WEST MIDLANDS COMBINED AUTHORITY

ADULT SKILLS PROGRAMMES SUPPLY CHAIN MANAGEMENT AND FUNDING RULES

(For the funding year 1 August 2026 to 31 July 2027)

This document sets out the Supply Chaun rules that apply to all WMCA-funded providers of education and training who receive Adult Skills Fund Programmes funding, including Adult Skills Fund, including Level 3 ring-fenced provision formerly known as Free Courses for Jobs and Skills Bootcamps funding for residents residing in the West Midlands Combined Authority (WMCA) area It is implicit that if a Learning Organisation subcontracts provision funded through WMCA employment and skills, these funding rules also apply. To be read in conjunction with your Grant Funding Agreement or Contract for Services.

August 2026

Contents

What's new in the Supply Chain Management and Rules for 2026 to 2027

This section sets out the main changes to the supply chain management and Funding Rules:

Area	Type	What's Changed / Added	What This Means
Strategic Alignment	Clarification	Stronger requirement for providers to demonstrate a strategic and educational rationale for all supply chain arrangements.	Providers must evidence how supply chain delivery improves learner opportunities, access, quality, local capacity or strategic outcomes.
WMCA Assessment Process	Clarification	Clarification that WMCA may assess proposed arrangements against factors including strategic fit, learner benefit, value for money, quality, financial health and risk.	Providers must submit sufficient evidence to support approval decisions.
Due Diligence	Change	Expanded due diligence requirements covering governance, ownership, quality, safeguarding, Prevent, compliance history and organisational capacity. | Word]	Providers will need more robust evidence before awarding or renewing contracts.
High-Risk Providers	New	Stronger alignment with the WMCA High-Risk Provider and Subcontractor Policy.	Providers must assess risk, document findings, implement mitigations and notify WMCA of significant concerns.

Management Fees	Clarification	Additional expectations introduced regarding retained funding and management fees.	Providers must demonstrate that fees are reasonable, proportionate and represent value for money. Fees above 20% will require justification.
Supply Chain Declarations	Change	Declaration requirements expanded to include governance approvals, risks, due diligence outcomes, contingency arrangements and conflicts of interest.	Providers must supply more detailed information about each arrangement.
In-Year Changes	New	Formal approval required before implementing material changes to approved arrangements.	New partners, contract increases or significant delivery changes must be approved in advance.
Conflict of Interest	Change	Enhanced requirements for identifying, declaring and managing actual, potential and perceived conflicts of interest.	Providers must maintain evidence of disclosures and mitigation arrangements.
Contract Management	Change	New section setting out minimum monitoring, performance management and oversight requirements.	Providers must demonstrate active management of supply chain delivery throughout the contract period.
Quality Assurance	New	Explicit quality assurance requirements introduced.	Providers are expected to monitor learner eligibility, quality of delivery, outcomes and compliance.
Safeguarding and Prevent	Change	Expanded safeguarding and Prevent responsibilities for lead providers.	Providers must undertake ongoing oversight of safeguarding and Prevent arrangements within their supply chain.
Risk Management	New	Dedicated risk management section introduced.	Providers must maintain risk assessments, mitigation plans, contingency arrangements and escalation processes.
Annual Assurance Statement	New	Introduction of an Annual Supply Chain Assurance Statement signed by senior leaders.	Providers must formally confirm compliance, oversight and governance arrangements each year.
Audit and Assurance	Change	Audit framework expanded to include external assurance, DfE Subcontracting Standard recognition and self-assessment requirements.	Providers must provide a greater level of annual assurance depending on the value of supply chain delivery.
Data Protection and Cyber Security	New	Specific requirements added relating to GDPR, information security and cyber incidents.	Providers must ensure supply chain partners have appropriate controls and reporting arrangements in place.

Section 1. Introduction and Purpose

1. Introduction

This document outlines the supply chain funding rules for the West Midlands Combined Authority (WMCA) Adult Skills Programmes for the 2026 to 2027 funding year, covering the period from 1 August 2026 to 31 July 2027.

The purpose of these Supply Chain Management and Funding Rules is to provide a clear framework for the effective management, oversight and assurance of supply chain delivery within WMCA-funded Adult Skills Programmes. The rules are designed to ensure that public funding is used appropriately, delivers value for money, and supports high-quality outcomes for learners.

2. Who these rules apply to

These Supply Chain Management and Funding Rules apply to all organisations that receive WMCA Adult Skills Programme funding directly from WMCA, including:

- Contracted providers;
- Local Authorities;
- Further Education Colleges;
- Independent Training Providers; and
- Any other organisation holding a direct funding agreement with WMCA.

Where a provider enters into a supply chain arrangement, the provider remains fully accountable to WMCA for the management, quality, performance, compliance and financial assurance of all provision delivered on its behalf.

These rules apply to all supply chain arrangements funded through WMCA Adult Skills Programmes, including the Adult Skills Fund (ASF), Level 3 ring-fenced Allocation (Formally Free Courses for Jobs) and Skills Bootcamps.

