

Document Name	Supply Chain Management Policy
Document Owner	Executive Team
Responsible Director	Director of Operations and Quality

Policy Statement

The policy and its supporting documents and procedures are in place to ensure that CXK manages the process of subcontracting to a high standard and in alignment with best practice. 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.

We have a responsibility to support all delivery partners to develop high-quality provision that meets the needs of learners and exceeds the expectations of employers where applicable. Together we will review the services provided and consider how there will be an impact on the quality of the learner experience.

CXKs rationale for sub-contracting provision is to:

- Enhance the opportunities available to learners.
- Fill gaps in niche or expert provision or provide better access to training facilities.
- Support better geographical access for learners.
- Support an entry point for disadvantaged groups.
- Support individuals who share protected characteristics, where there might otherwise be gaps.

Version Control

Version	Date Ratified	Ratified By	Type of Change
3.0	19.11.2020	Executive Team	New Policy – replacing out of date version on old template

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1 Purpose

- 1.1 CXK subcontracts to other delivery partners who can assist in achieving our strategic 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

- 2.1 The scope of this policy and the 'Common Accord' is any sub-contract arrangement to delivery services on behalf of CXK, including but not limited to ESFA, DWP, ESF and local government funding.
- 2.2 There are several reasons why CX 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

3 Responsibilities

Who	Responsibility
Board of Trustees	<ul style="list-style-type: none">• Overall responsibility for the adoption of this policy and the stated methodology for managing sub-contractors.

Chief Executive and the Executive Team	<ul style="list-style-type: none"> To oversee and direct the implementation, and review of this policy, in line with ESFA/Commissioner funding rules. The arrangement of appropriate external audit and assurance reporting in line with Government policy. Completion of the formal sub-contractor declaration in line with Government policy.
Senior Leadership Team	<ul style="list-style-type: none"> To oversee day to day management of sub-contractors and ensure that CXK operates service delivery in alignment with this policy.
All CXK Employees and Sub-contractors	<ul style="list-style-type: none"> To understand and where required operate in alignment with this policy.

4 Definitions

Term	Definition
Education Skills Funding Agency (ESFA)	The ESFA brings together the former responsibilities of the Education Funding Agency (EFA) and Skills Funding Agency (SFA) to create a single agency accountable for funding education and skills for children, young people and adults. ESFA is an executive agency, sponsored by the Department for Education.
The European Social Fund (ESF)	European Social Fund (ESF) is part of the 2014-2020 European Structural and Investment Funds Growth Programme in England. Established by the European Union, the European Social Fund helps local areas stimulate their economic development by investing in projects which will support skills development, employment and job creation, social inclusion and local community regenerations. For more information visit https://www.gov.uk/european-growth-funding

5 Equality and Diversity

- 5.1 The Charity aims to design and implement services, policies and measures that meet the diverse needs of our service population and workforce, ensuring that none are placed at a disadvantage over others. This includes our work with sub-contractors.
- 5.2 No employee or sub-contractor will be treated less favorably 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
- Employees: First raise the matter with their manager or use the Grievance procedure.
 - Sub-contractor: First raise the matter with their Contract Manager.

- The author of the document is responsible for assessing that the document does not place any one at a disadvantage over others

6 Associated CXK Policy

- Privacy and Personal Data Protection
- Safeguarding and Prevent
- Health and Safety
- Equality and Diversity
- Compliments, Comments and Complaints
- Sub-Contractor Management Fees

7 Relevant Legislation

- The General Data Protection Regulation 2016 (GDPR)
- Equality Act 2010 & 2006
- Disability Discrimination Act 1995, 2005

8 Monitoring Compliance

8.1 Implementation of this policy will be monitored in the following ways:

- Internal Audit
- Oversight, review and scrutiny by the Performance and Quality Committee
- Alignment to the Merlin Standard – a quality standard designed to support the development, recognition and promotion of sustainable excellence, and positive partnership working within supply chains.

9 Procedure

9.1 There are a number of stages CXK Limited will complete with potential partners when considering or entering into subcontracting arrangements:

9.2 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:

- Publish as an open tender.
- Send to preferred list of providers.
- Send to providers requesting a sub-contract.

9.3 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.

