

**Policy: Subcontracted
Educational & Training**

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Subcontracted Education and Training Policy

1. Purpose

This policy sets out Franklin College's approach to subcontracting educational and training. The policy sets out a framework in which this delivery can meet both the college's vision and the requirements of the funding agency.

2. Scope and Legal Definitions

The policy applies to the supply of education or training supported with funds supplied by the Education and Skills Funding Agency or any successor organisations. The supply of ancillary services related to education or training are outside of the scope of this policy.

Subcontractors include legal entities not wholly or partially owned or controlled by Franklin College.

Self-employed individuals are subcontractors unless they are managed in the same way as directly employed staff.

3. Policy Statement

This policy outlines Franklin College's rationale for sub-contracting with partners for the delivery of education and training. It also describes the College's approach to the selection of suitable partners and how the College will manage and monitor sub-contracted provision to ensure the delivery of high-quality education and training.

The Education and Skills Funding Agency defines a sub-contractor as an organisation that is engaged in a contractual and legally binding arrangement with a lead provider to deliver provision ultimately funded by either the Education and Skills Funding Agency.

The College will continually review the scale of its sub-contracted provision. Because of this, the College will prioritise the engagement of sub-contractors that:

- Can demonstrate consistent delivery of the highest quality teaching and learning.
- Can facilitate a high level of progression into employment or higher learning for our students.
- Are financially secure and can enter into a sustainable relationship with Franklin College.
- Have or are committed to adopting robust quality assurance processes that complement those in place at Franklin College.

The College makes a conscious decision between sub-contractors and delivery partners although our relationships with both share many common features.

Partnerships will typically be:

- Long term. Partnership agreements are expected to be maintained and developed for a number of years, whereas as sub-contractors will only be engaged for a maximum of one year at a time.

- Of strategic value to the College and the local region. In some cases the College may decide to engage in partnership delivery that offers little or no financial benefit but confers a significant reputational or other advantage.

Sub-contracted and partnership delivery is overseen by Governors through the Resource Committee. Governors receive a regular report on the scale and mix of our sub-contracted provision through the monthly management accounts.

The College requires sub-contractors and delivery partners to be fully engaged with the College's teaching and learning quality assurance processes. Sub-contracted provision will be subject to lesson observation in the same way as our directly delivered programmes of study. The College will seek to ensure that where appropriate, sub-contractors and delivery partners adopt our approach to self-assessment and quality improvement.

3.1 Overarching Principle

Franklin College will use its supply chains to optimise the impact and effectiveness of service delivery to learners. Franklin College will therefore ensure that:

- a. Supply chain management activities comply with the principles of best practice in the skills sector.
- b. Franklin College will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential sub-contractors to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
- c. The funding that is retained by Franklin College will 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. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner.
- d. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Franklin College will submit to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to 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.

3.2 Rationale for Sub-Contracting

Franklin College has a strategic aim to minimise the level of sub-contracting entered into. The College aims to use its funding allocations to support local learners, employers and communities through direct delivery.

Franklin College will, in the first instance, consider direct delivery. However, the College recognises the benefits that effective sub-contracting can bring in extending the range and accessibility of provision for learners and employers and will consider sub-contracting in the following circumstances:

- Where existing employers or learners require additional provision which is beyond our existing scope or capacity
- Where subcontracting will allow the College to meet short term needs of learners or employers without exposing the college to the risks and entry and exit costs of setting up new provision
- Where sub-contracting will allow us to capacity-build in new sectors or territories to allow us to move to a position of direct delivery
- For very specialist provision which the college would not be able to adequately resource.
- Where the due diligence process shows the selected provider to be of high quality and low risk to the college.

3.3 Payments to Sub-contractors

Payments to subcontractors will be predominantly based on a formula that mirrors the funding received by the college, to align the financial motivations of the sub-contractor with the intent of the Education and Skills Funding Agency.

