



South Gloucestershire and Stroud College

Service Subcontracting Policy

If you would like this document in an alternate format

Please contact the Human Resources Department

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|---|---|
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| Job Title/Role: | Curriculum Director, Apprenticeships |
| Policy Ref. No.: Q/P 218 | Date of this version: March 2018 Review date: 31 st August 2020 Upload to College website? Yes Upload to e-Campus? No |
| Approved by: | Executive Team |
| Date of Approval: | 17/07/2018 |

| | | | | | |
|---|---|---|---|---|--|
| Main aim and purpose of the policy: | To outline the College's policy on service subcontracting | | | | |
| Is this policy (or its constituent parts) relevant to a general equality duty? (please tick) | This policy development will assist in the elimination of unlawful discrimination and/or harassment of identified groups? | Implementation of this policy will promote equal opportunities for identified groups? | Implementation of this policy will promote positive attitudes and participation between groups? | Implementation of this policy will promote good relations between groups? | |
| Age | ✓ | ✓ | | | |
| Disability | ✓ | ✓ | | | |
| Gender Reassignment | ✓ | ✓ | | | |
| Race or Ethnicity | ✓ | ✓ | | | |
| Religion or Belief | ✓ | ✓ | | | |
| Marriage | | ✓ | | | |
| Pregnancy/ Maternity | ✓ | ✓ | | | |
| Sex | ✓ | ✓ | | | |
| Sexual Orientation | ✓ | ✓ | | | |
| Carers/ Care givers | ✓ | ✓ | | | |
| Persons in care | ✓ | ✓ | | | |
| Specify any groups for which there is evidence or reason to believe that some groups or individuals could be affected differently: | | | | | |
| | | | | | |
| How much evidence is there: | None | A little | Some | A lot | |
| Is there any concern that the policy may operate in a discriminatory way? | <input type="checkbox"/> | ✓ | <input type="checkbox"/> | <input type="checkbox"/> | |
| | None | A little | Some | A lot | |
| | ✓ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Assessed relevance to equality (tick one row only) | High | Med | Low | None | Brief reason for this assessment |
| Age | | | ✓ | | |
| Disability | | | ✓ | | |
| Gender Reassignment | | | ✓ | | |
| Race or Ethnicity | | | ✓ | | |
| Religion or Belief | | | ✓ | | |
| Marriage | | | | ✓ | |
| Pregnancy/ Maternity | | | ✓ | | |
| Sex | | | ✓ | | |
| Sexual Orientation | | | ✓ | | |
| Carers/ Care givers | | | ✓ | | |
| What is the next step? (tick one only) | What priority level is this policy? | | | Has the Policy been sent for Full EQIA, or do you believe the policy should have a Full EQIA? | |
| | High <input type="checkbox"/> | Medium <input checked="" type="checkbox"/> | Low <input type="checkbox"/> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <i>I am satisfied that an initial screening has been carried out on this policy/procedure and a full Impact Assessment is not required</i> | | | | | |
| Completed by: Gavin Murray Position: Head of Quality, Learning Resources & Performance Date: 06/09/2017 | | | | | |

Service Subcontracting Policy

1. Introduction

- 1.1. This Policy explains the Service subcontracting arrangements between South Gloucestershire and Stroud College (SGS) and organisations who the College pay to deliver training on its behalf (sub-contractors)
- 1.2. As required by the Education and Skills Funding Agency (ESFA) rules, this Policy covers Service subcontracting only, where SGS sub-contracts the delivery of part of an apprenticeship or programme or a service. It does not cover Provision subcontracting for subcontracted delivery of whole programmes or apprenticeships. Provision subcontracting is covered in a separate policy
- 1.3. This Policy is not a contract. SGS will hold legal contracts with all sub-contractors and will only subcontract with organisations which are legal entities
- 1.4. The Policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1st August 2013. The content of this Policy has been developed in line with Association of Colleges/Association of Employment and Learning Providers (AoC/AELP) Common Accord, the Skills Funding Agency (SfA) Funding rules and the Learning and Skills Improvement Service (LSIS) Supply Chain Management document

2. Statement

2.1. Overarching Principles

- 2.1.1. Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the LSIS publication "*Supply Chain Management – a good practice guide for the post-16 skills sector*" (Nov 2012 and subsequent iterations)
- 2.1.2. The college will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential sub-contractors to ensure compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives
- 2.1.3. The funding that is retained by the college will be related to the costs of administering the subcontracted provision, due-diligence checks and quality assuring the provision, ensuring the college is able to meet its obligations to the ESFA and complying with the ESFA rules on subcontracting.