Providers must ensure that all supply chain delivery partners comply with the relevant requirements contained within these rules and any associated WMCA funding guidance.

All information contained in this document, including hyperlinks, was accurate at the time of publication.

WMCA reserves the right to amend these rules at any time. Updated versions will be published on the WMCA website. It is your responsibility to regularly check the website and ensure compliance with the most current version of the rules.

This document should be read alongside your Funding Agreement, operational guidance which can be accessed via our website. Failure to comply with these requirements will constitute a breach of your funding agreement with WMCA.

3. What is a Supply Chain Arrangement?

A supply chain arrangement exists where a provider uses WMCA funding to pay another organisation or individual to deliver any aspect of its contractual obligations or the learner journey.

This includes, but is not limited to:

- Delivery of education or training;
- Assessment, tutoring, mentoring or coaching;
- Learner support services;
- Any other service funded through WMCA funding that contributes to the delivery of the provider's contract.
- Information, Advice and Guidance (IAG); please refer to Third-party organisations
- Learner engagement activities; please refer to Third-party organisations

WMCA will consider the substance of an arrangement rather than the title given to it. Where a third party is undertaking activities that support the delivery of WMCA-funded provision, the arrangement may be considered part of the provider's supply chain and must be declared accordingly.

Additionally, these arrangements must be accurately recorded in the Individualised Learner Record (ILR) using the Partner UKPRN field.

4. Third-party organisations

For clarification, WMCA will not fund provision where third-party organisations are used as intermediaries to undertake core provider responsibilities, including

- learner recruitment,
- Information, Advice and Guidance (IAG),
- enrolment, or sign-up activities.

Providers must retain responsibility for these functions, and arrangements involving third-party organisations carrying out these activities are not permitted under the Adult Skills Fund (ASF).

Section 2. Supply Chain Rationale

5. Your policies for subcontracting and fees and charges

You must have clear rationale for supply chain delivery, which must enhance the quality of the learner offer.

The decision must not be motivated by financial gain.

WMCA expects that the use of supply chain delivery by WMCA-funded providers must align with one or more of the following strategic aims:

- Enhancing learner opportunities by broadening the range and quality of provision.
- Addressing gaps in niche or specialist provision or improving access to high-quality training facilities.
- Improving geographical accessibility for learners who may otherwise face barriers to participation.
- Creating entry points for disadvantaged groups, supporting social mobility and inclusion.
- Considering the needs of individuals with shared protected characteristics, particularly where gaps in provision may exist.

WMCA will also consider supply chain partnerships to support strategic partnerships with specialist, voluntary, community and smaller organisations where these arrangements strengthen local capacity, improve learner outcomes, widen participation, or enhance the quality of provision available to West Midlands residents.

You must set out your full range of fees retained and charges that apply. This must include:

- funding retained for quality assurance and oversight
- funding retained for administrative functions such as data returns
- funding retained for mandatory training delivered to subcontractor staff by the lead provider
- clawback for under delivery or other reasons
- how you will determine that each cost claimed by a subcontractor is reasonable and proportionate to the delivery of their teaching or learning and contributes to delivering high quality learning

Management fees retained on subcontracted provision should be below 20% of the overall contract value, except in exceptional circumstances where a higher fee can be clearly justified.

WMCA will request a full explanation where management fees exceed 20%, particularly where there is limited evidence of added value. Where management fees are considered excessive or unjustified, or where contract outcomes are poor, WMCA reserves the right to impose a cap on management fees.

You may only enter into supply chain arrangements if your organisation has the appropriate knowledge, skills, and experience to:

- Procure and contract in accordance with Procurement Law.
- Effectively manage and oversee supply chain delivery partners.
- Demonstrate staff competence, supported by relevant CVs or qualifications.
- Implement robust procedures to ensure that supply chain arrangements *do not* result in the inadvertent funding of extremist organisations.

In addition, those charged with governance, including the Board of Directors and the Accounting Officer (or other senior responsible person), must be satisfied that the proposed supply chain arrangement represents a high-quality, low-risk approach to delivery and provides appropriate protection for public funds.

6. Legal and Governance Responsibilities

You must obtain independent legal advice on the implications of the Procurement Act 2023 as it relates to the recruitment and contracting of supply chain delivery partners. This advice must be documented and made available to WMCA upon request.

Your Governing Body or Board of Directors, along with your Accounting Officer (Senior Responsible Person), must be satisfied that all appointed supply chain delivery partners:

- Align with your organisation's strategic objectives, and
- Enhance the quality and accessibility of your offer to WMCA residents

7. Publication and Review

We expect these policies, including the rationale, to be reviewed by you ahead of each funding year, and signed off by those charged with overall responsibility for your organisation in your governance structure. Once reviewed, the updated policy must be published by 31 October each year.

