

Sub-Contracting Strategy 2025-2028



Version 7

Introduction

This document has been reviewed and approved by the Group's Governing Body in line with the organisation's Strategic Plan and will be reviewed annually to ensure it is current and relevant. In order to ensure that all stakeholders are clear on our strategic priorities with regards to sub-contracting, this document aims to set out our strategy moving forward in cohesion with our Group Vision.

Our Vision

Leading innovation and skills in our communities.

Our Mission

Through our strategic relationships with all the communities we serve, our education and training will provide exceptional opportunities for people throughout their lives. Our Centre of Excellence will be inspirational and we will remain agile to the needs of our employers, stakeholders, schools and the community.

Our Core Values

- We are one team
- We have integrity
- We deliver
- We are inclusive

The Subcontracting Standard

The Following the consultation on subcontracting reforms, the Education and Skills Funding Agency (ESFA) introduced the Subcontracting Standard for subcontracting of ESFA funded post 16 education and training from the 2022 to 2023 funding year. This is now maintained by the Department for Education (DFE).

The subcontracting standard is about oversight and management of public funds and ensuring that these are used to best effect, to maximise the value of those funds to benefit the learner.

The DFE expects that there is a clear educational rationale for subcontracting which aligns to the RNN Group's corporate and operational strategies. This should be evidenced through a business case to set out the policy, business and operational objectives including consultation with stakeholders and undertaking research to determine the education rationale.

The standard sets out the requirements for all providers who subcontract £100,000 or more of their delivery, across all ESFA funding streams, RNN Group falls within the scope of the requirements of the standard.

Each year the Governing Body of the RNN Group receives a business case and report on subcontracting proposals for the forthcoming year. Each potential learning aim with a potential for subcontract delivery is assessed by reviewing the local skills needs.

For each learning aim the Group considers and assesses risks with the following options:

- The Group does not offer learning aims as they fall outside the scope of the educational character and strategy of the Group.
- The Group can provide training directly with staff and facilities with appropriate investment in both.

- The Group cannot provide training directly and a subcontract may:
 - enhance the opportunities available for learners.
 - fills gaps in niche or expert provision.
 - provides better access to training facilities.
 - supports better geographical access for learners.
 - offers an entry point for disadvantaged groups; or
 - gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps.

Should the Board agree that subcontracting is an appropriate approach to meeting the local skills needs and provides access to learning for our communities then contract awards can be made following a suitable procurement process that involves inviting suppliers to tender for the subcontracted provision.

Sub-Contracting Vision

The RNN Group seeks to work only with partners who allow us to meet our strategic aims, vision and core values. Developing strong relationships with these partners, we will continue to provide a curriculum and the highest quality teaching, learning and assessment which allows learners to progress into further learning or employment and meet their full potential. Our subcontracting partnerships will be aligned with the LSIP that meets niche or specialized needs, improves access and provides opportunities for disadvantaged learners.

Strategic Alignment with SYMCA and EMCCA LSIP Priorities

Our established subcontractor approved framework is a strategic imperative, enabling us to deliver agile and responsive training solutions. This directly addresses the critical employer demand and identified skills gaps that underpin the SYMCA and EMCCA Local Skills Improvement Plans (LSIPs). This commitment is driven by a profound dedication to regional skills development and economic prosperity, transcending purely financial considerations.

We are focused on strengthening our collaborations with key partners to ensure our provision remains precisely aligned with the evolving requirements of priority sectors, which are fundamental to sustainable economic growth across both regions. These crucial areas of focus, directly supporting the LSIP objectives, include:

- Engineering
- Warehousing and Logistics
- Leadership & Management
- Construction
- Employability & Community
- Health & Social Care

Wherever possible, the Group will endeavour to have sub-contracting arrangements in place at the start of each academic year and will not exceed 25% of ASF funding allocation in year. However, this is a 3 year strategy and the Group acknowledges the fact that employer’s work year round rather than in academic years therefore, we must operate to meet this demand and review our strategy inline with local need and relevant governance. The Group also recognises that arrangements may be put in place later in the year where the provision is considered to be a key arrangement by the Executive Leadership Team and/or the Governing Body.

