**Subcontracting Policy**

**Scope**

The policy applies to all supply chain activity supported with funds supplied by the Education & Skills Funding Agency or any successor organisations.

**Context**

The policy is now a mandatory requirement that must be in place prior to participating in any sub-contracting activity from 1 August 2017. The content of this policy has been developed in line with the Association of Colleges/ AELP Common Accord, the ESFA Funding rules and the LSIS Supply Chain Management document.

In compliance with Education and Skills Funding Agency and other agency funding rules that apply, ATS will publish its provision sub-contracting fees and charges policy on its website before the start of each academic year and will publish actual end-of-year sub-contracting fees and charges on its website as required by ESFA. It is reviewed annually (June) and published on our website

**Overarching Principle**

The Service will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. The Service will therefore ensure that:

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. The Service will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors 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.
3. The funding that is retained by the Service will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.
4. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the Service 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.

**Methodology Scope**

The policy aims to:

* Set high expectations to promote the consistent achievement of outcomes for learners and employers
* Promote equality actively, support diversity and cohesion and tackle discrimination through innovative strategies
* Set out the requirements of subcontracting to compliment the delivery of programmes
* Ensure robust subcontracting systems and controls that provide accountability, financial stability and the effective use of resources

**Rationale for Sub-Contracting**

The Service engages with sub-contractors to better meet customer needs. Reasons are varied but could be:

1. To temporarily expand provision to meet a short term need
2. To provide immediate provision whilst expanding direct capacity. This might include working with sub-contractors to explore and learn about new standards or sectors prior to investment in resources
3. Providing access to, or engagement with, a new range of customers
4. To ensure delivery intention is met where there is a recognised risk in direct provision
5. To support another provider to develop capacity/quality
6. To provide niche delivery where the cost of developing direct delivery would be inappropriate
7. To support employers with a wide geographic requirement

**Quality Assurance**

Sub-contracted activity is a fundamental part of the Services’ provision. The quality of the provision will be monitored and managed through the existing Service QA processes and procedures, as amended, in order to fully encompass all sub-contracted activity.

This Policy positions sub-contracted provision as a core part of Service activity to enable continuous improvements in the quality of teaching and learning for both the Service and its subcontractors. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process.

Subcontractors will be subject to a regular programme of quality-assurance checks including audits, visits at short notice and face-to-face interviews with staff and learners, whether the learners exist and are eligible, direct observation of initial information, advice and guidance, assessment, and delivery of learning programmes to ensure continued high quality delivery of the contracted provision.

Subcontractors are supported by ATS to maintain high quality standards to provide an outstanding experience for employer and learners. ATS ensures that Subcontractors are supported in the quality process in accordance with current ESFA funding guidance and the Ofsted Education Inspection Framework (EIF).

Subcontractors are involved in regular meetings with ATS to manage quality and mitigate any risks or issues related to the delivery of the Subcontract as well as ensuring high quality provision is delivered and high levels of achievement are achieved and maintained.

New Subcontractors are subject to a Due Diligence process ahead of any contracting. All Subcontractors receive a contract prior to delivery of any provision on behalf of ATS.

**Subcontractors receive on-going support in relation to (where appropriate):**

* Performance Management and Review
* Paperwork checks and compliance
* Confirmation of learner eligibility
* Input of data
* Observation of delivery to ensure high standards of teaching and learning. Where this is not the case an action plan is put in place to support and improve teaching and learning
* Data submission, where appropriate
* Learner tracking documents with learner status updates
* Workshop attendance and subsequent workshop feedback
* Survey feedback
* Tracking documents with transparent calculations to detail both the funding claimed by ATS and the payment passed to the Subcontractor
* Regular on programme support meetings
* Audit compliance advice
* Query resolutions
* Shared good practice
* Regular updates with regards to TLA and ESFA obligations
* Where necessary, Internal Quality Assurance (IQA) and assessor/trainer support
* Where necessary, Health & Safety and risk assessments ATS require all assessor/trainers to have an enhances DBS as per our obligation for safer recruitment to prevent unsuitable people from working with vulnerable groups, including children. The DBS must be in place prior to any face to face contact with learners or a risk assessment carried out and placed on file.

**Publication of information relating to sub-contracting**

In compliance with Education & Skills Funding Agency and other agency funding rules that apply, the Service will publish its sub-contracting fees and charges policy and actual end-of-year sub-contracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, as required by ESFA).

The Service will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents both prior to any subcontracting agreement (i.e. at tender stage) and at the subcontractor induction, prior to delivery.

The typical percentage retained to manage subcontractors is 20% and 80% reimbursed to the subcontracting partner.

Standard Service management fee is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the Service incurs in effectively identifying, selecting and managing all sub-contracted provision. This covers the cost to the Service of any additional support that the Service deems necessary to ensure the quality of teaching and learning and the success rates of any sub-contracted provision.

The service will also promote sharing of good practice across the partnership and help improve delivery to our customers. Monthly action points will be corresponded to the sub-contract partner to cover performance, payments, and quality assurance matters. Regular reviews meetings will be conducted to cover the action points monitoring. Subcontractors will be given access to our in-house Continuing Professional Development programmes, as published & at no fee to the subcontractor.

Appendix A further details the breakdown of the management fee.

Payment terms between the Service and subcontractors will be detailed in the agreement but will not exceed 30 days following receiving the approved invoice from the sub-contract partner.

**Contingency Plans**

In the event that either the Service or the Subcontractor withdraws from an agreement, the Service will take steps to ensure provision is made to enable learners to continue with their learning

**Appendix A**

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| **Service** | **Cost (as % of the 20% management fee retained)** | **Rationale** |
| Monthly input, audit & submission of learner data to ESFA | 30% | * To help ensure data sent to ESFA is 100% accurate * To ensure compliance with ESFA Funding Rules and ILR Submission Rules * To facilitate regular reporting of performance vs targets * To contribute towards the cost of our Management Information System (VLE) & staff resources |
| Quality Assurance including Induction & review meetings, teaching observations and monitoring of performance | 50% | * To ensure compliance to the ESFA Funding Rules in respect of subcontracting * To support/ensure the provision of outstanding teaching & learning to learners * To support the provider in their own capacity building |
| Contract Management including procurement and tendering costs, issue of contracts and monitoring of funding generated vs funding paid | 10% | * To ensure compliance to the ESFA Funding Rules in respect of subcontracting * Meets the cost of our finance director & other staff supporting the partnership * To ensure compliance to Local Authority Financial Regulations |
| Access to Skills & Learning’s CPD programme | 10% | • To ensure teaching delivery is undertaken by a professional workforce supported by appropriate training, for example:  Safeguarding Equality & Diversity |
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