EAST SUSSEX COLLEGE

# Subcontracting & Supply Chain Policy

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| **Policy Area:** | **General Corporate** |
| **Policy Lead:** | **Deputy Principal** |
| **Approval By:** | **Board** |
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# 1. Introduction

1.1. East Sussex College manages a small number of subcontractors who deliver a range of qualifications. These partnerships enable the college to meet the needs of employers and students across a broad range of sectors and in niche delivery areas that complements existing provision undertaken by the college's delivery teams.

1.2. The college 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. Procurement exercises are conducted in accordance with the Public Contracts Regulations 2015 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 student needs.

1.3. Subcontracted delivery is procured to:

- Enhance the offer and opportunities available to young people and adults.
- Fill gaps in niche or expert provision or provide better access to training facilities.
- Support better geographical access for students.
- Where there is a sound rationale which enhances the student offer.
- Support an entry point for disadvantaged students.
- Supports individuals who share protected characteristics, where there might otherwise be gaps.

1.4. The college 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 southeast region, including Surrey, Kent and Hampshire as appropriate.

1.5. The college is committed to remaining under the Department for Education's (DfE)maximum threshold of subcontracted delivery up to 25% per funding stream. This has been achieved via a managed process of reduction, in line with the tendering processes with only existing approved partners that are outlined in the rest of this policy, working with those partners that are outside of these areas to manage their exit from the college's supply chain in a careful and considerate way.

1.6. The college will also continue to support partners in the delivery of national niche sectors such as glass fenestration, where this correlates to wider college commitments such around net zero aims and expanding our expertise in decarbonisation skills. This commitment is time-limited and will reduce in line with the planned rundown of the Glass Fenestration Training Scheme (GFTS) over the next two to three years.

# 2. Implementation

2.1. As part of its annual cycle of business the Resources, Culture & Impact Committee agrees the annual volume of subcontracted delivery available via each funding stream. During the academic year, if new opportunities are identified to review in-year approaches and plans to subcontracting this will be reviewed and agreed by executive and board. Existing and new supply chain partners are invited via the college's dynamic purchasing system (DPS) to submit a bid through a series of mini tenders. The college will use its supply chain to optimise the impact and effectiveness of service delivery to students and/or employers.

2.2. The college will ensure that supply chain management activities comply with the principles of best practice in the skills sector. Reference to supply chain fees and charges will be at the point of registration to the dynamic purchasing system or an addendum to the current contract.

2.3. The college at all times undertakes fair and transparent procurement activities by conducting robust due diligence procedures on potential subcontractors to ensure the subcontractor is a legally, financially and educationally sound organisation to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on student lives. The revised due diligence process meets all requirements and, is in line with the Current DfE Subcontracting standard funding rules for post-16 funding (excluding apprenticeships) 2025/26 and the current Apprenticeship Funding Rules Along with the Adult skills fund: funding and performance management rules 2025 to 2026.

2.4. The due diligence process will include a number of pre-award activities along with a review of the evidence gathering from the college subcontractors.

2.5. The pre-award process is as follows:

- Defined college roles ensuring clear leadership with a contract management Senior Responsible Owner (SRO). These processes are aligned with, among others, wider organisational governance processes, operational boards and risk structures.
- Well defined policies and processes with a clear contract management plan focusing on outputs and a 'whole life' approach to performance.
- An education rationale approved by the Curriculum, Standards & Quality Committee, review appropriately authorised through the organisation's governance structure.
- Development of professional contract management guidance.

2.6. Contract due diligence evidence is as follows:

- Statutory accounts and company credit checks via Companies House.
- External Quality Assurance (EQA)/inspection reports and historic quality information including prior achievement rates.
- Evidence of awarding body status, including sanctions.
- CVs for delivery staff (including Disclosure and Barring Service (DBS) numbers).
- An overview of the other subcontract values and prime contractors each partner contracts or is planning to contract with, by funding stream.
- Declarations of business standing of the directors and any conflicts of interest with college staff or Governing Board members.

2.7. Subcontractors are required to notify the college of any changes in circumstances or personnel related to the contract immediately. This process will be repeated on an annual basis with a specific focus upon financial and quality related performance updates.

2.8. Where the college subcontracts £100,000 or more of its delivery across all DfE funding streams, it will comply with the DfE Subcontracting Standard, commission an independent reporting accountant's annual assurance review of its compliance and submit the required annual subcontracting declaration to the DfE.

