
4	Sub-Contracting and Due Diligence Process.....	2
5	Contracts	4
6	Data Returns and Funding Evidence	4
7	Supply Chain Fees.....	4
8	Payment Terms.....	5
9	Quality, Monitoring and Performance Management	5
10	Unsatisfactory Compliance	6
11	Equality and Diversity.....	6
12	Associated CXK Policies.....	6
	Appendix 1: A Common Accord in the Working of Supply Chains in the Post-16 Learning and Skills Sector	8
	Appendix 2: Due Diligence Control File.....	10

1 Purpose and Context

- 1.1 The purpose of this policy is to ensure that CXK Limited is transparent in its arrangements for managing its supply chain when entering into subcontracting arrangements.
- 1.2 The policy and its supporting documents and procedures are in place to ensure that we manage the process of subcontracting in accordance with published guidance. In addition this policy supports effective relationships with partners and aims to maintain a high quality experience for all learners or other service users. The content of this policy has been developed in line with the Association of Colleges (AoC)/Association of Employment and Learning Providers (AELP) Common Accord, The Merlin Standard and the Education Skills Funding Agency (ESFA) funding rules.

2 Scope and Responsibility

- 2.1 The scope of this policy and the 'Common Accord' is supply chain activity using funds supplied by the ESFA. As a signatory to the Common Accord CXK Limited will commit to the "Overarching Principle" that *"Supply chains seek to optimise the impact and effectiveness of service delivery to the end user."* Refer to Appendix 1. This policy applies to all potential supply chain subcontracting partnership arrangements for the delivery of funds supplied by the ESFA, or any successor organisations. CXK also applies the principles of the 'Common Accord' and this policy to any other form of supply chain that we manage.

3 Reasons for Sub-Contracting

- 3.1 There are a number of reasons CXK Limited may enter into subcontracting arrangements to meet the needs of learners, employers and the community including but not limited to:
 - To temporarily expand provision to meet a short term need
 - To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new frameworks or sectors prior to investment in resources
 - To provide access to, or engagement with, a new range of customers
 - To establish a delivery model and market that is best delivered independently
 - As a suitable route for expansion in a new area / market
 - Where the CXK Limited does not consider that the long term demand is sufficient to establish our own infrastructure
 - To provide niche delivery where the cost of developing direct delivery would be inappropriate
 - To support employers with a wide geographic requirement
 - To support another provider to develop capacity/quality

4 Sub-Contracting and Due Diligence Process

Document Reference: OPP03
Document Name: Supply Chain Management Policy
Date of Issue: 01/09/2017
Version: V2.0
Review Date: 01/09/2019
Location: SharePoint
Author: Craig Garton

- 4.1 There are a number of stages CXK Limited will complete with potential partners when considering or entering into subcontracting arrangements:
- a. CXK may produce an invitation to tender for a specific type of provision or may receive an initial approach from a potential subcontractor. CXK may source suitable providers for the provision sought through three possible routes:
 - i. Publish as an open tender.
 - ii. Send to preferred list of providers.
 - iii. Send to providers requesting a sub-contract.
 - b. Prospective providers will be invited to submit application to tender for the delivery required. A contract specification and Expression of Interest (EOI) questionnaire will be developed and publicised.
 - c. EOI documents will be reviewed and initial Due Diligence checks will be undertaken. Review of the EOIs will be undertaken by the CXK Senior Management Team and scoring will be applied, with results fed back to the provider within a specified timescale.
- 4.2 When making decisions CXK will take consideration of the following:
- i. Does a sub-contract arrangement meet the strategic objectives of CXK and is it compatible with our strategic direction, vision and values
 - ii. Will a sub-contract arrangement meet the funding priorities, rules and requirements of CXK?
 - iii. Does the CXK have the capacity and expertise to monitor the quality of delivery proposed?
 - d. Successful providers will be invited to complete an ITT questionnaire and (if relevant) will be asked to attend a formal interview. Review of the ITT will be undertaken by the CXK Senior Management Team and scoring will be applied, with results fed back to the provider within a specified timescale.
 - e. The Due Diligence process is carried out by CXK with potential sub-contractors. This detailed process ensures that selection of sub-contractors is in line with CXK's vision and values and ensures a fair but rigorous selection process.
 - i. The Due Diligence process will be reviewed on an annual basis with sub-contractors and will be undertaken prior to commencing delivery on any new contract;
 - ii. CXK will make declarations to the relevant funding agency accordingly on an annual basis.
- 4.3 The Due Diligence process will assess key criteria (refer to Appendix 2) in relation to, but not restricted to the following: Financial Health, Track Record, Scope and Capacity (in general and in relation to contract requirements), Quality Assurance, Policy and Procedure, Insurances, & References. The outcome of Due Diligence will be communicated to potential sub-contractor within a specified timescale.

