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# Sub- Contracting Strategy

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Issue Date:

1<sup>st</sup> August 2016

Approved:

Jason Pepper

Signed:

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To be reviewed:

31<sup>st</sup> July 2017

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**Strategy Lead:**

**Executive Director of Finance &  
Resources**

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## 1. SUMMARY

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This document forms part of the College Strategic Framework. It sets out a robust framework for the selection and management of sub-contractors and delivery partners to support the College in achieving its wider strategic goals; most notably the provision of outstanding teaching and learning. The Sub-contracting Strategy document must be in place prior to participating in any sub-contracting activity from 1 August 2016. The content of this document has been developed in line with AoC/ AELP Common Accord, the SFA Funding rules and the LSIS Supply Chain Management document.

## 2. VISION

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The Sheffield College seeks to work with high quality sub-contractors who can deliver the highest quality teaching and learning which facilitates progression into employment or higher learning.

The College will in the first instance consider direct delivery. However, the benefits that effective sub-contracting can bring in extending the range and accessibility of provision for learners and employers is recognised.

## 3. VALUES

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Our Strategic Framework is based on a set of agreed values, which are as follows:

**Integrity; Innovation; Inspiration; Inclusiveness; Involvement;**

Applied to the Financial Strategy we interpret these values as follows:

- **Integrity:** We will select sub-contractors and delivery partners in a considered, open and transparent manner. Our sub-contractors and delivery partners will be treated fairly and we will ensure that the terms and conditions of all our contracts are fair and sustainable. The College will not engage sub-contractors or delivery partners simply to gain a financial advantage.
- **Innovation:** We will seek to work with sub-contractors and delivery partners that can demonstrate innovation in teaching and learning, and deliver high learner success rates along with progression into higher learning and/or employment.
- **Inspiration:** We will look to work with sub-contractors and delivery partners that have high expectations for our learners and seek to ensure that they maximise their potential.
- **Inclusiveness:** We will prioritise working with sub-contractors and delivery partners that can engage learners who are under-represented in further education, and build links with communities and groups that the College has not been able reach directly. The College will seek to develop and maintain a diverse range of sub-contractors and delivery partners to ensure it can remain responsive to the needs of the Sheffield City Region. We will seek to do this by engaging employers, schools and third sector organisation as well as more traditional sub-contractors and delivery partners.
- **Involvement:** The College is committed to building robust relationships with high quality sub-contractors. We will seek to ensure that our sub-contractors are fully integrated into our quality and performance management systems. We will seek to develop long-term, mutually beneficial relationships with our delivery partners.

#### 4. AIMS / OBJECTIVES OF THE FINANCIAL STRATEGY

Aim	Objective	Theme	Critical Success Measure
<p><b>1. Ensure that the College maintains and continues to use its robust approach to planning and procuring sub-contracted provision and partnership delivery which is of the highest quality and is aligned to the Colleges strategic priorities.</b></p>	<p>1.1 Develop an annual sub-contracting needs assessment that clearly sets out the scope and scale of provision to be delivered by sub-contractors, and identifies all potential delivery partners for the year ahead.</p> <p>1.2 Identify key sub-contractors that are to become long term delivery partners and seek to establish partnership agreements with them.</p> <p>1.3 Implement a robust annual sub-contractor procurement exercise to select sub-contractors. Consider differentiating this to reflect the varying levels of risk presented by different categories of sub-contractor/long term delivery partner.</p> <p>1.4 Review and update the College model contract for sub-contracted and partnership delivery on an annual basis.</p> <p>1.5 Ensure that sub-contractors are consulted on and issued with a contract for delivery by 1 September in the relevant academic year.</p>	<p>Excellence</p>	<p>2016/17 sub-contracting needs assessment drafted by May'16.</p> <p>Determine key delivery partners to be engaged for 2016/17 and 2017/18 by 31 July 2016.</p> <p>Partnership agreements negotiated with selected sub-contractors by 31 August 2016.</p> <p>Complete procurement of 2016/17 sub-contractors by 31 August 2016.</p> <p>Eliminate the practice of engaging new sub-contractors in-year by 31 July 2016.</p> <p>Model 2016/17 contract reviewed and updated by 31 April 2016.</p> <p>Draft 2016/17 contracts issued to all sub-contractors by 1 September 2016.</p>

