



Subcontracting Policy

Lead Responsibility:	Head of Finance
Effective From:	1 August 2018
Policy Applicable to:	Subcontractors and Supply Chain Partners
Approved by:	Managing Director Haddon Training
Date of approval:	31 July 2021
Date of next review:	31 July 2022

Purpose of Policy

1. The purpose of this policy is to set out the way in which Haddon Training will identify, select and manage partnerships with sub-contractors who are funded with public money supplied by the Education and Skills Funding Agency (ESFA).
2. Haddon Training wishes to ensure that the appropriate breadth and depth of our provision meets the diverse needs of our employers, the vast majority of whom are in the equine sector. Our key principle is to work with partners within the equine sector and related industries who can support and extend the employment and progression opportunities for our apprentices.
3. While direct delivery will always be our preferred delivery model, we recognise that in order to satisfy the expanding needs of our employers, and where there is demand for apprenticeships or qualifications which traditionally fall outside of our area of expertise, or outside our geographical reach, we will seek to subcontract these to compatible third-party organisations.
4. This approach to subcontracting is intended to support and complement our core delivery to employers. It will not represent large volumes of our provision.
5. This policy applies to all provision subcontracted to a delivery partner and delivered on behalf of Haddon Training.
6. This policy is published in line with ESFA requirements, as per the funding rules for 2021/22. The ESFA funding rules are accessible online [Apprenticeship funding rules - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
7. For apprenticeship provision Haddon Training will only use delivery subcontractors that satisfy one of the following two criteria as per the ESFA Funding Rules:
 - (a) They are on the published Register of Apprenticeship Training Providers and have applied by the main or supporting application routes; or
 - (b) They are either the apprentice's employer, a connected company or charity as defined by HMRC and are on the published Register of Apprenticeship Training Providers, having applied through the employer-provider application route.

Our Policy

8. Haddon Training will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. This policy explains our requirements for sub-contractors and sets out the arrangements fees and charges with those organisations that have sub-contracting agreement with Haddon Training Ltd. Full details of sub-contracting requirements, notably for the due diligence process, are set out in the 'Sub-Contractors Handbook'. The contracts that are agreed with individual sub-contractors will ensure that:
 - a. Supply chain management activities comply with the principles of best practice in the skills sector. We will seek to implement measures to ensure provision is outstanding. We will achieve this by using our influence and reach within the equine sector and developing meaningful and effective partnerships.
 - b. We will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures for potential subcontractors to ensure compliance. These are set out in our 'Partnership Handbook'.
 - c. We will seek to ensure the highest quality of teaching and learning delivery is delivered by partners, in line with the requirements of the Education Inspection Framework (EIF). These will demonstrate Value for Money (VFM) and make a positive impact on apprentices' lives and their employment sector.
 - d. The funding we retain will be proportionate to the costs of the services provided. These services will be clearly documented and agreed by all parties. The rates of retained funding will be in line with our published fees in the Risk Register. They will be negotiated and agreed in a fair and transparent manner.
 - e. 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.
 - f. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, we will submit to independent outside

arbitration or mediation and abide by its findings, as outline in our 'Complaints Policy'.

- g. Apprenticeship Funding Rules (and iterations) for 'Providers' will be adhered to by all parties. Emphasis will be on the supply chain and what procedures are in-place to ensure that funding is not inadvertently reaching extremist organisations.
9. This policy is reviewed annually as part of our internal control processes and may be updated more frequently to reflect changes in legislation or contractual requirements. Where this policy is updated in-year, existing subcontractors will be made aware of the latest version by the Director of Education at the subsequent monthly performance reviews.

Quality assurance (QA)

10. Haddon Training is responsible for all sub-contractors' apprentices at all times. We require our partners to demonstrate high-quality teaching and learning and to maintain robust internal quality assurance and quality improvement policies and processes; these will be assured initially through the due diligence process, All delivery partners are subject to a robust, comprehensive due diligence process prior to a contract being awarded. This risk-based approach takes into consideration a variety of factors, including (but not limited to) previous track record, financial standing, learner numbers, achievement rates, Ofsted grade, type of provision and the ability to deliver high quality provision and meet our employers' needs.
11. The quality of the programme delivery will be assured through subsequent management of the contract. This will be achieved through the sharing of effective practice with subcontractors, for example through observations of teaching and learning, through the analysis and action plans of external quality reports, and through the Self-Assessment Report and Quality Improvement process.
12. To ensure sufficient resources are available to effectively manage subcontractors, and in turn to be accountable for our apprentices, we will retain a percentage of funding to contribute towards these costs.

