

Document Revision History

Document Reference	Version	Introduced/Changed by	Summary of changes	Approval date	Date of review
QD140	1	Stuart Nattrass	Annual updates in line with the funding rules	December 21	December 22
QD140	2	Amy Mitchinson	Annual updates in line with the funding rules	September 22	01/08/2023
QD140	3	Stuart Nattrass	Annual updates in line with the funding rules	September 23	01/08/2024

Scope

This policy applies to all supply chain activity supported with funds from Education & Skills Funding Agency (ESFA), the Department for Education (DfE) and/or the European Social Fund (ESF). It must be read in conjunction with the following:

- [Apprenticeship Funding Rules for Main Providers 2023 to 2024](#) -

Context

To comply with the Education & Skills Funding Agency (ESFA) contractual requirements, Gen2 is obliged to implement a policy that must be in place prior to commencing any subcontracting activity. This policy has been developed and is updated annual in alignment with the ESFA Funding Rules and the Subcontracting Standard Guidance published by the ESFA.

Subcontracting also supports learners and employers to access a wide range of educational rationale, including:

- Enhancing the opportunities available for learners
- Fill skills gaps in niche or expert provision
- Providing better access to training facilities
- Supporting better geographical access for learners

- Offering an entry point for disadvantaged groups
- Giving consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps

Subcontracting also broadens the range of progression opportunities for learners and provides good development opportunities for both Gen2 and subcontractors to share good practice and new ways of working.

Definitions

Lead Provider – a Lead Provider is a training provider, college, employer or organisation that has a direct contractual relationship with the Education & Skills Funding Agency (ESFA).

Subcontractor – a Subcontractor is a separate legal entity that has an agreement (subcontract) with a Lead Provider to deliver services or provision that is funded by the ESFA. A separate legal entity includes companies within our group, other associated companies, and sole traders.

Each Lead Provider and Subcontractor must have a valid UK Provider Registration Number (UKPRN) – [UK Register of Learning Providers \(ukrlp.co.uk\)](https://ukrlp.co.uk)

1. Overarching Principle

Gen2 is committed to procuring high quality subcontract provision that meets the needs of the business and use its supply chains to optimise the impact and effectiveness of service delivery to learners.

Gen2 will ensure there is a clear educational rationale/business case for subcontracting which aligns to the corporate and operational strategies prior to entering a subcontract arrangement. The business case will set out the policy, business and operational objectives including consultation with stakeholders and undertaking research to determine the educational rationale. This rationale will consider the expectation of the ESFA to reduce subcontracted provision. The business case will be presented and approved at an executive/board level for sign off.

Gen2 will undertake fair and transparent procurement activities, conducting robust Due Diligence procedures on potential subcontractors to ensure compliance at all levels and ensure the highest quality of learning and delivery is provided, demonstrating value for money and enhancing the learner experience.

Gen2 will ensure that the funding retained will be related to the costs of the services or provision provided by the Subcontractor. The services and the levels of funding will be transparent and clearly documented and agreed by all parties.

Gen2 will monitor the quality and standard of the subcontracted provision using its own quality assurance processes including teaching, learning and assessment, to ensure the Subcontractor is at or working towards an outstanding OFSTED grade.

Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Gen2 will submit to an 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.

2. Pre-Implementation

Upon commencement of the subcontracting process, Gen2 will ensure that the delivery subcontractors satisfy one of the following three criteria:

- They are on the published Apprenticeship Provider and Assessment Register (APAR) and have applied by the main or supporting provider application routes;
- They are either the apprentice's employer, a connected company or charity as defined by the HMRC and are on the published APAR, having applied through the employer-provider route; or
- They have applied to the APAR subcontracting exception process and been approved to be exempt from the requirement to be on this register and can produce written approval from the department confirming that the exception applies to them, including its duration.

