



# **Supply Chain Management and Provider Payments Policy**

2018-2019



**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  
01/10/18  
30/09/19

# Introduction – Our Strategic Approach to Subcontracting

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

The introduction of Apprenticeship Standards means that ultimately, there is likely to be in excess of 600 different apprenticeship programmes, ranging from Intermediate Level 2 through to Level 7. InterLearn has a clear strategy that our principal offer to employers is focused around the corporate and professional services sectors, although we do and will continue to offer programmes in other vocational areas where we have expertise, existing market share and competency, such as Health & Education, Property and Housing, Public Sector and the Service 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's 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 offer 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 the offer to learners and meet the full needs of employers in offering a more diverse range of qualifications, delivery models and to widen the geographical reach, InterLearn will consider working with high quality partners to broaden their offer and reach a greater audience of learners, employers and sectors.

# 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 contract. This policy is also openly published on our website for all stakeholders to review or access. The latest version of this document can be found on InterLearn's website: <https://interlearn.co.uk/>

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, contractual requirements, or the additions or change in circumstances to the subcontractor partners are shown in the Appendix. Where this policy is updated in year, existing subcontractors will be made aware of the latest version by the Partnership 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 the monies (directly or indirectly) and who regulate and inspect training providers, such as The Education and Skills Funding Agency and Ofsted (Office for Standards in Education), 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 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 carry out, ensuring that learners receive high quality provision and that all contractual obligations and regulatory requirements are met.

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

The documents provide information that can be assessed to identify a risk rating by specific headings and for the overall expression of interest or full tender. This information and the outcome of the scoring assessment provide a provider funding payment level which is based upon the risk rating.

# How InterLearn supports its Supply Chain Partners

InterLearn charges a transparent set of management fees to its subcontractor partners (see management fee structure) for the facilitation of funding and the suite of value-added services we provide. These services help to improve the capability and build capacity for them to deliver, which ultimately helps provide an even better level of service to both learners and their employers. As part of the management fee retained by InterLearn 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 – learners and employers
- Contract management, monitoring and reporting
- Access and support from occupational specialists and Teaching & Learning Specialists
- Monthly monitoring meetings which each partner
- Monthly compliance audit activity

# Management Fee Structure

Our fee structure is primarily based on a risk management approach, although the bandings indicated below highlight flexibility depending on other key operational and business driven factors:

<b>Risk Rating</b>	<b>Management Fee Band Value</b>
“High Risk”	25 % - 20%
“Medium Risk”	20% - 15%
“Low Risk”	15% - 10%

The risk bands defined 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.

All new subcontractors will be automatically placed into the “High Risk” band, due to lack of track record specifically with InterLearn. Over time our subcontractors are able to move between risk bands depending on performance against a set of agreed criteria, which enables InterLearn to reduce our levels of direct additional support and, where necessary, intervention. We are, therefore, then able to reduce the management fees retained in both a fair and transparent way.

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

- Planned Performance Vs Actual Recruitment Profile over an agreed period
- 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 stipulated in 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.

Note; 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 the 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 their 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 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 or agreement.

## Payments

Payments are calculated, reconciled and paid monthly. 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, which includes 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 partner. 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.