

## **Subcontract Policy 2025-26**

### **Aim**

The Policy aim is to:

- Provide clear guidance on the procurement and due diligence process and how Herefordshire, Ludlow and North Shropshire College ("the College") will procure high-quality subcontractors to deliver local, regional, and national priorities for funding, in line with the College's strategic plan.
- Outline clear transparency for all subcontractors, funding bodies, and other associated parties or individuals regarding the support and charging rationale related to subcontracted provision through the College.
- Maintain the highest standards of delivery across all subcontractors engaged by the College; across all teaching, learning, and assessment activities conducted through any subcontract arrangements with the College.
- Ensure fair and transparent procurement activities, conducting robust due diligence on potential subcontractors to ensure compliance and ensuring that the highest quality of learning delivery is made available, demonstrating excellent value for money and a positive impact upon learners' lives.

### **Scope**

This policy, which is reviewed annually, outlines the College's rationale for subcontracting with Partners for the delivery of education and training and applies to all supply chain activity supported with funds supplied by the Department for Education, or any successor organisations.

It also describes the College's approach to the selection of suitable partners and how the College will manage and monitor subcontracted provision to ensure the delivery of high-quality education and training. The College will not undertake subcontracting to meet short term funding objectives.

### **Overarching Principle**

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

- a. 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)
- b. The college will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential subcontractors to ensure compliance with the Common Accord at all levels and 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 the 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. They will be proportionate to the actual services being provided.

- d. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the 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.

## **Rationale for Sub-Contracting**

The College engages with sub-contractors to better meet customer needs. Reasons are varied but could be:

- The activity enhances the opportunities available to the young people and adults, particularly where this also supports the development of the College's own direct delivery.
- The activity fills gaps in niche or expert provision
- Where the College needs to enable better access for learners in a wider geography than it is able to support.
- The activity offers an entry point to education for disadvantaged groups, particularly those who may not wish to study on a college campus.
- The activity supports individuals who share protected characteristics, where there might otherwise be gaps.
- To fully meet the skills needs of employers and individuals within the area served by the College.
- To provide immediate provision whilst growing internal direct capacity.
- To provide access to, or engagement with, a new range of customers and employer bases, related to specific identified needs.
- To support employers with a wide geographic requirement.

All delivery subcontracting meets the College's strategic aims which are:

- We will ensure that teaching and learning is of the highest quality, leading to excellent student outcomes and positive destinations.
- We will ensure that Herefordshire, Ludlow and North Shropshire College is an excellent and inclusive employer.
- We will continue to invest in the College estate and infrastructure, developing and maintaining high quality, efficient, sustainable and ethically sound resources for our students.
- We will ensure that the provision fully supports the needs of our students and local economies.
- We will ensure that the College remains financially viable and continues to operate effectively for the benefit of the communities we serve.

## **Selection of Subcontractors**

Where required, the College will seek approval from the relevant agency prior to awarding a contract with a subcontractor.

When appointing subcontractors, the College shall adopt robust and transparent procedures which shall comply with all rules and regulations required by the Funding Agency, current Public Procurement Regulations, and the College's Financial Regulations.

The College shall only award contracts for delivery of funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'active' on the Companies House database. The College will not award a contract to a legal entity if:

- It has an above average risk warning from a credit agency.
- It has passed a resolution (or the court has made an order) to wind up or liquidate the company, or if administrators have been appointed.
- Its statutory accounts are overdue.
- It is not on the DFE's Register of Apprenticeship Training Providers (RoATP)
- It is not registered on the UK Register of Learning Providers (UKPRN).
- Subcontracting is required to be undertaken at a second or multiple levels.
- Sufficient, proper, and adequate controls cannot be evidenced to manage service delivery.
- A partner has underperformed against key targets set by the College in the subcontracting agreement.

## Due Diligence

The College will undertake a full Due Diligence check on potential Sub-Contractors prior to awarding them a contract to deliver education and training services. This check meets DFE standards and will request information such as:

- Copies of annual financial accounts
- Details of the teaching / delivery staff
- Details of awarding body qualifications accreditation
- Details of policies and procedures
- Details of Insurance Policies
- Employer Liability Insurance
- Public Liability Insurance
- Professional Indemnity Insurance
- Details of the Directors and the ownership of the organisation
- Details of the organisations UK Provider Reference Number (UKPRN)
- Trade references
- Details of Ofsted Inspections either direct or indirectly
- Details of other Quality Standards held e.g. ISO / IIP
- Details of Registration with the Information Commissioners Office
- Details of Safeguarding policies and procedures
- Details of the Continuous Professional Development policies, procedures and Processes.

The Due Diligence checklist is shown in Appendix B

## Quality Assurance

Subcontracted 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 subcontracted 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 subcontractor's. This will be achieved through the sharing of effective practice across the supply chain, for example through the Self-Assessment Report process.

