Subcontracting Policy and Fee Schedule 26/27

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1 Executive Summary

1.1 This Policy sets out the College's reasons for 'Provision' subcontracting, the way in which subcontractors are procured and provides a clear and transparent methodology for any charges made to subcontractors for services provided. 'Provision Subcontracting' is defined as subcontracting the delivery of full learning programmes. It is not subcontracting the delivery of a service as part of the delivery of a programme (for example, buying the delivery of specific components of a learning programme, e.g. Functional Skills for an Apprentice).

1.2 The Policy demonstrates the College's commitment to supporting good quality learning experiences which meet local need, while adopting a risk assessment-based approach to developing new partnerships.

2 Context - Why Craven College Subcontracts

2.1 Craven College has a long history and good reputation in partnership work, with providers chosen for their professionalism and impact on learners. Partnership and collaboration remains a key strategic enabler for the College in supporting our local and regional communities.

2.2 The College works with subcontractors to support the delivery of our own strategic aims:

- To deliver good value, high quality learning leading to successful recruitment, retention, achievement and progression.
- To ensure students develop the necessary abilities to secure career and employment opportunities and contribute as effective citizens
- To be an inclusive College with a diverse student population
- To work and collaborate with partners and employers to support the local and national economic development and productivity

2.3 All current and potential subcontractors will be required to demonstrate how they will utilise the funding available to support these goals and will be approved by the Governing board.

3 The Policy

3.1 Improving the Quality of Teaching and Learning

It is vital that our processes are sufficiently robust to ensure Quality, Excellence and Innovation in delivery, and remain flexible enough to allow providers to monopolise on their own Unique Selling Points (USPs) in the delivery of skills and employability.

The assurance support outlined in the policy below aims to provide developmental structure for organisations through integration into the College's Self-Assessment Reviews (SARs), whilst also recognising the professionalism within the sector and allowing autonomy where good practice is demonstrated.

The policy is structured to improve and reward quality performance by increasing the Apportionment of Funds to subcontractors who can demonstrate high quality provision and lowered risk through their delivery (see 3.7).

3.2 <u>Subcontractor Procurement</u>

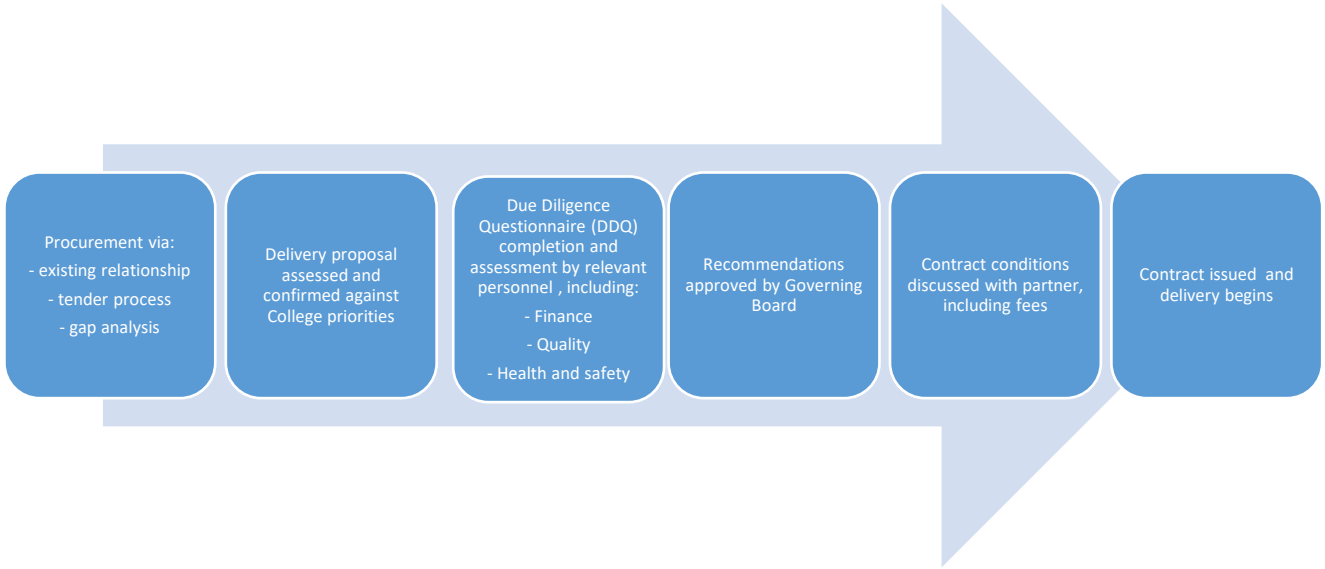
The College will allocate additional subcontracting by:

- Allocating funds to successful subcontractors who are fulfilling and able to exceed delivery contracts
- Requesting proposals from its existing subcontractors for new activity
- If the above is not possible, by following the College's Financial Regulations regarding additional procurement:
    - Up to £25,000 – three written quotes for delivery will be required, including statement in relation to contribution to the College's strategic aims
    - Over £25,000 – a minimum of three tenders requested, following Tendering Procedures outlined in Financial Regulations.

Additional criteria, such as geographical delivery or stipulating a particular delivery method, may form part of a particular procurement exercise, this will be in agreement with the Principal.

Speculative enquiries will be kept on file and referred to for relevance in the event of a Tender Opportunity. The College is not obligated to respond to all speculative enquiries.

For new subcontractors the College will complete the following process:



The DDQ process will consider the risk to the College based on an assessment of the capacity, capability, quality, resource, GDPR compliance, conflict of interest & business standing of the provider to deliver the provision. If successful, the assessment of this risk will determine the nature of the contract, and the level of autonomy a provider receives. The DDQ process will include self-audit of process, document checks, and an interview where appropriate.

The College will only use subcontractors that the Governing board and Principal determine meet strategic aims, are of a high quality and low risk. Any subcontractor with a contract value of £100,000 or greater for each funding year, must be listed on the Register of Training Organisations prior to any agreements being made (or Register of Apprenticeship Training Organisations, where appropriate).

The College is committed to Equality and Inclusion, and on occasion will seek to support less experienced delivery subcontractors whose USP is, for example, experience in engaging with disadvantaged target groups. The College will manage risk by providing additional support to these providers to develop their quality processes (see 3.5 Tariff for additional services).

The College will not enter into a relationship which involves second-level subcontracting. Any further subcontracting conducted by the College's subcontractors will result in reclaiming of funds.

3.3 Income Apportionment

Income apportionment for the Subcontractor and the College are calculated on the following basis:

- Learning Administration and Assurance Fee x Risk Value = Proportion retained by College
- Learning Administration and Assurance Fee – the standard Fee for 2026/27 is 17%.

Risk Value – all subcontractors will be required to undergo Due Diligence prior to contracting, and this will be refreshed on an annual basis. The DDQ will assess the risk of working with the organisation based on their quality processes and financial standing, calculating a Risk Value between 1 (low) and 2 (high). Any variation on the Risk Value must be approved by the Senior Leadership team.

Organisational risk is assessed in the Due Diligence process. This risk level will be re-calculated with every annual refresh of the DDQ and through quality monitoring.

Income Apportionment will be reviewed annually, recommended by the Head of Adult Education to the Senior Leadership Team and approved by the Governing Board.

Income Apportionment may be increased in line with risk where quality or audit issues are raised.

For partnership projects procured through Open and Competitive Tendering processes, the College will calculate Income Apportionment based on resources and risk specific to the project.

3.4 Learning Administration and Assurance Provided

The proportion of Relevant Income retained by Craven College supports activity which is inextricably linked with the delivery of education and is required to be undertaken in order to fulfil DfE requirements, this includes (but is not limited to): quality assurance, learner validation and unannounced visits, file audits, administration and processing of learner information, submission of ILRs. This income is therefore exempt from VAT, as outlined in 3.6. Any additional services supplied will be subject to VAT and invoices will be clearly itemised as such.

The College will only use subcontractors where it has the appropriate knowledge, skills and experience within its organisation to successfully procure, contract with and manage those subcontractors.

The College will put in place a legally binding contract with each subcontractor that incorporates the Education and Skills Funding Agency's Funding Rules. The College will make regular declarations to the Education and Skills Funding Agency regarding its subcontractors and their contract values.