And, in addition ensure:

- There is sufficient funding available within our funding allocations and the proposed delivery has a clear strategic fit within our mission, objectives and values and that it is in the best interests of the learners and employers.
- There is sufficient expertise and resources to quality assure the services and/or provision and to administer the processes and make alternative arrangements in the event of subcontractor failure to ensure continuation of provision.
- The subcontractor is approved by our Due Diligence Process and agrees to work within the terms of our contract and is willing to engage in a mutually supportive relationship.

3. Procurement Process

The first stage is the completion of the Due Diligence process to ensure that the subcontractor has robust financial, quality and learner support arrangements. The process will be carried out by both Quality and the Funding & Compliance department. Companies House registration and the APAR will be checked initially.

Each potential subcontractor will be required to complete a Pre-Qualification Questionnaire (PQQ) which will include a number of key details including, but not limited to: organisation, including ultimate parent details, identity, ownership and background, principal activities (past and present), organisational chart, contractor/sub-contracting approach,

professional/commercial affiliations, professional/commercial affiliations, legal, financial, capability, quality management systems, Ofsted reports and experience and track record.

As part of this process, the subcontractor will be required to provide Gen2 with a number of supporting key documents to supplement the Pre-Qualification Questionnaire (PQQ) in order to carry out a desktop assessment. A list of the Due Diligence documents requirements can be found on the PQQ.

Following tender evaluation and, where appropriate, negotiation, Gen2 will assure that an offer has been made which meets its requirements in all respects, including budgetary and capability, and consider that it is able to accept and offer and award the contract to a Subcontractor who meets the contract specification. It may then move directly to the award state or make a recommendation to higher authority levels within the organisation for acceptance in line with the Gen2's strategic and operational objectives.

A contract management plan will be arranged ahead of the contract award to set out how the obligations of all parties should be carried out effectively and efficiently.

4. Contract Award and Management

Upon successful appraisal, the subcontractor will be placed on an approved list of contractors and issued with a sub-contract agreement to meet the agreed educational needs, that is achievable, and affordable. It will address the desired outcomes(s) of the subcontract, critical success factors, the possible alternatives, including existing contracts, the risks including the extent and where they may fall, identification of any contingent needs and ramifications of proceeding and timescales.

In preparing for contract management and providing oversight, Gen2 will ensure that all awarded contracts are managed by staff within the organisation who have clearly defined roles that have been agreed as part of the overall considerations in producing the business case. These defined roles ensure that contract ownership is clear, with the budget holder, senior responsible owner, and Contract Manager (where appropriate).

5. Use of Subcontracting Apprenticeship Provision to Employers

Before each subcontracting relationship is agreed, the reason for subcontracting and all the services Gen2 will provide and the associated costs when doing so will be described to each employer and potential employer. This will include:

- Specific costs for managing the subcontractor;
- Specific costs for quality monitoring activities and specific costs for any other support activities offered by Gen2 to the subcontractor.
- Detailed explanation of how such costs are reasonable and proportionate to delivery of the subcontracted apprenticeship training.

All these costs will be individually itemised and describe how much each cost contributes to delivering high quality training.

If Gen2 and an employer agree the use of delivery subcontractors, Gen2 will ensure that there is a written agreement in place with each employer that sets out the following for the delivery of their:

- The apprenticeship training and/or on-programme assessment that will be directly delivered;
- The amount of funding Gen2 will retain for the subcontracted delivery
- The training and/or assessment that each delivery subcontractor will contribute to the employer's apprenticeship programme;
- The amount of funding Gen2 will pay each delivery subcontractor for their contribution;
- The specific amount of funding Gen2 will retain to manage and monitor each delivery subcontractor;
- The specific amount of funding Gen2 will retain for each other support activity we will provide to each delivery subcontractor;
- The specific amount of funding Gen2 will retain for the monitoring we will undertake to ensure the quality of the apprentice training and/or on-programme assessment we have contracted each delivery subcontractor to carry out;
- A detailed description of how the funding retained for each activity contributes to delivering high quality training and how the funding retained is reasonable and proportionate to delivery of the apprenticeship training.
- Any actual or perceived conflict of interest between Gen2 and any delivery subcontractor. For example, where Gen2 and a delivery subcontractor are part of the same group, share common directors, or senior personnel, or where Gen2 will benefit financially from using a particular delivery subcontractor.