Where the funding formula gives a monthly value based on delivery to that point, the College will supply the subcontractor with the value to the end of the preceding month. The College will also supply sufficient data to enable the sub-contractor to calculate this funding amount.

The college will supply the subcontractor with a purchase order before an invoice is raised.

Franklin College will make payments to sub-contractors within 30 days of receiving a valid claim for payment that has been submitted in accordance with the terms of the individual sub-contractor agreement.

Where the amount due to the subcontractor decreases, as a result of changes to the underlying data, the subcontractor will be required to repay any amount that is no-longer due. The College may allow this amount to be offset against future invoices.

3.4 Publication of Information Relating to Sub-Contracting

In compliance with Education and Skills Funding Agency funding rules, Franklin College will publish its sub-contracting fees and charges policy and actual end-of-year sub-contracting fees and charges on its website before the start of each academic year (and in the case of actual end of year data, as required by ESFA).

Franklin College will ensure all actual and potential sub-contractors are made aware of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table.

The Fees and Charges Risk Factor Table includes:

- The typical percentage range of fees retained to manage sub-contractors, and how this range is calculated.
- The rationale used to determine the level of fee retained through each sub-contract is a risk-based approach.
- The contributory risk factors that would result in differences in fees charged for, or support provided to, different sub-contractors might include:
 - Previous track record
 - Success levels
 - Type of customers to be engaged
 - Type of provision to be undertaken
 - Contract duration
- The risk bands will be used to allocate college charges. Risk factors are given a score so that each sub-contractor is aware of why they are in a particular band, this process will be used to give sub-contractors an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk sub-contractors will be allocated less funding but receive more monitoring and support.
- Payment terms between the college and sub-contractors – timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.
- The support sub-contractors will receive in return for the fees charged.

3.5 Communication

This policy will be reviewed annually and updated as required. It will be published on the college website during August prior to the start of the academic year in which it will be applied.

Potential sub-contractors will be directed to it as the starting point in any relationship.

3.6 The Fees and Charges Risk Factor Table

The standard college management fee is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of Quality Assurance activity that Franklin College would attach to the lowest possible risk sub-contracted partner.

Further charges to cover additional costs may be added to the base 20% fee to cover the cost to Franklin College of any additional support that the College deems necessary to ensure the quality of teaching and learning, the overall learner experience and the success rates of any sub-contracted provision. Additional cost is determined using a weighted table of risk factors. The table is available to all actual and potential sub-contractors. It is designed to ensure that the cost of any additional support provided to a sub-contractor is covered through the funding retained. Additional costs will be re-calculated and negotiated each year at contract renewal, giving sub-contractors the opportunity to reduce their fees through continuous improvement. This approach will allow Franklin College to focus support where and when it is needed.

The Fees and Charges Risk Factor Table is shown in Annex 1 – Quality Assurance Measures.

3.6.1 Additional Support for Sub-Contractors

The precise additional support given to each sub-contractor will be negotiated with that sub-contractor, but will be based on a risk band approach and may include:

- Additional site visits
- Additional lesson observation
- Additional tutor support
- More rigorous verification

The risk band will be determined using the table in Annex 1 – Quality Assurance Measures.

3.6.2 Additional Charges per learner

Franklin College may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the sub-contractor such as:

- Awarding Organisation fees and charges
- Hiring of facilities/equipment within/from Franklin College
- Internal Verification

3.7 How We Select and Appoint our Sub-Contractors

In selecting partners the College will consider the following:

- Reputation – providers may be referred to us by employers or other providers
- Specialism – providers may offer niche provision where there are few alternatives
- Geographic location – where possible we will support local partners
- Quality measures – based on a range of measures including Ofsted rating, learner retention and success rates.
- Responsiveness – how readily the provider can meet the needs of our learners and employers.
- Safeguarding and Prevent agendas – how the sub-contractor conforms to these requirements and ensures all learners are protected and safe.
- Potential conflicts of interest.
- Lack of a track record, such as providers who are new organisations, or who offer new or immature provision will not necessarily be a barrier to sub-contracting.

