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## 1. Aim

This policy applies to all provision subcontracting funded by the Education and Skills Funding Agency (ESFA). There will be a standardised approach to the management and recruitment of subcontractors, in accordance with the Education and Skills Funding Agency guidance and the Principles of Best Practice guided by the LSIS publication “Supply Chain Management – A good practice guide for the post-16 skills sector”

## 2. Objectives

- To ensure a due diligence process that will enable the Shrewsbury Colleges Group (hereafter referred to as The College) as lead provider to satisfy itself that the subcontractor has been selected fairly, has capacity, capability, quality and a good financial business standing.
- To create transparency of supply chain fees and charges.
- To ensure collaborative approaches to improving the quality of teaching and learning.

## 3. Responsibilities

The College’s Senior Leadership Team (SLT) are responsible for ensuring that the Corporation and the Principal have provided approval for delivery under a subcontracting agreement, ensuring it meets the College’s strategic aims and enhances the quality of the College offer.

Group Vice Principal – Information and Strategic Development supported by the Subcontracting Manager will ensure all subcontractors are subject to the due diligence process and are aware of contractual requirements throughout their delivery.

The Subcontracting Manager – will manage the contract, data, quality, ensure compliance and provide support for the lifetime of the contract.

The Group Vice Principal – Curriculum & Quality Management will provide the quality support, SAR processes and observations of assessment, teaching and learning.

## 4. Introduction

The College recognises the importance of subcontracting and in 2019/2020 will subcontract 13% of its adult education funding budget. The College will communicate and discuss this policy with all of its subcontractors annually at the Due Diligence Review and will review the policy in July, of every academic year prior to publication onto the College website.

The College will continue to sub-contract of the following funding streams:

- 16-18 Study Programme.
- Adult Education Budget (AEB).
- Residual Apprenticeships (Pre May 2017).
- Levy Funded Apprenticeships.

Due to the implications resulting from the devolution of the Adult Education Budget in the 6 Mayoral Combined Authority areas and the Greater London Authority area from the 1<sup>st</sup> August 2019, the College's proposed subcontracted geographical delivery profile will follow in line with these boundaries.

However, if deemed necessary and should the College have capacity within a devolved area allocation, it may choose to facilitate delivery by a sub-contracted partner, ensuring the provision offered is in line with that Authorities specific priorities.

## **5. Rationale for Subcontracting**

The College works with several subcontractors to ensure local, regional and national needs are met, while providing our subcontractors with the capability to expand and develop their provision and in turn provide employers nationally with quality and cost effective delivery. To support the Colleges Apprenticeship Strategy the College will:

- work with our subcontractors to access markets and Frameworks or Standards it currently does not have the skills to deliver itself, providing access to expertise and delivery models the College may wish to emulate in the future
- work towards increasing its offer to widen participation, responding to emerging and market needs, thus enabling it to support Government initiatives, the Education and Skills Funding Agency Strategy, local priority needs as identified by the Marches LEP as well as meeting regional and national economic agendas
- encourage student progression from unemployed programmes into employment supported by Adult Apprenticeships at all levels
- respond to employer demand for new provision in sectors and/or geographical areas that the College does not currently offer, thereby providing larger national employers with a network of subcontractors that can deliver their programmes
- work with our subcontractors to enable quality, specialist, niche and in demand delivery, extending student opportunity and providing value for money.
- where the College chooses to enter into a sub-contracted agreement for Levy Funded Apprenticeship provision, the College's involvement will be of a substantive nature and may cover the full or partial delivery of the Apprenticeship, including bespoke provision and support for all other aspects of the programme.

## **6. Funding and Payments**

**a. Retained Funding**

The College retains funding at a standard rate of 20%. However, this will be allocated against a risk score for each subcontractor, undertaken at annual due diligence checks. This will consider reviews, quality, compliance and data audits. An increased risk rating may lead to an increase in retained funding, of up to a maximum of 30%, to compensate for additional support provided to assist the development of quality delivery. The College reserves the right to notify the subcontractor and to adjust the retained funding accordingly. The College will publish the actual Retained Funding for 2018/2019 when they are available.