13. This covers activity associated with all Quality Assurance, Improvement and Compliance aspects we need to undertake, ensuring that learners receive high quality provision and that all contractual obligations and regulatory requirements are met.

Fees and Charges

14. Haddon Training will charge a management fee of the funding drawn down from the ESFA against the provision that is to be delivered.

15. The level of the management fee depends upon the risk assessment of the sub-contractor and the degree of support that the deliver partner and subcontractor requires.

16. The fee is intended to cover the costs of:

- Robust and thorough induction of all subcontractors
- Initial and on-going quality assurance of subcontractors' policies and processes
- Observations of the full learner / employer journey
- Contract management, monitoring and reporting
- Access and support from occupational specialists and teaching & learning specialists
- Monthly monitoring meetings which each subcontractor
- Monthly compliance audit activity
- Matrix Accredited Information, Advice and Guidance

Fees and Charges Risk Factor

17. Our fee structure is based on a risk management approach, namely "High Risk", "Medium Risk" and "Low Risk" bandings. However, these bandings allow a degree of flexibility depending on other key operational and business driven factors e.g. number of apprentices enrolled by the subcontractor.

18. Haddon Training will use a sliding scale in terms of its fee which is based on the "Risk Rating" of the subcontractor. The fee ranges from 20% to 25%, depending on the level of risk and service needed.

19. All new subcontractors will automatically be classed as "High Risk" (25%). Over time, subcontractors are able to move between risk bandings depending on the level of their performance, measured against a set of agreed criteria and numbers of apprentices on programme. We are, therefore, then able to review our fees retained in a both a fair and transparent way.

20. This includes:

- The type of provider
- The provider's experience
- Historical quality performance / previous contract delivery
- Size of provision
- Required level of support needed to ensure high quality of teaching, learning, assessment and quality assurance,
- Previous track record (observation, feedback, audit, self-assessment)
- Value of the contract
- Success rates and financial health
- Health and safety/Equality and Diversity/Safeguarding/Prevent
- Participants to be engaged with including industry types and vocational area
- Type of provision to be undertaken and required outputs
- Geographical spread of provision
- Contract delivery duration and value
- Non-completion, leaver or dropout rates

21. This list is not exhaustive but may also include other areas identified because of the pre-contract application and due diligence process.

Sub-contracting fees and charges

22. For our apprenticeship delivery the management fees are proportionately used in the following areas:

Direct delivery <i>Through blended learning via the delivery of teaching modules, including Functional Skills</i>	20%
Support <i>listed below</i>	40%
Quality assurance and monitoring <i>Set out in the written agreement with sub-contractor</i>	40%

23. As a guide, a detailed description of the wide range of services provided for the management fees includes, but is not limited to the following:

- Course and programme set up
- Functional Skills Initial Assessment and delivery where appropriate
- Access to our claims process and staff
- Enrolment input and compliance check of documents
- Course file monitoring (quarterly)
- Access to APTEM

- Subsidised Internal Quality Assurance (IQA) support where appropriate
- Assessor Training and OTLA support where appropriate
- Health and Safety Training where appropriate
- Safeguarding and Prevent Training where appropriate
- Performance monthly review data in relation to retention and achievement
- Regular Partnership meetings
- Funding and curriculum provision updates
- Formal observation of teaching and learning with written and verbal feedback and support
- Employer and learner feedback surveys
- Information and Guidance Learning from a Matrix accredited team
- Assistance with Self-assessment reports
- Equality & Diversity Training support
- Safeguarding Training support

24. Haddon Training Ltd may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as:

- Awarding Organisation fees and charges
- EPA fees
- Aptem fees

Publication of Information Relating to Sub-Contracting

25. To comply with Education Skills Funding Agency and other agency funding rules, Haddon Training will publish its sub-contracting fees and charges policy and fees paid to subcontractors in the previous academic year, before the start of each academic year. This will only relate to 'provision sub-contracting' i.e. sub-contracted delivery of full programmes or frameworks.

