

# Subcontracting Policy

## 1 Scope

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

## 2 Context

The Subcontracting Policy is 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 SFA Funding Rules, the LSIS Supply Chain Management document and the AOC/AELP Common Accord.

## 3 Rationale For Subcontracting, Bishop Auckland College :

- Recognises the benefits that effective subcontracting can bring to extending the accessibility of provision for students and thereby contribute to the economic prosperity of our neighbouring local communities.
- Uses subcontractors to widen participation amongst student groups that it would otherwise be "hard to reach" and other individuals that face barriers to participation in learning and work.
- Uses subcontractors as appropriate to fill gaps in, and to extend the breadth of its provision: for example, through widening the range of apprenticeship frameworks offered to employers and students and broadening the range of sector subject areas or business sectors that can be covered.

## 4 Subcontracting with Bishop Auckland College

### 4.1 Expression of Interest/Advertising

Bishop Auckland College will review their advertising arrangements in line with the College strategic priorities. All interested parties can request information via the Partner section on our College website.

### 4.2 Due Diligence Process

A due diligence process will be undertaken with all sub-contractors to ensure that the selection of sub-contractors is in line with the Colleges Vision, Mission and Values and ensures fair and robust selection process.

**Due Diligence:** The College has a due diligence process that approves a contractor for a period of 1 years extendable on a year by year basis and subject to:

- Acceptable running of previous years contract
- Confirmation of updated information
- Supply of annual accounts

#### **PQQ (Pre-Qualification Questionnaire) :**

Training providers who wish to become a subcontractor with Bishop Auckland College must complete the PQQ document and provide the relevant information/documentation.

The PQQ and relevant documentation must be submitted to the 'Finance Department' as specified on the PQQ document.

The PQQ & associated documentation will initially be reviewed by the Finance Department and once satisfied that all information has been received in line with the PQQ requirements. The relevant elements of the PQQ and associated documentation will be checked and approved by the appropriate members of staff.

A credit check will be carried out on each prospective partner and will be reviewed and approved by the Director of Finance & Planning.

Final approval of the PQQ will be given by the Director of Finance & Planning.

Where a partner has been successful, they will be informed by e-mail and will become an approved Bishop Auckland College subcontract partner. This does not automatically guarantee working with Bishop Auckland College. Where an allocation becomes available, the Bishop Auckland College contract Manager will contact the approved partner and arrange an initial meeting to discuss potential requirements.

Subcontractor may not be required to complete the PQQ on an annual basis, but must provide up to date information to ensure approval is given for future year contracts. Existing subcontractors will be contacted in May, prior to the commencement of the next academic year to advise on the Bishop Auckland College requirements. All partners will be required to fully complete the PQQ process at least once every three years.

All potential subcontractors will go through due diligence, in order for the College's partnership team to assess and mitigate any potential risk to the College. This will include a review of financial robustness of the provider.

#### **4.3 Contracting Arrangements**

Successful partners will have a legally binding contract eligible for 1 full year. It will be tailored to the required provision and signed and witnessed by the partner and the College. Terms and conditions will be agreed and included in the contract. Bishop Auckland College is granted full permission and rights to monitor the quality of training being provided and visit the providers training sites. The Partner contract abides completely with the Skills Funding Agency Rules 2013/2014 of which evidence will be required and asked for regarding performance to be assessed against the OFSTED new Common Inspection Framework. All subcontractors' holding contracts with an overall value of £100,000 or more a year will be required to be listed on the current Register of Training Organisations held by the Skills Funding Agency.

#### **4.4 Compliance and Intervention**

Partner's performance will be monitored on an ongoing basis. If underperformance is identified, interventions will be put in place and the level of this intervention will be proportionate to the risk to the learner and to funding from the Skills Funding Agency or Education Funding Agency. Failure to provide an acceptable standard of training will result in more formal compliance procedures which may and can result in the contract being terminated.

To support Partner performance, the College Partnership Team will carry out regular audit checks and provide timely feedback to the Partner to ensure full compliance and transparency with the Skills Funding Agency guidance. Potential issues and interventions are discussed expediently and transparently with the Partner at the Contract Management reviews to ensure any compliance issues are immediately addressed. The Partnership Manager will ensure that the Partner is receiving the maximum support necessary from the College to ensure the health and success of the Partner Contract.