- f. A draft sub-contract document will be produced and based on the ITT, Interview and Due Diligence process a contract allocation or profile will be agreed and communicated to the potential sub-contractor.
 - g. The final sub-contract is agreed, exchanged and signed by designated persons.
 - h. Commencement of sub-contract delivery and CXK's monitoring and performance management process (specific to the contract requirements).
- 4.4 Both parties may withdraw from the process at any of the stages up to and including stage *f* above. Following exchange of contracts, termination will be in line with the relevant contractual requirements.

5 Contracts

- 5.1 CXK Limited will use legally approved and binding sub-contract agreements which meet the requirements of respective funding agencies and current legislation. Sub-contracts are tailored for use when entering into any sub-contracting arrangement. When a sub-contract 'flows' from the 'Main Contract' that CXK holds as the lead provider, sub-contractors will be provided with full access to the a copy of the 'Main Contract' that underpins their agreement.

6 Data Returns and Funding Evidence

- 6.1 CXK Limited requires all partners to complete the relevant data returns, records or other documents within the specified timescales detailed in the contract and accompanying documentation. It is essential that any data return deadlines or requirements are completed fully otherwise payments may be affected. All sub-contractors must demonstrate they have current policies and procedures in place to ensure compliance with legislation around data protection and information privacy. All sub-contractors must be able to produce original documentation (evidence for funding or quality assurance purposes) as required by CXK Limited.

7 Supply Chain Fees

- 7.1 In compliance with ESFA and other agency funding rules that apply, CXK will publish its subcontracting fees and charges policy. This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks.
- 7.2 The management fee applied to supply chain sub-contractors is based on a number of factors including:
- The funding value of the contract activity.
 - The risk and track record of the partner.
 - The type and level of support required from CXK.
 - The duration of the contract.
- 7.3 The typical management fee applied by CXK ranges from 15% to 18% of the contractual value of the activity, dependant on the variables above.

7.4 As a minimum the fee will include:

- Management time for the Due Diligence and pre contracting process, contracting, meetings & performance monitoring.
- A risk related fee element, dependant on the provision subcontracted and track record of the potential partner.
- Administration staff time.
- Quality Assurance activities.

7.5 Additional charges will be agreed by both parties and based on any extra support or services provided by the CXK to the subcontractor. These charges may include any hire of equipment or facilities, learner related fees for registration, certification, staff services to support recruitment, initial or diagnostic assessment, additional support, delivery, verification, training for learners, staff and management.

8 Payment Terms

8.1 Payment terms less the CXK management fee shall be communicated to sub-contractors at the start of the sub-contracting process. The invoices paid to sub-contractors is limited to the maximum value of the Main Contract CXK Limited holds as lead provider.

8.2 Where the required supporting evidence is incomplete or missing then payments will be delayed until the situation is rectified or will be forfeited. CXK Limited's payment terms are such that payment will be made to sub-contractors within 30 days of receipt of a correctly prepared invoice and supporting documentation. Timely payment is dependent on CXK Limited having received the corresponding funding from the Funding Body.

8.3 CXK Limited commits to setting out a contract specific payment process at the start of the sub-contracting process. Any delays in payment of funds to sub-contractors will be communicated in writing with as much notice as is reasonably possible.

9 Quality, Monitoring and Performance Management

9.1 CXK Limited has a robust process for monitoring the performance of its subcontracted partners. This is documented in the handbook supplied with the sub-contract at point of issue and will be specific to the contract or services to be provided. CXK Limited uses monitoring and performance management processes to ensure that contract objectives are fulfilled and audit requirements met.

9.2 It is essential that performance management and monitoring expectations are clearly set out in relation to the sub-contract (including data return requirements). Failure to meet these requirements fully may delay, reduce or forfeit funding arrangements.

9.3 Depending on the type of contract agreed these processes usually include but are not limited to:

Document Reference: OPP03
Document Name: Supply Chain Management Policy
Date of Issue: 01/09/2017
Version: V2.0
Review Date: 01/09/2019
Location: SharePoint
Author: Craig Garton

- Regular reporting of progress against a set of Key Performance Indicators or agreed profile.
- Formal observation of practice in line with CXK's company Observation of Practice procedure.
- Unannounced 'Learning Walks' or 'Drop-In' visits to spot check service effectiveness.
- Evaluation and moderation of key documents such as schemes of work, session plans, assessment methods & action plans.
- Formal internal audits of any documentation which underpins financial claims by the CXK as Lead Provider.
- Audits of policies, procedures and systems by CXK staff at pre-determined visits.
- Monitoring of contracts against profiles and financial performance.
- Monitoring of partners' internal & external quality assurance mechanisms, for example relevant self-assessment reports, internal verification and external verification records, as well as current Ofsted reports.