Following initial selection, Franklin College will undertake a desk-top due diligence check of potential partners. This will be followed by a due diligence visit to the delivery premises prior to contracts being issued.

Existing sub-contractor partners will undergo an annual due diligence review.

2. Clarity of roles and responsibilities

The sub-contractor is responsible for:

- Providing information requested by the College as part of the Due Diligence process.
- Providing the requested documentation to enable the College to make a judgment as to the suitability to enter into a sub-contracted arrangement. The

documentation must be updated regularly and/or at the College's request for the duration of the contract.

- Ensuring learners are eligible for funding in accordance with ESFA Funding Rules (and, where appropriate, European Social Fund (ESF) funding rules).
- Informing the College of any changes of ownership of the organisation, management structure, loss of centre accreditation and/or direct claim status.
- Providing details of any accidents or dangerous occurrences affecting learners or the learning environment.
- Providing details of any Safeguarding issues.
- Providing details of entry onto the RoTO and maintaining its registration. The contract requires the sub-contractor to declare the value and nature of work they undertake as a subcontractor, and to inform the College if this exceeds £100,000.
- Notify the College if they are removed from this register, or there are circumstances which may lead to their removal.
- Providing an annual Self-Assessment Report.
- Submission of learner enrolments, registers and completion of documentary evidence in a timely manner and with minimal errors or omissions.
- Ensuring that all learners are aware that the education and training under a sub-contract with Franklin College are learners of Franklin College.
- All Providers wishing to sub-contract to Franklin College should fully familiarise themselves with the ESFA Funding Rules (and, where appropriate, ESF funding rules) and ensure their systems and processes enable full compliance. Franklin College will carry out quality-assurance checks (outlined elsewhere in this policy) and sample file checks to ensure that sub-contractors are complying with the Funding Rules.
- The sub-contractor will have access to the learners they are engaging with via the Franklin Information System. This system will allow the sub-contractor to check learner details, funding information and a number of robust reports relevant to the continuity of the contract. Franklin College MIS department will give instruction to the sub-contractor in the use of the system and facilitation of the features and reports within the system. The College MIS department will undertake appropriate checks to ensure that the sub-contractor understands how to interpret data available by the system and that this is done on a timely basis. The College requires access the sub-contractor's MIS system and provide appropriate reports and evidence of progress of students.
- Sub-contractors must inform & encourage learners and employers benefitting from this contractual arrangement of the requirement to participate in Franklin College Quality Monitoring activities and surveys when required. They may also be required to participate in an OFSTED inspection as and when Franklin College is subject to one, and should be made aware of this at the outset.
- Should either party need to withdraw from this contract, the sub-contractor must agree to co-operate with Franklin College to ensure there is continuity of learning for the learners. All learner details, files, paperwork and or electronic records should be passed to Franklin College at the earliest possible convenience for the purposes of finding and supporting suitable, high quality alternative provision.
- Sub-contractors must supply Franklin College with the required ILR data in a prompt manner, as agreed with your Franklin College Contract Manager. All information must be fully completed and checked before sending to us.
- Franklin College and, if necessary, the ESFA (or their nominated representatives) must be given reasonable access to the sub-contractors' premises and

documentation for the purposes of quality assuring the training delivery falling under the scope of this sub-contract.

- It is the sub-contractors responsibility to provide suitably qualified and competent staff for the delivery of the qualifications and training under this sub-contract arrangement. Franklin College will require evidence of staff qualifications and experience.
- Sub-contractors must inform Franklin College if they discover any irregular financial or delivery activity in their organisation including:
 - Non-delivery of training when funds have been paid.
 - Sanctions imposed by an awarding organisation.
 - An inadequate Ofsted grade.
 - Complaints or allegations by learners, staff or other relevant parties.
 - Allegations of fraud.
- Sub-contractors must not use any funding earned under this sub-contract agreement to make bids or claims from any European funding on their own behalf or on behalf of Franklin College.
- Ensuring that there is no second level sub-contracting. All delivery must be carried out by the sub-contractor's own competent staff, or with agreement from the College, other staff managed as if they were the sub-contractor's own staff.

