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Agenda

10:00 The subcontracting rules for 2021/22 - key changes and challenges

Nick Linford, FE funding expert and author of sector subcontracting guide

11:00 Managing new and existing subcontracting relationships ~ getting due diligence and contracting right *Mark Taylor, Partner, Corporate Education, Eversheds Sutherland*

12:00 Comfort break

12:30 Funding, data and compliance: Audit advice for prime and sub-contractors

Karl Bentley, senior ILR and ESFA funding auditor from RSM

13:30 Ofsted's approach to sub-contracting and best practice

Paul Joyce, Deputy Director, FE and Skills from Ofsted

14:30 The National Skills Fund and future of subcontracting

Nick Linford

15:00 end

Slides and a recording will be emailed to you after the summit

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The subcontracting rules for 2021/22 - key changes and challenges

Nick Linford

LSECT
LEARNING & SKILLS
EVENTS, CONSULTANCY & TRAINING

3

Subcontracting volumes today

For subcontractors that hold contracts worth at least £100,000 in aggregate
Note: ESFA only (so excludes AEB with MCAs)

- £399,778,951 contract values
- 3,380 contracts
- Average of £118k per contract
- 503 lead providers
- 826 subcontractors

In 2017 self-declarations were £809m and £236k per contract but this included what is now over £600m of devolved AEB (e.g. WMCA self-declared list has 40 contracts worth £9.3m, which is 7% of their £133m allocation)

Source: <https://www.gov.uk/government/publications/sfa-subcontractors-list>

Top 5s

Lead provider	Subcontractors	Value of contracts
BRITISH ARMY	10	£31,824,278
THE GROWTH COMPANY LIMITED	135	£17,536,864
SERCO LIMITED	46	£17,347,179
PEOPLE PLUS GROUP LIMITED	68	£14,841,396
SKILLS TRAINING UK LIMITED	47	£9,690,774
CALDERDALE COLLEGE	30	£9,641,571

Subcontractor	Number of lead providers	Value of contracts
THE COLLEGES' PARTNERSHIP LIMITED	2	£11,455,329
LEARNING CURVE GROUP LIMITED	43	£10,607,996
TQ EDUCATION AND TRAINING LIMITED	2	£9,138,427
THE SKILLS NETWORK LIMITED	42	£9,138,163
THE CONSTRUCTION SKILLS PEOPLE LTD	11	£8,914,034

Subcontractor	Number of lead providers	Value of contracts
LEARNING CURVE GROUP LIMITED	43	£10,607,996
THE SKILLS NETWORK LIMITED	42	£9,138,163
RUNWAY APPRENTICESHIPS LIMITED	34	£1,856,214
THE TRAFFORD COLLEGE GROUP	25	£397,721
ACTIVATE LEARNING	24	£682,227

Prime provider	Subcontractor	Contract
BRITISH ARMY	THE COLLEGES' PARTNERSHIP LIMITED	£8,486,036
BRITISH ARMY	BABCOCK TRAINING LIMITED	£6,412,595
BRITISH ARMY	TQ EDUCATION AND TRAINING LIMITED	£6,084,828
Access To Music Limited	NOVA CENTRIC LIMITED	£4,689,628
Serco Limited	THE CONSTRUCTION SKILLS PEOPLE LTD	£4,199,916

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Headline ESFA summary

“Over the next 3 years we will be implementing a series of reforms that will strengthen ESFA’s oversight of subcontracting in the sector. We recognise that we cannot achieve our aims without the sector itself working towards the same outcomes.”

We have been clear from the outset that we wish to see a significant reduction in the overall volume of subcontracted delivery in the sector, and that is why we have asked that all providers review their existing subcontracting activity and take steps to reduce that activity across the following 3 years up to 2022 to 2023, ending on 31 July 2023. We will apply a cap on the volume of subcontracting and will take forward work this academic year to establish the right threshold for that cap and timescales for a staged reduction.

We have:

- required all providers to publish a clear educational rationale for their subcontracting position on their website alongside their management fee structure and a list of subcontracting partners, by 31 October
- clarified that the use of brokers to source a subcontracting partner is not permitted and will be treated as a breach of contract/funding agreement

As we have set out in our response to the consultation exercise, the other reforms will be introduced over the next 2 to 3 years.”

