



## SUBCONTRACTOR POLICY AND STRATEGY 2018-19

Owner: Director of Finance and Corporate Affairs  
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Contents

<b>1. Background .....</b>	<b>2</b>
<b>2. ESFA Funding Rules .....</b>	<b>2</b>
<b>3. Policy.....</b>	<b>3</b>
<b>4. Procedures.....</b>	<b>4</b>

## 1. Background

1.1 Sub-contracted (or partner) delivery is defined as programmes where the teaching and/or assessing is undertaken by staff employed by an external provider. The college claims the funding for this activity and is responsible for ensuring compliance with funding agency rules and for quality.

1.2 The funding agencies consider that sub-contracting of government funded education and training is high risk and in the past there have been a number of reported examples of fraudulent activity mainly, but not exclusively, by private training providers. Therefore, regulatory controls have increased, and the Education and Skills Funding Agency (ESFA) requires colleges to provide sub-contracting returns (details of partner delivery arrangements) prior to and during each financial year. The ESFA Adult Education Budget (AEB) funding rules for 2018-19 emphasise that:

*“Colleges are responsible for all the actions of delivery sub-contractors connected to, or arising out of, the delivery of the services which colleges sub-contract”.*

1.3 The college Key Performance Indicators relevant to this Policy are to:

- Improve overall success rate of 90% for 2018-19.
- Maintain financial viability.

## 2. ESFA Funding Rules

2.1 The ESFA funding rules now include a number of more specific requirements in relation to sub-contracted provision:

- (1) The governing body and accounting officer (Principal) must be satisfied that all sub-contracting meets college strategic aims and enhances the quality of the offer to learners.
- (2) Colleges must publish a supply chain fees and charges policy to include the reasons for sub-contracting which should reflect college strategic aims. The policy must be published on the college website.
- (3) Colleges must not sub-contract to meet short-term funding objectives.
- (4) Colleges must notify the ESFA of any within year changes to its sub-contractors that take place between the submission dates of the Declaration of Sub-Contractors forms. The ESFA reserves the right to require colleges not to enter into, or terminate, any sub-contract to deliver ESFA funded provision.

- (5) Colleges must only use sub-contractors who the Corporation and accounting officer (Principal) determine are of a high quality and low risk.
- (6) Colleges are expected to have robust procedures in place to ensure that sub-contracting does not lead to the inadvertent funding of extremist organisations.
- (7) Colleges must advise the ESFA the actual level of funding paid and retained for each partner in 2018-19. This information must be e-mailed to the college's Provider Management Manager at a date requested by them using the template provided (usually within 30 days of the 2018-19 ILR closing. The ESFA will publish this information on their website.
- (8) Sub-contractors must only be used if the college has the appropriate knowledge, skills and experience to successfully procure, contract with and manage those sub-contractors.
- (9) The ESFA may impose restrictions in relation to sub-contracting arrangements in the event of: an Ofsted rating of inadequate for leadership and management; a failure to meet ESFA minimum standards; or an inadequate annual ESFA financial health assessment.

### **3. Policy**

#### **3.1 The policy for sub-contracted provision is:**

- (i) Sub-contractors will be used to help the college achieve the funding priorities indicated by Government and the ESFA in relation to adult skills, traineeships and apprenticeships.
- (ii) Similar success rate targets to college delivered provision will apply.
- (iii) Sub-contracted provision will be subject to the same quality monitoring systems and processes as college delivered provision.

#### **3.2 The specific objectives for the year ended 31 July 2019 are:**

- (i) To engage with partners who can demonstrate a track record of strong success rates (i.e. equal to or better than college targets and good/outstanding Ofsted reports).

- (ii) To engage with partners who can demonstrate effective procedures for ensuring full compliance against funding and audit rules and are fully engaged with the delivery of quality provision.
- (iii) To purchase niche education and training programmes that add to, and do not duplicate, provision already offered by the college, unless there are delivery capacity issues within the college.
- (iv) Sub-contracted delivery to mainly relate to adult skills but may include traineeships or apprenticeships. Study programmes for 16-18 year old learners, funded by the ESFA, will not be sub-contracted.
- (v) To engage with partners who are actively focussed on the college's community and improving the employability of learners.
- (vi) To achieve the financial contribution targets agreed with the Director of Finance and Corporate Affairs for partner delivered programmes.

#### **4. Procedures**

4.1 The following procedures will apply to sub-contracted programmes in 2018-19.

- (i) Any sub-contracted programmes commencing in 2018-19 will be subject to competitive tender. An Expression of Interest Form (EOI) will be included on the college website together with the college Subcontractor Supply Chain Fees and Charges policy in accordance with ESFA Funding Rules. EOI Forms will be evaluated and decisions made on proposed partners to be forwarded to the due diligence stage, when the organisation and delivery capacity are evaluated.
- (ii) Contracts with delivery partners will specify: the programmes to be delivered; target learner numbers; maximum contract values; contract and quality management arrangements and target success rates.
- (iii) Contracts with delivery partners will comply with the ESFA funding rules and the requirements outlined in the college Financial Regulations.
- (iv) An annual report on sub-contracted activity for 2018-19 will be provided to the Corporation by 31 December 2019.

4.2 Copies of all contracts will be retained in the college Contracts Register (Executive Office).

- 4.3 The following staff will be involved in the management of partner delivered programmes and will agree detailed operational procedures to ensure that ESFA funding rules (section 2 above) and college Financial Regulations are fully met:
- Head of Information Services – due diligence, funding rules compliance, learner records and data management, contract management including performance against maximum funding values and submitting declaration of sub-contractor forms to ESFA.
  - Head of Management Accounts – accurate recording of expenditure including payments to partners for all programmes and preparation of in-year forecast outturns and year end accruals.
  - Head of Quality and Learning – setting target success rates, monitoring actual and predicted success rates incorporating delivery partners into college quality management processes (including target setting). Monitoring Self-Assessment Reports from partners.
- 4.4 Contracts will be subject to regular performance review and may be withdrawn, reduced or otherwise amended where the college's performance review process indicates that there are reasonable grounds to do so.