**b. Payments**

Payments will be made monthly against the Education and Skills Funding Agency funding reports received on a monthly basis. Dates for payment will be notified at the commencement of the contract and are subject to adherence with the College's requirements for enrolling onto the Individualised Learner Record as per contract schedules and guidance documentation.

Payments are dependent upon delivery targets being met and all documentation received being timely and accurate for input onto the Individualised Learner Record. Any payments in excess of the financial schedules in the contract, which have not been agreed in writing by the College, will not be paid. Adjustments may be made where evidence of eligibility, participation or achievement cannot be validated by the College.

**7. Support and development**

The College has the responsibility of supporting all subcontractors to provide high quality delivery. The retained funding enables the College to provide this support which will be dependent on the risk assessment process completed throughout the Academic year, any changes to risk scoring or specific requested requirements but could include:

- Developing and maintaining a relationship with each employer.
- Delivery/Support of Apprentice Reviews.
- Delivery/Support for Functional Skills.
- Programme set up.
- Quality monitoring.
- Quarterly reviews and monitoring of retention and timely/overall achievement.
- Monitoring of equality and diversity, health and safety, safeguarding and prevent.
- Monitoring and support to ensure maths, English, safeguarding and prevent are embedded into delivery.
- MIS services to ensure programmes are set up correctly and data is input accurately onto the Individualised Learner Record to generate funding as appropriate.
- Monthly financial reports.
- Contract review meetings.

- Quality assurance support.
- Self-assessment and quality improvement support.
- Assessment, teaching and learning observations.
- Student voice support.
- Funding compliance guidance, monitoring and support.
- Collection, recording and evidence of non-levy employer co-investment.
- Workshops and Training to support delivery and compliance.

This list is not exhaustive as subcontractor needs may vary. Variations between subcontractors may take into account previous experience, delivery history, timely and overall achievement rates, risk assessments and additional support requirements.

## **8. Processes**

This section outlines the due diligence and monitoring processes the College has put in place to ensure good practice in supply chain management. It will provide the support subcontractors may require to develop and attain their goals.

### **8.1 Initial Tender**

The College identifies its' needs for subcontracting at the commencement of the Academic year through the provision process. Any additional requirement may be identified throughout the year by employer requests for provision not delivered by the College or its' existing subcontractors, or requests by new subcontractor to work with the College. The College's Corporation delegate the management of the day to day operations to the Principal and the Group Vice Principal - Information and Strategic Development. All new requests are subject to the Due Diligence process:

- The College will source suitable subcontractors for the provision sought through three possible routes:
  - Publish as an open tender.
  - Send to preferred list of subcontractors.
  - Send to subcontractors requesting a sub-contract.
- Prospective subcontractors will be invited to submit an application to tender for the delivery required.
- Review of the applications to tender will be undertaken and scored by the Subcontracting Manager and authorised by the Group Vice Principal – Information and Strategic Development within two weeks of the final deadline.
- If successful an invitation to commence with the due diligence process will be issued to the subcontractor.

### **8.2 Due Diligence**

A due diligence process will be undertaken with all successful subcontractors to ensure that the selection process is fair and robust.

- An initial meeting will be held at the College premises with the prospective subcontractor, the Group Vice Principal – Information and Strategic Development and the Group Vice Principal – Quality and Curriculum Management to identify capacity, quality and capability. The College will be able to identify if the subcontractor will complement and not compete with our delivery.
- A financial report request will be submitted to confirm financial position of the subcontractor.
- Company house records will be accessed to clarify the position of the company and directors.
- Reference requests to be sent out to a minimum of two training subcontractors that the subcontractor is, or has, worked with.
- The UK Register of Learning Providers (UKRLP), the Register of Training Organisations and the Register of Apprenticeship Training Providers will be checked to ensure the subcontractor is registered.
- At the review stage:
  - subcontractor policies will be reviewed by the College to ensure the quality of their delivery and their commitment to student health & safety, equality and diversity, prevent and safeguarding
  - certificates and CV's will be checked for the delivery teams
  - evidence and certificates will be checked to identify that staff have received training on equality & diversity, prevent and safeguarding.
- The Colleges commitment to safeguarding, prevent and equality and diversity must be issued to all of our students at their induction to the programmes delivered by our subcontractors.
- A Quality assurance meeting/review will be held by the Subcontracting Manager with the subcontractor at their premises to discuss the College and Education and Skills Funding Agency compliance requirements prior to commencement of delivery. This will include:
  - the identification of the ESF poster, insurance documentation and Matrix Accreditation
  - the Subcontractor Policy, College guidance documentation and paperwork will be communicated and discussed with the subcontractor prior to the issue of a contract.
- On completion of all due diligence checks, the Approval Checklist will be completed to identify if the subcontractor was successful.
- The Approval Checklist will be approved by the Sub-Contracting Manager prior to submission to the Group Vice Principal – Information and Strategic Development for final approval.
- On approval from the Principal, a contract will be raised that identifies the period of the contract, which will be no longer than one Academic Year, services to be provided, financial agreements and contractual requirements.