Section 3. Supply chain – Selection and Procurement

8. Conditions for Entering a Supply Chain Arrangement

You must ensure that you comply with current and relevant procurement regulations. If you are a contracting authority, this means that you must comply with the Procurement Act 2023. You must ensure that you select your subcontractors fairly, transparently and without discrimination and that you ensure that potential subcontractors have sufficient capacity, quality and business standing to deliver the provision that is being subcontracted.

9. Entering into a subcontract

Before entering into any supply chain arrangement, you must be able to demonstrate the following:

Strategic and Educational Rationale

- There must be a clear educational justification for the use of a supply chain partner.
- This rationale should align with your organisation's corporate and operational strategies.

- It must include:
  - Defined business and operational objectives,
  - Evidence of stakeholder consultation,
  - Supporting research or market analysis.
  - be presented and approved at executive or board level for sign off

The education rationale meets one or more of the following aims:

- Enhances the opportunities available for learners
- Fills gaps in niche or expert provision or provides better access to training facilities
- Supports better geographical access for learners
- Offers an entry point for disadvantaged groups, or considers the impact on individuals with shared protected characteristics, where there might otherwise be gaps
- Supports strategic partnerships with specialist, community and smaller organisations that build local capacity, widen participation, improve learner outcomes, and enhance provision quality.

10. Procurement Strategy and Process

You must have appropriate procurement arrangements in place to ensure the fair and transparent appointment of supply chain delivery partners and compliance with the Procurement Act 2023., where relevant.

Providers must maintain evidence of:

- The strategic rationale for the supply chain arrangement;
- The procurement approach adopted;
- The evaluation and selection process;
- Due diligence undertaken on prospective supply chain delivery partners; and
- The contract award decision.

Providers must ensure that contracts clearly define the roles, responsibilities and obligations of all parties.

Providers must maintain documented procurement, contract management and oversight procedures, which must be reviewed annually and remain aligned to WMCA funding rules and organisational objectives.

11. Prior Approval and Supply Chain Declaration

Before awarding any contract or allowing delivery to commence, you must submit and maintain an up-to-date Supply Chain Declaration and obtain formal written approval from WMCA for all supply chain delivery partners.

Where you intend to use a supply chain delivery partner for WMCA-funded provision for the first time, approval must be obtained before any contract is awarded.

Providers will be required to submit a First Time Supply Chain Application.

Evidence of WMCA approval must be retained and made available on request. No learner starts will be accepted or funded where delivery is undertaken by a supply chain organisation that has not been approved through this process.

Please refer to the Section 4. Reporting Supply Chain Arrangement

WMCA will assess proposed arrangements taking account of strategic fit, learner benefit, value for money, provider capability, risk, quality history, financial health and compliance with these rules.

12. Conflict of Interest and Transparency

When appointing supply chain delivery partners, you must identify, declare and appropriately manage any actual, potential or perceived conflicts of interest.

As part of the Supply Chain Declaration, you must disclose any circumstances that may give rise to a conflict of interest, including where your organisation and the proposed supply chain delivery partner have shared directors, ownership, beneficial owners, or other connected parties.

You must not award a contract where a conflict of interest exists without prior written approval from WMCA. Evidence of the disclosure, WMCA's decision, and any mitigating actions taken must be retained and made available to WMCA on request.

13. Due Diligence and Financial Standards

You must undertake and maintain robust due diligence on all supply chain delivery partners before awarding a contract and on at least an annual basis thereafter. The outcome of these checks must be declared through the WMCA Supply Chain Declaration and evidence must be retained and made available to WMCA on request.

Due diligence must include, as a minimum:

- Legal identity, ownership and organisational structure;
- Principal activities (past and present);
- Professional, commercial and governance affiliations;
- Legal and financial standing;
- Capability and capacity to deliver;
- Quality management systems;
- Ofsted inspection outcomes and monitoring reports;
- Track record of delivery and compliance;
- Safeguarding and Prevent policies and arrangements;

- Evidence of appropriate staff training and designated leads.
- Financial health and business viability; and
- Assessment against WMCA's Financial Due Diligence and Higher Risk Provider requirements.

You must ensure that all supply chain delivery partners have the financial capacity to deliver the requirements of the contract and continue to meet WMCA's financial due diligence requirements throughout the term of the agreement.

You must not award or renew a contract where:

- The organisation is subject to insolvency proceedings, administration, liquidation, winding-up action, or has overdue statutory accounts;
- The outcome of the organisation's financial health assessment is assessed as inadequate;
- The organisation falls within WMCA's Higher Risk Provider criteria and has not received explicit approval from WMCA; or
- The organisation does not meet the minimum due diligence requirements set out by WMCA.

Providers must maintain proportionate ongoing oversight of financial health throughout the agreement and not rely solely on annual due diligence reviews.

Where a supply chain delivery partner no longer meets the required due diligence or financial health standards, you must immediately suspend new learner recruitment and notify WMCA.

WMCA may require further action, including restrictions on delivery, enhanced monitoring, reduction of allocation, or termination of the arrangement.

