

Sub-Contracting Strategy 2019-2022

Version 1



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

**We will become one of the UK's leading
Further Education Colleges.**

**Delivering outstanding technical and professional education and training.
Helping businesses to succeed and grow, transforming the lives of our students and
communities.**

Our Core Values

-  **Respect** Valuing each other and the ways in which we work together
-  **Support** Creating an environment that is caring and safe
-  **Inclusion** Valuing and celebrating individuality and the chance for each to reach their full potential
-  **Excellence** Being positive and creative, and striving to be the best we can be
-  **Partnership** Working with employers and partners to meet the needs of our students and our community

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 the highest quality teaching, learning and assessment which allows learners to progress into further learning or employment and meet their full potential.

Sub-contracted provision has been established across the Group for a number of years and is considered of key strategic importance in being able to respond to learner, employer and other stakeholder demand. We will continue to build strong links with partners to ensure we are capable of meeting the local LEP's needs in identified priority sectors. We have highlighted these sectors as:

-  **Engineering**
-  **Logistics**
-  **Leadership & Management**
-  **Construction**
-  **Employability & Community**

Wherever possible, the Group will endeavour to have sub-contracting arrangements in place at the start of each academic 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. 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 Senior Leadership Team and/or the Governing Body.

Subsidiary Company Sub-Contracting

The RNN Group owns a subsidiary company that also deliver education and training. Any procurement exercise advertised will exclude the value of the contracts we agree with the subsidiary. The subsidiary company will be performance managed using the same processes and procedures as a third party provider. We will also undergo due diligence checks on the subsidiary company to assure capability. Financial statements are audited by external auditors across the Group including the subsidiary company which are actively discussed at both SLT and Governing Body level.

Sub-Contracting Aims & Objectives

Aim	Value(s)	Success Output
To ensure that the Group has a clear Sub-Contracting Strategy year-on-year	Excellence Partnership	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 & LEP demand	Inclusion Excellence Partnership	Annual planning starting in April of each year Wherever possible, have sub-contracts in place prior to the start of the academic year Transfer rates negotiated with partners which is based upon risk to the Group's stability
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	Inclusion Excellence Partnership	Ensure minimum achievement rates are 84% or 2% above benchmark (whichever is greatest) Conduct robust compliance audits with error rates less than 2% TLA observations on sub-contractors to be 80% "Good" or better by the end of the academic year 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, learning and assessment to take place</p>	<p>Respect Support Inclusion Excellence Partnership</p>	<p>Provide a central point of contact within the Group, offering efficiency and responsiveness</p> <p>Provide appropriate staff development sessions to all sub-contractors</p> <p>Ensure payment terms are fair and timely</p> <p>Undertake regular performance reviews with every sub-contractor (frequency dependent upon risk of the sub-contract, provision, performance and value of contract)</p>
<p>Ensure the management of sub-contractors meets and exceeds government policies and ensures compliance at all levels</p>	<p>Respect Support Excellence Partnership</p>	<p>Maintain up-to-date and accurate management information with 0% ILR errors for sub-contractors</p> <p>Provide robust contract management to ensure funding rules are adhered to</p> <p>Undertake termly audits and spot checks on all sub-contractors</p> <p>Share best practice updates throughout our network</p>

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 Contracts Manager has responsibility for the management and oversight of the Group's sub-contracting arrangements. The Executive Director of Finance is the strategic lead for the Group's sub-contracting arrangements.

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, employers 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; and
- ❖ share good practice and embed a culture of continuous improvement to enhance learner and employer experiences.

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 ESFA 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 typically be between 15% and 25% 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.

In relation to subsidiary companies, the transfer rates applied will be determined by the level of support from the Group's central services teams but will typically be between 5 and 15%.

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 Contracts Manager;
- ❖ Daily administrative support, contract and performance monitoring;
- ❖ Equality and diversity support;
- ❖ Review, monitoring and support relating to the quality of teaching, learning and assessment;
- ❖ Monthly data reviews and 6-8 weekly 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.

Communication, Policy Review & Publication

This policy 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 September 2019. This policy will be reviewed annually or earlier if deemed necessary by the Group's Senior Leadership Team and/or Governing Body. This policy will be published on the RNN Group website, www.rnngroup.co.uk/supply-chain/.




Jason Austin
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Chair of the Corporation

Version Control

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1	1 st September 2019

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
Observation Grades	Majority Grade 1 Profile	Majority Grade 2 Profile	Majority Grade 3 or 4 Profile No Profile Submitted
	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 management	Poor response, not provided enough information, lacking knowledge
	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, 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 organisations 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.