26. Haddon Training will ensure all actual and potential sub-contractors have sight of this policy and any other relevant documents, such as the Fees and Charges Risk Factor Table. The Fees and Charges Risk Factor Table (Annex A of this Policy) includes:

- The typical percentage range of fees retained to manage sub-contractors, and how this range is calculated
- The rationale used to determine the level of fee retained through each sub-contract is a risk-based approach
- The contributory risk factors that would result in differences in fees charged for, or support provided to, different sub-contractors might include:
 - Previous track record
 - Success levels
 - Type of customers to be engaged

- Type of provision to be undertaken
 - Numbers of learners
- The risk bands will be used to allocate charges. Risk factors are given a score so that each sub-contractor is aware of why they are in a particular band, this process will be used to give sub-contractors an incentive to improve and thus reduce the risk band that they fall in. For example, higher risk sub-contractors will be allocated less funding but receive more monitoring and support.
 - The support sub-contractors will receive in return for the fees charged.

Payments

27. Payments are calculated, reconciled and paid monthly as set out in the contract. Haddon Training will provide details of the evidence requirements and payment arrangements in individual contracts.

28. Haddon Training will make all verified payments due to partners within 30 days of invoice being received. We will publish details of all funding received and payments made to individual subcontractors on an annual basis, in line with ESFA Funding Rules and contractual requirements.

Relationship Management

29. This policy will be reviewed each academic year close and updated as required. It will be published on Haddon Training's website during the July prior to the start of the ESFA Funding Year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship.

30. A quarterly on-site performance monitoring meeting will be held with the designated parties from each organisation. We will review performance against the criteria set out in the Subcontractor's Handbook and discuss and agree any further measures and support

31. We will agree a timetable of meetings to discuss and resolve any issues arising from the above quarterly on-site performance monitoring meetings.

SUBCONTRACTING – RISK RATING

LOW RISK RATING

1. For a Subcontractor who has been scored as ‘Low Risk’ the management fee will be 20%.

MEDIUM RISK RATING

2. For a Subcontractor who has been scored as a ‘Medium Risk’ the management fee will be 25%. This may result in the subcontractor receiving additional support, based upon the KPIs set out in the Subcontractor’s Handbook.

HIGH RISK

3. We will not engage with subcontractors who score ‘High Risk’.

PERFORMANCE INDICATOR	RISK RATING SCORE			
	Low	Medium	High	Not Measurable
	1	2	3	3
On the RoATP as a main or supporting provider; or employer-provider route	More than 3 Full Years	2 to 3 Full Years	Less than 2 Full Years	N/A
Delivery experience	More than 5 Full Years	2 to 5 Full Years	Less than 2 Full Years	Not Measurable
Previous Years Success Rates – All Qualifications (Against National Benchmark)	3% or More Above National Benchmark	Within + or = 2% of National Benchmark	More than 2% Below National Benchmark	No Previous Success Rates
Most recent Ofsted	Grade 1 or 2 Monitoring visit all 3 areas as Significant progress	Grade 3 Monitoring visit with one of more as Reasonable progress	Grade 4 Or no Ofsted'd due to being a new provider	N/A
Audit and QA measures	Compliant and No Actions or Recommendations	Mainly Compliant, Recommendations for Improvement and Changes Implemented	Non-Compliant, Recommendations for Improvement and/or Changes not Quickly Implemented	New Provision – No Previous Audit
Paperwork and Communications (Based on, but not Limited to, the Grouped Examples Listed)	Fully Completed and Accurate Paperwork, Timely Changes and Achievements, No Out of Funding Learners, Minimal Monitoring Required, Few Queries and Responsive Communication	Generally Accurate Paperwork, Changes and Achievements Received, Some Out of Funding Learners, Monitoring Required, Some Queries and Average Communication	Inaccurate Paperwork, Changes and Achievements Not Received, Many Out of Funding Learners, Constant Monitoring Required, Many Queries and Poor Communication	New Provision - No Paperwork Received
Previous years success rates (against National Benchmarks)	3% or more above National Benchmark	2% to 3% above National Benchmark	More than 2% below National Benchmark or no previous success rates.	N/A
Numbers of apprentices enrolled within year	30 apprentices +	20-29 apprentices	0-19 apprentices	

Rating against scoring

Overall Score	Risk Rating	Haddon Training Fee
7 - 11	Low	20%
12 - 15	Medium	25%
16+	High	No contract