- 2.1.4. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the college will submit to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications, negotiations and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with the Overarching Principle

3. Objectives

- 3.1. SGS College has a strategic aim to minimise the level of subcontracting entered into. The College aims to use its funding allocations to support our local learners, employers and communities through direct delivery
- 3.2. Minimising levels of subcontracting also reduces the college exposure to risk of poor performance by other organisations.

4. Implementation

- 4.1. SGS will, in the first instance, consider direct delivery. However, the College recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers and will consider sub-contracting in the following circumstances:
 - 4.1.1. Where our existing employers or learners require additional provision which is beyond our existing scope or capacity;
 - 4.1.2. Where subcontracting will allow us to meet short term needs of learners or employers without exposing the college to the risks and entry and exit costs of setting up new provision;
 - 4.1.3. Where subcontracting will allow us to capacity-build in new sectors or territories to allow us to move to a position of direct delivery or to grow income such as apprenticeship funding; and
 - 4.1.4. for very specialist provision which the college would not be able to adequately resource
 - 4.1.5. Where funding has been awarded for Partnership Delivery such as European Social Fund (ESF) projects

4.2. How we select and appoint our sub-contractors

- 4.2.1. In selecting our partner providers, we will consider the following:
 - 4.2.1.1. Reputation – providers may be referred to us by employers or other FE Colleges
 - 4.2.1.2. Specialism – providers may offer niche provision where there are few alternatives;
 - 4.2.1.3. Geographic location – where possible, we will support local partners;
 - 4.2.1.4. Quality measures – based on a range of measures including Ofsted rating, success rates, track record and other quality markers or accreditations
 - 4.2.1.5. Responsiveness – how readily the provider can meet the needs of our learners and employers
- 4.2.2. Lack of a track record, such as providers who are new organisations, or who offer new or immature provision will not necessarily be a barrier to subcontracting. However, the quality assurance measures and associated costs to SGS will reflect the additional risks of new provision
- 4.2.3. Following initial selection, SGS will undertake a desk-top due diligence check of potential partners. This will be followed by a due diligence visit to the delivery premises prior to contracts being issued
- 4.2.4. Existing subcontractor partners will undergo an annual due diligence review
- 4.2.5. Full details of the desk-top checks, due diligence visit and annual due diligence review checks are included in **Appendix 1**

4.3. **How we work with our Sub-contractors**

- 4.3.1. A full list of the standard processes and quality assurance checks which SGS carries out to monitor subcontracted provision is included in **Appendix 3**
- 4.3.2. A list of the activities and processes that we expect our subcontractors to adhere to is included in **Appendix 1**
- 4.3.3. SGS aims to deliver outstanding education, including that delivered through our subcontractors

4.3.4. There is a comprehensive range of quality assurance measures of subcontracting, which are included in our standard subcontracting terms and in **Appendix 2**

4.3.5. SGS will retain a larger element of funding where greater costs are incurred, such as high risk or new provision, as listed in **Appendix 3**

4.4. **Quality Assurance**

4.4.1. This Policy positions subcontracted provision as a core part of college activity, to enable continuous improvements in the quality of teaching and learning for both the college and its sub-contractors

4.4.2. This will be achieved through the sharing of effective practice across the supply chain, for example, through the Self Assessment Report (SAR) process

4.5. **Contribution to Improving Teaching and Learning**

4.5.1. SGS College prides itself on our approach to collaborative and partnership working. We regard subcontracting as a partnership arrangement where each partner can benefit from the strengths and share the best practices of the other

4.5.2. Our Quality Assurance processes aim to be supportive and will provide developmental feedback on how providers can improve. This includes, but is not limited to, lesson and assessor observations, MIS and data audits, learner and employer surveys

4.5.3. Equally, SGS expects to benefit from good practices observed within partner organisations, which will be disseminated across SGS and to other partners

4.5.4. The college will apply a Risk Rating to subcontractors, based on a range of performance indicators, including the college's own audit processes

4.6. **Fees and Charges Structure**

4.6.1. SGS College provides a simple and transparent funding structure for partner providers

4.6.2. The college will retain an element of funding to cover SGS costs in supporting the sub-contracted provision. The amount retained will vary depending on the volume of the provision and the risk rating of the provider

4.6.3. SGS does not provide a management service to our subcontractor partners. The retained funding enables SGS to carry out a standard set

of pre-contract due diligence checks, contract set-up and quality assurance processes to fulfil our obligations to the funding agency as the lead contract holder.