## 3. Conflict of interest

3.1. The college will carry out mandatory controls at regular intervals both internally and externally to ensure that there remains no conflict of interest.

## 4. Decision process

4.1. The procurement process will be a clear contract management plan and will determine a shortlist of potential delivery partners identified within the subcontracting run-down process who will have each submitted a completed Supplier Selection Questionnaire (SSQ). They are invited to complete this SSQ and to submit it, together with any requested

supporting information to the college's DPS by the due date for return in accordance with the procedures set out in the submission instructions.

4.2. The procurement processes and base documentation will form the main decision-making process to select a sub-contractor will include input from a budget holder, SRO and contract manager. Decisions will also be determined by the responses to the key questions requested in any of the 'mini' tenders to check potential partner's delivery plans against local and regional priorities, including but not limited to quality, delivery, quantities and that price meets the initial proposal within the partner tender.

4.3. The college will be looking for flexibilities that develop and deliver an offer that meets the needs of local people, employers and the wider community.

## 5. Contracting

5.1. Based on approval and through discussion and negotiation, both the college and the subcontractor will agree the contract financial value and student numbers by funding stream(s). The following core contract components will be agreed:

- Sub-contractor profile – based on completed GRID lite profile (the college's revenue tracking software)
- Sub-contractor duty (and KPIs)
- College duty
- College service offer
- College management and service charges based on due diligence results
- Contract volume and value

5.2. Once agreed by both parties the college will issue the subcontractor with a contract, performance management plan, relationship charter and joint statement.

5.3. The contract will reflect the relevant funding agency rules and updates for that contract year. All contracts are legally binding and will need to be signed by all parties prior to the commencement of delivery along with a performance management framework and KPIs.

5.4. During the contracting year if there is any evidence of a subcontractor's irregular financial or delivery activity the college will carry out an investigation and will report the outcome of the investigation, in writing, to its funding agency relationship manager within 10 days of the investigation being complete.

## 6. Quality assurance

6.1. The quality of the provision will be monitored and managed through the college's quality assurance processes and procedures, as amended in order to fully encompass all subcontracted activity. The college reserves the right to obtain claw back for under delivery or other reasons specified in the full contract.

6.2. This policy positions subcontracted provision as a part of college activity to enable continuous improvements in the quality of teaching, learning and assessment for both the college and its subcontractors. This will be achieved through the sharing of effective good practice:

- Subcontractor performance will be assessed using clear, objective, and meaningful metrics linked where appropriate to funding agency rules.
- A clear process to handle operational problem resolution and resolve issues as quickly as possible as stated under Quality Audit requirements.
- Regular and routine feedback is given to subcontractors on their performance.
- The subcontractor has clear contact points for service both within the subcontractor

organisation and the college.

- A clear understanding of requirements for delivery and involvement in the assessment of subcontractor performance where relevant along with escalation rules where issues arise.
- Formal performance reviews with subcontractors, documented and minuted with formal improvement plans agreed where necessary.

6.3. The college provides for all its partners the following services and support in order to strengthen operational performance, development of continuous improvement within their relationship and support quality of teaching and learning:

- Access to a CPD programme that includes opportunities for subcontractors' staff to develop new course materials, improve teaching and learning practice and refresh knowledge of safeguarding, equity, diversity & inclusion (EDI), funding rules and audit compliance (including completing college paperwork and utilising internal online systems to track students' progress, attendance and progression).
- Training for the observation of teaching, learning and assessment to enable partners' staff to undertake observations following the college's policies and procedures.
- A dedicated relationship management team available to provide support and guidance and undertake as a minimum quarterly site visits announced and unannounced (dependent on risk), including teaching and assessor observations, weekly paperwork compliance check and technical support.
- Help to complete a Self-Assessment Review (SAR) that feeds into the wider college SAR and identifies areas of effective practice and areas of improvement, for which partners are able to tap into support from college teaching and quality staff.
- Administrative support to ensure all paperwork is audit and Individualised Student Record (ILR) compliant and safely stored and uploaded onto The ILR
- Access to the college's quality and CPD services that provide 1:1 support and training for teaching and delivery staff that are graded 3 or 4 with targeted action plans to improve their practice.
- Access to college staff to deliver specific or specialised provision and use of college premises for open events, hot-desking, and course delivery on agreed dates.
- Business development and joint bidding opportunities to link with regional or national employers as agreed.
- Administrative support for processing additional funding applications, follow ups and payments, such as the invoicing for the 5% non-levy employer fee, and incentive
- Administrative and relationship support with identified end point assessment (EPA) centres and employers, where applicable.