Each Partner will be set a minimum success rate target, based on the previous 3 years trends as presented by the College targets. Any indication that the best case success rate is falling below this, will be addressed at Contract Management Reviews. If the provider falls below a 5% tolerance in their success rates the following intervention procedure will be put in place:

- Contract review meetings will be held on a monthly basis instead of termly basis
- Action plans will be implemented to ensure the successful delivery of the remainder of the programme including time lines to record the issues and subsequent actions.
- Bishop Auckland College will support with any professional development requirements for tutors and assessors
- The frequency of Quality assurance visits and teaching observations will be increased.

Failure to provide an acceptable standard of training by way of no improvement in success rates or follow through of compliance action planning, meaning that the subcontractor is still deemed to be high risk, then any further enrolments will be suspended until successful delivery of the programme is proven. The Contract Manager will follow this through with the Partner.

Scheduled Partner Payments can also be suspended if there is a risk to the funding that has been drawn down to date as this presents a possibility of a claw back of funding from the College to the

Skills Funding Agency.

If the subcontractor consistently fails to improve then this will result in a 'Notice to Improve' being issued and will also impact on any future contracts with Bishop Auckland College. i.e. Future subcontracting opportunities with the College will decrease or stop completely. Contract termination will follow the procedures.

#### **4.5 Self –Assessment and Continuous Improvement**

All subcontractors will be required to undertake a self-assessment process in accordance with the new Common Inspection Framework and produce a Self- Assessment Report (SAR) that clearly identifies and evaluates the courses and programmes which they are contracted to deliver.

Bishop Auckland College will support the completion of this process and support the setting of clear targets. Best practice will be utilised and shared from the "Supply Chain Management – a good practice guide for the post-16 skills sector" (Nov 2012 and subsequent iterations).

#### **4.6 Information, Advice & Guidance**

Subcontractors are required to provide robust information, advice and guidance to inform the learners choice of programme and to develop ideas for future learning and employment.

#### **4.7 Internal Policies**

Partners are required to have safeguarding arrangements in place and a designated safeguarding representative.

All facilities used to deliver training must meet all Health & Safety legislative and regulatory requirements. Risk assessments must be undertaken in line with the type of training and nature of the facility being used. Subcontractors must ensure they have robust quality arrangements and are required to maintain, review and update internal policies and procedures in line with the legislation as appropriate to the nature of their delivery.

#### **4.8 Fees & Charges**

Provision is subcontracted to selected parties for the delivery of full programmes or frameworks, known as provision subcontracting. Fees and charges set by the Prime Contractor are monitored by the Skills Funding Agency to ensure sufficient funding is being allocated to provide high-quality education and training.

The management fee for a sub contract provision usually ranges from 20% to 22%. The level of support required with a new subcontractor is considered to be more high risk and will attract a higher fee. On successful completion of provision and the continued maintenance of our expected high standards of teaching and learning, this fee may be reduced, upon agreed negotiation, and if the Partner is successful in tendering for the following contract year.

Payments to subcontractors will be made usually on a monthly basis, and a checklist of key dates and deadlines for paperwork to be received for inclusion in the return to the Skills Funding Agency will be provided. Payment details are also included in the contract schedules issued to subcontractors at the start of a new contract year.

#### **5.0 Contingency Arrangements**

Learners would continue to be supported by Bishop Auckland College, or one of its partners, in the event that:

- Bishop Auckland College withdraws from a subcontracting arrangement
- A subcontractor withdraws from an arrangement
- A subcontractor goes into liquidation or administration

A contingency plan would be agreed, taking account of the circumstances that resulted in the subcontractor being unable to continue delivering services to learners.

All learners are the responsibility of Bishop Auckland College; learners and their interests would be the

focus of any contingency plan.

Subcontractors must report any issue that puts the contract and delivery to learners at risk, to the Bishop Auckland College Head of Apprenticeships and Business Development, or contract manager.

The Head of Apprenticeships and Business Development or Contract Manager would convene a planning meeting with the relevant Senior Managers. Information on the reasons and circumstances that affect the delivery of the subcontract would be obtained prior to this meeting. Information from the subcontractor would be gathered to clarify severity of risk and timescales. The subcontractor may be asked to attend the contingency planning meeting.