<p><b>2. Ensure that our sub-contracted provision is of outstanding quality.</b></p>	<p>2.1 Ensure a robust and effective quality assurance framework is in place for our sub-contracted and partnership delivery.</p> <p>2.2 Further develop and implement a robust teaching and learning observation framework for sub-contracted provision.</p> <p>2.3 Ensure that all sub-contractors engage in a programme of high quality development opportunities.</p>	<p>Excellence</p>	<p>Stipulate success rate and positive progression targets in all delivery contracts from 1 August 2016.</p> <p>Develop a sub-contractor self-assessment report and quality improvement plan template by 31 November 2016.</p> <p>Ensure all sub-contractors complete an approved format SAR and QIP by 31 May 2017.</p> <p>Sub-contractor SARs and QIPs validated by 31 July 2017.</p> <p>Sub-contractor teaching &amp; learning observation framework and plan in place by 31 November'16.</p> <p>Report on progress against observation plan considered at each Sub-contracting Committee meeting from 1 October 2016.</p> <p>Report on progress against sub-contractor observation plan considered termly by Planning &amp; Performance Committee from 1 October 2016.</p> <p>Ensure all sub-contractors engage in enrolment training by 30 September 2016.</p> <p>Ensure all sub-contractors engage in teaching &amp; learning observation scheme training by 30 October 2016.</p>
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	<p>2.4 Identify an appropriate 'curriculum lead' for each sub-contractor from the College Leadership Team.</p>		<p>Ensure all sub-contractors engage in quality assurance training by 30 November 2016.</p> <p>Curriculum lead for each subcontractor identified by 31 August 2016.</p>
<p><b>3. Develop effective and efficient systems for the management of sub-contracting.</b></p>	<p>3.1 Develop and implement a robust sub-contracting strategy.</p> <p>3.2 Review the management information requirements of the sub-contracting committee and ensure these are fully satisfied.</p> <p>3.3 Ensure that all sub-contract and long term partnership relationships are fully supported by the Sub-contracting team.</p>	<p>Excellence</p>	<p>Strategy developed and implemented by 31 July 2016.</p> <p>Sub-contracting committee to determine management information requirements by 31 July 2016.</p> <p>Continue the trial of the ETracker/Maytas system for Sub-contractors, and where appropriate, procure and implement this by 1 Sept 2016.</p> <p>All Apprenticeship Sub-contractors to have adopted E-Tracker /Maytas system allowing the production of robust progress reports on each apprenticeship framework</p> <p>All meetings and communication with sub-contractors and delivery partners to be through/by the sub-contracting team from 1 July 2016.</p>

## 5. SCOPE

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The policy applies to all supply chain activity supported with funds supplied by the Skills Funding Agency, the Education Funding Agency or any successor organisations.

## 6. CONTEXT

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The policy is a mandatory requirement and has been developed in line with AoC/ AELP Common Accord, the SFA Funding rules and the LSIS Supply Chain Management document.

The 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 Skills Funding Agency or the Education Funding Agency.

The Sheffield College has a long history of working with select sub-contractors and partners to deliver high quality teaching and learning. In recent years our sub-contracted and partnership provision has included learner responsive delivery to 16-18 year old learners, apprenticeship provision, and learner responsive delivery to adult learners in a variety of settings.

Subcontractors and partners have been used to engage a variety of communities that have typically been underrepresented in further education across the region.