## 7. Quality audit requirements

7.1. Subcontractors will be required to demonstrate that they have robust quality audit arrangements in place which are consistent with the requirements related to the audit activities undertaken by the college.

7.2. They will be required to maintain, review, update and follow their policies and procedures in line with national legislation and as appropriate to the nature of their contract in the following areas:

- Health & safety
- Diversity, equity, inclusion & belonging
- Safeguarding and Prevent

- Sustainability
- Quality assurance, including performance monitoring and development of:
  - Teaching practice
  - Initial assessment
  - Additional learning support
  - Information, advice and guidance
  - Self-assessment
  - Service standards
- Performance management information
- Data protection/GDPR
- Staff recruitment and development
- Modern slavery
- Financial management

## 8. Performance monitoring

8.1. Subcontractor performance will be monitored on an on-going basis and will include attending course review meetings (in person or online) in line with the college's quality cycle throughout the year. Should subcontractors fail to deliver the data consistently, the college reserves the right to withhold funding until sufficient evidence is provided.

8.2. Where performance falls below the standard required, subcontractors will be issued with a notice to improve. Support will be provided to help subcontractors develop and enhance the quality of their delivery. If a subcontractor fails to meet the necessary improvements within the agreed timescales, it may be necessary to implement contract termination procedures.

8.3. Monitoring will include:

- Weekly check in call and monthly conference calls and/or visits
- Examining management information systems and claims
- Scheduled support and unannounced visits
- Desktop auditing of e-portfolio systems

8.4. At point of sign up a Companies House check and/or an address verification software tool is used to check validity of business name address for all employers taking on any apprenticeship standards to reduce risk of fraud against funding.

8.5. Review will include:

- Three course review meetings (in person or online)
- An examination of all aspects of the contract
- Planning future actions
- Review of monthly profile targets against original grid application
- Price negotiation justification

8.6. Evaluation will include:

- Annual assessments/audits
- Reviewing contract performance
- The contract renewal decision-making process

8.7. The level of contract management and service provided by the college to the subcontractor will be determined at approval stage but could be increased in year as performance levels are reviewed.

8.8. If during in year monitoring there is any evidence of irregular financial or delivery activity the college will carry out an investigation and will report the outcome of the investigation, in writing, to the funding agency relationship manager within 10 days of the investigation being complete.

8.9. If a subcontractor is found to be subcontracting to a second level the contract will be stopped. Second-level subcontracting is not permitted unless the college has sought and obtained the funding agency's written approval in advance of the contract year.

8.10. The college will work with its subcontractors to ensure that all students receive high quality, safe and inspiring training, with all the necessary support for individuals to achieve their aims and progress on to employment.

8.11. Should a subcontractor consistently fail to improve any element of its performance which is deemed to be unsatisfactory or inadequate or consistently fail to engage in training or with the quality support systems which are in place, the college reserves the right to terminate the contract to protect the students.

8.12. If contract termination procedures are implemented, subcontractors are contractually required to co-operate fully with this process. Failure to comply with the requirements will result in significant penalties.

## 9. Subcontractor fees and charges

9.1. The college has robust processes and procedures in its MIS and finance departments to effectively monitor the financial payments in relation to its subcontracted provision. These processes include clear payment mechanisms, (including incentive payments, penalties and non-standard charges).

9.2. The management fee (cost of services) retained by the college is calculated as a percentage of the contract value agreed with the subcontractor. The typical percentage of fees retained by the college to manage subcontractors is 20%.

9.3. The actual management fee is calculated using risk assessment of the following factors:

- Track record of the subcontractor with regard to meeting achievement and funding targets.
- Track record of delivery and outcomes within specific sector.
- Length of time on the Apprenticeship Providers and Assessment Register (APAR).
- Length and history of previous contract relationship with the college.
- Length of time on the UK Register of Learning Providers (UKRLP)
- Financial standing of the subcontractor.
- Anticipated demands of the contract on the college's resources.
- Contract size with regards to both funding and student numbers.

9.4. The range of services will be negotiated and agreed with each subcontractor before contracts are signed ahead of each contract year (outlined in Appendix 1). This will include:

- The college's rationale for subcontracting with each partner.
- The services the college will provide when subcontracting to them; the associated costs when doing so; how each cost is reasonable and proportionate to delivery of the subcontracted teaching or learning; how each cost contributes to delivering high quality learning.

9.5. These will be included in an overview document with each contract, agreed and signed with each subcontractor before the commencement of each contract year.