**Subcontractor Management, Retained Funding Policy**

- Any amendments required to the Subcontractor Self-declaration form will be reported to the Education and Skills Funding Agency accordingly in line with the contractual requirement to update them at their request.
- All potential subcontractors must provide evidence that they are working towards the Matrix standard if they have no evidence of achieving it.
- All potential subcontractors must provide confirmation of the DBS numbers of all staff working on the College programmes.

The due diligence process will be reviewed on an annual basis with subcontractors and will be undertaken prior to commencing delivery on any new contract.

### 8.3 Monitoring

A schedule of reviews and audits will be developed for the length of the contract, which will also encompass student feedback via telephone. This will ensure the student is receiving quality delivery and support from the subcontractor.

#### 8.3.1 Review Meetings

A schedule of review meetings will be completed in accordance with the subcontractors risk assessment.

- Contract reviews will be undertaken on a quarterly basis with subcontractors who have a medium risk rating. High risk subcontractors could have monthly review meetings and low risk could have six monthly. These will be agreed at the commencement of the contract.
- Un-announced visits or observations may be made to the subcontractors by the College throughout the term of the contract.

Review meetings may include:

- progress of delivery and student progress and targets against profiles
- a review of Organisational Policies and External Quality Assurance reports
- a selection of student files may be sampled for compliance with the Education and Skills Funding Agency rules
- discussions and monitoring of issues with safeguarding, equality and diversity, prevent and health and safety
- the monitoring of embedding of safeguarding, equality and diversity, prevent Maths and English
- monitoring of quality processes.
- data checks against students on the Individualised Learner Record.
- financial transaction checks

#### 8.3.2 Data Monitoring and Audit compliance will ensure:

- accurate Individualised Learner Record returns
- monitoring of targets against profiles
- monitoring of achievement rates
- compliance with the Education and Skills Funding Agency rules



- the requirements for evidencing financial payments in line with the changes to the Apprenticeship Funding Rules for non-levy employers is undertaken and entered onto the Individualised Learner Record as requested.

### **8.3.3 Financial Monitoring will ensure:**

- notifications of high risk credit ratings on financial positions are monitored throughout the Academic year as these may lead to suspension of recruitment and an increased risk rating
- financial systems are in place to ensure that co-investment financial transaction is visible and evidence is available for Apprenticeship starts from May 2017. Payments may be withheld if the employer co-investment is not collected.

## **9 Student safety and support**

All subcontractors will be expected to share the College's commitment to prevent, safeguarding, equality & diversity. The documents below will be provided to disseminate to students at their induction. This will include.

- College Equality and Diversity Statement
- College Safeguarding team poster
- College Prevent Poster

## **10 Quality Assurance Processes**

- Unannounced telephone calls made to 20% students to ensure eligibility, existence and quality delivery.
- Observations of initial guidance, induction, assessment, reviews and teaching and learning, inclusive of face to face student interviews.
- Quality audit will be completed at the subcontractor's premises.
- Sharing of good practice.

## **11 Audit**

Audits will be undertaken with the subcontractor, throughout the life of the contract. These will be completed both at the subcontractor's premises and at the College premises. Risk ratings on their paperwork completion will determine the quantity of the student files audited, for example; low risk – 20%-40%, medium risk - 40%-75% and high risk – 75%-100%.

