



## **Subcontracting Policy**

<b>Purpose</b>	
For the Company to provide information in relation to contracted activity.	
<b>Key words</b>	
Contracts, selection, support, fairness, transparency, best practice, safeguarding, health and safety.	
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<b>Signature:</b>	
<b>Title of Owner:</b>	Director of Operations
<b>Name of Responsible Group:</b>	Executive Management Team
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<b>Target Audience:</b>	Subcontractors  Published on the Acorn Website
<b>Review</b>	<b>V3</b> Policy reviewed in September 2023 as part of annual review process.  Review date changed to July to ensure policy and rationale is checked before start of academic year.  Signature of Operations Director added.

## **1. Background**

- 1.1 Acorn Training Ltd works with a range of diverse cross-sector partners who add value and support us delivering better outcomes for our learners.
- 1.2 This Policy details how Acorn Training applies funding to all supply chain activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) and Greater Manchester Combined Authority (GMCA) or any successor organisations.
- 1.3 Where a delivery partnership or collaboration is formed, these arrangements should not be confused with subcontracting, and they do not fall within the scope of this policy.

## **2. Context**

- 2.1 This Policy is not a contract. Acorn Training will hold legal contracts with all subcontractors and will only subcontract with organisations which are legal entities.
- 2.2 The Policy is a mandatory requirement and will be in place prior to participating in any subcontracting activity. It is reviewed annually by the Board of Directors and published on the website.
- 2.3 The content of this Policy has been developed in line with ESFA Subcontracting rules and ESFA and GMCA Funding and Performance Management rules.
- 2.4 All subcontracting arrangements will be managed in accordance with the ESFA and GMCA rules and guidance in place at the time, including any in-year updates to the rules and/or guidance.
- 2.5 Acorn Training will declare to the ESFA and GMCA, the amount of subcontracted provision undertaken, and provide a declaration of the individual providers whom Acorn Training subcontract with. This information will be updated and published on the Acorn Training website on an annual basis.

## **3. Objectives**

- 3.1 Acorn Training has a strategic aim to minimise the level of subcontracting entered to year on year and will not exceed the 25% threshold of funding allocation or learner volumes. Acorn Training aims to use its annual funding allocations to support our local learners, employers, and communities through direct delivery.
- 3.2 Minimising levels of subcontracting also reduces Acorn Training's exposure to risk of poor performance by other organisations.

## **4. Overarching Principle**

- 4.1 Acorn Training will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. Acorn Training will therefore ensure that:
- 4.1.1 Supply chain management activities comply with the principles of best practice in the skills sector.
  - 4.1.2 At all times, fair and transparent procurement activities will be undertaken, conducting robust due diligence procedures on potential subcontractors to ensure compliance and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.
  - 4.1.3 Funding that is retained by Acorn Training will be related to contract management. This contract management and the levels of funding being retained will be clearly documented and agreed to 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 and will be proportionate to the actual contract management being undertaken.
  - 4.1.4 Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Acorn Training will submit to independent outside arbitration or mediation and abide by its findings.
  - 4.1.5 Contract documents will require both parties to adhere to 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 sector best practice.

## **5. Rationale for Subcontracting**

- 5.1 Acorn Training will, in the first instance, consider direct delivery. However, Acorn Training recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers and will consider subcontracting to enhance opportunities in the following circumstances:
- 5.1.1 Where our existing employers or learners require additional provision which is beyond our existing scope or capacity.
  - 5.1.2 Providing specialist programmes to complement Acorn Training's own provision.

- 5.1.3 Meeting regional community needs and priorities which Acorn Training is not able to provide directly.
- 5.1.4 To enhance opportunities for disadvantaged groups of learners.
- 5.1.5 Where subcontracting will allow us to capacity-build in new sectors or territories to allow us to move to a position of direct delivery or to grow income such as apprenticeship funding.
- 5.1.6 Helping employers in target sectors to upskill employees and progress.
- 5.1.7 Providing learners and employers with access to a wider range of training to meet local, regional, and national skill shortages.
- 5.1.8 Where funding has been awarded for Partnership Delivery.

## 6. Subcontractor Procurement

- 6.1 Acorn Training are committed to delivering exceptional standards of learning and to provide a broad offer of learning opportunities and choice to all learners. To support this, we may enter subcontracted delivery arrangements with several organisations to provide specialised and niche education routes or in geographies that we do not reach, which supplement Acorn Training's current catalogue of educational provision.
- 6.2 Where subcontractors are selected, this is done with a plan of longevity to ensure there is continued availability for specialised provision to be offered.
- 6.3 To support this, when selecting our supply chain partner providers, Acorn Training consider the following:
  - 6.3.1 **Reputation** – providers may be referred to us by employers or other providers, colleges, etc.
  - 6.3.2 **Specialism** – providers who offer niche provision where there are few alternatives.
  - 6.3.3 **Geographic Location** – where possible, we will support local partners.
  - 6.3.4 **Quality Measures** – based on a range of measures including Ofsted rating, achievement rates, track record and other quality markers or accreditations.
  - 6.3.5 **Responsiveness** – how readily the provider can meet the needs of our learners and employers.
- 6.4 Acorn Training utilises a rigorous procurement process which adopts the following principles:

- 6.4.1 Competitive tendering
  - 6.4.2 Sustainability
  - 6.4.3 Transparency
  - 6.4.4 Fairness and Equality
  - 6.4.5 Best practice
  - 6.4.6 Legality (e.g. in accordance with UK Procurement Regulations)
  - 6.4.7 Confidentiality, subject to the Freedom of Information Act
  - 6.4.8 Fitness for Purpose
  - 6.4.9 Quality
  - 6.4.10 Total Lifetime Costs
  - 6.4.11 Risk
  - 6.4.12 Environmental Impact
  - 6.4.13 Social Value
- 6.5 Acorn Training undertakes robust Due Diligence which includes a financial health assessment, safeguarding and prevent, quality, ability/expertise to deliver qualifications posed and ensuring that the organisation doesn't fund extremist organisations. This is to mitigate the risk to Acorn Training and the contracts they may potentially enter into.
- 6.6 Any subcontractor with proposed contract values more than £100,000 is required to register and pass the ESFA's apprenticeship provider and assessment register (APAR) before a contract can be issued (for contracts that are in relation to the delivery of apprenticeships).
- 6.7 Further investigations of any subcontractor would be undertaken if any of the following is identified via monitoring or any other means:
- 6.7.1 Ofsted has awarded the provider a Grade 3 or 4
  - 6.7.2 Any irregular financial or delivery activity arises such as credit ratings that move to 'above average risk'.
  - 6.7.3 Sanctions are placed on any subcontractor by the awarding organisation.
  - 6.7.4 Non-delivery of training
  - 6.7.5 Failure to meet the performance criteria detailed within the contract.
- 6.8 As part of the due diligence process, potential Supply Chain Partners will need to meet a number of requirements (the list is not exhaustive and will vary depending on contract requirements):
- 6.8.1 Details of Partners/Directors contact names and addresses and company registrations.
  - 6.8.2 Make declarations regarding organisational standing and arrangements.
  - 6.8.3 Latest audited accounts to support a financial viability health check.

- 6.8.4 Insurance Details.
- 6.8.5 Modern Slavery Policy and/or statement on website for in scope organisations.
- 6.8.6 Information Security and Data Protection.
- 6.8.7 Information Handling, Retention & Disposal Policy.
- 6.8.9 Fraud and Whistleblowing Policies.
- 6.8.10 Equality & Diversity and Sustainability Policies and plans.
- 6.8.11 Health and Safety policies and arrangements.
- 6.8.12 Safeguarding and Prevent policies and arrangements.
- 6.8.13 Quality Assurance / Monitoring Policy.
- 6.8.14 Customer Complaints Procedure.
- 6.8.15 Cyber Essentials (or equivalent).

6.9 Please note that all due diligence will be relevant and proportionate to the contract and to the needs of the relevant commissioner. Please note that Due Diligence will be conducted annually as required by the contract.

## **7. Subcontractor Support**

- 7.1 Acorn Training aims to deliver outstanding, high-quality education and training, including that delivered through its subcontractors.
- 7.2 Acorn Training will not enter subcontracts for provision deemed to be high risk until measures are put in place to reduce the associated risk(s).
- 7.3 Typically, a subcontractor with Acorn Training will receive the following on a month or quarterly basis, dependent on the needs of the subcontractor and contract:
  - 7.3.1 Regular contract monitoring with agreed actions for improvement along with dates of when the improvements are to be completed by.
  - 7.3.2 A broad range of management information and performance reports to support the effective and timely delivery of ESFA funded provision.
  - 7.3.3 Experienced staff as a point of call such as specialist data & funding teams, safeguarding champions, health & safety experts & direct support from contract managers.
  - 7.3.4 Performance assessment of activities such as teaching, learning & assessment with detailed feedback on improvements identified and timescales for improvements to be implemented.
  - 7.3.5 Perform validation checks to ensure compliance with the funding rules outlined by the ESFA (submission based).

- 7.4 If during contract monitoring, it is identified that there are elements of non-compliance with regards to ESFA and/or GMCA rules and guidelines or contractual agreements then support will be offered by Acorn Training in order to assist with improving the subcontractor's processes.
- 7.5 If in follow-up monitoring, non-compliance has not been addressed in the agreed timescales this will trigger the penalty clauses included in the contract which could ultimately mean termination of the contract.

