

**Name of Policy**

**SUBCONTRACTING POLICY**

**Purposes**

The policy is now a mandatory requirement that must be in place prior to participating in any subcontracting activity

**Author / Job Title**

Director of Finance

**Equality Assessment  
By Whom**

Director of Finance

**Date**

December 2021

**Version**

1

**Date of next review  
(month & year)**

August 2022

**Date**

**Approved by**

SMT

Corporation

December 2021

**Related policies or  
procedures or parent  
policy if applicable**

Macclesfield College Financial Regulations  
Education and Skills Funding Agency 'Funding and  
Performance Management Rules'

**Groups/bodies consulted  
in the development of the  
policy**

**To be published on College  
website**

Yes

**To be published on the  
Student Hub**

No

## Introduction and Purpose

The Principal and Chief Executive of Macclesfield College is committed to making the best use of resources when securing the provision of education and training. The 'subcontracting' out of the Education and Skills Funding Agency (ESFA) provision of training and education is one route to secure provision. This policy describes the principles underpinning the selection and management of subcontracted provision to ensure that it meets the required standard.

Macclesfield College's policy is to follow the ESFA guidelines for procuring high quality subcontract provision that meets the needs of the business. The aim is to build a long-term partnership with a culture of continuous improvement.

### Rationale for Subcontracting

- Subcontracting enables the College to deliver high quality niche provision in areas where subcontractors' have extensive and focused specialist expertise
- Subcontracting ensures cost effectiveness of programme delivery on occasions when it may be desirable for the College to run certain programmes but it is not viable for the College to build up in-house resources and expertise.
- Subcontracting widens the range of progression opportunities for learners, both from Subcontractors' to the College's programmes and vice versa.
- Subcontracting provides good development opportunities for both the College and its Subcontractors, to share good practice and new ways of working.

The college will only work with high quality providers and for any Traineeship provision the subcontractors have to be graded 1 or 2 by Ofsted Inspectors.

Upon commencement of the subcontracting process, Macclesfield College will ensure that:

- The proposed delivery is in the best interests of learners and employers and adds value to the work of the College, to our learners and community.
- The proposed delivery has a clear strategic fit with our mission, objectives and values
- There is sufficient expertise within the College to quality assure the provision throughout the learner journey.
- There is sufficient staff resource in support areas to administer the processes and make alternative arrangements in the event of subcontractor failure to ensure continuation of provision and that learners are not disadvantaged
- The Subcontractor is approved by our due-diligence process
- There is sufficient funding available within our funding contract
- The Subcontractor agrees to work within the terms of our contract and is willing to engage in a mutually supportive relationship

## **1. Implementation**

### **1.1 Due Diligence Process**

The first stage in establishing the partnership is the completion of a rigorous Due Diligence process. This ensures that each partner's financial, quality and learner support arrangements are robust. The Funding and Quality teams will fully support the partner to complete this process.

A Dun and Bradstreet Comprehensive Report will be requested for each partner. Companies House checks on Company Directors will be undertaken. Partners will be asked to refresh their Due Diligence on an annual basis.

### **1.2 Working with the Employer**

Macclesfield College utilises cross college teams working in partnership with providers and employers delivering apprenticeships and work-based learning qualifications through subcontracting. As part of Macclesfield College's commitment to quality and ensuring the highest quality of learning is provided, the team support employers and providers throughout the delivery of the programme.

Macclesfield College will work with the partner to ensure that the appropriate paperwork and processes are in place to support learner starts and progression, and to ensure that ESFA Audit requirements are met. Macclesfield College is able to provide all of the relevant paperwork, however if the partner prefers to use their own paperwork we will review this to ensure that it meets requirements.

### **1.3 Quality Assurance and Improvement**

Macclesfield College is committed to ensuring subcontracting partners are able to deliver quality provision through robust quality assurance and improvement processes and supporting partners in developing QA and QI procedures in order to maximize the benefits, to learners and other stakeholders, of the subcontractor's provision.

Managers and Senior Managers at the college will support and encourage the implementation of robust quality assurance and improvement in partner institutions and, where appropriate, other staff will participate in QA and QI procedures.

The college advocates and promotes a rigorous self-assessment model and will require evidence of self –assessment in partner institutions that leads to operational and strategic improvement in provision.

