



## Q20 - Subcontracting Policy and Fees – 2018/19

### 1. Scope

The policy statement, which is reviewed annually, details how Access Training applies funding to all subcontracting activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations.

### 2. Context

The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity from 1 August 2013. The content of this policy has been developed in line with the AoC/AELP Common Accord and the ESFA Funding rules.

### 3. Overarching Principle

Access Training will use its subcontracts to optimise the impact and effectiveness of service delivery to the end user. Access Training will therefore ensure that:

- Subcontract management activities comply with the principles of best practice in the skills sector.
- Access Training 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 learners' lives.
- The funding that is retained by Access Training will be related to contract management. This contract management and the levels of funding being retained, 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 contract management being undertaken.
- Where disputes between subcontract partners cannot be resolved through mutually agreed internal resolution procedures, Access Training 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 subcontracts 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 subcontracts will be conducted in good faith in accordance with the Overarching Principle.

### 4. Reason for Subcontracting

In line with overall strategic objectives of supporting more learners, delivering high quality provision across the East Midlands and having an engaging and inclusive approach, Access Training engages with subcontractors to enhance the quality of the learner offer through:

- Providing specialist programmes to complement Access Training's own provision
- Meeting regional community needs which Access Training is not able to provide directly
- Providing learners and employers with access to a wider range of training to meet skill shortages
- Build a partnership network of like-minded organisations to share practice with and raise the quality of provision in the East Midlands.

## **5. Contribution to improving the quality of Teaching and Learning for Access Training and its subcontractors**

Access Training works in partnership with its subcontractors towards continuous improvement in the quality of teaching and learning. This is achieved through the sharing of effective practice across the subcontract. In line with quality policies, Access Training conducts observations and provides constructive feedback to tutors and managers. Progress is reviewed at regular quality audits and monthly review meetings between Access Training and the subcontractor. As part of their contractual requirements, subcontractors participate in Access Training's annual Self-Assessment Report process to identify areas for further improvement.

## **6. The typical percentage range of funding retained by Access Training to manage subcontractors and how this is calculated.**

A risk factor assessment is conducted for each potential and existing subcontractor based on thorough due diligence evidence provided including credit and Companies House checks. The risk factor table in Annex 1 shows the performance indicators, criteria and risk levels against which subcontractors are assessed. 20% of all funding drawn down against the provision to be delivered represents the typical contract management costs retained by Access Training to cover the range of support detailed in section 7 below. This can vary from up to 15% for low risk, 20% for medium risk and over 30% for high risk although a high-risk assessment would prompt a review. Subcontractors are made aware of the results of the risk factor table which provides an incentive for them to improve in any areas where the risk is medium to high with additional monitoring and support from Access Training.

## **7. The support subcontractors receive from Access Training**

The funding retained for contract management represents the total cost that Access Training incurs in effectively identifying, selecting, managing and monitoring all sub-contracted provision. It includes the following areas of support from Access Training:

- Strategic review meetings to identify areas for development
- Regular (at least quarterly) meetings to review progress and achievement rates against national averages and targets and focus on any areas for improvement
- Monthly ILR reconciliations to ensure accuracy and timeliness of data
- Quarterly quality audits in line with Access Training's QA processes including quality sampling of learners to track learner progress
- Travel to subcontractor and delivery premises
- Quarterly reconciliations between ILR and invoice payments
- Announced and unannounced observations with checks on learner attendance and constructive feedback to improve the quality of teaching, learning and assessment
- Learner surveys to gain feedback of learner experience and prompt any action
- Due diligence checks for potential and existing subcontractors (regular updates and reviewed annually)
- Data input of learner details for enrolment and completion
- Checking for learner eligibility, funding, accuracy and timeliness in line with ESFA rules
- External audit of subcontracted provision to meet Ofsted and ESFA requirements

## **8. The reason for any differences in retained funding or support provided to different subcontractors**

Further funding may be retained to cover the cost to Access Training of any additional support that Access Training deems necessary to ensure the quality of teaching and learning and the achievement rates of any sub contracted provision. Additional support will be negotiated with the sub-contractor based on the risk band in the risk factor table and may include:

- Additional site visits
- Additional lesson observations
- Additional tutor support

- More rigorous verification

Access Training may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the sub-contractor such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from Access Training
- Internal Quality Assurance

#### **9. Payment terms between Access Training and its subcontractors: Timing of payments in relation to delivering provision and timescales for paying invoices and claims for funding received**

A monthly payment profile is agreed by both parties at the contracting stage and reconciled with the ILR on a quarterly basis to ensure that it accurately reflects delivery of provision. Payment terms are 30 days from receipt of the subcontractor's invoice for a valid claim.