As a result of funding changes, the introduction of the Levy scheduled for April'17 and an anticipated increase in the proportion of our curriculum that is delivered directly, the College significantly reduced the scale of its sub-contracted provision in 2015/16 and because of this, the College prioritised the engagement of sub-contractors that:

- Can demonstrate consistent delivery of the highest quality teaching and learning.
- Can offer programs which add breadth and depth to the College's curriculum offer.
- Can facilitate a high level of progression into employment or higher learning for our students. (We are particularly keen to work with sub-contractors that are able to deliver student progression onto mainstream apprenticeship and further and higher education courses at The Sheffield College).
- Are financially secure and can enter into a sustainable relationship with The Sheffield College.
- Have or are committed to adopting robust quality assurance processes that complement those in place at The Sheffield College.

The College makes a conscious decision between sub-contractors and delivery partners although our relationships with both share many common features. However, our partnerships are typically:

- Medium or Long term. Partnership agreements are expected to be maintained and developed a number of years, whereas as sub-contractors will only be engaged for a maximum of one year at a time.
- Reciprocal. Many of our partnership agreements involve joint delivery and the sharing of staff, accommodation or other resources, rather than the straightforward procurement model for sub-contractors described above.
- Of strategic value to the College and the Sheffield City 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.

To date, our delivery partnerships have been focussed on the development of 16-18 provision and it is anticipated that this will continue. Because of the lagged funding model currently employed by the Education Funding Agency, the College is likely to have the scope to grow 16-18 partnership provision over the next few years. The College will also seek to expand the volume of Apprenticeship it delivers, and where appropriate will work with sub-contractors to achieve this. Our challenge will be to achieve this within the Sheffield City Region whilst ensuring that the College does not support the development of competitors.

Our sub-contracted and partnership delivery is controlled and monitored through quarterly Sub-contract Committee meetings which are chaired by the Executive Director for Finance and resources and is attended by the; AP for Planning and Strategy, AP for Quality and Teaching & Learning, Curriculum Leads and Sub-contracting Manager and, is ultimately overseen by Governors through the Finance, Employment & General Purposes Committee. Governors receive a regular report on the scale and mix of our sub-contracted provision through the monthly management accounts. In response to SFA requirements the College commissioned KPMG to review its management and governance of sub-contracted provision in January 2016, and used the findings of this exercise to further improve the effectiveness of our management systems and controls.

The College has sought to ensure sub-contractors and delivery partners are fully engaged with our teaching and learning quality assurance processes and will seek to ensure that where appropriate, sub-contractors and delivery partners will continue to adopt our approach to self-assessment and quality improvement in 2016/17.

## 7. OVERARCHING PRINCIPLE

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

- Supply chain management activities comply with the principles of best practice in the skills sector. In particular they will be guided by the principles given in the LSIS publication “Supply Chain Management – a good practice guide for the post-16 skills sector” (Nov 2012 and subsequent iterations)
- Sheffield 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.
- The funding that is retained by Sheffield 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 agreed in a fair and transparent manner.
- Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Sheffield 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.

## 8. QUALITY ASSURANCE

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The quality of the Sub-contracted 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.

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

- Desk top checks and due diligence visit for new providers
- Annual due diligence review for existing providers
- A minimum of 3 Quality Assurance visits per year, at least 1 will be a short-notice visit
- Self-Assessment Monitoring visits (SAMs)

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

- Standard visit agenda
- Short Notice visit agenda
- Quarterly contract management meetings, with the Executive Director of Finance and Resources. (These meetings may coincide with Quality Assurance visits)
- Annual survey of learners / Staff
- Annual survey of employers (if applicable)
- Monthly/Quarterly audit of MIS data including enrolment forms and attendance record
- Monthly/Quarterly 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.

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 Sheffield College or other external consultant

## 9. PUBLICATION OF INFORMATION RELATING TO SUB-CONTRACTING

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In compliance with Skills Funding Agency and other agency funding rules, Sheffield 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 SFA). This will only relate to 'provision subcontracting' i.e. subcontracted delivery of full programmes or frameworks. It will not include the delivery of a service as part of the delivery of a programme (for example, buying the delivery of part of an Apprenticeship framework or outreach support).