3.8 Under performance

Under performance by the sub-contractor will be addressed via a quality improvement action plan (QIAP). Terms of the QIAP will be mutually agreed between the partners and a schedule of improvement agreed. Failure to respond and remedy under performance within the scheduled time will be deemed as a breach of contract and addressed accordingly.

Under performance will be defined by failure to abide by any of the sub-contractor responsibilities outlined previously.

3.9 Risk and Contingency

Risk banding of sub-contractors is addressed Annex 1 – Quality Assurance Measures and considers:

- Duration and value of the contract
- Past experience of potential sub-contractors
- Past success record of potential sub-contractors
- OFSTED grade (if applicable)

The following contingencies have been considered following any breakdown in contract relationship:

- Our ability to complete the contract in case of contract breakdown. Continuity and success for learners will always be the priority around any contingency planning.
- Effective and timely maintenance of contract and associated checks and visits will be a contributing factor in ensuring any potential breakdown in contract delivery is detected early to enable remediation.
- Employers or learners will be contacted by the College in the event of a breakdown in contract becoming a termination of contract. They will be assured of the College's

commitment to complete programmes of learning within the allotted timescale of the learning programme of each individual. New sub-contractors may be approached where this is considered by the College to improve the continuity of education.

- Sub-contractor staff will not fall under the TUPE regulations and have no recourse to re-employment with the College. However every endeavour will be made to ensure continuity of learning programmes is maintained and re-employment of sub-contractor staff may be an option for the College that we reserve the right to pursue.

4. Policy References

4.1 Access to the policy

This policy is published on the college website.

4.2 Quality and Assurance Monitoring

Sub-contracted activity is a fundamental part of the College's provision. The quality of the provision will be monitored and managed through the existing college QA processes and procedures, as amended in order to fully encompass all sub-contracted activity.

This policy positions sub-contracted provision as a core part of college activity to enable continuous improvements in the quality of teaching and learning for both the college and its sub-contractors. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process. The sub-contractor's performance will ultimately contribute towards the judgments and grades within the College SARs.

The College will carry out the following Quality Assurance measures with sub-contractors:

- Desktop checks and due diligence visit for new providers
- Annual due diligence review for existing providers
- Up to 3 Quality Assurance visits per year, of which at least 1 will be a short-notice visit, and will include face to face, online or telephone interviews with learners and staff.
- Up to 3 sample file checks.
- Checks to ensure learner eligibility and existence.
- Observations of advice & guidance, assessment and teaching and learning practice.
- Ensure that adequate management information systems exist and that compatibility with the College systems is possible.

The College will provide a programme for each visit as follows:

- Standard visit agenda
- Short Notice visit agenda
- Quarterly contract management meetings. These meetings may coincide with Quality Assurance visits.
- Annual survey of learners
- Annual survey of employers (if applicable)

- Annual audit of MIS data and systems including enrolment forms and attendance records
- Annual review of learner documents including tracking records, reviews and ILPs
- Quarterly review of the sub-contractor success rates, self-assessment process and Quality Improvement Plan.
- Visit reports will be circulated to College Leadership Team and Governors following each visit.
- Facilitation of improvements to systems and delivery quality will be through quality improvement action plans, devised and agreed by both parties. These will be reviewed monthly.