9.4 Health and Safety, Equality and Diversity and Safeguarding are monitored and promoted by the sub-contractor. All providers will be expected to share CXK's commitment to these policy areas and relevant policy and process will be checked as part of the due diligence process and through quality, monitoring and performance management.

10 Unsatisfactory Compliance

10.1 Regular monitoring and performance management activities will be carried out throughout the life time of any sub-contract arrangement.

10.2 An unsatisfactory audit or ongoing performance that falls below expected standards may result in additional procedures being put in place for both the sub-contractor and CXK until satisfactory progress is made. For example:

- Enhanced paperwork compliance audits on a more frequent and regular basis.
- A development plan put in place to address issues with quality and compliance.
- Temporary freeze on contract activity or profile until core issues are addressed.
- Additional training or support from CXK to aid development.
- Withdrawal of contract and future profile and potentially recovery of funding.

11 Equality and Diversity

11.1 No employee or sub-contractor will be treated less favourably or discriminated against or suffer a detriment as a result of this policy. If any employee or sub-contractor feels that they are discriminated against, they should first raise the matter with their contract manager or line manager.

12 Associated CXK Policies

- Data Protection Policy

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

- Health and Safety Policy
- Safeguarding Policy

Document Reference: OPP03
Document Name: Supply Chain Management Policy
Date of Issue: 01/09/2017
Version: V2.0
Review Date: 01/09/2019
Location: SharePoint
Author: Craig Garton

Appendix 1: A Common Accord in the Working of Supply Chains in the Post-16 Learning and Skills Sector

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.

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

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

principles given in the LSIS publication “Supply Chain 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.

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

Appendix 2: Due Diligence Control File

Due Diligence Control File

Suggested Template – Contract Manager/Assistant Director to tailor as required

Due Diligence Control File

Please nominate key personnel to be first line of communication with CXK.

Key Contacts	
Nominated Lead for:	Name/Email/Tel:
Programme Management/Contract Performance:	N:
	T:
	E:
Nominated Lead for Programme Delivery:	N:
	T:
	E:
Nominated Lead for Programme Admin/Finance:	N:
	T:
	E:

Please work through the check list below. Electronic OR Hard copies of evidence should be provided to CXK if you have checked Y on this checklist. Items checked N must be provided/actioned before sub contract arrangements can proceed.

Documents/Information required for control file	Provided /Enc.		Action required if 'No'
	Y	N	
Please supply a copy of most recent audited accounts			

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

Reference x1 (information required: Name, Organisation, Contract Value & Name, Tel. Nb. & email address)			
Reference x2 (information required: Name, Organisation, Contract Value & Name, Tel. Nb. & email address)			
Proposed Delivery Profile			
Please confirm that your organisation has successfully applied for the ESFA Register of Training Organisations at the most recent 'refresh' opportunity in October 2013 (Due Diligence Gateway). NOTE: Organisations in receipt of more than £100,000 of ESFA funding during the year must have successfully applied. This threshold includes potential earning from the CXK ESF contract we are about to begin.			
CXK 'new supplier form' completed and scanned/signed copy returned to CXK (see attached doc.)			
Insurance			
Copy of Public Liability Insurance Certificate (must be min value of £)			
Copy of Employer Liability Insurance Certificate (must be min value of £)			
Copy of Professional Indemnity Insurance Certificate (must be min value of £)			
Policies			
Health & Safety Policy			

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

Safeguarding policy			
Equality & Diversity Policy			
Bullying & Harassment Policy			
Environmental / Sustainability Policy			
Data Protection Policy			
Complaints Policy			
Accreditation			
Evidence of Quality Marks (IIP/Matrix etc.)			
Please provide staff CRB reference numbers			
Evidence of programme accreditation / awarding body centre approval			
Programme Delivery			
Provide Risk Assessments (for planned programme)			
Relevant scheme of work/session plan overview			
Copy of most recent Ofsted report & Current Self-Assessment Report (SAR) (if applicable)			
ESF Plaque displayed (please state site/location or if one is required provide detail as to where/site)			
Link to website displaying ESF Logo/programme detail			

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton

Completed by:

Name:		Date:
Position		
Signed:		

Document Reference: OPP03
 Document Name: Supply Chain Management Policy
 Date of Issue: 01/09/2017
 Version: V2.0
 Review Date: 01/09/2019
 Location: SharePoint
 Author: Craig Garton