

1. SUB-CONTRACTING POLICY AND STRATEGY

Objective

This policy provides transparency for all subcontractors, funding bodies and other associated parties or individuals regarding the procurement, due diligence process, support and charging rationale related to sub-contracted provision using Crown Vocational Training's own direct contract.

Crown Vocational Training ('Crown') will ensure that all provision funded through its direct ESFA contracts, whether delivered by Crown or a sub-contracting organisation will provide an excellent learner experience and represent good use of public monies.

Rationale for Sub-Contracting

Crown utilises subcontractors to compliment apprenticeship delivery by providing expert training within the industry to support apprentices learning activities. Crown's subcontracting will:

- Enhance the opportunities available for learners
- Fill gaps in niche or expert provision
- Provide access to high quality training facilities

Crown subcontracts only within apprenticeship provision and is intending to reduce subcontracted delivery where the expert provision can be delivered internally. Crown only subcontracts to organisations that are on the Apprenticeship Provider and Assessment Register (APAR). Where subcontracting applies, the subcontractor delivers part of the apprenticeship training to provide specific training apprentices.

Delivery partners will only be contracted under a subcontract arrangement where Crown's due diligence determines that the subcontractor has the capacity to deliver quality training which compliments Crown's high-quality standards in line with all regulatory requirements including Ofsted and the ESFA.

Procurement

Procurement of subcontractor services will usually be in response to requests/approaches made by the potential contracting organisation to Crown. If additional procurement of sub-contracting services is required, this will be by invitation only and contracts shall be awarded based on an approached organisation's suitability, track record and capacity to deliver the service.

Due Diligence

Crown will not subcontract with providers who are deemed to be unsuitable. To establish this, Crown will undertake a robust process of due diligence when selecting subcontractors to ensure quality of learning delivery, value for money, positive learning experience for the apprentice, and a positive impact for employers.

Due diligence will seek to confirm that the proposed subcontractor:

- Is listed on the published Apprenticeship Provider and Assessment Register (APAR)
- Has compatible and complementary aims, values and mission
- Has capacity and a track record of high-quality provision, including the ability to quality-assure and enhance relevant provision
- Is of appropriate legal and financial standing
- Has no conflicts of interest
- Has put in place the appropriate internal policies to ensure compliance with legislative undertakings and general good practice and that these policies are regularly updated and effectively implemented.

Crown Vocational Training has a formal due diligence process as follows:

- An initial discussion between a senior manager of the potential sub-contracting organisation and Crown's senior management team
- Agreement to progress onto the due diligence stage confirmed by a senior management team member
- Issue of the due diligence document for completion by the potential sub-contractor
- Receipt of the completed due diligence document and supporting evidence
- Request for references made by Crown Vocational Training
- Review of due diligence information (financial accounts) and members of the quality team
- A risk analysis conducted and documented collectively by the personnel above
- Review of references obtained
- A decision is agreed and confirmed by the senior management team
- Potential sub-contractor to be informed of decision

Contract Agreement

Crown will issue a subcontractor's agreement, amended as required by mutual agreement between both parties. As minimum content, this document includes all the mandatory requirements set out by the Education and Skills Funding Agency each year within the funding rules and regulations. Signatories will always be at director level within both organisations. Contracts must be signed before the beginning of any delivery taking place and re-signed annually.

Management Fee Policy

Crown is committed to ensuring that the maximum amount of funding possible is passed on to our subcontractors to enable the best possible learning experience to the learner.

The percentage of funding retained by Crown is founded upon the basic requirement to cover the costs associated with the management of subcontracted provision along with an appropriate level of mark-up on such costs. The costs will vary according to the type of provision, the deemed risk of the provision and data processing/maintenance costs. These costs include but are not limited to the following considerations:

- Direct lead provider costs of relevant personnel and their teams
- Pro-rata lead provider costs of any software licence costs resulting directly from the additional data-management required for sub-contracting activities

Typical Management Rates

Typical management fees range from 10% to 20%. The range reflects the level of services provided to partners. The fee offered applied to individual subcontract delivery partners is dependent upon the amount of support required from Crown, the degree of risk we perceive, and the performance record of the delivery partner. More specifically:

- The extent of administrative support required to thoroughly check and resolve any problems with documentation prior to uploading learners' data to the Agency (45% of support fee)
- The outcomes of Quality Reviews, Monitoring Meetings and outcome and supply of OTLAs (50% of support fee)
- Attendance at regular Crown-led CPD meetings (5% of support fee)

Commitment from Sub-Contractors

Crown's policy is that the principal or responsible person of a sub-contract delivery partner shall continually improve the quality of teaching and learning through participation in the following support activities: