



August 2013

## Supplier Guidance Note 1: Local Authority

### Who's it for?

This guidance note is for **local authorities** that intend to set up a separate training company to deliver education and training services on behalf of the Chief Executive of Skills Funding (the Chief Executive).

Although the geographical location and personnel involved with the new training company may be the same, the contractual commitments and the risks to the Chief Executive may change, so the Agency needs to understand and assess this.

If your organisation already holds an agreement with the Chief Executive then you need to consider the purpose of the training company and the actions your local authority need to take.

### What is the purpose of the training company?

1. We will **transfer all delivery** funded by the Chief Executive to the new company.

This would lead to the termination of your Conditions of Funding (Grant) and the new company would enter into a Contract for Services with the Chief Executive.

2. We will retain **part of the delivery** funded by the Chief Executive; we will transfer the remaining element to the new company.

The Conditions of Funding (Grant) covers delivery that remains with the local authority. The new company will need to enter into a Contract for Services with the Chief Executive for the remaining element.

3. We will **subcontract** all or part of delivery to the new company.

For the company to deliver education and training services on behalf of the Chief Executive it must comply with the [Funding Rules 2013/2014](#). If the new company will be delivering an aggregated contract value of £100,000 or more, it must be listed on the [Register of Training Organisations](#) before it can enter into such an arrangement.

4. *The new company will **not be involved** with any delivery funded by the Chief Executive.*

There is no requirement to take action until the company intends to deliver education and training services on behalf of the Chief Executive.

## **What does my local authority need to do?**

Once your local authority has made the decision to set up a training company you must alert your Relationship Manager immediately of any potential proposals.

**There is no automatic right to transfer your funding agreement; you must first obtain the consent of the Chief Executive.**

- If you obtain the agreement of the Chief Executive you can only transfer the delivery of education and training services to organisations that are listed on the Register of Training Organisations.
- You must maintain contact with your Relationship Manager throughout.
- You must ensure that the training company is registered correctly at Companies House.
- You must set up a UK Provider Reference Number with the UK Register of Learning Providers (UKRLP). For more information, please refer to the UKRLP website: <http://www.ukrlp.co.uk/>.
- You must apply to the Due Diligence Assurance Gateway; if the training company is successful then it will be listed on the Register of Training Organisations.

For more information, please refer to the Register section of the Agency's website: <http://skillsfundingagency.bis.gov.uk/providers/programmes/register>.

## **How do I apply to the Register of Training Organisations?**

- Register on the bravo e-tendering portal with the full legal name of the training company.
- Complete the online questionnaire.
- Training companies that do not have a financial history may submit a fully costed business plan for assessment. There is no set format for a business plan but as a minimum it should include the following:
  - all documents in the name of the organisation applying
  - a forecast profit and loss account and balance sheet
  - a 12-month rolling cash flow forecast
  - a narrative supporting the assumptions made in preparing the business plan
  - a guarantee from the local authority can be supplied in certain circumstances
- The new organisation assumes responsibility for Minimum Levels of Performance of all existing subcontracting arrangements, and all other liability from the previous agreement.
- You must arrange for the transfer of learners to the new training company.
- You must ensure that there are adequate and appropriate systems and quality measures in place to avoid any adverse impact on learners.
- You must ensure that the quality of delivery in education and training services is sustained and that the transfer of the agreement will not affect it.
- If you intend to transfer existing subcontracting relationships to the new organisation, or if you intend to subcontract education and training provision as part of your new delivery model, then the new organisation is entering into subcontracting for the first time and will need to seek permission from the Chief Executive to do so. If agreed, you will need to submit a subcontracting declaration form in the name of the new organisation to the Agency.
- If your delivery model includes subcontracting to a second level, for example community learning, you must discuss this first with your Relationship Manager. We will only permit second level subcontracting with express consent from the Chief Executive, and then only in exceptional circumstances where it presents a low risk to public funding.

# Useful links

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## **Register of Training Organisations**

<http://skillsfundingagency.bis.gov.uk/providers/programmes/register/>

## **Financial Health Assessment**

<http://skillsfundingagency.bis.gov.uk/providers/finance/financialassurance/financialhealthassessment/>

## **Conditions of Funding (Grant)**

[http://readingroom.lsc.gov.uk/SFA/Conditions\\_of\\_Funding\\_Grant\\_12-13\\_May2012.pdf](http://readingroom.lsc.gov.uk/SFA/Conditions_of_Funding_Grant_12-13_May2012.pdf)

## **Contract for Services**

[http://readingroom.skillsfundingagency.bis.gov.uk/sfa/Contract\\_for\\_Services\\_12-13\\_May2012.pdf](http://readingroom.skillsfundingagency.bis.gov.uk/sfa/Contract_for_Services_12-13_May2012.pdf)

## **Funding Rules**

<http://skillsfundingagency.bis.gov.uk/providers/fundingrules/>

## **Subcontracting**

<http://skillsfundingagency.bis.gov.uk/providers/Subcontracting/>