Sheffield College will ensure all actual and potential sub-contractors have sight 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.

## 10. COMMUNICATION

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This policy will be reviewed annually and updated as required and the College will endeavour to publish the policy on the college web site 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.

## 11. THE FEES AND CHARGES RISK FACTOR TABLE 2016/17

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The standard college management fee is 15% of all funding drawn down against the provision to be delivered. This figure represents a reasonable contribution towards the cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This includes the minimum amount of QA activity that Sheffield College would attach to the lowest possible risk sub-contracted partner.

Further charges to cover additional costs may be added to the base 15% fee to cover the cost to Sheffield College of any additional support that the College deems necessary to ensure the quality of teaching and learning 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 subcontractor 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 Sheffield College to focus support where and when it is needed.

***(See Supply Chain Management – Fees & Charges Policy 16/17)***

## 12. ADDITIONAL SUPPORT FOR SUB-CONTRACTORS

The precise additional support given to each sub-contractor will be negotiated with that subcontractor, 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 the *Supply Chain Management – Fees & Charges Policy 16/17*.

## APPENDIX 1 – DUE DILIGENCE CHECKS

### SUB-CONTRACTING REQUIREMENTS

Due Diligence documents required for desktop assessment	Notes / College Actions
Copy of latest set of audited accounts	To be reviewed by Head of Finance
Copy of most recent Ofsted report	Require grade 1 -2
Copy of most recent Self-Assessment Report (SAR) – where applicable	Require grade 1 -2
CVs for all staff delivering training / assessment	To be reviewed by Curriculum Lead
DBS numbers for all staff delivering training / assessing	To be reviewed by HR/Curriculum Lead
Copy of staff certificate for the member (s) of staff responsible for training/assessing	To be reviewed by Curriculum Lead
Copy of Health & Safety Policy	To be reviewed by Health & Safety Manager
Copies of risk assessments	To be reviewed by Health & Safety Manager
Copy of disaster recovery policy	To be reviewed by Health & Safety Manager
Copy of Employers/Public/ Occupiers liability insurance certificate	Minimum £10 million for Employers Liability Insurance and £5 million for Public Liability Insurance. Certificate to be in date.
Evidence of Initial Advice & Guidance (IAG) and IAG Policy	To be reviewed in line with TSC policy
Copy of Matrix Accreditation Certificate/Number	To be reviewed annually by Assistant Principal for Quality Assurance
Copy of Complaints procedure	To be reviewed in line with TSC policy
Copy of equality and diversity procedure	To be reviewed in line with TSC policy
Details/evidence of DDA compliance	To be reviewed in line with TSC policy
Copy of Safeguarding policy	To be reviewed in line with TSC policy
Copy of Sustainability policy	To be reviewed in line with TSC policy
Copy of Mission Statement	To be reviewed in line with TSC policy
Copy of Data Protection policy	To be reviewed in line with TSC policy

Due Diligence documents required for desktop assessment	Notes / College Actions
Copy of Awarding Body Centre Approval – where appropriate	To match qualifications being delivered
Copy of most recent External Verifiers Reports – where appropriate	To be reviewed for serious issues

**THE SUB-CONTRACTOR WILL PROVIDE THE FOLLOWING:**

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Required during Academic Year	Frequency / Due by
Return signed contract and appendices	Before 1 <sup>st</sup> August / start of delivery programme
Deliver the Programme (s) in accordance with the College's quality assurance arrangements	In line with the College timetable
Self-Assessment Reports in line with the College's requirements	In line with the College timetable
Signed and fully completed enrolment form for each learner; <ul style="list-style-type: none"> <li>▪ Copy of recent benefits evidence if claiming fee remission</li> </ul>	By the 10 <sup>th</sup> day of the month for the preceding months activities
Full registers or contact records (NVQs)	By the 10 <sup>th</sup> day of the month for the preceding months activities
Withdraw any learners who have missed more than 4 consecutive weeks	By the 10 <sup>th</sup> day of the month for the preceding months activities
Timetable of delivery including session times, venues and teaching staff	Before course(s) commence
Copies of achievement certificates as soon as received from the awarding body	By the 10 <sup>th</sup> day of the month for the preceding months activities
Copies of all EV reports	As soon as received