Our Quality team undertakes regular Quality Review meetings. We review the copies of partners Quality Assurance documents that we hold centrally and evaluate the most up-to-date reports provided as evidence of the outcomes and impact of quality assurance.

A joint Quality Review meeting will be held at least twice a year so that our evaluation can be discussed and any follow-up activity confirmed. The College will carry out regular and substantial quality assurance checks with each subcontractor to ensure high quality delivery is taking place that meets the funding rules. This will include telephone interviews with learners and involve direct observation of initial guidance, assessment, and delivery of learning programmes.

Macclesfield College require that subcontract partners submit dates, times and venues of all training that is scheduled to take place, in both classroom and the workplace. Unannounced visits will take place throughout the duration of the contract.

## 2. Subcontract Fees Policy

The College will incur costs to manage the subcontract. The current recommended retained funding fee for new contracts with new subcontractors will be up to 20%, however this can vary and is dependent on the level of support provided.

The retained funding will fund the administration, the leadership and the management time to ensure that quality is delivered, and to improve the provision if required. The college can also deduct any costs associated with delivery of any education to the learners.

We will identify specific costs for managing the subcontractor, for quality monitoring activities and for any other support activities offered by Macclesfield College to the subcontractor. Such costs will be included in the subcontractor's contract. This list of specific costs will include, but is not limited to:

- Due diligence checks for potential and existing subcontractors (reviewed annually);
- Production of Contracts;
- Subcontract set up costs to record and monitor activity and progress;
- Training in relation to college enrolment and paperwork requirements;
- Review and recommendation in relation to courses delivered and/or Study programme content;
- Checking for learner eligibility, funding and accuracy to comply with ESFA rules;
- Data input of learner details for enrolment and completion;
- Quality and Contract Review Meetings;
- Quality assurance and improvement activity in partner institutions including quality sampling of learners to track learner progress;
- Travel to subcontractor and delivery premises;
- Monthly ILR reconciliations and processing of payments;
- Announced and unannounced observations with checks on student attendance and constructive feedback to improve the quality of teaching, learning and assessment;
- Monthly safeguarding return monitoring;
- Subcontractor staffing reviews (Safeguarding/Qualifications and Experience/DBS);
- Learner surveys to gain feedback of learner experience and prompt any action;
- External audit of subcontracted provision to meet Ofsted and ESFA requirements.

Costs against each of these areas will be determined by the size of the contract (both value and number of learners to be enrolled), and the input required by the College. This will be based on a risk assessment of the subcontractor's own policies and processes, considering:

- Previous performance in relation to the delivery of subcontract contracts;
- Historical achievement rate data;
- Financial standing of the Subcontractor;
- Anticipated demands of the contract on the College's resources including levels of support.

The payments to the contractor will be based upon the following:

Actual monthly earnings of the subcontract provision to the college	x
Less the retained funding fee and cost of the college delivering learning	y
Balance payable to the subcontractor	z

The ESFA retain 20% of funding until the learning aim has been successfully achieved, and this is reflected in the payment methodology outlined above. Learner achievement will be claimed once all necessary evidence and paperwork has been submitted to college.

## **Payment Terms**

Macclesfield College submit an Individualised Learner Record file (ILR) on the 4th working day of the month. This return generates the Provider Financial Report (PFR) Report, from which subcontractor payment values are generated. Subcontract partners are advised of the payment value within 5 working days of the ILR submission. Invoices will be dated as at the date of submission and will be paid within 30 days of the invoice date.

Subcontractors will only be paid for the actual funding delivered. Any Difference between payments on account and actual funding will be subject to clawback.

Prior to the annual Due Diligence process commencing, we will communicate the following information to the potential subcontractors, or current ones for new starts.

- Macclesfield College's Subcontract Policy;
- The reason for subcontracting;
- The services you will provide when subcontracting to them and the associated costs when doing so, including a list of specific costs for managing the subcontractor, specific costs for quality monitoring activities and specific costs for any other support activities offered by you to the subcontractor;
- How each cost is reasonable and proportionate to delivery of the subcontracted teaching or learning and how each cost contributes to delivering high quality learning.

This policy will be reviewed during the 2021 Summer term to reflect any updates to the ESFA funding rules. This policy will be published on Macclesfield College's website