Sub-Contracting Aims & Objectives

Aim	Value(s)	Success Output
To ensure that the Group has a clear Sub-Contracting Strategy year-on-year	Quality of Education / Financial Integrity	Review of the Group priorities with annual sub-contracting plans in place no later than June
A robust selection process in place for sub-contractors that is clearly linked to our strategic aims and learner, employer & LSIP demand	Quality of Education / Financial Integrity / Growth	<p>Annual planning starting in April of each year</p> <p>Wherever possible, have sub-contracts in place prior to the start of the academic year</p> <p>Transfer rates negotiated with partners which is based upon risk to the Group’s stability</p>
Ensuring the Group uses subcontractors where possible to deliver curriculum to meet local community needs that is not delivered by the Group	People & Place in the Community	Local residents will develop the skills they need to achieve personal goals or work opportunities
Use only sub-contractors that provide the highest level of teaching, learning and assessment, who are committed to continuous improvement and staff development and who offer the least amount of risk to the stability of the Group	Quality of Education	<p>Ensure minimum achievement rates are 84% or 2% above benchmark (whichever is greatest)</p> <p>Conduct robust compliance audits with error rates less than 2%</p> <p>Provide sub-contractors with a minimum of 20 hours staff development per academic year</p>
Offer highly effective ongoing support to sub-contractors to enable high levels of teaching,	Quality of Education	Provide a central point of contact within the Group, offering efficiency and responsiveness

learning and assessment to take place		Provide appropriate staff development sessions to all sub-contractors
		Ensure payment terms are fair and timely
		Undertake regular performance reviews with every sub-contractor (frequency dependent upon risk of the sub-contract, provision, performance and value of contract)
Ensure the management of sub-contractors meets and exceeds government policies and ensures compliance at all levels	Financial Integrity/ Quality of Education	Maintain up-to-date and accurate management information with 0% ILR errors for sub-contractors
		Provide robust contract management to ensure funding rules are adhered to
		Undertake termly audits and spot checks on all sub-contractors
		Share best practice updates throughout our network

Supply Chain Management Policy

This policy covers the key principles for fee arrangements between the RNN Group and partners who deliver education and training through sub-contracting arrangements.

Responsibility

The Bids & Contracts Manager has responsibility for the management and oversight of the Group's sub-contracting arrangements. The Director of Adult Education and Contracts is the strategic lead for the Group's sub-contracting arrangements, reporting into Deputy CEO and Executive Director of Finance.

Contract Awards

Sub-contracts will be awarded subject to a potential sub-contractor successfully passing the Group's due diligence. Individual sub-contract values may be awarded by the following:

Sub-Contract Value	Approval Required
Up to £50,000	Executive Director of Finance
£50,001 - £100,000	2 x Designated Post Holders
£100,001+	Governing Body

Overview

The RNN Group operates as a lead provider where a proportion of provision is delivered using partners through sub-contracting arrangements. Sub-contractors are used where:

- ❖ the scope of the provision sits outside of the RNN Group's internal capability or where their provision has been identified as a key strategic priority for the Group; or
- ❖ the sub-contractor has well-established and respected links with employer's; or
- ❖ there is a long-term partnership in place with a particular sub-contractor; or
- ❖ the sub-contractor can bring a USP to the RNN Group and its operations.

All sub-contractors undergo robust and comprehensive due diligence checks prior to any delivery. Appendix 1 outlines the main criteria we will score against. It is important that the culture and values of the potential sub-contractor fits with those of the RNN Group. The Group promotes quality improvement at every level through the sharing of best practice, high quality and appropriate staff development and having in place a rigorous audit schedule that includes quality reviews, observations of teaching, learning and assessment and learner and employer feedback.

Through our diligent supply chain management, we will:

- promote the principles of best practice as set out in the LSIS publication "Supply Chain Management – a good practice guide for the post-16 skills sector";
- undertake procurement of sub-contractors which meet the needs of our learner, employer's and other stakeholders;
- adhere to the overarching principles of the Common Accord to ensure the highest quality teaching, learning and assessment;
- contribute to local and national Government targets for funding, achievement and economic growth;
- provide equal access to education and training in the communities that we serve;
- promote equal access to progression opportunities from FE to HE or employment;
- support established, new and emerging markets;
- share good practice and embed a culture of continuous improvement to enhance learner and employer experiences;
- contribute to assisting sub-contractors to improve the delivery of teaching, learning and assessment for our learners by providing high quality continuous professional development opportunities, information, advice and guidance on adhering to ESFA and Combined Authorities Funding Rules and monitoring the overall effectiveness of the sub-contract arrangement.