6. Second-Level Subcontracting Rules

Gen2 will not agree the use of any delivery subcontractor where this would require you to subcontract apprenticeship training and/or on-programme assessment to a second level. All delivery subcontractors must be contracted directly by the approved delivery subcontractor. The restriction on the level of subcontracting is in place to ensure that:

- Gen2 retain clear and transparent accountability for the quality of training provision;
- That correct and appropriate controls are in place to manage the apprentice experience;
- That value of money is achieved by mitigating funding being utilised for multiple tiers of subcontractor management.

7. Quality Assurance & Improvement

Gen2 aims to continuously improve the quality of any subcontracted arrangements through robust quality assurance and improvement processes and will support each subcontractor in developing these quality processes in order to maximise the benefits for learners.

Gen2 will manage and monitor all delivery subcontractors to ensure that high-quality delivery is taking place that meets the requirements of the agreement the subcontractor has entered into the ESFA for the provision of ESFA funded delivery, in accordance with the ESFA funding rules.

The Quality & Compliance Team will hold regular review meetings with the delivery subcontractor to review performance against the contract. The following will be reviewed during these meetings:

- Latest Ofsted report / Self-Assessment Report
- Quality Assurance reports of assessment practices (EQA / audit reports)
- Observation Summary Reports
- Policies and procedures for quality assurance
- Quality improvement planning
- Staff development records
- Learner progress records
- Learner survey and feedback analysis
- MIS data
- Initial assessment and recognition of prior learning
- Information, advice and guidance
- Safeguarding
- Prevent Duty and Fundamental British Values
- Data Protection
- Financial accounts
- Reportable Health & Safety statistics

Gen2 will carry out regular and substantial programme of quality assurance checks on the apprenticeship training and on-programme assessment provided by delivery subcontractors, including visits at short notice, face-to-face interviews with staff and apprentices. This must include:

- Whether the apprentices exist and are eligible;
- Involve direct observation of initial guidance, assessment and delivery of training and / or on-programme assessment.

The findings must be consistent with the funding rules, Gen2 expectations and the delivery subcontractor's records. Gen2 will report any instances to the ESFA where this is not the case.

Observations of teaching, learning and assessment / obtaining learner feedback will be assessed through surveys, interviews and focus groups. Delivery subcontractors must submit clear delivery schedules that provide names of delivery staff, times and venues for all teaching, learning and assessment taking place.

The Senior Management Team will receive a risk rating scorecard that monitors the performance of each subcontractor.

Gen2 will conduct regular internal audits, as appropriate and request evidence to support claims made, including, but not limited to:

- Eligibility evidence;
- Initial assessments and any recognition of prior learning;
- Apprenticeship Agreements;
- Commitment Statements & Individual Learning Plans (ILP);
- Training Plans (for those who started their apprenticeship on or after 1st August 2022);
- Evidence of on-programme learning – attendance and progress reviews;
- Changes of Circumstances, if applicable;
- Evidence of achievement – proof of gateway, certification relating to any mandatory NVQ's and EPA evidence.

8. Performance and Changes

Gen2 are responsible for the actions of all delivery subcontractors connected to, or arising out of, the delivery of services, which we subcontract. If the delivery subcontractor fails to deliver, Gen2 will make alternative arrangements for the delivery of education and training, protecting the audit trail and / or repaying ESFA.

Gen2 carry overall responsibility for the quality of apprenticeship training and on-programme assessment undertaken by each delivery subcontractors.

If any delivery subcontractor undergoes a change of circumstances that affects its ability to continue to deliver under a subcontract with Gen2, we will make alternative delivery arrangements for each apprentice affected by this, in agreement with their employer. Change of circumstances include going into liquidation or administration, key delivery staff leaving the organisation, or removal from the Register of Apprenticeship Training Providers. The change of delivery arrangements must be recorded in the written agreement between Gen2 and the employer.