## **8. Quality Assurance and Improvement**

- 8.1 This Policy positions subcontracted provision as a core part of Acorn Training activity, to enable continuous improvements in the quality of teaching, learning and assessment for both Acorn Training and its supply chain partners.
- 8.2 Acorn Training prides itself on its approach to collaborative and partnership working. We regard subcontracting as a partnership arrangement where each partner can benefit from the strengths and share the best practices of the other.
- 8.3 Our Quality Assurance processes aim to be supportive and will provide developmental feedback on how supply chain partners can improve. This includes, but is not limited to:
  - 8.3.1 Desk-top checks and due diligence visit for new supply chain partners.
  - 8.3.2 Annual due diligence review for existing providers.
  - 8.3.3 A minimum of FOUR (risk rating dependent) Quality Assurance and Improvement visits per year, of which at least ONE site visit will be a short notice visit. This will include session observation, learner interviews and deep dives of curriculum provision.
  - 8.3.4 Monthly and quarterly Contract Management meetings. Quarterly meetings may coincide with Quality Assurance and Improvement visits.
  - 8.3.5 Quarterly survey of learners and employers (where applicable).
  - 8.3.6 Quarterly audit of MIS Data, including enrolment forms and attendance records.
  - 8.3.7 Annual review of learner documents, including tracking records, reviews and ILPs.
  - 8.3.8 Annual review of the subcontractor achievement rates, Self-Assessment Reporting (SAR) process and Quality Improvement Plan (QIP).



## **9. Fees and Charges**

- 9.1 Acorn Training provides a simple and transparent funding structure for supply chain partner providers.
- 9.2 Acorn Training will retain an element of funding to cover costs in supporting the monitoring and management of subcontracted provisions. The amount retained will vary depending on costs to Acorn Training in managing and quality-assuring the provision, determined by the volume of the provision and the risk rating of the supply chain partner provider.
- 9.3 The risk rating is derived from an assessment which is conducted for each potential and existing supply chain partner based on thorough due diligence evidence provided including credit and Companies House checks.
- 9.4 Supply chain partners are supported from the initial contract agreement and throughout the lifetime of the contract. The contract review processes highlight any specific development needs.
- 9.5 Acorn Training typically retains between 15% and 20% of the funding it receives against each learner for subcontracted provision. This is applied equally to both on-programme and outcome achievement payments.
- 9.6 Acorn Training may retain a greater element of funding where it incurs additional costs, for example affording additional quality-monitoring visits because of identified under-performance.
- 9.7 In agreeing a subcontract, supply chain partner providers agree to this policy.

## **10. Payment Terms**

- 10.1 The payment terms and evidence requirements are detailed within the appropriate subcontractor's contract; payments are released to subcontractors within 30 days of funding being paid to Acorn Training from the ESFA or GMCA.
- 10.2 Payment processes are compliant with ESFA or GMCA contractual requirements and are made monthly in arrears and on an actual basis related to the ILR. This is providing that the subcontractor has submitted the appropriate evidence, ensuring that it is of the highest quality and meets the needs of the learner and Acorn Training.
- 10.3 Acorn Training provides a monthly claim summary to the subcontractor which sets out the payments for the previous month and details any amounts withheld typically where further evidence is required. Once Acorn Training are satisfied with the quality of the subcontractor's provision for the month, the payment will be made to the subcontractor, based on the invoice raised to Acorn Training submitted with a signed subcontractor declaration (provided as part of the claim summary).

## **11. Policy Review**

- 11.1 Acorn Training will review the entirety of its subcontracting on an annual basis, the review of this policy will typically take place in July of each year as per the document control section. Dependant on advice or changes to the policy guidance set out by the Education and Skills Funding Agency and/or Greater Manchester Combined Authority, this policy be updated on an ad-hoc basis throughout the year.
- 11.2 This Policy will be published on Acorn Training's external website:  
[www.acorntraining.co.uk](http://www.acorntraining.co.uk)

## Appendix 1: Risk Based Fee Retention

### ESFA Subcontracting Arrangements

Funding	Low Risk	Medium Risk	High Risk
Under £50,000	17%	18.5%	20%
£50,000 to £100,000	16%	17.5%	20%
Over £100,000	15%	16.5%	20%

### GMCA Subcontracting Arrangements

Funding	Low Risk	Medium Risk	High Risk
Under £50,000	15.5%	16.5%	17.5%
£50,000 to £100,000	15%	16%	17.5%
Over £100,000	15%	15.5%	17.5%

## Appendix 2: Monitoring and Support Activity

Activity	Volume/Frequency
Due diligence desk-top checks	1 at set-up
Due diligence visit	1 visit
Annual due diligence review	1 per year
Issuing standard sub-contract agreement	1 per year
<b>Percentage of Retained Fee</b>	<b>20%</b>
Issuing document templates and forms to be used by the subcontractor and providing training.	1 per year plus as and when amended in-year.
Agreeing use of sub-contractor templates and forms (where agreed as part of contracting)	1 per year
Entering learner data and amendments onto the ILR	Monthly
Entering attendance data and reconciling with ILR	Monthly
Calculating fees due and processing payments received	Monthly
Data-match checks with other main contractors with whom the subcontractor works.	Monthly
Producing reports and analysis.	Monthly
<b>Percentage of Retained Fee</b>	<b>35%</b>
Quality Assurance and Improvement visits and lesson/assessor observations	Up to four per year
Contract monitoring meetings	Monthly
Contract review meetings	Quarterly
Survey of learners and employers (if applicable)	Quarterly
Audit of MIS Data, including enrolment forms and attendance records.	Quarterly
Review of learner documents, including tracking records, reviews and ILPs	Up to four per year
Annual review of the subcontractor achievement rates, Self-Assessment Report and Quality Improvement Plan	1 per year
<b>Percentage of Retained Fee</b>	<b>45%</b>