#### **10. How and when the policy is communicated and discussed with current and potential subcontractors**

This policy will be reviewed each year and updated as required. It will be published on Access Training's website at the start of the academic year in which it will be applied. Potential sub-contractors will be directed to it as the starting point in any relationship followed by due diligence as part of Access Training's Subcontracting process. The policy will be provided and discussed with existing providers during their due diligence annual review. All potential subcontractors will be given a deadline for submitting applications.

Following due diligence, a written strategic and financial business case for each potential subcontractor is submitted to Access Training Board for approval. The outcome is then communicated to potential subcontractors.

#### **11. Where is the policy published?**

In compliance with Education and Skills Funding Agency and other agency funding rules that apply, Access Training will publish its Subcontracting Policy on its website before the start of each academic year and actual end-of-year subcontracting funding as required by the ESFA. This will relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes, frameworks or standards as per Appendix 2.

#### **12. Contingency plans**

Access Training's policy is to ensure that all learners receive the right level of support to complete their programme in a timely fashion and that their treatment is not detrimental to their achievement. Should the subcontract arrangement be withdrawn for any reason, either financial or poor quality, Access Training would seek out a preferred provider to either transfer the learners to for completion or bring into their own contract to enable the work to be completed. Every effort will be made to communicate this clearly to the learners and the employers to ensure full transparency.

## Appendix 1 -Risk Factor Table

Performance indicator	Criteria	Risk level	Score
Previous track record in terms of meeting funding and success rate targets	<ol style="list-style-type: none"> <li>1. All fully met and evidenced</li> <li>2. Up to 10% below funding target and/or up to 5% below national success rates</li> <li>3. More than 10% below funding target and/or more than 5% below success rate targets</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>
Length and quality of the relationship with Access Training	<ol style="list-style-type: none"> <li>1. 2 or more years as sub-contractor - no issues</li> <li>2. 2 or more years as sub-contractor - some issues</li> <li>3. 2 or more years but serious issues or new with no previous relationship with Access Training</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>
Financial stability of subcontractor	<p>As a result of due diligence tests:</p> <ol style="list-style-type: none"> <li>1. Fully compliant - accounts, insurance, credit rating</li> <li>2. Compliant but some issues requiring further guidance</li> <li>3. Compliant but requiring additional guidance and support - both in depth and timing</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>
Type of provision to be undertaken	<ol style="list-style-type: none"> <li>1. Short* funded programmes</li> <li>2. Medium* courses under classroom based provision</li> <li>3. Long* courses or apprenticeships</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>
Contract performance and duration	<ol style="list-style-type: none"> <li>1. Fully compliant with quality assurance procedures</li> <li>2. Near full compliance with some issues</li> <li>3. Additional support substantial to ensure compliance with more serious issues</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>
Contract size	<ol style="list-style-type: none"> <li>1. Up to £80,000</li> <li>2. £80,001 to £100,000</li> <li>3. £100,001 and above</li> </ol>	<ol style="list-style-type: none"> <li>1. Low risk</li> <li>2. Medium risk</li> <li>3. High risk</li> </ol>	<p>5</p> <p>10</p> <p>15</p>

Low risk = 30-45 (up to 15% for contract management) score 5

Medium risk = 50-70 (up to 20% for contract management) score 10

High risk = >70 (>30% for contract management and review) score 15

\* relates to qualifying days for funding in ESFA common funding rules 2018/19 clause A33: fewer than 14 days (short), 14-167 days (medium), 168 days (long)