WMCA reserves the right to review the aggregate level of supply chain delivery undertaken by an organisation across multiple providers and may require providers to reduce or cease delivery where the level of financial or delivery risk is considered excessive.

14. High-Risk Provider Assessment

Providers must assess all proposed and existing Supply Chain Delivery Partners against the requirements of the WMCA Funding High-Risk Providers and Subcontractor Policy and retain evidence of the assessment. The outcome of the assessment must be reviewed before contract award and kept under review throughout the duration of the arrangement.

Where a Supply Chain Delivery Partner is identified as meeting any of the criteria set out within the WMCA Funding High-Risk Providers and Subcontractor Policy, providers must:

- Document the outcome of the assessment and any associated risks.
- Implement appropriate mitigating actions and enhanced oversight arrangements.

- Notify WMCA of any material concerns, changes in circumstances, or deterioration in the organisation's risk profile.
- Comply with any additional assurance, monitoring, reporting, or approval requirements specified by WMCA.
- Reassess the organisation where significant changes occur, including changes in ownership, financial position, regulatory status, quality performance, or delivery arrangements.

Providers must not award, continue, or expand supply chain delivery arrangements where significant risks have been identified unless they can demonstrate that appropriate controls and mitigations are in place and, where required, approval has been obtained from WMCA.

WMCA reserves the right to impose additional conditions, enhanced monitoring, restrictions on delivery, suspension of learner recruitment, or the cessation of supply chain delivery where the level of risk is considered unacceptable or where sufficient assurance cannot be obtained.

15. Ofsted Compliance

Providers must consider Ofsted inspection outcomes when selecting, managing, and reviewing supply chain partners.

Where inspection findings indicate significant quality concerns or safeguarding risks, Providers must implement appropriate mitigation measures and review the continued suitability of the arrangement.

WMCA reserves the right to require specific improvement actions, impose conditions, suspend delivery, or require the cessation of subcontracted provision where Ofsted outcomes give rise to concerns regarding quality, learner experience, or the effective use of public funds.

Section 4. Reporting Supply Chain Arrangement

16. Supply Chain Declaration Requirements

You must submit a fully completed Supply Chain Declaration by the deadlines by;

You are required to submit a fully completed Supply Chain Declaration by the following deadlines:

- **By the end of March** for any forecasted subcontracting arrangements for the forthcoming academic year. These arrangements will be subject to assessment and approval.
- **By the end of October** for all confirmed subcontracting arrangements for the academic year.

Please note: Where contracts do not operate on a standard funding-year basis, alternative submission dates may apply. Providers will be notified of the relevant deadlines as part of the reassessment process for contract extensions.

If you do not use supply chain delivery partners, you must still submit a nil return to confirm that no subcontracting arrangements are in place.

Failure to submit the declaration by the required deadline will constitute a breach of contract and may result in the suspension of payments.

Please note that submission of the declaration does not constitute approval. Formal approval will be issued by WMCA and must be retained for audit purposes.

17. Information to Include in the Declaration

Your Supply Chain Declaration must provide sufficient information to enable WMCA to assess the purpose, value, risk and oversight of each supply chain arrangement.

As a minimum, the declaration must include:

- The strategic intent and rationale for the arrangement;
- The value of the agreement and percentage of allocation;
- Any management fees or retained funding;
- The geographical location of delivery;
- The provision or services to be delivered;
- Due diligence and financial health outcomes;
- Risk ratings and mitigating actions;
- Contractual and governance approvals;
- Contingency and exit arrangements; and
- Any actual, potential or perceived conflicts of interest.

For non-delivery services, such as coaching, mentoring, employer engagement or specialist support services, providers must also declare the nature of the service and associated costs. Providers must ensure that all information submitted is accurate, complete and supported by appropriate evidence. WMCA reserves the right to request additional information or supporting documentation where required.

This requirement supports WMCA's commitment to transparency, effective oversight, risk management and the appropriate use of public funds.

18. In-Year Changes

Where changes to approved supply chain arrangements are proposed during the funding year, providers must obtain WMCA approval before implementing any changes. This includes, but is not limited to:

- Appointing a new supply chain delivery partner;

- Increasing or decreasing contract values or allocations;
- Changes to the nature, location or scope of delivery;
- Changes that materially affect the strategic rationale, risk profile or learner volumes of an existing arrangement.

Providers must submit a business case to WMCA and receive written approval before any changes are implemented. The Supply Chain Declaration, together with any associated due diligence, risk assessments and supporting documentation, must be updated to reflect the approved changes.

Providers must also notify WMCA promptly of any material concerns relating to a supply chain delivery partner, including financial health, quality, compliance, safeguarding, data protection or other risks that may impact delivery.