Quality of Education and Curriculum

- Subcontractors will be subject to the Group's Quality arrangements such as, deep dives and business performance reviews
- Quality improvement activities will be planned according to risk with new subcontractors being prioritised for enhanced scrutiny
- The performance of subcontractors will continually be monitored with swift interventions implemented and monitored if required

Fees

To ensure that any sub-contracted provision meets the RNN Group's high standards for the quality of teaching, learning and assessment and funding rule compliance, a transfer rate will be applied to any funding drawn down from the Education & Skills Funding Agency (ESFA) or any other funding body, before payment is made to the sub-contractor.

The RNN Group will make monthly payments to sub-contractors based upon the amount of funding paid to the Group from the relevant funding body(ies) to each eligible learner. Payment will only be made upon receipt of an acceptable and timely submission of evidence of learning for each individual learner. All funding claims must comply with current funding rules and the terms of the agreement between the RNN Group and the sub-contractor. Where funding claims cannot be substantiated, the RNN Group will adjust or reclaim any funds already paid or are due to be paid to the sub-contractor and where required, make an appropriate repayment to the MCA or other funding body.

Payment dates are outlined below:

- Sub-contractor receives authorisation to invoice from the Group – by no later than the 15th of the month;
- Sub-contractor sends invoice to the RNN Group's finance team – by no later than the 18th of the month;
- The RNN Group makes payment to the sub-contractor – by no later than the 30th of the month.

The transfer rate % applied under each agreement with a sub-contractor will be no more than 20%, this will be determined by the scale and complexity of the delivery model, funding stream, level of support required by the sub-contractor, level of risk to the Group, geographical location and spread of the sub-contractor. Exact rates to be deducted will be individually agreed with each sub-contractor through commercial negotiations. This will be detailed in the Sub-Contract Agreement between the sub-contractor and the RNN Group and will be broken down by costs associated with managing the sub-contract, costs associated with managing the quality of the provision being delivered under the sub-contract and how these costs are reasonable and proportionate to the delivery of high quality teaching and learning. Where rates are more or less than the % stated above, this will be documented with the reasons why.

Sub-Contractor Support & Capacity Building

The RNN Group has a responsibility to support all sub-contracting partners to develop and deliver high quality provision that meets the needs of the learner and exceeds the expectations of employers and other stakeholders. The management fees deducted from allocated funds allows the Group to provide a comprehensive programme of support and compliance to ensure that public funds are protected and used effectively, and that partners are supported to develop their provision.

The exact mix of support provided to sub-contractors will vary depending on the needs of the individual sub-contractor and learners, however, all partners, as a minimum can expect to benefit from the following:

- A dedicated single point of contact via the Bids & Contracts Manager;
- Daily administrative support, contract and performance monitoring via named Contracts Officer;
- Equality and diversity support;
- Review, monitoring and support relating to the quality of teaching, learning and assessment;
- Monthly data reviews and Monthly performance reviews;
- Quarterly Financial Performance Reviews
- Support for self-assessment and quality improvement planning;
- Staff development opportunities throughout the year;
- Health and safety advice and policy support;
- Safeguarding, PREVENT and British Values support and advice;
- Assistance in preparing for external verification and development with awarding bodies;
- IAG training and support;
- Teaching, learning and assessment observations and feedback;
- Partner VLE access;
- Student Portal access for learners;
- Support with compliance to funding rules;
- Regular national updates regarding funding and policy changes.

Further information can be found in our Performance Management Process 25/26 document.

Communication, Policy Review & Publication

This strategy will be communicated to all of the RNN Group’s sub-contractors during the initial contract commencement meeting and referred to throughout the year. This policy applies to all provision that is sub-contracted to any third party providers by the RNN Group. This policy replaces any previous versions where applicable, and will be effective from 1st August 2020. This strategy will be reviewed annually or earlier if deemed necessary by the Group’s Senior Leadership Team and/or Governing Body. This strategy will be published on the RNN Group website at www.rnngroup.co.uk/supply-chain/.