- 9.4 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.
- 9.5 When making decisions CXK will take consideration of the following:
- Does a sub-contract arrangement meet the strategic objectives of CXK and is it compatible with our strategic direction, vision and values
 - Will a sub-contract arrangement meet the funding priorities, rules and requirements of CXK?
 - Does the CXK have the capacity and expertise to monitor the quality of delivery proposed?
- 9.6 If more information is required following the EOI stage, successful providers may be invited to complete an additional and more detailed 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.
- 9.7 The Due Diligence process is carried out by CXK with all 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.
- 9.8 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.
- 9.9 CXK will make declarations to the relevant funding agency accordingly on an annual basis.
- 9.10 The Due Diligence process will assess key criteria 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.
- 9.11 A draft sub-contract document will be produced and based on the EOI submission and if relevant the additional ITT and Interview. A contract allocation or profile will be agreed and communicated to the potential sub-contractor. The final sub-contract is agreed, exchanged and signed by designated persons. Both parties may withdraw from the process at any of the stages up to and including issue of the draft contract. Following exchange of contracts, termination will be in line with the relevant contractual requirements.
- 9.12 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 a copy of the 'Main Contract' that underpins their agreement.
- 9.13 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.

- 9.14 CXK Limited has a robust process for monitoring the Quality, Monitoring and Performance Management of its subcontracted partners. This is documented in the contract manual 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.
- 9.15 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.
- 9.16 Depending on the type of contract agreed these processes usually include but are not limited to:
- 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.
- 9.17 Subcontractor performance management will be tailored to the requirements of contract, KPIs and requirements of each commissioner. The following procedure will form the basis of all CXK subcontracts and will be tailored to suit specific contract requirements:

General performance management rules

- Performance Management covers the whole of the contract duration
- Performance discussions between CXK and sub-contractors will occur monthly. Formal performance reviews will take place at the Performance Management Points (PMP) with consideration given to over or under performance and decisions made regarding the potential for Maximum Contract Value (MCV) adjustments.
- Where sub-contractors are found not to meet the requirements of the contract or their agreed Delivery Profile (Schedule 2 of the Sub-contract), including meeting the

expected volumes and KPIs, performance-management interventions may be initiated by CXK to adjust the MCV or the payment mechanism. For example, where a sub-contractor is not achieving monthly learner volumes or financial earnings in alignment with their profile, a contract reduction of MCV may be considered.

- Performance management will be informed by, but not limited to:
 - ✓ Monitoring against agreed Delivery Profiles in relation to agreed learner number volumes, and budgeted monthly earnings for each deliverable.
 - ✓ Regular performance assessments against contribution to agreed sub-contractor and whole-service KPIs (for example starts, completions, progressions against target numbers);
 - ✓ Financial health, management and control mechanisms.
 - ✓ Ofsted inspection or Matrix Standard outcomes.
 - ✓ Standards of evidence, data quality and the outcomes from CXK or ESFA compliance audits.
 - ✓ Quality assurance – i.e., the observed quality of programme delivery, value for money and/or quality of outcomes for young people in relationship to funding paid to the sub-contractor.

The Performance Management Process

- Actual earnings for each sub-contractor will be monitored against agreed percentages of the Maximum Contract Value (MCV) to be delivered in each month for each deliverable. Sub-contractors will have individual Delivery Profiles agreed at the start of the contract and these profiles will be confirmed within Schedule 2 of the sub-contract.
- When reviewing sub-contractor performance against Delivery Profiles, CXK will apply tolerances to support decision making and action. To support flexibility of delivery and to maximize spend the tolerance level is varied across the year and is set as follows:
 - ✓ Plus or minus x% of expected and profiled financial earnings and/or learner volumes started at PMP1 [date];
 - ✓ Plus or minus x% of expected and profiled financial earnings and/or learner volumes started at PMP2 [date];
 - ✓ Plus or minus x% of expected and profiled financial earnings and/or learner volumes started at PMP3 [date];
 - ✓ Plus or minus x% of expected and profiled financial earnings and/or learner volumes started at PMP4 [date].
- A RAG rating will be applied to the year-to-date performance against agreed Delivery Profiles at each PMP. As follows:
 - ✓ Outside of tolerance for both the finance earnings and expected learner volumes started on programme year to date - Red
 - ✓ Outside of tolerance for either finance earnings or expected learner volumes started on programme year to date - Amber
 - ✓ Within tolerance for finance earnings and expected learner volumes started on programme year to date - Green
- CXKs CRM and data reporting will be considered final when measuring the volume of learner starts on programme and financial earning at each PMP. Only deliverables that have been fully evidenced in accordance with the funding rules, and to CXKs