19. Annual Reporting of Financial Arrangements

You must publish details of the actual level of funding paid to and retained from each supply chain delivery partner for WMCA-funded Adult Skills Programme delivery. This information must be published on your organisation's website by 31 October each year and include:

- Name of each supply chain delivery partner;
- UK Provider Reference Number (UKPRN);
- Contract start and end dates;
- Total funding allocated to each supply chain delivery partner;
- Total funding paid to each supply chain delivery partner;
- The value and percentage of funding retained by the lead provider, including any management fees or charges;
- A summary of the services provided in return for retained funding; and
- Any payments made by the supply chain delivery partner to the lead provider for services or support.

The information must be published in a clear and accessible format and remain publicly available on the provider's website for a minimum of 12 months. Providers may use their own format, provided all required information is included and can be easily understood by members of the public and WMCA.

Providers must ensure that published information is accurate, complete and consistent with their Supply Chain Declaration and financial records.

20. Supply Chain Threshold and Exemption Cases

WMCA's policy intent is to reduce unnecessary reliance on supply chain delivery and promote direct delivery wherever appropriate. However, WMCA recognises that supply chain arrangements can provide significant strategic, learner and regional benefits.

As part of this approach, providers will be expected to operate within the 25% subcontracting tolerance and work with WMCA to reduce levels of subcontracting where these exceed the tolerance or do not demonstrate clear strategic fit.

Exceptions to this requirement may apply in the following circumstances:

- Where WMCA has approved an exception on the basis of a clear strategic rationale and demonstrable benefit to the Combined Authority and its residents.
- Where explicit approval has been granted by WMCA through an approved Business Case.

Providers with Supply chain delivery above the 25% tolerance, will be expected to submit an exemption case permission to exceed the subcontracting threshold.

WMCA will consider each exemption request on its merits, taking into account the supporting evidence submitted, together with other relevant information available to WMCA. Approval may be granted where the proposed arrangement demonstrates a clear strategic rationale and delivers added value, including:

- Addressing identified skills needs and labour market priorities;
- Delivering specialist or niche provision;
- Improving access to learning for priority, disadvantaged or underrepresented groups;
- Extending delivery into communities or locations not otherwise reached;
- Supporting strategic partnerships that strengthen local capacity, learner outcomes and provision quality; or
- Providing a clear benefit to West Midlands residents, employers and the wider regional skills system.
- if you subcontract more than £100,000 in a funding year, we will consider the external auditor’s report as set out in the subcontracting standard

Any request to exceed the 25% tolerance must be supported by approval through the provider's governance arrangements and demonstrate continued alignment with the organisation's strategic and operational objectives.

Providers must be able to demonstrate why the provision cannot reasonably be delivered directly and how the arrangement represents value for money for the taxpayer while delivering clear benefits to learners, employers and the West Midlands economy.

We reserve the right to decline your request. If we do decline it, we will explain why we are declining it. If we decline your request, you must take steps to reduce your subcontracting in any given funding stream to less than 25% by the next funding year.

WMCA will engage with providers through structured discussions, Provider Management Reviews (PMRs) and contract renewal processes to ensure subcontracted provision remains aligned with strategic priorities and within the 25% subcontracting tolerance.

Where provision or supply chain funding levels exceed this tolerance or do not demonstrate clear strategic fit, providers will be required to agree and implement reduction plans with clear milestones, monitored through existing performance management arrangements, while supporting delivery in priority sectors and direct delivery models where appropriate.

21. Monitoring Supply Chain Delivery

WMCA will monitor the volume, value and distribution of supply chain delivery across its funded provision to ensure arrangements continue to demonstrate strategic fit, deliver value for money and support positive outcomes for learners and employers.

WMCA reserves the right to review the use of supply chain delivery partners working across multiple lead providers and may:

- Make approval of a supply chain arrangement conditional;
- Require enhanced oversight, monitoring or assurance;
- Require lead providers to increase, reduce or cease allocations with a specific supply chain delivery partner; or
- Require changes to supply chain arrangements where these no longer demonstrate strategic value, learner benefit or value for money.

Providers must ensure that contracts with supply chain delivery partners contain provisions that enable any WMCA-required changes to be implemented.

22. High-Value Supply Chain Delivery

Where the aggregate value of a supply chain delivery partner's WMCA-funded provision exceeds £500,000, WMCA may require additional assurance activity and reserves the right to refer the organisation for inspection or review by relevant regulatory bodies.

Where a supply chain delivery partner's provision exceeds £500,000 or represents more than 25% of a provider's funded delivery, WMCA may require the partner to participate in Provider Management Reviews (PMRs), audit activity, due diligence reviews and other assurance processes alongside the lead provider.

WMCA may also require additional evidence relating to strategic fit, learner outcomes, quality of provision and value for money.

Section 5. Supply Chain Contract Requirements

23. Contractual and Delivery Requirements

You must not establish artificial, complex or indirect arrangements to avoid the application of these funding rules. WMCA will consider the substance of an arrangement rather than the title given to it, including where arrangements are described as partnerships, collaborations or similar.