## Contract management

The college will draw up and apply a contract management plan before the commencement of any contract. This plan will specify how the contract will be work including the obligations of all parties and how they will be carried out effectively and efficiently.

## Publication of information relating to sub-contracting

In compliance with the DfE and other agency funding rules that apply, the College publishes its sub-contracting fees and charges policy on its website 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). The Policy is available online at <https://hlnc.ac.uk/about-hlnc/policies-and-governance/policies-and-performance/> and can be made available in hard copy upon request.

The College will ensure all actual and potential subcontractors have sight of this policy and any other relevant documents. The policy will be discussed with all current and future subcontractors during contract negotiation meetings.

## Management Fees

Herefordshire, Ludlow and North Shropshire College retains a management fee from all subcontracted partner organisations, typically around 20%. The fees charged reflect the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This covers the cost to the College of any additional support that the College deems necessary to ensure the quality of teaching and learning and the success rates of any subcontracted provision.

Subcontractors working with Herefordshire, Ludlow and North Shropshire College receive a high level of support and guidance and access to college systems, including: -

- Quality management systems including mandatory training delivered to subcontractor staff by the College
- Management Information Services and data control advice
- Audit of management systems and delivery and observation of teaching, learning and assessment
- Safeguarding of Young People and Vulnerable Adults procedures including Prevent
- Equality, diversity and inclusion
- Policy development
- Support with Funding Rules compliance
- Regular national updates regarding funding and policy guidance

The College will also promote sharing of good practice across the partnership and help improve delivery to its customers. Monthly action points will be communicated to the subcontract partner to cover performance, payments, and quality assurance matters. Regular review meetings will be conducted to cover the action points monitoring.

Not all subcontractors are charged the same management fee, differences in fees are dependent upon the level of support required, the experience of the subcontractor, their target learners; their track record, published success rates and the level of risk as determined by the due diligence process. The specific level of support provided to the subcontractor and the associated costs are shown in Appendix A and detailed in the individual contracts.

As funding (less management fees) is paid to subcontractors based upon delivery as identified by the College ILR submission, no clawback is applicable to payments to subcontractors.

### **Payment terms**

Payment terms between the College and subcontractors will be detailed in the agreement but will not exceed 30 days following receiving the approved invoice from the subcontract partner.

### **Retention of Information**

The College requires subcontractors to retain all data, as identified in the individual contracts, for the term of each agreement and for at least six years after the termination of the agreement.

### **Contract requirements after termination**

The College requires subcontractors to cooperate with the college to ensure that any learners part way through their learning programme are able to complete in a timely fashion.

### **Policy Review**

The policy will be reviewed as required by circumstances but at least annually.

## Herefordshire, Ludlow and North Shropshire College Sub-contracted Provision

Sub-contractor name	UKPRN of Sub-contractor	Contract start date	Contract end date	Type of provision	Funding paid by ASF in relation to provision delivered by sub-contractor on an annual basis	Funding paid to sub-contractor	Funding retained by the College
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2025	31 <sup>st</sup> July 2026	ASF Classroom	Maximum of £800,000	Maximum of £640,000	Maximum of £160,000
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2024	31 <sup>st</sup> July 2025	AEB Classroom	Maximum of £700,000	Maximum of £560,000	Maximum of £140,000
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2023	31 <sup>st</sup> July 2024	AEB Classroom	£606,468	£485,174	£121,294
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2022	31 <sup>st</sup> July 2023	AEB Classroom	£694,547	£555,638	£138,909
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2021	31 <sup>st</sup> July 2022	AEB Classroom	£932,760	£746,208	£186,522
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2020	31 <sup>st</sup> July 2021	AEB Classroom	£799,875	£583,909	£215,966
The Skills Network Ltd	10029308	1 <sup>st</sup> August 2019	31 <sup>st</sup> July 2020	AEB Classroom	£947,886	£691,957	£255,929
Shropshire Football Association Ltd	10031846	1 <sup>st</sup> August 2019	31 <sup>st</sup> July 2020	AEB Classroom	£20,737	£14,516	£6,221