9. Safeguarding and Prevent

Gen2 is committed to promoting the welfare of children and vulnerable adults as defined in the Children Acts of 1989 and 2004 and Safeguarding Vulnerable Groups Act 2006 and uphold its legal responsibilities as a further education institution as defined in the Education Act 2002. Furthermore, Gen2 is committed to the statutory frameworks set out in Keeping Children Safe in Education 2021 and Working Together to Safeguard Children 2018. Gen2 staff have an important role as they are in a position to identify concerns early, provide help for children and vulnerable adults and prevent concerns from escalating.

It is the responsibility of all delivery subcontractors to provide a safe environment in which children and vulnerable adults can learn. All staff members are expected to be aware of their duty to report concerns, the guidance for identifying child abuse, what to do if a child or a vulnerable adult makes an allegation of child abuse and issues about confidentiality.

The Prevent duty applies to subcontracted provision which requires all delivery subcontractor to have due regard to the need to prevent people from being drawn into terrorism.

All further education providers must comply with relevant legislation and any statutory responsibilities associated with the delivery of education and safeguarding of students, including those receiving provision under a subcontracting arrangement.

All staff and contractors who come into direct contact with learners must undertake training on the subject of safeguarding and Gen2's internal procedures. All delivery subcontractors must have in force a Safeguarding Policy, procedure and accompanying guidance which must be issued to all new staff as part of their induction and when updated and revised, to be re-issued to all staff with updates communicated, as necessary.

All staff involved with direct involvement with subcontracted provision must complete training for Safeguarding and Prevent bi annually. Gen2 will monitor this closely and request for evidence of completion certificates for each staff member involved – this includes those who are new and existing to the delivery team of the subcontracted provision.

10. Fees and Charges

Gen2 will typically charge a management fee of 20% of the ESFA funding, we receive for each learner. However, the percentage level of the management fee is dependent on the following factors:

- All management fees are based on the readiness of the delivery subcontractor to deliver a subcontract on Gen2's behalf;
- The vocational routes contracted for and the level of risks associated with those programmes;
- The level of support that the subcontractor may need to raise the quality of teaching, learning and assessment and the overall subcontractor standards.

This will be evidenced by:

- The frequency of quality assurance reviews undertaken between Gen2 and the delivery subcontractor;
- The existing level of experience that the subcontractor holds prior to subcontracting with Gen2, dictates the level of support given; which is subsequently reflected in the management fee.

Gen2 will set out the delivery subcontractor's full range of fees retained and charges, which will include eligible costs that apply, including funding retained for:

- Quality assurance and oversight;
- Administrative functions such as compliance, data returns

Gen2 will not exceed 20% of the overall contract.

In addition, to the direct support, Gen2 provides a broad range of management information and performance reports to support the effective and timely delivery to learners and to monitor performance against agreed targets to the delivery subcontractor.

This in turn contributes to the overall improvement and delivery of provision for both the delivery subcontractor and the learning experience of the individual.

Learners must be informed by the delivery subcontractor that their training is being delivered on behalf of Gen2 by the appropriate subcontractor.

The level of management fee can change through discussion and negotiation with the delivery subcontractor and is subject to them meeting the agreed quality and performance measures.

Gen2 will declare to the Education & Skills Funding Agency (ESFA) on a bi-annual basis with the following:

- The amount of subcontracted provision undertaken;
- Details of each delivery subcontractor, with whom Gen2 holds a subcontract

11. Financial Payment

Payment terms between Gen2 and delivery subcontractors will be detailed in the agreement but the settlement will not exceed 30 days following the date of receiving the approved invoice from the delivery subcontractor.

12. Publishing of the Subcontracting Policy

This policy will be published on the Gen2 website. The policy will be reviewed ahead of each funding year and signed off by those charged with overall responsibility for Gen2 in the governance structure. Once reviewed, the updated policy must be published by 31 October each year.