You must not enter into any brokerage arrangement. Brokerage is the provision of services by a third party, for a fee, to source supply chain delivery partners on behalf of a lead provider.

You must only award contracts to legal entities. Where the entity is a registered company, it must be listed as 'active' on the Companies House register. All supply chain delivery partners must hold a valid UK Provider Reference Number (UKPRN).

A legally binding written contract must be in place with each supply chain delivery partner before any delivery commences and must incorporate all relevant requirements set out in these funding rules.

WMCA does not permit second-level subcontracting. All supply chain delivery partners must be contracted directly by the lead provider.

You must ensure that learners are fully informed of the respective roles and responsibilities of both your organisation and the supply chain delivery partner in delivering their learning programme.

Failure to comply with these requirements will result in a breach of contract and may result in a reduction of your maximum contract value, proportionate to the proposed funding allocated to the non-compliant supply chain organisation.

24. Mandatory Contract Requirements

Before any delivery begins, you must have a legally binding written contract in place with each supply chain delivery partner.

As a minimum, contracts must:

- Require compliance with all relevant WMCA funding rules, guidance and contractual requirements.
- A clause granting WMCA, Ofsted, external auditors and their nominated representative’s access to premises, systems, staff, learners and records relating to WMCA-funded provision for the purposes of audit, assurance, inspection, investigation and monitoring activities.
- Require the supply chain delivery partner to cooperate with WMCA reviews, audits, inspections and quality assurance activity.
- Clearly define the roles, responsibilities and obligations of all parties.
- Set out the rationale for the supply chain arrangement.
- Reference the lead provider's published Supply Chain Policy.

Contracts must require supply chain delivery partners to comply with UK GDPR, the Data Protection Act 2018 and any WMCA data-sharing requirements, and to notify the lead provider immediately of any actual or suspected data breach or information security incident.

25. Contract Management and Financial Requirements

Contracts must clearly define:

- The provision and services to be delivered.
- Payment terms, invoicing arrangements and conditions for payment.
- Any management fees retained funding and associated services.
- Arrangements for monitoring performance, quality and compliance.
- Data sharing, record retention and ILR reporting requirements.
- Circumstances under which funding may be recovered, withheld or adjusted.
- Provisions enabling the lead provider to suspend, reduce, recover or terminate funding and delivery where required by WMCA, or where the supply chain delivery partner fails to comply with funding rules, contractual requirements, quality standards, due diligence requirements or financial health requirements.
- Provisions enabling the lead provider to implement actions required by WMCA, including enhanced monitoring, recruitment restrictions, allocation reductions, suspension of learner starts, or termination of the arrangement.

Payments must not be made in advance of verified learning activity.

Providers must ensure that all retained funding and management fees are reasonable, proportionate and represent value for money.

26. Record Retention and Audit Access

Contracts must require supply chain delivery partners to maintain complete, accurate and auditable records relating to WMCA-funded provision and retain these in accordance with applicable funding, contractual and legal requirements.

Records must be made available on request to the lead provider, WMCA, the Department for Education (DfE), Ofsted, external auditors and their nominated representatives for the purposes of audit, investigation, assurance, inspection or monitoring activity.

Contracts must require supply chain delivery partners to cooperate fully with Ofsted inspections, WMCA quality reviews, audits and other regulatory or assurance activity, including providing access to staff, learners, premises, systems and records where required.

Supply chain delivery partners must cooperate fully with any review of learner records, financial records, performance information, quality documentation, compliance evidence and supporting documentation relating to WMCA-funded provision.

27. Data, ILR and Reporting Requirements

Contracts must require supply chain delivery partners to provide timely, accurate and complete data to support the administration, funding, performance monitoring, audit and reporting requirements of WMCA-funded provision.

This includes, but is not limited to:

- Individualised Learner Record (ILR) data and supporting evidence;
- Learner eligibility and participation records;

- Achievement, outcome and progression information;
- Performance and quality management information; and
- Any other information reasonably requested by the lead provider or WMCA.

Supply chain delivery partners must comply with all data collection, validation and reporting requirements specified by WMCA and the lead provider.

Contracts must also set out arrangements for the secure sharing, handling, storage and retention of learner and organisational data in accordance with UK GDPR, the Data Protection Act 2018 and any WMCA data-sharing requirements.

28. Learner Protection and Continuity

Contracts must require supply chain delivery partners to:

- Employ suitably qualified and competent staff.
- Maintain appropriate safeguarding, data protection and insurance arrangements.
- Cooperate with the lead provider to ensure continuity of learning where delivery ceases or a contract is terminated.

Providers must maintain contingency and exit arrangements to protect learners in the event that:

- A supply chain arrangement ends;
- A supply chain delivery partner withdraws from delivery; or
- A supply chain delivery partner enters administration, insolvency or liquidation.