- 4.6.4. Details of how the risk, volume and maximum fees are calculated are included in **Appendix 3**
 - 4.6.5. A greater element may be retained where the college incurs additional costs as a consequence of poor performance or to reduce the risk rating, for example, new provision where the sub-contractor does not have a satisfactory track record
 - 4.6.6. For business reasons, the college may choose to take a different fee, such as entering a new market, in which case this will be agreed by the College Principal and the subcontractor in the contract
 - 4.6.7. The structure recognises the additional costs and risks in sub-contracting with providers who are higher risk.
 - 4.6.8. In agreeing a subcontract, providers are agreeing to this policy
 - 4.6.9. Additional quality assurance activities will result in the college retaining a larger element in accordance with our published list
 - 4.6.10. The full list of standard activities and additional quality assurance measures and retained element are included in **Appendix 3**
- 4.7. **Payment Terms and Conditions**
- 4.7.1. The college will pay the subcontractor in accordance with the contract
 - 4.7.2. The fee element will be based on the Individual Learning Record (ILR) amount and will be subject to any changes in funding policy
 - 4.7.3. Payment will be in accordance with the standard SGS College terms and conditions, unless previously agreed otherwise in writing by the College Principal

5. Related Regulations, Guidance and Legislation

- 5.1. SGS Financial Regulations
- 5.2. AoC/AELP Common Accord
- 5.3. ESFA Funding Rules

Appendix 1. Due Diligence Checks and subcontracting requirements

| Due Diligence documents required for desk-top assessment | Notes/SGS College Actions |
|--|--|
| Full legal name of organisation and registered address | Complete Companies House check |
| Full names of all Directors/Trustees/Senior Managers | Complete Companies House check |
| Copy of latest set of Audited Accounts | To be reviewed by Director of Finance |
| Credit reference agency search | SGS will ensure additional contingency plan is in place if subcontracting with organisations with a low or very low rating |
| Checks that organisation is not linked to any extremist organisations | Web search |
| Declaration of interests form | Reviewed by Partnerships Manager and referred to Principal if any conflicts |
| Evidence of registered on ROTO and Register of Apprenticeship Training Providers | Where combined contract values exceed £100k |
| UK Provider reference no. | Register with https://www.ukrip.co.uk |
| Copy of most recent Ofsted Report | Require Grade 1 – 3 |
| Copy of most recent Self Assessment Report (SAR) – where applicable | Require Grade 1 – 3 |
| CVs for all staff delivering training/assessment | To be reviewed by Human Resources department |
| Copy of Contract of Employment/evidence of Contract of Employment for all staff delivering training/assessment | To be reviewed by Human Resources department |
| CRB or DBS numbers for all staff delivering training/assessment | To be reviewed by Human Resources department |
| Copies of staff certificates for the member(s) of staff responsible for training/assessment | To be reviewed by Human Resources department |
| Copy of Health & Safety Policy | To be reviewed by Health & Safety Advisor |
| Copies of Risk Assessments | To be reviewed by Health & Safety Advisor |
| Copy of Disaster Recovery Policy and contingency plan | To be reviewed by Health & Safety Advisor |