satisfaction will be entered onto the CRM and validated for payment. CXK may at its sole discretion pay for Outcomes where spend is over tolerance or above expected and agreed Delivery Profiles.

Request for growth

- Where overall performance is rated as Green – this may indicate potential for an increase in MCV, sub-contractors will be invited to complete a growth request template. All Growth Requests will be subject to budget availability and a Green rating for overall performance does not guarantee growth. Growth requests will only be considered in alignment with wider performance of the regional contract outcomes, and to address gaps or areas of concern.
- Request for growth will also take into consideration quality indicators such as Ofsted grades, retention of Matrix Standard, quality assurance and the overall quality, compliance and standard of evidence provided year to date.

Reduction OR potential reduction in MCV

- Where performance is graded as Red at the end of a PMP, this indicates that a reduction in MCV can be applied at CXKs sole discretion.
- Where performance is graded as Amber at the end of a PMP, this indicates that a reduction in MCV could be applied at CXKs sole discretion. CXK will agree a short performance improvement plan (4 weeks maximum) with the sub-contractor to address the area of under-performance. Following completion of this plan, if no improvement has been made then, the grading for the PMP will change from Amber to Red and this indicates that a reduction in MCV can be applied at CXKs sole discretion.
- Changes to MCV at each PMP will be informed by performance levels year to date and a forecast position for improvement by the sub-contractor. For those areas where performance to date is below the lower tolerance figure, the difference in tolerance will be used to determine the amount of the reduction as a minimum. CXK reserves the right to adjust MCV at its sole discretion if significant performance issues are evident.

Variations to contract

- If applicable (for growth or reductions in MCV), a revised MCV will be notified in writing to the sub-contractor at the end of each PMP. This notification will form a variation to the sub-contract and the MCV. Adjusted profiles will replace previous versions contained within Schedule 2 of sub-contract agreements.
- Reductions in budget will be reallocated to sub-contractors that have successfully submitted growth requests as swiftly as possible.

ESF NEET SUPPORT SERVICE

Policy Addendum

The ESF NEET Support Service has received funding from the European Social Fund (ESF) as part of the 2014-2020 European Structural and Investment Funds Growth Programme in England. The Department for Work and Pensions is the Managing Authority for the England European Social Fund programme. Established by the European Union, the European Social Fund helps local areas stimulate their economic development by investing in projects which will support skills development, employment and job creation, social inclusion and local community regenerations. For more information visit <https://www.gov.uk/european-growth-funding>. The ESF NEET Support Service programme is managed and delivered by CXK and provides bespoke, targeted support the young people identified to be NEET (Not in Education Employment or Training) or demonstrably at risk of becoming NEET.

Activities are targeted at and aligned with the South East Local Enterprise Partnership's (SELEP) key priorities:

- Out of work benefit claimants at 16-24.
- Young People with Special Educational Needs & Disabilities (SEND), harder to reach, long-term NEET, carers, children in care and care leavers, those in rural areas, homeless/ at risk of, and those with mental health and financial barriers.
- Provision of confidence building and self-esteem support for NEETs and those at risk.
- Provision of the additional support required to enable take up opportunities such as Apprenticeships or Traineeships.
- Provision of wrap around support to address any barriers to sustaining employment.
- Supporting young people to understand and access key sectors as outlined in the LEP Skills Report (SELEP-Local-Skills-Report-March-2021-FINAL.pdf (southeastlep.com)).

The ESF NEET Support Service will operate from November 2021 to 31st March 2023 and this policy will apply to all activities undertaken as part of the programme and to all staff and sub-contractors delivering the programme. This policy encompasses all learners funded through the programme and sub-contractors are required to make learners aware of their own and this policy as part of induction.