**East Sussex College Group (ESCG) Subcontractor Reduction Strategy**

**Introduction and rationale for subcontracting[[1]](#footnote-1)**

East Sussex College group (ESCG) currently manages a network of sub-contractors who deliver a range of qualifications. These partnerships enable ESCG to meet the needs of employers and learners across a broad range of sectors and a wide geographical area that complements existing provision undertaken by ESCG delivery teams.

ESCG is committed to the high quality delivery of a range of courses to meet wider community need, in line with the funders' priorities and identified skills gaps. ESCG maintains a national training consortium in order to increase its reputation nationally and will ensure this through competitive procurement via a Dynamic Purchasing System (DPS) in order to ensure competition, transparency and value for money. Procurement exercises are conducted in accordance with the Public Contracts Regulations 2015 (or as amended) through the application of a ‘Light Touch’ process, whilst ensuring that delivery is through high quality partners with the experience and expertise to meet specific employer and learner needs.

Subcontracted delivery is procured to provide:

* immediate provision to meet a specific identified need whilst reviewing the expansion of direct capacity.
* access to, or engagement with, a new range of customers.
* niche delivery where the cost of developing direct delivery would be inappropriate / not cost viable.

ESCG focuses the majority of its recurrent funding on meeting the needs of residents, employers and communities in East Sussex. For certain provision this natural geographic span increases to include the South East and Coast to Capital Local Enterprise Partnerships (LEPs).

The college recognises that it needs to reduce the volume of delivery that it subcontracts and is committed to reducing this in line with ESFA and FEC expectations, reducing the number of contracts it offers outside of the Coast to Capital and South East LEP areas in 2020/21 with the elimination of provision outside of these geographies by 2022/23.

This will be achieved via a managed process of reduction, in line with the tendering processes that are outlined in the rest of this policy, working with partners that are outside of these areas to manage their exit from our supply chain in a careful and considerate way.

The college will, subject to agreement with the ESFA, continue to support partners in the delivery of national niche sectors such as Glass Fenestration, where there is a direct need by employers for growth within the sector.

**Three year reduction plan**

The college group is focused on reducing the amount of funding that it subcontracts out with a specific focus on our recurrent ESFA funding streams (Study Programme and Adult Education Budget) with these streams only being delivered internally from 2021/22.

Subcontracted income from Apprenticeship will also reduce over the next three years, in part due to government policy changes with the ceasing of direct contracts between ESFA and prime providers from March 2021, and a focus on reducing the geographic focus of our supply chain.

Our Higher Education subcontracting is with two specific partners in London under a partnership agreement agreed with Pearson, the Validation Partner for the HNC/D Programmes delivered under these arrangements.

The table below outlines the ESCG subcontracting reduction plan over the next three academic years to 2022/23.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Academic Year** | **19/20** | **20/21** | **21/22** | **22/23** |
| **Funding Stream** | **£000's** | **£000's** | **£000's** | **£000's** |
| 16-19 Study Programmes | 487 | 450 | 0 | 0 |
| Apprenticeship 16-18 Levy | 40 | 0 | 0 | 0 |
| Apprenticeship 19+ Levy | 175 | 0 | 0 | 0 |
| Apprenticeship 16-18 non-levy | 2122 | 1942 | 1000 | 200 |
| Apprenticeship 19+ non-levy | 2109 | 1002 | 500 | 50 |
| Adult Education Budget (AEB) | 678 | 650 | 0 | 0 |
| Higher Education | 1214 | 1214 | 1214 | 1214 |
| **Total** | **6825** | **5258** | **2714** | **1464** |
| **% change year on year** |  | **-23%** | **-48%** | **-46%** |
| **% change from 2019/20** |  | **-23%** | **-60%** | **-72%** |

**2020/21**

There is already significant change planned in the college’s supply chain for 2020/21 with a 52% reduction in the number of subcontractor partners (from 33 to 17), although a small number of these will have very small rundown contracts to ensure the continuing learners are completed in the early part of 2020/21. (See annexe 1 for further detail.)

There will be a 43% reduction from the original 2019/20 Budget and a 23% reduction from the forecasted outturn.

**2021/22**

The college is committed to eliminating subcontracting from 16-18 Study Programmes and Adult Education Budget (AEB) before the start of 2021/22, delivering more localised provision internally to meet identified needs. The AEB reduction also recognises the expected withdrawal of the GLA AEB contract of £390k, which is part of the subcontracting value in 2020/21.

Apprenticeship subcontracting will also be reducing with only carry-in funding recognised in this academic year. ESCG anticipates that all distance subcontractors will either have completed their contracts or be on final year rundown contracts.

**2022/23**

The forecast includes small levels of carry-in funding for Apprenticeships and the maintenance of our Higher Education partnership, subject to continued agreement with Pearson as the validation partner.

1. Note – this statement is taken from the ESCG Subcontractor Fees policy agreed at Finance Committee in May 2020 [↑](#footnote-ref-1)