| Due Diligence documents required for desk-top assessment | Notes/SGS College Actions |
|--|---|
| Copy of Employer's/Public/Occupier's Liability Insurance Certificate | Minimum £10 million for Employer's Liability Insurance and £5 million for Public Liability Insurance. Certificate to be in date |
| Evidence of Initial Advice and Guidance (IAG) and IAG Policy | To be reviewed in line with SGS College Policy |
| Copy of Complaints Procedure | To be reviewed in line with SGS College Policy |
| Copy of Equality and Diversity Policy | To be reviewed in line with SGS College Policy and to meet requirements of Equality Act 2010 |
| Details/Evidence of DDA Compliance | To be reviewed in line with SGS College Policy |
| Copy of Safeguarding Policy | To be reviewed by Heads of Learner Services |
| Copy of Sustainability Policy | To be reviewed in line with SGS College Policy |
| Copy of Mission Statement | To be reviewed in line with SGS College Strategic Plan |
| Copy of Data Protection Policy | To be reviewed in line with SGS College Policy |
| Copy of Awarding Body Centre Approval – where appropriate | To match qualifications being delivered |
| Copy of most recent External/Standards Verifiers Reports – where appropriate | To be reviewed for serious issues |

The subcontractor will provide the following:

| Required during Academic Year | Frequency/Due by |
|--|---|
| Return signed contract and appendices | Before 1 st August/Start of delivery programme |
| Deliver the Programme(s) in accordance with SGS College's quality assurance arrangements | In line with SGS College timetable |
| Self Assessment Reports in line with SGS College's requirements | In line with SGS College timetable |

| Required during Academic Year | Frequency/Due by |
|---|--|
| Learner achievement records | Within 2 weeks of achievement |
| Signed and fully completed Enrolment Form for each learner <ul style="list-style-type: none"> – Copy of recent Benefits evidence if claiming Fee Remission – Copy of Passport, current Visas and Home Office documentation for possible International learners | Within 2 weeks of the course commencing |
| Full Registers or contact records (NVQs) | Every half term (or as soon as a short course ends) |
| Withdraw any learners who have missed more than 4 consecutive weeks | Within 1 month after missing 4 consecutive weeks |
| Timetable of delivery, including session times, venues and teaching staff | Before course(s) commence |
| Notify SGS College of any cancelled sessions and planned absences, eg. Trips, etc. | By 9am for cancelled sessions and one week prior to planned absences |
| Copies of achievement certificates as soon as received from the Awarding Body | As soon as received |
| Copies of all internal and external verification reports | As soon as received |
| Feedback questionnaires from learners | In line with SGS College timetable |
| Raise invoices per agreed payment amounts and schedule | Per agreed schedule |

Appendix 2. Quality Assurance Arrangements

As a minimum, SGS College will carry out the following Quality Assurance Measures with subcontractors:

- Desk-top checks and due diligence visit for new providers
- Annual due diligence review for existing providers
- 3 Quality Assurance visits per year, of which at least 1 will be a short notice visit. SGS will provide a programme for each visit as follows:
 - Standard visit Agenda
 - Short Notice visit Agenda
- Quarterly Contract Management meetings. These meetings may coincide with Quality Assurance visits
- Annual survey of learners
- Annual survey of employers (if applicable)
- Annual audit of MIS Data, including enrolment forms and attendance records
- Annual review of learner documents, including tracking records, reviews and ILPs
- Annual review of the sub-contractor success rates, Self-Assessment process and Quality Improvement Plan

SGS College may carry out the following additional Quality Assurance measures, in accordance with SGS College's published Supply Chain Funding Element Structure

- Additional Standard or Short Notice visits
- Additional survey of learner or employer views
- Lesson or Assessor observations
- Staff CPD
- Consultancy from SGS College or other external consultant

Appendix 3. Funding Element Structure

This structure takes account of the volume of provision, the risk rating of the provider and associated costs to SGS. The risk rating is determined from the following table:

| Performance Indicator | Risk Rating Score | | | |
|---|---|---|--|------------------------------------|
| | Low | Medium | High | Not Measurable |
| | 1 | 2 | 3 | 3 |
| Delivery experience of the sub-contractor | More than 5 full years | 2 to 5 full years | Less than 2 full years | |
| Previous year's success rate | 3% or more above benchmark | Within + or = 2% of benchmark | More than 2% below benchmark | No previous delivery record |
| Ofsted or SAR grading | Grade 1 or 2 | Grade 3 | Grade 4 | No Ofsted grading or SAR process |
| Type of Provision | Provision deemed to be low risk, e.g. SGS experience plus overseeing organisation (such as NGB) | Medium risk, e.g. SGS experienced in managing this type of delivery | Provision deemed to be high risk, e.g. Distance Learning or difficult client group | |
| SGS College Audit and QA measures | Compliant and no actions or recommendations | Mainly compliant but recommendations to improve | Not compliant and actions required to improve | No previous audit as new provision |