The Learning Administration and Assurance Fee covers the following College activities:

- Data entry and administration
- Learner file and evidence audit
- Financial performance monitoring, including:
    - Formal monthly reviews against profile
    - Bi-monthly reviews to assess and adjust target allocations
    - Learner verification exercises
    - Unannounced visits
- Quality of education and training monitoring, including:
    - Reviews of the Self-Assessment form, and subsequent action planning to raise standards
    - Reviews of Learner feedback
    - Lesson Observations and/or analysis and standardisation of an organisation's Lesson Observation Process
    - Review of quality processes & procedures
    - Annual Self-Assessment Reviews and Quality Improvement Planning
    - Unannounced visits to include e.g. Lesson observations, portfolio sampling, EQA report analysis, learner focus groups, walkthroughs
    - CPD opportunities in line with operational need and compliance

The College remains responsible for all the actions of subcontractors connected to or arising out of the delivery of the services which it subcontracts.

The College will also undertake internal risk mitigation through the quarterly performance meetings, to monitor the performance and practice of subcontractors, protecting the interests, learners and delivery of all sub-contractors and the College itself. This entails checking of quality procedures, including observations of teaching and learning, as well as looking at learner feedback, outcomes for learners and performance against the contract value. The College has robust procedures in place to ensure that subcontracting does not lead to the inadvertent funding of extremist organisations.

3.5 <u>Tariff for additional services</u>

In addition to the services included within the Administration and Assurance Fee, it is possible for subcontractors to purchase additional services from the College, where it meets their business need. These include:

- Internal Quality Assurance – per requested hour charged at £100p/hour
- Intensive Quality support to develop structures and staff - per requested hour charged at £100 p/hour
- Use of College premises – charged as per Room Rental policy
- Delivery of learning/learner support (e.g. candidate interviews) – charged at £50 p/hour plus travel
- Bid writing support charged at £100 p/hour

All services listed will have VAT charged in addition. Other services can be costed based on Subcontractor request.

3.6 Provider Payments

All subcontractors will be paid in arrears, on invoice, based on the college's receipt of funding from the DfE and combined authorities where applicable in light of evidence produced to substantiate the outputs contracted.

Invoices will be paid as per the College's Financial Regulations (30 days from receipt of invoice) and each subcontract will contain a profile and/or payment schedule relating to their delivery.

The delivery of education and training is exempt from VAT (as outlined in 3.4), and as such all profiled payments are final.

3.7 Annual Planning

The Head of Adult Education will prepare an annual report on subcontractor performance and make recommendations for the following year, based on the College's own allocation and ability to meet demand. Quality, audit and strategic priorities will be considered in renewing allocations.

The College will review DfE and/or combined authority guidance and make amendments to subcontractor documentation as necessary. Changes will be documented and circulated to subcontractors.

If wishing to continue subcontracting providers must provide:

- Any changes and updates to their initial DDQ
- Most recent Annual Accounts
- An estimation of carry-in for the next academic/financial year
- A proposal/profile for delivery, based on realistic measurements of current performance
- Any additional documentation as specified by the DfE and/or combined authority

The College is not obligated to re-issue subcontracts to any organisation, unless 'carry-in' learners would be detrimentally affected in the case of no renewal.

Allocations will reflect the value of the College's ASF allocation and any reductions in allocation are likely to be passed on to subcontractors. The previous year's quality performance (including retention and success rates), financial performance and monitoring reviews will be taken into account when deciding on continuing subcontractors and approving allocations. Allocations will be recommended by the Senior Leadership Team to the Governing Board as part of the annual budgeting cycle.

This policy will be published on the College's website and reviewed annually by the Senior Leadership Team and the Governing Board. It will form part of all new subcontracting procurement and tender arrangements.

Given the geographical and sectoral differences in subcontracted provision, the contingency plans will be specific to the provider and contract and considered through subcontracting management and monitoring.
Where there is severe risk of non-delivery identified the College will consider all possible options to support the continuation of learning, including (but not exclusive to):

- Direct delivery
- TUPE (where applicable)
- Short-term contracting
- Lease of premises and equipment
- Novation of contract

Contingency Plans will be recommended by the Head of Adult Education and Assistant Principal for Curriculum and Skills and approved by the Senior Leadership Team immediately prior to service failure, so that specific delivery features, resource implications and context can be considered.

Annex A to Subcontracting Policy and Fee Schedule 2026/2027
Subcontracting Values for 2026/27

Subcontractor	Maximum Funding Value Generated by Provision (£)	Maximum Funding Value Payable to Subcontractor (£)	Retained by Craven College (£)
Go4IT	£102,000.00	£84,660.00	£17,340.00
Total	**£102,000.00**	**£84,660.00**	**£17,340.00**