

Supply Chain Management: Fees and Payments Procedure

Date of Issue	1st December 2019
Issue Number	V4.0
Date for Review	1st December 2021

1. Procedure Aim

This document aims to provide consistency of approach and transparency to CXK Limited's supply-chain fees and charges in relation to its subcontracting provision.

2. Context

CXK Limited operates as a Lead Provider for the Education and Skills Funding Agency (ESFA) contracts. This procedure is required for when provision is delivered via a sub-contracted organisation.

3. Reasons for sub-contracting

CXK Limited recognises the need to offer as diverse a range of provision as possible, in as flexible and cost effective a way as possible. By working in partnership with subcontractors CXK Limited is able to do the following:

- Offer niche provision
- Engage with the wider communities
- Offer flexibility by delivering provision at times and venues convenient to learners and employers
- Be responsive to learner and employer requirements
- Ensure greater cost efficiency
- Engage with new markets

When selecting subcontractors CXK Limited ensures that all providers undergo a comprehensive Due Diligence process prior to any delivery, and are selected on the basis of their track record, type of provision delivered and location to ensure that CXK Limited is able to effectively respond to contract demands and meet the needs of customers/learners.

4. Quality Assurance

CXK Limited is committed to continual improvement in delivery of services and teaching and learning, both in its own direct provision and in its subcontracted provision. A range of approaches are employed in order to do this. With reference to subcontracting the following processes are in place to monitor quality

- A robust schedule of Quality Assurance Audits that are carried out throughout the year
- Annual Reviews with target setting
- Regular management meetings between CXK Limited and subcontractors
- A commitment to training, development and support
- Provider Network meetings as vehicle for sharing best practice and engaging with Provider feedback

5. Fees

A standard management fee is applied to all subcontracted contracts, and is the proportion of funding retained by CXK Limited to cover standard costs incurred through its management of these contracts. These costs include:

- Administration
- Quality assurance
- Data collection, management and reporting
- Provision of management meetings
- Provision of a dedicated Account Manager
- Provision of professional advice regarding funding matters, Due Diligence support, guidance and checking

Dependent on the contract and payment profile CXK Limited will retain between 10% and 16% of the total unit price paid by the Commissioner.

Management fees will be deducted at source before payments to providers are made. All funding claims must comply with the terms of the agreement between CXK Limited and the subcontractors. Where funding claims cannot be substantiated, CXK Limited will adjust or reclaim any funds from the subcontractor, and where required make an appropriate repayment to the Commissioner

CXK Limited strives to be open and transparent in its administration of Supply Chain payments and associated management costs and will publish funding profiles and payment triggers in full in sub-contract documents.

6. Payment Process

- Evidence for each payment run should be submitted by subcontractors to CXK by the agreed period. All evidence submitted by this date will be processed for the next payment run.
- By the 6th/7th working day of the following month CXK will validate evidence that has been submitted and a Purchase Order will be supplied to the subcontractor for the correct amount (the amount CXK Limited is able to fund based on evidence submitted).
- Subcontractors are required to submit an invoice for the correct amount, quoting the relevant Purchase Order number. Invoices should be sent to the CXK finance team.
- Subcontractors will receive payment via BACS up to 30 days from submission of a correct invoice.

7. Procedure Review

CXK Limited will review this procedure bi-annually or as new Lead Provider contractor contracts are awarded to the organisation.

8. Communication

Any changes to the procedure will be communicated to existing subcontractors at contract management meetings. Furthermore CXK Limited discuss this process as part of pre-contracting process. A copy of this document will be published on the CXK website and on SharePoint.