9.6. This policy is available to current and potential subcontractors via the college's website and

is annually reviewed and approved by the Resources, Culture & Impact Committee in the summer term of each year.

## 10. Payments to subcontractors

10.1. Payments to subcontractors follow the Department for Education's (DfE) payment terms for current funding rules for each individual programme type they are subcontracted to deliver, e.g. Adult Skills Fund (ASF) programmes or apprenticeships. All other contracts outside of ASF programmes and apprenticeships will be agreed on an individual basis.

10.2. Subcontractor payments are calculated each month using returned ILR data and the college's GRID software and remittances are issued monthly.

10.3. No payments are made where the activity exceeds the maximum contract value unless a contract variation agreement has previously been signed.

# Appendix 1: Subcontractor services provided

## 1. Management costs

1.1. Access to the whole college CPD programme that includes opportunities for subcontractors' staff to develop new course materials, improve teaching and learning practice and refresh knowledge of safeguarding, EDI, funding rules and audit compliance (including completing college paperwork and utilising college online systems to track students' progress, attendance and progression).

1.2. Training on audit compliance for reviews, Ofsted preparation.

1.3. A dedicated relationship management team that is available to provide day to day support and guidance on funding rules, compliance, delivery issues, EPA support/intervention and undertake as a minimum quarterly site visits (dependent on risk and including unannounced), teaching and assessor observations, weekly paperwork compliance check and technical support.

1.4. Compliance checks to include student eligibility, prior learning and programme suitability.

1.5. Administrative support for processing additional funding applications, follow ups and payments, such as the invoicing for the 5% non-levy employer fee and incentive for 16-18 apprentices.

1.6. Regular company house/credit checks on employers via an address verification software tool to check validity and reduce the risk of fraud engaging with apprentices on standards.

1.7. Access to the MIS team and offering a range of electronic tools to monitor students' progress, attendance and progression.

1.8. Business development and joint bidding opportunities to link with regional or national employers.

## 2. Monitoring quality

2.1. Training for the observation of teaching, learning and assessment to enable partners staff to undertake observations following college policies and procedures.

2.2. Help to complete a Self-Assessment Review (SAR) that feeds into the wider college SAR and identifies areas of effective practice and areas of improvement for which partners can tap into support from teaching and quality staff.

2.3. Ongoing support on partners own monitoring visits and training towards Ofsted visits/outcomes.

2.4. Contingency planning for intervention or supporting partners with additional requirements to improve quality of delivery and monitoring.

## 3. Additional support activities

3.1. Access and support to the college Grid Lite process which allows partners to plan profiles in each contract year for each delivery sector and update these accordingly.

3.2. Monthly starts to profile tracker to allow partners an overview of numbers enrolled against profiled starts.

3.3. Weekly PED report to view all students on programme against predicted end date. Both parties can drill down student by student for progress or students at risk.

3.4. Weekly outstanding review report/register compliance to ensure that each partner is fully aware of late reviews/unmarked registers and non-compliance identified with the partner

3.5. Access to the college's quality, MIS and finance teams for any queries on monthly payment returns, student issues (either 1:1 meetings or group workshops).

3.6. Detailed and comprehensive ILR return report for funding/achievement.

## 4. Direct delivery

4.1. As the lead provider the college considers the quality of delivery to the employer and student to be extremely important. To that end, it will ensure that robust processes are in place to manage the delivery of all apprenticeship programmes. This is managed through an initial introduction to the employer and student via a welcome email that identifies that the college is directly linked to their chosen training provider and its part in the delivery process, with opportunities for contacting the college directly.

4.2. Carry out detailed quality calls/online surveys to both the employer and the student to ensure confidence that they are receiving good quality delivery and are on track.

4.3. Build a relationship with the employer's recommended EPAO Awarding Body.

4.4. Blended delivery of in-person workshops and online courses throughout the duration of the apprenticeship programme to support directed learning & self-study of knowledge, skills and behaviours and a contribution to OTJ in areas such as health & safety, safeguarding and Prevent, wellness support and sector-specific modules.

4.5. Engage with the employer where necessary to ensure the student is supported to participate with their programmes.

4.6. An experienced Work-Based Learning (WBL compliance officer will carry out announced and unannounced remote 'desktop' audits.

4.7. Using reviews as the college's 'window' into the student's progress at a 10-12 week point; the college monitors the quality of the detail of these reviews which include personal development targets, stretch and challenge, skills, knowledge & behaviours along with progress towards the OTJ target.