A plan would cover the following:

- Securing relevant documentation from the subcontractor in relation to the contract and learners
- Defining how learners would be supported to enable them to complete their learning
- Communicating proposed plan to learners and employers
- Identified the timescales for action
- Identifying roles and responsibilities for implementing, monitoring and reviewing the contingency plan.

There are different options that may be considered including the following

Short term delivery by a subcontractor to ensure on programme learners are supported to achieve.

Engaging with another subcontractor to ensure on programme learners are supported to achieve

Bishop Auckland College directly delivering to ensure on programme learners are supported to achieve

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A typical breakdown of services associated with the management fee banding (not definitive):

20% Management Fee	22% Management Fee
<ul style="list-style-type: none"> <li>Established partner with proven track record</li> </ul>	<ul style="list-style-type: none"> <li>New partner with no (or less than 18 months) delivery history with BAC</li> </ul>
<ul style="list-style-type: none"> <li>Termly meetings to monitor success, retention and achievement</li> </ul>	<ul style="list-style-type: none"> <li>Monthly meetings/contact initially then 2 monthly, then termly meetings or as and when required</li> </ul>
<ul style="list-style-type: none"> <li>Regular internal audit checks and visits to Partners to check learning, learners and teaching premises</li> </ul>	<ul style="list-style-type: none"> <li>Regular internal audit checks and visits to Partners to check learning, learners and teaching premises.</li> </ul>
<ul style="list-style-type: none"> <li>Access for the learners to Bishop Auckland College resources, eg Safeguarding team, Learning Centre, Student card</li> </ul>	<ul style="list-style-type: none"> <li>Access for the learners to Bishop Auckland College resources, eg Safeguarding team, Learning Centre, Student card</li> </ul>
<ul style="list-style-type: none"> <li>Data monitoring utilising internal college systems to monitor the progress of the learners, Equality and Diversity, funding drawn down etc</li> </ul>	<ul style="list-style-type: none"> <li>Data monitoring utilising internal college systems to monitor the progress of the learners, Equality and Diversity, funding drawn down etc</li> </ul>
<ul style="list-style-type: none"> <li>Support with writing the SAR and reviewing the action plan</li> </ul>	<ul style="list-style-type: none"> <li>Support with writing the SAR and reviewing the action plan</li> </ul>
<ul style="list-style-type: none"> <li>Access to BAC in house training programme</li> </ul>	<ul style="list-style-type: none"> <li>Access to BAC in house training programme. CPD for staff to be monitored in line with success of provision.</li> </ul>
<ul style="list-style-type: none"> <li>Observations of assessments/teaching and feedback</li> </ul>	<ul style="list-style-type: none"> <li>Observations of assessments/teaching and feedback</li> </ul>
<ul style="list-style-type: none"> <li>Partner forum for training and sharing best practice</li> </ul>	<ul style="list-style-type: none"> <li>Partner forum for training and sharing best practice</li> </ul>

Note : There is no difference in quality of services that Bishop Auckland College provides its sub-contracted partners within both fee bands.

## 5 Common Accord in the Working of Supply Chains in the Post-16 Learning & Skills Sector

- i. The scope of the Common Accord is supply chain activity using funds supplied by the Skills Funding Agency or any successor organisations.
- ii. Signatories to the Common Accord commit to the “Overarching Principle” that: **“Supply chains seek to optimise the impact and effectiveness of service delivery to the end user.”**
- iii. in line with the overarching principle, signatories will abide by the following:
  - Supply chain management activities should align with the principles of best practice in the skills sector. *Signatories to the Common Accord agree to 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)*
  - Prime/lead providers in supply chains 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. *Signatories agree the importance of ensuring that procurement activities are conducted in a fair and transparent manner to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.*
  - Funding for learning that is retained by the lead provider must 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. *Signatories commit that the rates of such retained funding should be commercially viable for both sides, should be negotiated and agreed in a fair and transparent manner, and should relate to the actual services being provided.*
  - Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, signatories commit to submission of the dispute to independent outside arbitration or mediation and to abide by its findings. *Signatories 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.*
- iv. Signatories to the Common Accord understand and accept that their commitment and adherence to it may be used as criteria or standards by other sector stakeholders, including (but not limited to) funding, representative and professional bodies.