

Subcontracting Policy 2020 - 2021

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Subcontracting Policy

This Policy is to ensure that any subcontracted activities carried out on behalf of Develop is conducted in an ethical manner and in accordance with necessary funding guidance rules, national legislation, and to ensure value for public money

1. Objectives

- 1.1. To enable Develop to ensure public funds are properly and effectively spent, maximising the benefit for the student.
- 1.2. To define the procurement, selection, recruitment procedures for potential subcontractors including due diligence (PQQ) requirements
- 1.3. To develop and implement an effective approach for the quality assurance of subcontracted performance, for all aspects of the learner journey.
- 1.4. To define the reporting and monitoring requirements for the duration of the contract to measure against national benchmarks, contract requirements and the expectation of Ofsted.
- 1.5. To define the principles, management fees and payment arrangements for subcontracted provision.
- 1.6. To identify and risk manage subcontracted provision to enable Develop to define their interventions to safeguard the provision.

2. Scope

- 2.1. This policy applies to all supply chain activities supported with funds supplied by the Education Skills Funding Agency (ESFA)/Local Authorities or any successor organisations.

3. Responsibility

- 3.1. Develops Chief Executive Officer will be responsible for the day to day implementation of the subcontracting policy. This shall be supported by key staff who have regular contact with the subcontractors' activities.

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4. Rationale for subcontracting

- 4.1 Recognise the benefits that effective subcontracting can bring to extending the accessibility of provision for learners and thereby contribute to the economic prosperity and stability of our local communities.
- 4.2 Use subcontractors to widen participation amongst learner groups that it would otherwise be “hard to reach” and other individuals that face barriers to participation in learning and work.
- 4.3 Use subcontractors as appropriate to fill gaps in, and to extend the breadth of its provision; for example, widening the range of sector subject areas or business sectors that can be covered.
- 4.4 Where the due diligence process shows the selected subcontractor to be of high quality and low risk to Develop.

5. Selection, Due Diligence and Tendering:

- 5.1 Potential subcontractors may approach Develop with a proposal for delivery of provision. In all cases a need to contract will be have been identified based on demand from learners or Local Authorities in the cases of high needs learners.
- 5.2 Pre-contract due diligence checks are carried out on the potential subcontractor following an initial interview with them and completion of our Pre-qualification questionnaire (PQQ) which covers financial health, previous delivery performance, capacity and capability to deliver, Awarding Body status, Ofsted report, internal qualification assurance processes in relation to teaching and learning and self-assessment.
- 5.3 If successful, a Service Level Agreement (SLA) will be drawn up and agreed between both parties and is time bound. This will include: spirit of the agreement, financial arrangements, intellectual property, termination, monitoring, equality. Diversity and inclusion, health & safety. Safeguarding & Prevent, quality and auditing and subcontracting due diligence checks.
- 5.4 Develop aims to continually improve our quality of teaching, learning and assessment by ensuring that all subcontractors undergo a comprehensive ongoing due diligence process.
- 5.5 Subcontractors are managed via regular performance reviews as well as financial audits.

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6 Quality Assurance and Improvement

Subcontracted activity is a fundamental part of Develops provision. The quality of the provision will be monitored and managed through Develops quality assurance and procedures, in order to fully encompass all subcontracted activity.

This policy positions subcontracted provision as a core part of Develops activity to enable continuous improvements in the quality of teaching and learning for both Develop and its subcontractors. This will be achieved through the sharing of effective practice across the provision.

As a minimum Develop will carry out the following Quality measures with subcontractors;

- 6.1 Desk top checks and due diligence visit for new providers.
- 6.2 Annual due diligence review for existing subcontractors.
- 6.3 2 Quality Assurance visits per year, of which at least 1 will be a short-notice visit.
- 6.4 Twice yearly review of the subcontractor's success rates, self-assessment process and Quality Improvement Plan
- 6.5 Ensuring that the subcontractor is complying with the ESFA funding regulations
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901429/Funding_guidance_for_young_people_2020_to_2021_subcontracting_controls.pdf
- 6.6 Checking of subcontractors ability to satisfy Ofsted Education Inspection Framework
<https://www.gov.uk/government/publications/education-inspection-framework/education-inspection-framework>
- 6.7 Annual audit of MIS data including enrolment forms and attendance records
- 6.8 Subcontractor performance will be monitored on an on-going basis
- 6.9 CEIAG – evidence of a robust process is in place to meet Gatsby benchmark
- 6.10 Annual survey of learners
- 6.11 Annual leaver journey audits to review the learner documents
- 6.12 IQA visits where provision is under our awarding body centre approval

