



# **Supply Chain Management and Fee Policy**

2019-2020



**European Union**  
European  
Social Fund



**Education & Skills  
Funding Agency**

[interlearn.co.uk](http://interlearn.co.uk) |    

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LINE MANAGER RESPONSIBLE:  
LAST REVIEW DATE:  
NEXT REVIEW DATE:

Chief Operating Officer  
01/08/19  
01/08/20

# Introduction – Our Strategic Approach to Subcontracting

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

The introduction of Apprenticeship Standards means that ultimately, there is likely be in excess of 600 different apprenticeship programmes, ranging from Level 2 through to Level 7. InterLearn has a clear strategy that our principal offering to employers is focused around the corporate and professional services, transport and manufacturing sectors.

While direct delivery will always be our preferred delivery model, we recognise that in order to satisfy the expanding needs of our employers, and where there is demand for qualifications which traditionally fall outside of our area of expertise, we will look to strategically partner and subcontract with compatible third-party organisations. These will include training providers, FE Colleges, Higher Educational institutions and other organisations to support our offering of a fully managed service which meets the entire breadth and depth of the employers' needs.

This approach to subcontracting is intended to support and complement our core delivery to employers and will not represent large volumes of our provision. However, where there is the opportunity to widen and enhance our offering to learners and to meet the full needs of employers by offering a more diverse range of qualifications, delivery models and widening our geographical reach, InterLearn will consider working with high quality partners in order to broaden its offering and reach a greater audience of learners, employers and sectors.

This policy applies to all provision subcontracted to a delivery partner and delivered on behalf of InterLearn.

The aim of the policy is to provide accurate, transparent and comprehensive information on the fee policy that InterLearn will adopt when subcontracting its provision. This policy is published in line with ESFA requirements, as stated in the funding rules for 2019/20.

# The Policy

This policy provides a clear and transparent structure upon which our supply chain and partners will be commissioned, 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 year. For new subcontractors, this is provided along with a copy of the subcontract. This policy is also openly published on our website for stakeholders to view or access. The latest version of this document can be found on our website at <https://interlearn.co.uk/policies>

This policy is reviewed annually as part of our internal audit and document control processes but may be updated more frequently to reflect changes in legislation or contractual requirements. Where this policy is updated in-year, existing subcontractors will be made aware of the latest version by the Contract Manager at the subsequent monthly performance review.

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 our learners' journey. It is a requirement of those bodies who provide us with funding (directly or indirectly) and who regulate and inspect training providers, such as the Education and Skills Funding Agency (**ESFA**) and the Office for Standards in Education (**Ofsted**), that a transparent and fair process is in place and used effectively.

InterLearn is responsible for learners at all times. To ensure sufficient resources are available to effectively manage the supply chain, and in turn to be accountable for our learners, we retain a percentage of funding to contribute towards these costs. This covers activity associated with all Quality Assurance aspects we need to undertake, ensuring that learners receive high quality provision and all contractual obligations and regulatory requirements are met.

This policy is supported by an annual supply chain management cycle, processes and other documentation to ensure that it is both implemented and followed and that communication and management of supply chain partners is consistent, fair, timely and effective.

# How InterLearn supports its Supply Chain Partners

InterLearn charges a management fee to its subcontractor partners for the facilitation of funding and the suite of value-added services we provide. These services help to improve the capability and the capacity for its subcontractor partners to deliver which, ultimately, helps provide a better level of service for learners and their employers. As part of the management fee which we retain for our services, we provide additional support for the development of the supply chain and individual partners and their teams. This includes:

- Robust and thorough induction of all new supply chain partners
- Initial and on-going quality assurance of subcontractors' policies and processes
- Access and utilisation of InterLearn's electronic sign-up application
- On site observations of teaching, learning and assessment
- Satisfaction surveys for both learners and employers
- Contract management, monitoring and reporting
- Access and support from occupational specialists and teaching and learning specialists
- Monthly monitoring meetings which each partner
- Monthly compliance audit activity

# Performance Management Structure

Our performance structure is primarily based on a risk management approach, namely “High Risk”, “Medium Risk” and “Low Risk” bandings. However, these bandings allow a degree of flexibility depending on other key operational and business driven factors.