Risk Rating

| Overall Score | Risk Rating |
|---------------|-------------|
| 5 – 7 | Low |
| 8 – 12 | Medium |
| 13 – 15 | High |

| Funding Element Retained for SGS Costs | | | |
|---|-----------------|--------------------|------------------|
| Volume | Low Risk | Medium Risk | High Risk |
| Under £50,000 | 18% | 22% | 25% |
| £50,000 - £100,000 | 16.5% | 20% | 22% |
| Over £100,000 | 15% | 18% | 22% |

The following activities are covered by the retained funding element

| Activity | Number/Frequency included in standard retained funding element |
|---|---|
| Pre-Contract Processes | |
| Due diligence desk-top checks | 1 at set-up |
| Due diligence visit | 1 per site, up to 3 sites |
| Annual due diligence review | 1 per year |
| Issuing standard sub-contract agreement | 1 per year |
| MIS Processes | |
| Issuing SGS Document templates and forms to be used by the sub-contractor | As and when amended |
| Agreeing use of sub-contractor templates and forms (if at least as good as SGS Documents) | 1 per year |
| Entering learner data and amendments onto the ILR | All |
| Entering attendance data and reconciling with ILR | All |
| Calculating fees due and processing payments received | All |
| Data-match checks with other main contractors with whom the sub-contractor works | All |
| Quality Assurance Processes | |
| Quality Assurance visits and lesson/assessor observations | 3 per year |
| Contract review meetings | 4 per year |
| Annual survey of learners | 1 per year |

| Activity | Number/Frequency included in standard retained funding element |
|---|---|
| Annual survey of employers (if applicable) | 1 per year |
| Annual audit of MIS Data, including enrolment forms and attendance records | 1 per year |
| Review of learner documents, including tracking records, reviews and ILPs | 3 per year |
| Annual review of the sub-contractor success rates, Self Assessment process and Quality Improvement Plan | 1 per year |
| Incorporate the sub-contractor provision within the SGS College Self Assessment process | Annually |
| Providing helpline and email support through the partnership manager | Typically 1 or 2 phone calls or emails per week, more for new providers |
| Sub-contractor staff to attend SGS College CPD activity | As a minimum staff to complete mandatory training within SGS or own institution |
| Use of SGS College VLE to post learner materials | |

The following costs will be added to the funding element retained if SGS incurs additional costs to address poor performance or to reduce risk

| Activity | Cost to Sub-contractor |
|---|----------------------------------|
| Pre-Contract Processes | |
| Additional due diligence investigation, e.g. to investigate financial records or take additional references | £40 per hour |
| Produce action plan as result of unsatisfactory due diligence checks or visit | £40 per hour |
| Additional due diligence visit to monitor improvements | £40 per hour |
| Additional due diligence visit due to additional delivery locations | £40 per hour plus transport cost |

| MIS Processes | |
|--|--|
| Returning enrolment forms or other documents due to incorrect completion | Normally no charge, but continued non-compliance will incur non-compliance letter charge |
| Non-compliance letter from SGS College Head of Offsite Provision requiring improvement | £40 |
| Quality Assurance Processes | |
| Self Assessment Report (if not produced to satisfactory standard by sub-contractor) | £40 per hour |
| Quality Improvement Plan (if not produced to satisfactory standard by sub-contractor) | £40 per hour |
| Quality Assurance – site visits | £40 per hour plus transport cost |
| Quality Assurance – remote (desk-top review) | £40 per hour |
| Contract review meetings | £40 per hour |
| Additional survey of learners | £200 + external survey cost |
| Additional survey of employers (if applicable) | £200 + external survey cost |
| Director level intervention | £60 per hour |

If SGS incurs the following costs they will be added to the retained funding element:

| Service | Cost |
|---|-------------------------------------|
| Registration of learners on SGS College centre with Awarding Bodies | Cost +10% |
| Certification of learners from Awarding Body | Cost +10% |
| Certification of Apprentices with ACE | Cost +10% |
| Internal Verification | To be agreed depending on provision |
| Providing consultancy support (Director level) | £60 per hour |