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6.13 Self-assessment monitoring audits

6.14 Lesson or session observations

6.15 Staff CPD

6.16 Analysis of customer complaints

6.17 Risk management activities

7 Safeguarding

Subcontractors must have:

7.1 Clear priorities for safeguarding and promoting the welfare of learners, explicitly stated in strategic policy documents.

7.2 A clear line of accountability and defined roles and responsibilities within the organisation for safeguarding.

7.3 Recruitment and human resources management procedures that take account of the need to safeguard learners, including arrangements for appropriate checks on new staff and volunteers.

7.4 Safe working practice which staff/volunteers have read and understood.

7.5 Procedures for deal with allegations of abuse against members of staff and volunteers, including the named senior management to whom allegations and concerns are reported,

7.6 Arrangements to ensure that all staff undertake appropriate training and keep this up to date by refresher training.

7.7 Safeguarding policy and related policies and procedures integrating Keeping Children Safe in Education
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/954314/Keeping_children_safe_in_education_2020 - Update - January 2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/954314/Keeping_children_safe_in_education_2020_-_Update_-_January_2021.pdf)

7.8 Arrangements to work effectively with other organisations to develop safeguarding practices, including arrangements for sharing information.

7.9 Appropriate whistle-blowing procedures and procedures which enable issues about safeguarding to be addressed.

8 Policies and procedures

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8.1 Subcontractors must have the following policies and procedures in place which are maintained, reviewed and updated regularly (this is not an exhaustive list):

- Equality, diversity and inclusion
- Safeguarding and PREVENT
- Health and safety
- Data protection policy (GDPR)
- Document retention
- Safer staff recruitment

8.2 Quality Assurance, including performance monitoring and development of:

- Teaching and learning
- Initial assessment
- Additional learning support
- CEIAG
- Assessment and verification
- Self-assessment

9 Finance, risk assessment and termination of contract

- 9.1 Develops management fee is set at three levels, 15%, 18% and 20% and is based on due diligence, risk assessment, performance and compliance. These fees represent the costs that Develop incurs in effectively identifying, selecting and managing all sub-contracted provision.
- 9.2 Further charges to cover additional costs may be added to the base fee to cover the cost of any additional support that Develop deems necessary to ensure the quality of teaching and learning, the overall learner experience and the success rates of any subcontracted provision. Additional cost is determined using a weighted table of risk factors. It is designed to ensure that the cost of any additional support provided to a subcontractor is covered through the funding retained. Additional costs will be recalculated and negotiated each year at contract renewal, giving the subcontractors the opportunity to reduce their fees through continuous improvement.
- 9.3 Additional support for subcontractors – the precise additional support given to each subcontractor will be negotiated with that subcontractor, but will be based on a ‘risk band’ approach and may include: additional site visits, lesson observations, tutor support, more rigorous verification support with funding rules compliance. The risk band will be determined using the table in appendix A
- 9.4 Additional charges per learner – Develop may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as awarding body fees and charges, hiring of facilities/equipment, internal verification etc.
- 9.5 A discussion between Develop and the subcontractor will take place as a result of under or over performance against contract value to determine future action which could

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include variation to contract (increase or decrease), payment to contract value and terms only, and/or contract termination.

9.6 The Subcontractors will be reviewed using the following Risk Assessment.

Performance Indicator	Risk Rating Score			
	Low	Medium	High	Not Measurable
Delivery experience of the subcontractor				
Previous years contractual performance, including learning aim success rates and destinations				
Safeguarding, including PREVENT risk register				
Policies and procedures identified in Due Diligence				
Contractual compliance				
Financial stability and management				
Quality of Teaching and Learning				
Compliance with external quality assurance				
Internal quality assurance measures				
Inspectorate bodies (e.g. Ofsted and CQC)				
Acceptance of and working towards any new criteria as introduced by the ESFA				

9.7 Develop will provide a fully completed variation to contract to reflect any changes; the subcontractor to sign and return.