InterLearn adopts a sliding scale in terms of its retained management fee which is based on the “Risk Rating” of the subcontractor. The retained management fee ranges from 15% to 25%, depending on the level of risk. It is agreed and profiled within the subcontracting arrangement and reviewed every academic year.

All new subcontractors will automatically be classed as “High Risk” due to not having worked with InterLearn before. Over time, subcontractors are able to move between risk bandings depending on the level of their performance, measured against a set of agreed criteria. This enables InterLearn to reduce our level of direct additional support and, where appropriate, intervention. We are, therefore, then able to review the management fees retained in both a fair and transparent way.

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

- InterLearn and the subcontractor each appoint a contract manager
- Contract managers meet on a monthly basis to complete the contract management report
- At least 6 consecutive monthly audit and compliance checks by InterLearn where the error rate is less than 5%
- Timely submission of co-investment payment information
- Completion and appropriate evidence of all mandatory training for delivery staff as per 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.
- Planned Performance -v- Actual Recruitment Profile over an agreed period
- All issues and actions are agreed and documented
- Course set up and support
- Enrolment training, compliance and documentation checks
- Quality monitoring
- Updates in relation to funding, provision and curriculum planning
- Monthly Data reviews in terms of retention and achievement
- Access to training, support and CPD updates
- Learner Evaluation and Progression Summaries

The risk bands above directly correlate to 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.

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

## Our Process

InterLearn has a clear process in place which covers initial engagement, due diligence, on-boarding, mobilization and on-going support and performance management.

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 our management team (including the Financial 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 InterLearn's assessment of the potential supply chain partner's 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 supply chain 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.

## Fees

InterLearn works with specific number of delivery partners and assumes an understanding of shared values that puts the learner and the employer at the centre of what they do. As part of our partnership, InterLearn operates the following approach in determining the appropriate management fee for each individual partner.

All delivery partners are subject to a robust, comprehensive due diligence process prior to a contract being awarded. This risk-based approach takes into consideration a variety of factors, including (but not limited to) previous track record, financial standing, learner numbers, QARs, Ofsted grade, type of provision and the ability to deliver high quality provision and meet our employers' needs.

Delivery partners who are part of the supply chain delivery to levy employers may be required to undertake additional checks by the employer.

The percentage management fee ranges from 15% to 25% and is dependent on the risk rating of the delivery partner, following the due diligence process and available historical performance. Factors that influence the management fee charged include (but are not limited to):