## APPENDIX 2 – 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 eg TSC experience	Medium risk eg TSC experience in managing this type of delivery	Provision deemed to be high risk eg distance learning or difficult client group	No self-assessment process
TSC 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

#### 14. ACTION PLAN – TO BE COMPLETED

Objective	Action	Outcome	By Whom	By When	Review
Ensure that the College maintains and continues to use a robust approach to planning and procuring sub-contracted provision and partnership delivery.	<ul style="list-style-type: none"> <li>Draft a Sub-contracting needs assessment in preparation for 2016/17</li> </ul>	<p>The College will offer a common information framework that supports communication and collaboration, SCM will enable Sheffield College to better adapt to and meet customer demands. Lowering of operational expenses with timelier planning for procurement. We can track and monitor compliance in each area of Sub-contracting and Partnerships. With the increased visibility into the supply chain and adaptive supply chain network, we can be more responsive. Sensing and responding quickly to changes and quickly capitalizing on new opportunities.</p>	RE/Purchasing	May'16	May '16
Ensure that our Sub-contracted provision is of outstanding quality	<ul style="list-style-type: none"> <li>Work with Quality to ensure implementation of a robust quality assurance framework for our Sub-contracted and partnership delivery</li> <li>Develop and implement a robust teaching and learning observation framework for Sub-contracted provision</li> </ul>	<p>All Sub-contractors and Partners will have clear, positive targets in terms of Enrolment, Sheffield City Region delivery, Progression and Success rates.</p> <p>Production of a clear observation framework for all Sub-contractors with planned schedule of visits which can be monitored and reviewed via the Sub-contract committee meetings.</p>	RE  RE/MN	August 2016	Bi-Monthly and Monthly – Starting November'16  November '16 and Termly

<p><b>Develop effective and efficient systems for the management of Sub-contracting</b></p> <p><b>Ensure that Sub-contracting is understood and promoted as a value to the College and is included in the Colleges' planning cycle at the start of each curriculum planning year.</b></p>	<ul style="list-style-type: none"> <li>• Develop and Review new and existing internal processes, procedures and documentation used for carrying out Quality Audits and standards.</li> <li>• Work with Curriculum Leads and various departments to build effective methods of communication</li> <li>• Review management information requirements of the Sub-contracting Committee</li> </ul>	<p>Internal processes are streamlined, improving efficiency and cost savings, whilst improving accountability and traceability. Keeps quality at the forefront of the business, with continuous improvement processes driving the way the Sub-contract Unit develops to better meet customer and College needs.</p> <p>Sub-contractors are not new reducing the potential risks, and the curriculum retains full responsibility for all aspects of the provision protecting high quality</p> <p>Clear, accurate but simple reports available showing progress of all Sub-contractors and Partners that satisfies all Committee members to include monitoring of end dates and destination data.</p>	<p>RE/Sub-contracting Co-ordinators</p> <p>RE/PH/HoL</p> <p>RE</p>	<p>July 2016</p> <p>July 2016</p> <p>August '16</p>	<p>Quarterly - Starting November'16</p> <p>Monthly – Starting September 2016</p> <p>Quarterly – Starting Oct'16</p>
<p><b>Develop a robust and efficient system for the control and monitoring of financial information.</b></p>	<ul style="list-style-type: none"> <li>• Work with MIS team to review and improve colleges' internal processes and procedures for the monitoring and production of financial payment information to Sub-contractors and Partners</li> </ul>	<p>Fulfilment of the College's responsibilities for the provision of effective financial controls over the use of SFA/EFA funding. Production of clear, concise and accurate financial reports in terms of income and expenditure.</p>	<p>RE/LM</p>	<p>September 2016</p>	<p>Monthly - Starting October'16</p>

