



SCHEDULE 15 – SUB-CONTRACTING AND MARKET STEWARDSHIP



Contract for the Provision of Learning and Skills at HMP & YOI Parc

PART A – List of Approved Sub-Contractors

The Contractor is entitled to sub-contract provision of the Services under this Contract to the Sub-Contractors listed in the table below.

The Parties will update this Schedule to record the details of each Sub-Contractor appointed by the Contractor and approved by the Authority after the Commencement Date.

Sub-Contractor name and address (if not the same as the registered office)	Registered office and company number	Related product/Service description	Sub-Contract price expressed as a percentage of total projected charges over the Contract Term	Role in delivery of the Services



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PART B – Authority Market Stewardship Principles

Introduction

The Market Stewardship Principles cover 5 key principles that must underpin the provision of the Services by the Contractor under the Contract and its engagement with its suppliers and all entities to which it Sub-Contracts the provision of those Services.

Each of the principles is set out in this Schedule 15 together with guidance as to how the Contractor should respond to its obligations against each of the principles.

1. ADHERENCE TO APPROPRIATE MANAGEMENT OF RISK IN THE SUPPLY CHAIN

All contractual and other risk should be appropriately managed. This should extend to not passing risk down supply chains disproportionately, the management of volume fluctuations and other events and the management of intellectual property rights.

- 1.1 **Meaningful work allocation.** The Contractor should be able to evidence its approach in allocating work to supply chain partners in a manner which meets its obligations under this Contract. Where a supplier is specified in Part A of this Schedule as an Approved Sub-Contractor, the Contractor shall refer appropriate work (including volumes, where appropriate) to that supplier.

The Contractor shall record details of all issues arising out of complaints from suppliers that they have not received anticipated work (including volumes, where appropriate) and shall refer these complaints to the Authority.

- 1.2 **Systems for allocation of work to the supplier.** The Contractor should have systems for allocation of specific work to the supplier where the delivery of the Services is best served by calling on the particular expertise of the supplier. The allocations should ensure that the services are provided from a supply chain organisation that has the correct level of expertise.

- 1.3 **Volume Fluctuations.** The Contractor must demonstrate to the Authority's satisfaction how it manages any volume fluctuations and the reallocation of work to the supply chain, where appropriate. The potential impact of both increases and particularly reductions in work allocation and associated drop in income, and actions to mitigate these risks, must be set out in the relevant Sub-Contract.

- 1.4 **Spot purchase arrangements.** Spot purchase arrangements may be entirely appropriate but can be detrimental to supply chain partners as opposed to more standard contracts that guarantee an income. Suppliers generally, but also in seeking funding or additional business, may be disadvantaged in only being able to reference spot purchase contracts. The Contractor should therefore ensure that wherever 'spot purchase' arrangements are utilised, options to transition to more stable contractual referral systems are reviewed at regular periods.

- 1.5 **Payment terms.** The Contractor should detail a full exploration of payment terms and the impact of these on the supply chain including the requirement for any clawback/repayment if targets (such as performance targets) are not met. The implications of this should be worked through for each year of the Sub-Contract.

- 1.6 **Minimum contract term.** Consideration should be given to the needs of the supplier in relation to the contract term. The contract length, if inadequate, may damage the ability of the supplier in seeking new



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business or additional funding from elsewhere. Supporting statements around expected minimum term of contracts may be helpful to avoid this.

- 1.7 **Intellectual Property Rights (IPR).** The Contractor should set out in the Sub-Contract an approach for the handling of intellectual property rights to be established as part of the supply chain selection process.

2. ALIGNMENT OF ETHOS IN THE SUPPLY CHAIN

The Authority envisages that a sustainable relationship is fostered throughout the contract term, which meets the expectations of both parties according to the position established at contract inception. In entering into a contractual agreement, there should be an understanding of what is important to both parties and this should go on to form part of the contractual agreement which will be reviewed throughout the contract term to ensure that expectations are being met. The Authority's market engagement has reinforced that this is an important expectation for many organisations and key to building trust, especially in the early stages of such business relationships.

- 2.1 **Audit trail.** The Contractor must maintain an audit trail of engagement with suppliers that demonstrates compliance with the principles established at the outset of their working relationship and shall include any additional support the Contractor offers.
- 2.2 **Support declared in the bid to supply chain organisations.** The Contractor must publish a statement with regard to the support that is being offered by the Contractor to suppliers. Each support element must be itemised.
- 2.3 **Meetings.** The Contractor must record details of the conduct of all meetings with members of its supply chain and review these records to ensure that they are timely and appropriate and reinforce good relationship management.
- 2.4 **Practitioner forum.** The Contractor shall work with the Authority to implement a practitioner forum or similar method of sharing and publicising good practice with suppliers.

3. VISIBILITY ACROSS THE SUPPLY CHAIN:

The Authority expects that all parties have visibility of participation within the supply chain. This should include payment terms against contractual targets, the volume of business handled by the Approved Sub-Contractors in Part A of this Schedule (where appropriate), fair apportionment of work, and how the supply chain adjusts to changing volumes.

Supply chain sourcing, selection and refresh process. The Contractor must ensure that the sourcing, selection and refresh process for the Approved Sub-Contractors in Part A of this Schedule and the supply chain partners is transparent. This information must be made freely available to both the Authority and each potential supplier on request and shall form a constituent part of the Annual Service Delivery Plan to be submitted annually in line with the requirements in the Specification.

4. REWARD AND RECOGNITION OF GOOD PERFORMANCE

The Authority considers it important that organisations in the supply chain receive appropriate reward for good performance. Recognition of good performance should be shared across the chain and this



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should include the sharing of good practice. As industry forums are instigated, methods for sharing data will be developed.

5. APPLICATION OF THE PRINCIPLES OF THE COMPACT IN WORK WITH CIVIL SOCIETY ORGANISATIONS:

Evidence of compliance and other issues. The Authority has an expectation that the Contractor and its supply chain follow the principles of the compact when engaging with civil society organisations (as that term is defined in the compact).