29. Notification and Change Requirements

Contracts must require supply chain delivery partners to notify the lead provider immediately of any matter that may affect delivery, compliance or financial stability, including:

- Fraud, bribery or financial irregularities;
- Safeguarding concerns;
- Data breaches;
- Regulatory action or sanctions;
- Poor Ofsted outcomes;
- Significant learner or staff complaints;
- Changes in ownership or control;
- Financial health concerns;
- Insolvency proceedings or administration.

The lead provider must report any material concerns to WMCA without delay.

30. Second-Level Supply Chain Delivery

WMCA does not permit second-level subcontracting. All supply chain delivery partners must be contracted directly by the lead provider.

Failure to comply with these requirements will result in a breach of contract and may result in a reduction of your maximum contract value, proportionate to the proposed funding allocated to the non-compliant supply chain organisation.

Section 6. Supply Chain Monitoring, Oversight and Risk Management

31. Contract Management and Oversight

Providers must maintain effective oversight of all supply chain delivery partners and demonstrate that:

- Contracts are actively managed throughout their duration.
- Signed contracts and supporting documentation are securely retained.
- Key contract dates, obligations and review points are monitored.
- Regular contract review meetings are undertaken and documented.
- Monitoring activity is proportionate to the size, value and risk of the arrangement.

32. Performance Monitoring

Providers must implement a robust performance management framework and demonstrate that:

- Performance expectations and key performance indicators are clearly defined.
- Delivery is regularly monitored against contractual requirements.
- Learner outcomes, participation and quality indicators are reviewed.
- Improvement actions are identified and monitored where concerns arise.
- Performance reviews are undertaken regularly and documented.

33. Quality Assurance

Providers must undertake appropriate quality assurance activity, including:

- Learner eligibility and existence checks.
- Review of teaching, learning and assessment.
- Monitoring compliance with funding rules.
- Learner and employer feedback.
- Review of self-assessment and quality improvement activity.

34. Prevent Duty and Safeguarding

Providers must ensure that all supply chain delivery partners comply with the Prevent Duty and all relevant safeguarding legislation and guidance.

Before entering into a supply chain arrangement, providers must satisfy themselves that the organisation has:

- Appropriate safeguarding and Prevent policies and procedures in place;
- Designated safeguarding and Prevent leads;
- Arrangements for staff training and awareness;
- Processes for identifying, managing and referring safeguarding and Prevent concerns; and
- Procedures for reporting serious incidents to the lead provider.

Providers must monitor compliance with these requirements throughout the duration of the contract.

Any safeguarding incident, Prevent concern, regulatory action, or failure to comply with statutory duties must be reported to WMCA without delay and may result in enhanced monitoring, suspension of delivery, or termination of the arrangement.

35. Risk Management

Providers must maintain a risk-based approach to managing supply chain delivery and demonstrate that:

- Risks are identified, assessed and regularly reviewed.
- Appropriate controls and mitigations are implemented.
- Risk ownership and escalation processes are clearly defined.
- Financial health and organisational stability are monitored throughout the contract period.
- Contingency and exit arrangements remain current and effective.
- Any safeguarding incident or serious concern;
- Any Prevent referral or material Prevent-related incident;
- Any regulatory investigation relating to safeguarding or learner welfare.
- Information governance, GDPR compliance, cyber security and data protection risks are identified, monitored and mitigated throughout the contract period.

36. Reporting Significant Issues

Providers must notify WMCA immediately of any actual or potential issue that may affect the delivery, quality, compliance or financial viability of a supply chain arrangement.
This includes, but is not limited to:

- Conflicts of interest;
- Financial health concerns;
- Fraud or financial irregularities;
- Safeguarding incidents;
- Data breaches;
- Changes in ownership or control;
- Regulatory action or sanctions;
- Significant quality concerns;
- Material contract breaches; and
- Any matter that may put learners or public funds at risk.
- Any actual or suspected personal data breach;

- Significant information security or cyber security incidents;
- ICO investigations, enforcement action or reportable incidents;
- Any failure to comply with UK GDPR or Data Protection legislation that may impact learners, public funds or delivery.
- Assessment and outcomes against the Funding High-Risk Providers and Subcontractor Policy

37. Annual Supply Chain Assurance Statement

Providers using supply chain delivery must submit an Annual Supply Chain Assurance Statement to WMCA by 31st October of each contract year.

The Assurance Statement must be approved through the provider's governance arrangements and signed by the Accounting Officer (or equivalent senior officer) confirming that:

- All supply chain arrangements remain compliant with WMCA funding rules and contractual requirements.
- Appropriate due diligence, financial health assessments and risk reviews have been completed and documented.
- Supply chain arrangements continue to align with the provider's strategic objectives and WMCA's supply chain policy intent.
- Appropriate contract management, performance management, quality assurance and compliance monitoring arrangements have been implemented throughout the year.
- Management fees and retained funding represent value for money and reflect the services provided.
- Any actual, potential or perceived conflicts of interest have been identified, declared and appropriately managed.
- Appropriate safeguarding, Prevent, data protection and information security arrangements remain in place.
- Learner outcomes, quality of provision and performance have been reviewed and any concerns addressed through improvement activity.
- Contingency and exit arrangements remain effective and have been reviewed.
- Any material concerns, irregularities, fraud allegations, data breaches, financial health concerns or quality issues have been reported to WMCA.