## Analysis of retained funding for subcontracts with The Skills Network Ltd

	01/08/2025 To 31/07/2026	01/08/2024 To 31/07/2025	01/08/2023 to 31/07/2024	01/08/2022 to 31/07/2023	01/08/2021 To 31/07/22
	Up to	Up to	Actual	Actual	Actual
Quality Management Systems including any mandatory training delivered to subcontractor staff by the college	£32,000	£28,000	£24,259	£27,782	£33,310
Management Information Services and data control advice	£56,000	£49,000	£42,453	£48,618	£65,293
Audit of management systems and delivery and observation of teaching, learning and assessment	£40,000	£35,000	£30,323	£34,727	£46,638
Due diligence, finance & administrative support	£16,000	£14,000	£12,129	£13,891	£18,655
Safeguarding of Young People and Vulnerable Adults procedures including Prevent	£8,000	£7,000	£6,065	£6,945	£9,328
Equality, diversity and inclusion	£8,000	£7,000	£6,065	£6,945	£9,325
<b>Total funding retained</b>	<b>£160,000</b>	<b>£140,000</b>	<b>£121,294</b>	<b>£138,909</b>	<b>£186,552</b>

Date of next review July 2026

## Appendix A

### Schedule of Fees

Quality Management Systems including any mandatory training delivered to subcontractor staff by the college	4%
Management Information Services and data control advice	7%
Audit of management systems and delivery and observation of teaching, learning and assessment	5%
Due diligence, finance & administrative support	2%
Safeguarding of Young People and Vulnerable Adults procedures including Prevent	1%
Equality, diversity and inclusion	1%

## Appendix B

### Due Diligence Checklist

This is not an exhaustive list and the College reserves the right to ask for follow up or additional information as required to complete the due diligence process

<b>Partner Details</b>	
Company Name	
Address	
Postcode	
Telephone	
Email	

<b>Contact Details</b>				
	Name	Role	Telephone	Email
Person 1 (Primary)				
Person 2				
Person 3				

<b>Organisation Details</b>		
Do you have an organisation chart including roles and responsibilities? *	Yes	No
Do you hold certification, CV and CPD records for each member of Staff?*	Yes	No
Please describe what methods are used to securely store staff details:		
Who will be the delivery staff for the partnership?		
Do all identified staff have a current and enhanced DBS in place? *	Yes	No
Has your organisation been subject to an Ofsted inspection? *	Yes	No
If yes, please provide the date, and the latest Ofsted judgement Grades:		

<b>Financial Details</b>		
Do you have a UK Provider Reference Number (UKPRN)?	Yes	No
If yes, please provide your UKPRN:		

Date of next review July 2026

Do you hold or partner with another provider/consortium that hold an DFE or Government funded Contract?	Yes	No
Do you have any outstanding county court Judgements?	Yes	No
Is your company registered with Companies House?	Yes	No
If yes, what is your registered number?		
If yes, what is your legal name as it appears on Companies house?		
If yes, what is/are the name(s) of the Director(s) of the company?		
Do you have three years of audited accounts? *	Yes	No
Please provide the year that the company was formed:		
Principal activities (past & present)		
Ultimate parent company (if applicable)		
Do you hold Public Liability Insurance? *	Yes	No
Name of Insurer:		
Renewal date of Insurance:		

Health and Safety Details		
Have you carried out health and safety risk assessments covering the proposed sub-contracted learners?	Yes	No
Are all staff providing training for the college are first aid qualified *	Yes	No
Proposed partner organisation has declared all reportable injuries, diseases and dangerous occurrences covered by the RIDDOR regulations over the last three years together with the actions they have implemented to prevent reoccurrences	Yes	No

Data Protection Safety Details		
Complies with data protection legislation (including the notification of the Information Commissioner's Office that they process personal information) and has appropriate data protection and security systems in place for the exchange of personal data with the college (Data Protection Policy)	Yes	No
Systems are in place to ensure compliance with the DFE's requirements for data collection and the keeping of records (Data	Yes	No

Quality Details		
Do you have performance data for three years (Pass, Ret, Ach.) by provision type?	Yes	No
Do you have the following policies?		
Health and Safety inc. Risk Assessments?	Yes	No
Assessment and Internal Quality Assurance?	Yes	No
Assessment Malpractice (inc. Plagiarism)?	Yes	No
Assessor Observation?	Yes	No
Assessment Appeals?	Yes	No
Complaints and Compliments?	Yes	No
Equality and Diversity?	Yes	No
Safeguarding (inc. Peer on Peer Abuse; and The Prevent Duty)?	Yes	No
Staff Development?	Yes	No
Volunteering Policy?	Yes	No
Are these policies regularly reviewed and updated?	Yes	No
Are you registered with any awarding organisations?	Yes	No
If yes, please list:		
Do you have copies of External Quality Assurance reports for each Awarding Organisation identified above?	Yes	No
Describe what methods you use to securely store candidate details and assessment records:		

Describe what methods you use to ensure that candidate development needs and assessment requirements are identified and met:		
Please detail any quality marks that your organisation holds, e.g., Investors in people, ISO9000, etc:		
Do you regularly collect candidate feedback?	Yes	No
If yes, how do you do this?		
Do you complete an Annual Self Evaluation Document for self- assessment and quality improvement purposes?	Yes	No