- An audit of paperwork will be completed at a percentage rate decided by the risk rating of the subcontractor at their premises and at the College premises. This will support compliance with the Education and Skills Funding Agency and the quality of delivery to our learners.



- An audit of paperwork held by the College at a percentage rate decided by the risk rating of the subcontractor to support compliance with the Education and Skills Funding Agency and quality of provision delivered.
- A data audit will be completed to ensure accuracy of the Individualised Learner Record.
- A financial record audit will be completed for Apprenticeship students starting after May 2017 to ensure compliance with the Education and Skills Funding Agency Funding Rules.

Action plans with allocated risk bandings will be completed to report findings to the subcontractor. There is an expectation that these are actioned within one month unless otherwise agreed.

## **12 Unsatisfactory Compliance or Quality**

An unsatisfactory audit in either quality or Compliance may result in additional procedures being put in place for both the subcontractor and the College, or termination of the contract. Non-compliant subcontractors will undergo intensive monitoring until satisfactory progress is made.

This could include the following.

- A high risk banding with review meetings held monthly until the College is satisfied that the subcontractor is no longer high risk.
- Completion of a development plan for the subcontractor to address issues arising in their quality and compliance.
- Suspension of recruitment until the subcontractor has taken actions to meet compliance.
- Implementation of a programme of support for the subcontractor to aid with the delivery of the development plan.
- Withdrawal of contract and recovery of funding.

## **13 Annual Due Diligence Review**

An Annual Due Diligence Review will be undertaken with the subcontractor prior to the renewal of a contract. This will be undertaken during the summer term before the commencement of the Academic year.

- Renewal form to be completed by the subcontractor and submitted to the Subcontracting Manager for review.
- Submission of Self-declaration of Subcontractor form to the Education and Skills Funding Agency.
- An updated financial report will be requested to confirm the financial position of the subcontractor.
- Company house records will be accessed to clarify the position of the company and directors.

**Subcontractor Management, Retained Funding Policy**

- The UK Register of Learning Providers (UKRLP), the Register of Training Organisations and the Register of Apprenticeship Training Providers will be checked to ensure the subcontractor is still registered.
- At the annual review stage.
  - Updated Subcontractor's policies will be reviewed by the College to ensure the quality of their delivery and their commitment to student health & safety, equality and diversity, prevent and safeguarding.
  - Updated certificates and CV's will be checked for the delivery teams.
  - Updated evidence and certificates will be checked to identify that staff have received training on equality & diversity, prevent and safeguarding and DBS will be checked for any new staff.
- The Colleges commitment to safeguarding, prevent and equality and diversity must be issued to all of our students at their induction to the programmes delivered.
- A Quality assurance meeting/review will be held by the Subcontracting Manager with the subcontractor at their premises to discuss the College and Education and Skills Funding Agency compliance requirements prior to commencement of delivery. This will include:
  - the identification of the ESF poster, insurance documentation and Matrix Accreditation
  - the Subcontractor Policy, College guidance documentation and paperwork will be communicated and discussed with the subcontractor prior to the issue of a contract.
- On completion of all due diligence checks, the Approval Checklist will be completed to identify if the subcontractor was successful.
- The Approval Checklist will be approved by the Group Vice Principal – Information and Strategic Development prior to submission to the Principal for final approval.
- On approval from the Principal, a contract will be raised that identifies the period of the contract, which will be no longer than one Academic Year, services to be provided, financial agreements and contractual requirements.
- Any amendments required to the Subcontractor Self-declaration form will be reported to the Education and Skills Funding Agency accordingly in line with the contractual requirement to update them at their request.

#### **14 General Data Protection Regulations (GDPR)**

The College and the Subcontractor both acknowledge that they work in accordance with the General Data Protection Regulations 25<sup>th</sup> May 2018 and the Data Protection Act 2018; and any amendments hereafter.

The College has produced a set of supporting documents available to both the Subcontractor and the Student at any time on the College website; SCG.ac.uk. The Subcontractor must share the College Student Privacy Notice with each student at the point of enrolment.