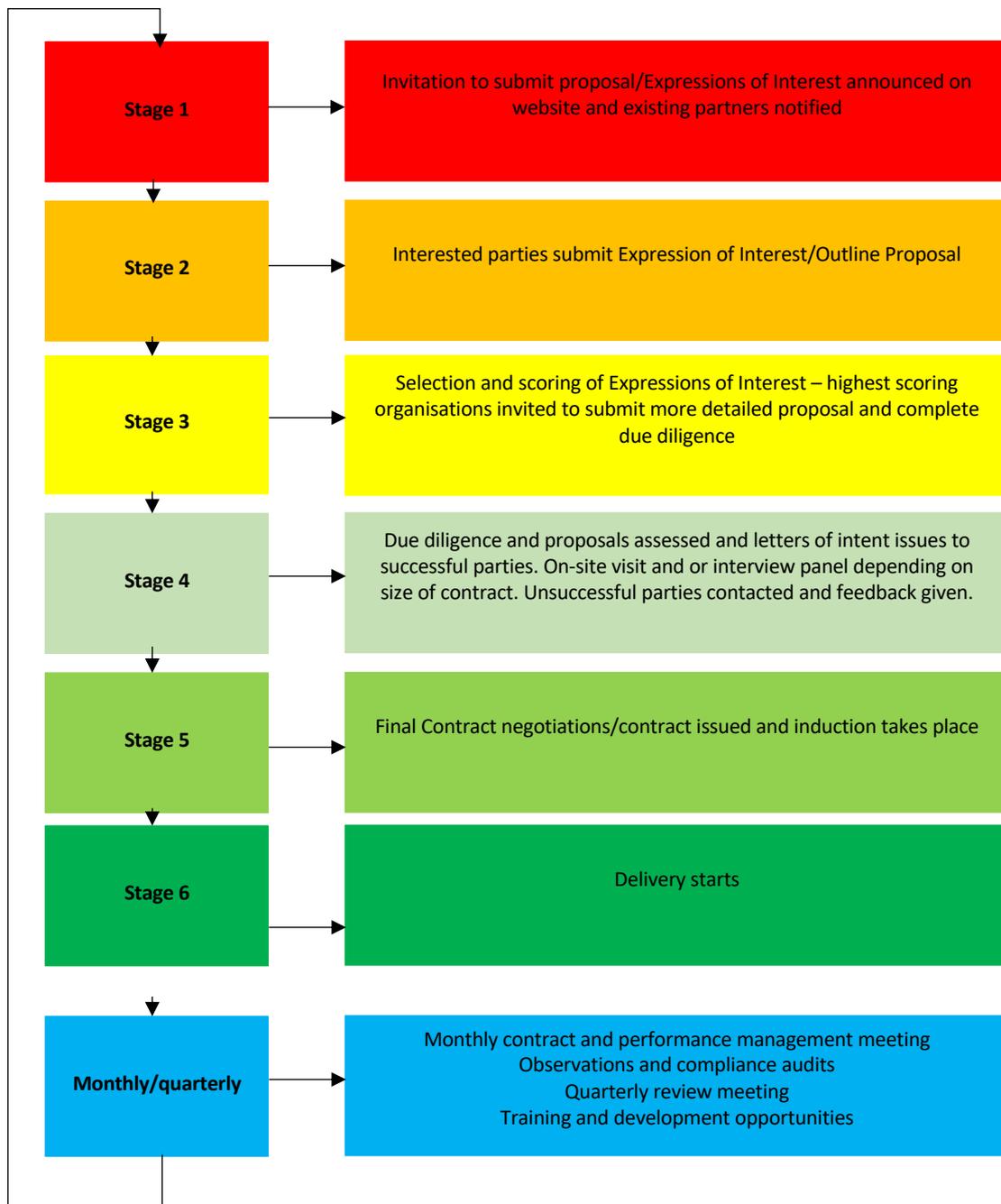
- The type of provider
- The provider's experience
- Historical quality performance / previous contract delivery
- Size of provision
- Required level of support needed to ensure high quality of teaching and learning

# Payments

Payments are calculated, reconciled and paid monthly as per the contract. InterLearn 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. InterLearn is contracted to a number of different public funding bodies and works within their requirements, including when and how payments are made to supply chain partners. However, InterLearn will make all verified payments due to partners within 30 days of invoice being received.

InterLearn 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.

# Subcontractor Recruitment and Selection Process



This represents our usual cycle for the recruitment and selection of supply chain partners. InterLearn will accept approaches from potential partners outside of the timelines detailed above, subject to the availability of funds and delivery capacity. The same rigor and process will be applied, regardless of when an approach is made.

# Policy Addendum



This policy applies to ESF Matched Funded provision (MOU:25S17C02088 & 01S17C01895) including;

1. ESFA apprenticeships (non-levy)
2. AEB adult provision
3. 16-19 Traineeship provision

This activity is part financed by the European Union through the European Social Fund (ESF). ESF supports activities to extend employment opportunities and develop a skilled workforce.