WMCA will assess proposed arrangements taking account of strategic fit, learner benefit, value for money, provider capability, risk, quality history, financial health and compliance with these rules.

38. Supporting Evidence

The Assurance Statement must be supported by a summary report which includes:

- The outcome of annual due diligence reviews;
- Quality assurance activity undertaken;
- Compliance monitoring and audit activity completed;
- Performance against agreed KPIs and learner outcomes;
- Risk assessments and mitigation actions;
- Contract management and Provider Management Review (PMR) activity undertaken;
- Details of any improvement plans, interventions or contract actions implemented; and
- Confirmation of governance review and approval.

WMCA reserves the right to request supporting evidence and undertake further assurance activity where concerns are identified.

Section 7: Audit and Assurance Requirements

39. Annual External Audit Requirement

To provide assurance that supply chain arrangements are being managed effectively and remain compliant with WMCA funding rules, providers must complete an annual assurance process.

Where the total value of WMCA-funded supply chain delivery exceeds £100,000 in any funding year, providers must either:

- Hold a current and valid DfE Subcontracting Standard and submit the full report, findings and recommendations to WMCA; or
- Obtain an annual independent assurance review from a suitably qualified external auditor.

Where a provider holds a valid DfE Subcontracting Standard, WMCA will accept this in place of a separate annual external assurance report. Providers must submit the most recent report, including any recommendations and associated action plans, for WMCA review.

The DfE Subcontracting Standard must cover the supply chain delivery partner(s) used to deliver WMCA-funded provision. Where the scope of the standard does not include the relevant supply chain delivery partner(s), contracts or WMCA-funded activity, WMCA reserves the right to require additional independent assurance or a separate external review.

WMCA reserves the right to request additional assurance activity where:

- Significant changes have been made to supply chain arrangements;
- Material risks or concerns have been identified;
- Previous assurance activity has identified weaknesses in control arrangements; or
- WMCA considers further assurance necessary.

40. Providers with Supply Chain Delivery Below £100,000

Where the total value of WMCA-funded supply chain delivery is less than £100,000 in any funding year, providers must complete and submit the WMCA Supply Chain Self-Assessment, based on the DfE Subcontracting Standard framework.

The self-assessment must:

- Assess the effectiveness of the provider's supply chain management and oversight arrangements;
- Identify areas of strength and improvement;

- Include an action plan where weaknesses are identified; and
- Be approved through the provider's governance arrangements prior to submission.

A copy of the assessment can we found on the WMCA website

41. Submission Deadline

All DfE Subcontracting Standard reports, independent assurance reviews and WMCA Supply Chain Self-Assessments must be submitted to WMCA by **31 October** following the end of the relevant funding year.

42. Minimum Reporting Requirements

Assurance reports, DfE Subcontracting Standard reports or equivalent assurance reviews submitted to WMCA must, as a minimum, include:

General Information

- Name of the organisation being reviewed;
- Funding year covered;
- Date of review;
- Name of the reviewer or reviewing organisation;
- Overall assurance opinion.

Summary of Findings

- Overall assessment of compliance;
- Key strengths identified;
- Areas requiring improvement;
- Significant risks identified.

Assurance Areas

The review should consider, as appropriate:

- Supply chain governance and oversight;
- Strategic rationale and alignment with WMCA priorities;
- Due diligence and financial health arrangements;
- Procurement and contract management;
- Quality assurance and learner outcomes;
- Risk management and contingency planning;
- Compliance with WMCA funding rules;
- Management fees and value for money arrangements; and
- Data protection, safeguarding and Prevent arrangements.

Action Planning

For each finding, providers must identify:

- The issue identified;
- Associated risks;
- Agreed actions;
- Responsible officer; and
- Target completion date.

Annex A - Associated Documents

Providers must operate in accordance with this Operational Plan, the Funding Agreement, and all associated documents referenced within these, which collectively form part of the Terms and Conditions of Funding.

Failure to comply with these requirements will constitute a material breach of the Funding Agreement.

All associated documents are published on the WMCA website, and it is the responsibility of the Provider to ensure they access and comply with the most up-to-date versions at all times.

Documents referenced include (but are not limited to):

- WMCA Skills Programme Funding Rules 2026/27
- Skills Programme Coding Guidance 2026/27
- WMCA Destination Portal Guidance and Outcomes Framework Coding
- WMCA Supply Chain Management and Funding Rules (Subcontracting Guidance)

Links to the above guidance can be found here

- WMCA High-Risk Provider and Subcontractor Policy
- WMCA Branding and Publicity Guidance (Media Assets)
- WMCA Anti-Fraud and Corruption Policy
- Whistleblowing policy and process
- Complaints policy and process

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