9.8 Payment is subject to all provision delivered being in accordance with relevant and current publications by the ESFA, relating to funding guidance. The funding dates and payments amounts will be specified in the subcontractor's service level agreement, that may be subject to variation to any external delays as a result of ESFA/Local Authority processes.

9.9 Intervention is required if a subcontractor:

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- Fails to provide suitable evidence of learning and progress in a visit to support the funding claim.
- Fails to submit evidence as part of an audit or investigation.
- Gives cause for concern regarding a breakdown of trust.
- Fails to comply with reasonable requests for information.
- Demonstrates poor or declining achievement rates based on learner progress updates.

9.10 In any of the circumstances above the subcontractor will be deemed to be of HIGH RISK and a Notice of Concern will be issued, and the Subcontractor may be prevented from recruiting any further students until concerns have been adequately addressed.

9.11 Stage 1 – Risk Assessment

The subcontractor will be required to provide a sample of evidence to support learning, visit or review activity for the learners selected. The sample may range from 25% to 100%.

Outcome	Evidenced by	Intervention
Evidence satisfies the requirements of the ESFA funding guidance	Sampled evidence is 100% compliant with guidance	Funding reinstated – subcontractor intervention ceases
Evidence does not fully meet the requirements of the ESFA funding guidance	Sampled learner evidence is not fully compliant	Implement stage 2 Intervention Action
Evidence is wholly unsatisfactory in meeting the ESFA funding guidance	Sampled evidence is non-compliant	Implement stage 3 – Termination of Contract

9.12 Stage 2 – Intervention Action

Develop will work with the subcontractor on arrange of support a range of measures. The funding proportion paid to the subcontractor may reduce by a further 15% to cover the costs of such intervention. The support measures will be agreed with the subcontractor and may include:

- Increased monitoring and audit activity
- Increased support visits
- Further audits to check that learning/visits are taking place

9.13 Stage 3 – Termination of Contract

In the event that the evidence of learning provided by the subcontractor does not provide confirmation that learners are actively engaged in learning, Develop will make arrangements to terminate this contract. Learners currently enrolled will remain the responsibility of Develop and will continue with their learning.

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9.14 Contingency for Termination of Contract

Develop will enable the completion of learners where a subcontractor’s contract has been terminated. Develop will assess the best option, from those listed below, for completing the learners:

- Deliver the remaining programme as a prime provider using Develops employees or self-employed consultants.
- Seek a suitable alternative partner to deliver the remaining programme as a new or extended subcontracting arrangement.

Develop will assess the best method based on variables such as employer location, learner location, the proportion of the programme left to complete.

Develop reserves the right to not re-contract with any of our existing providers where any provider has failed to meet due diligence requirements and/or is deemed as high risk or in accordance with any changes in ESFA subcontracting rules that would deem the activity ineligible.

10 List of subcontractors Develop are working with for the contractual year 2020-21

10.1 In accordance with Funding Guidance for young people 2020 to 2021 – subcontracting control regulations (July 2020) Paragraph 4, we detail below the name and UKPRN for each of the subcontractors we are working with.

Name of subcontractor	UKPRN
Diverse FM	10031337
Elite Day Care Services	10046676
EM Skills Limited	10047761
Guide 92	10061830
MacIntyre – No Limits	10004145
The Next Best Place Limited (Heywood House)	10045576
OPDA	10085725
Youth Inspired	10033455

Policy signed by CEO:



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Table of substantive changes

Where in policy?	What are the changes	Date changes made
6.5	Update: funding guidance for young people 2020-21 subcontracting controls	24.03.21
6.6	Update: Education Inspection Framework	24.03.21
7.7	Update: Keeping Children Safe in Education Jan 21	24.03.21
10.1	List of subcontractors we are working with for the academic year 2020-21	24.03.21
9.1	Amendment to management fee levels	25.03.21
9.2	Removal of base fee	25.03.21
9.5	Amendment: and/or contract termination	25.03.21
9.6	Insertion: acceptance of and working towards any new criteria as introduced by the ESFA	25.03.21
9.8	Insertion: that may be subject to variation to any external delays as a result of ESFA/Local Authority processes	25.03.21
9.11	Withdrawal: During this stage no further payments will be made to the subcontractor.	25.03.21

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