The College is a Data Controller. The College acknowledges that the Subcontractor may also be considered a Data Controller; therefore the Subcontractor will want to produce a privacy notice to share with all students.

#### **14.1 Data Breach**

A data breach is defined any unauthorised access to, loss of, sharing of, or loss of access to any personal information.

The College takes any data breach very seriously and has a procedures to investigate and notify individuals as necessary.

Any confirmed or potential data breach must be reported to the College within 24 hours of identification.

**Appendix 1- Approval Checklist**

**Subcontractor** \_\_\_\_\_

**Please score as appropriate:** 1 Unsuitable 2 Suitable 3 Very Suitable

No	Question	Answer	Score
1	Does the delivery compete with or complement College delivery?		
2	What additional support & development does the subcontractor need?		
3	Is the subcontractor financially sound?		
4	Are the company and Directors active on Company House?		
5	Does the subcontractor offer high quality delivery?		
6	Is the subcontractor management structure clear and supportive?		
7	Are the subcontractor's references satisfactory? (if applicable)		
8	Has the Subcontractor delivered SFA fundable training over the last 3 years?		
9	Are the subcontractor's timely/overall achievement rates over the last 3 years satisfactory?		
10	What is the subcontractors risk scoring? (Low, Medium, High)		
11	Are the subcontractors training facilities suitable?		
12	What are the geographical areas for delivery?		
13	What are the types of provision to be undertaken?		
14	Has the subcontractor got Matrix Accreditation?		
15	Does the subcontractor have financial systems in place (if applicable)		

**Total Score**  
**Total Expected**

**Subcontractor Management, Retained Funding Policy**

**Notes**

**Signed:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

**Submitted for Approval: Yes/No**   **Date:** \_\_\_\_\_

**Approved by:** \_\_\_\_\_ **Position:** \_\_\_\_\_ **Date:** \_\_\_\_\_



## 1. Appendix 2 - Subcontractor Checklist

Sub-contractor: \_\_\_\_\_

### Initial Tender Process

Description	Date Requested	Date Received	Comments
Subcontractors sought			
Applications for tender			
Tenders reviewed			
Invitation to Due Diligence			

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

### Due Diligence Process

Description	Date Actioned	Date Reviewed	Comments
Due Diligence form reviewed			
Financial Report/Company house confirmation			
Reference Requests			
Register of Training Organisations confirmation			
Register of Apprenticeship Training Providers confirmation			
Initial Meeting with Group Vice Principals - Information and Strategic Development and Quality and Curriculum Management			
Approved by Group Vice Principal – Information and Strategic Development			
Approved by Principal			
Approved by Corporation			
Quality Meeting			
Contract Issued			
Self-Declaration submitted to ESFA			
Amendments to Self-Declaration submitted to ESFA			

Signed: \_\_\_\_\_ Dated: \_\_\_\_\_

**Monitoring Process Risk Assessment Percentage** \_\_\_\_\_

Description	Date Scheduled	Date Undertaken	Comments
1 Review Meeting			
2 Review Meeting			
3 Review Meeting			
4 Review Meeting			
Induction/Initial Assessment Observation			
Review Observation			
Delivery Observation			
Data Audit			
Quality Audit			
Compliance Audit			
Financial Audit			
Action plan/risk banding identifying outcome of Audit			

**Signed:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

**Unsatisfactory Compliance Process**





Description	Date Undertaken	Comments
Development plan issued to subcontractor		
Review meeting held to discuss programme of support		
Recruitment disallowed		
Development plan monitored		
Withdrawal of Contract/Funding		
Development plan actioned		
Recruitment re-instated		

**Due Diligence Annual Review**

Description	Date Actioned	Date Reviewed	Comments
Renewal Due Diligence form reviewed			
Financial Report confirmation			
Company House registration confirmation			
Register of Training Organisations confirmation			
Register of Apprenticeship Training Providers confirmation			
Approved by Group Vice Principal – Information and Strategic Development			
Approved by Principal			
Approved by Corporation			
Quality Meeting			
Contract Issued			
Self-Declaration submitted to ESFA			
Amendments to Self-Declaration submitted to ESFA			

**Date for Review of Due Diligence:** \_\_\_\_\_