The College may require the sub-contractor to undergo the following quality improvement measures, at a cost to the sub-contractor in accordance with the College's published fees:

- Additional standard or short notice visits
- Additional survey of learner or employer views
- Lesson or assessor observations
- Staff CPD
- Consultancy from Franklin College or other external consultant

5. Annex 1 – Quality Assurance Measures

The College will score each performance indicator as follows:

Performance Indicator	Risk Rating Score			
	Low	Medium	High	Not Measurable
	1	2	3	3
Delivery experience of the sub-contractor	More than 5 full years	2 to 5 full years	Less than 2 full years	
Previous years success rate	3% or more above benchmark	Within + or = 2% of benchmark	More than 2% below benchmark	No previous delivery record
Ofsted or SAR grading	Grade 1 or 2	Grade 2	Grade 4	No Ofsted grading
Type of provision	Provision deemed to be low risk through FC experience	Medium risk through FC experience in managing this type of delivery eg distance learning	Provision deemed to be high risk eg difficult client group, JC+ provision	No self-assessment process
FC audit and QA measures	Compliant and no actions or recommendations	Mainly compliant but recommendations to improve	Not compliant and actions required to improve	No previous audit as new provision

Overall Score	Risk Rating
5 – 7	Low
8 – 12	Medium
13 – 15	High

Funding Element Retained for Sub-Contractor Management			
Volume	Low Risk	Medium Risk	High Risk
Under £50,000	15-20%	20%	No contract offered
£50,000 -£100,000	15-20%	20%	No contract offered
Over £100,000	15-20%	20-25%	No contract offered

Initial contracts with new sub-contractors will be based on 20-25% rate regardless of low or medium risk being scored.

6. Annex 2 – Fees and Charges Structure

The following activities are included in the standard contract management and covered by the retained funding element;

Activity	Number/Frequency included in standard retained funding element
Pre-Contract Processes	
Due diligence desk top checks	1 at set-up
Due diligence visit	1 per site, up to 3 sites
Annual due diligence	1 per year
Issuing standard sub-contract agreement	1 per year
MIS Processes	
Issuing College document templates and forms to be used by the sub-contractor	As and when amended
Entering learner data and amendments onto ILR	All
Entering attendance data and reconciling with ILR	All
Calculating fees due and processing payments received	All
Data-match checks with other main contractors with whom the sub-contractor works	All
Quality Assurance Processes	
Quality assurance visits and lesson/assessor observations	3 per year
Subcontractor/College meetings up to 3 per year	3 per year (if required)
Annual survey of learners	1 per year
Annual survey of employers (if applicable)	1 per year
Annual audit of MIS data including enrolment forms and attendance records	1 per year
Review of learner documents including tracking records, reviews and ILPs	3 per year
Annual review of the sub-contractor provision within the college self-assessment process and Quality Improvement Plan	1 per year

The sub-contractor will incur the following charges if additional activity is required to address poor performance or reduce risk:

Activity	Cost to sub-contractor
Pre-Contract Processes	
Additional due diligence investigation, e.g. to investigate financial records or take additional references	£40 per hour
Produce action plan as a result of unsatisfactory due diligence checks or visits	£40 per hour
Additional due diligence visit to monitor improvements	£40 per hour
Additional due diligence visit to additional delivery locations	£40 per hour plus transport costs
MIS Processes	
Returning enrolment forms or other documents due to incorrect completion	Normally no charge but continued non-compliance will incur non-compliance letter charge
Quality Assurance Processes	
Self-assessment report (if not produced to satisfactory standard by sub-contractor)	£40 per hour
Quality Improvement Plan (if not produced to a satisfactory standard by sub-contractor)	£40 per hour
Quality assurance – site visits	£40 per hour plus transport costs
Quality assurance – remote (desk top review)	£40 per hour
Contract Management review meetings	£40 per hour
Providing consultancy support (Director level)	£60 per hour

The following rates will apply to additional services which the college may provide for the sub-contractor;

Service	Cost
Registration of learners via college centre with awarding bodies	Cost + 10%
Certification of learners from awarding body	Cost + 10%
Internal verification	To be agreed depending on provision
Providing consultancy support (Director level)	£60 per hour