Version Control

Version Number	Date Published
1	1 st September 2019
2	March 2021 (annual review)
3	July 2021 Amendment following review
4	July 2022
5	Oct 2022 Amendments following Board of Governors feedback
6	April 2024 Amendments inline with Subcontracting Assurance Standard 2023.2024
7	June 2025 Amendments to reflect devolution of D2N2 Region and changes to ASF (Adult Skills Fund) from AEB.

Appendix 1 - Risk Management Measures

Measure	Low Risk	Medium Risk	High Risk
Length of Trading	More than 7 years	2-7 Years	Less than 2 years
	Score 1	Score 3	Score 7
Financial Stability	Outcome of Financial Assessment Using Accounts Info is Low Risk	Outcome of Financial Assessment Using Accounts Info is Medium Risk	Outcome of Financial Assessment Using Accounts Info is High Risk
	Score 1	Score 3	Score 7
Staff Experience & Qualifications	More than 7 years teaching & sector experience All have teaching quals	2- 7 years teaching & sector experience Most have teaching quals	Less than 2 years' experience Few have teaching quals
	Score 1	Score 3	Score 7
Experience of Delivering Training	More than 7 years	2-7 years	Less than 2 years
	Score 1	Score 3	Score 7
Insurance Cover	£10m Employer's £5m Public	£2-9.9m Employer's £2-4.9m Public	Up to £2m Employer's Up to £2m Public
	Score 1	Score 3	Score 7
OFSTED and/or SAR Grade	Grade 1	Grade 2	Grade 3
	Score 1	Score 3	Score 7
Type of Provision (Risk)	Short Provision Non-Specialist	3-12 Months Provision Fairly Specialist Apprenticeship (1-2 Yrs) Study Programme	12 Months+ Provision Specialist NEET Apprenticeship (2+ Yrs)
	Score 1	Score 3	Score 7
Previous Years' Achievement/ Pass/ Retention Rates (score for each)	95%+	85-94.99%	84.99% or Less
	Score 1	Score 3	Score 7
All Required Policies in Place	Yes and Fit for Purpose	Mostly – Some Key Info Missing	Many Missing or Lots of Key Info Missing or Not Fit For Purpose
	Score 1	Score 3	Score 7
Dealing with Contractual Underperformance	Good response, clear understanding of effective contract management	Satisfactory response with reasonable understanding of contract	Poor response, not provided enough information, lacking knowledge

		management	
	Score 1	Score 3	Score 7
Meeting Needs of Local Community	Good response, clear understanding of needs of local community	Satisfactory response with reasonable understanding of local community	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
IAG of Learners	Good response, clear understanding of IAG and its importance	Satisfactory response with reasonable understanding of IAG and its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
ALS Needs	Good response, clear understanding of ALS and its importance	Satisfactory response with reasonable understanding of ALS and its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Monitoring Learner Progress	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Recruitment of Learners	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Culture & Values (website, wording, processes, provision etc)	The culture & values of the company fit very much in line with the RNN Group	Some of the cultures & values of the company fit in line with the RNN Group	Very few of the cultures & values of the company fit in line with the RNN Group
	Score 1	Score 3	Score 7
Provision Fits With RNN's Strategic Direction or is of Interest to the Group	Yes	Mostly	No
	Score 1	Score 3	Score 7

Other Risk Factors: Group Bid, acting upon feedback bankruptcy, convictions.	Good responses, no risk, no convictions etc.	Good Responses, evidence of action being taken, little risk of reoccurrence etc.	Little evidence of actions being put in place, high risk to the Group
	Score 1	Score 3	Score 7

APPRENTICESHIPS ONLY

Engaging Employers	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Ensure Learners Complete Timely	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Off the Job Training	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7
Ratio Staff/Learners and Visits	Good response, clear understanding of its importance	Satisfactory response with reasonable understanding of its importance	Poor response, not provided enough information, lacking knowledge
	Score 1	Score 3	Score 7

NOTE: The RNN Group will not sub-contact with any external organisation who has self-assessed or received an OFSTED grade 4 or equivalent, neither will we allow areas of individual curriculum to be delivered that has received such grade. We will only enter into a sub-contract with organizations who are deemed high risk if the partnership is of key strategic importance, at employer demand or due to exceptional circumstances. It is important to the RNN Group that any potential partner shares our culture and values. If we feel that this is not the case, we will not enter into a sub-contract regardless of risk.

Appendix 2 – Subcontracting Rationale – Process for Approval