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Have you or your prime published a subcontracting policy?

Funding rule para 6: Once reviewed, the updated policy must be published by 31 October each year

Until now ESFA wanted to know how you arrive at the management fee - but did not specifically request you publish the management fees. Some examples:

NCG - incl. management fee %

How does NCG calculate fees paid to Supply Chain Partners?

We are committed to retain no greater than 20% of the funding earned for the proportion of the delivery undertaken by the Supply Chain Partner. However, we recognise that each relationship is different and that each Supply Chain Partner has a different level of capacity and skills and therefore we tailor the retained funding for services provided by us to ensure high quality of provision. Albeit, the Supply Chain Partner is assured to receive 80% of the funding we receive from the Funder for their proportion of the delivery.

<https://tinyurl.com/d2576wda>

Calderdale college - incl. management fee %

5 MANAGEMENT FEE

- 5.1 Calderdale College will retain a Management Fee not exceeding 20% of total funding (grant and fees or levy) in 2021/2.
- 5.2 The Management Fee is deducted from the funding income received prior to the allocation of funds to the subcontractors.
- 5.3 The management fee represents the costs that Calderdale College incurs in identifying, selecting and managing all subcontracting provision, regardless of the level of support provided.

<https://tinyurl.com/xp7jdpc8>

Serco - no mention of management fee %

Management Fees

Each activity agreed with the subcontractor is clearly identified and costed separately to ensure fairness and transparency. These fees are agreed by both partners prior to the commencement of delivery.

The fee may be increased should the subcontractor be required and agree to complete additional activities at an agreed price. This shall be included in a change control and signed by both parties before the additional activities commence.

The fee may be decreased should the subcontractor be required and agree to reduce the number of their activities. This shall be included in a change control and signed by both parties before the amendment to the requirement commences.

Serco Education will strive to ensure that cost arrangements for the differing subcontractors are fair based on all the information gathered.

If additional/exceptional services or support are required of Serco Education by the subcontractor, we reserve the right to charge a separate fee which will be agreed with the sub-contractor.

<https://tinyurl.com/79zd5xds>

Skills Training UK show the management fee % splits

<https://www.skillstraininguk.com/supply-chain-policy>

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Publishing management fees

Now rules say “set out your full range of fees retained and charges” in policy by the end of this month

Capital City Colleges policy published July 2021
<https://www.capitalccg.ac.uk/wp-content/uploads/2021/08/subcontracting2021.pdf>

7. Management Fees

7.1. The management fees charged will typically range between **15%** and **30%** dependent upon the level of risk assessed and support provided by the Group to ensure the quality of teaching, learning and assessment meets the required standards and the sub-contractor complies with all regulatory and contractual requirements. Where funding rules set a limit, this will be complied with.

But there appears to not even be a 30% cap...

7.3. Following the outcome of contract negotiations including support required from the Group, additional assistance and associated charges may be identified as a mandatory element of a sub-contracting arrangement. Such additional services may be mutually agreed between the Group and the sub-contractor. The cost of such additional support provided will be covered through the funding retained and will account for the variation in the management fees charged.

Their additional charges even include “Additional compliance and monitoring visits”

So the more checks you need the less funding you will have to deliver the service...

Publication practice still appears to be very varied and patchy

Your policies for subcontracting and fees and charges

1. In accordance with the provisions of each contract/agreement you have with ESFA, your published policy for subcontracting must include the following:
 - 1.1. The rationale for subcontracting the provision. The subcontracting must enhance the quality of your learner offer. You must not subcontract delivery to meet short-term funding objectives.
2. We expect the rationale to meet one or more of the following aims:
 - 2.1. Enhance the opportunities available to learners.
 - 2.2. Fill gaps in niche or expert provision or provide better access to training facilities.
 - 2.3. Support better geographical access for learners.
 - 2.4. Support an entry point for disadvantaged groups.
 - 2.5. Support individuals who share protected characteristics, where there might otherwise be gaps.
3. You must also set out your full range of fees retained and charges that apply including:
 - 3.1. Funding retained for quality assurance and oversight.
 - 3.2. Funding retained for administrative functions such as data returns.
 - 3.3. Funding retained for mandatory training delivered to subcontractor staff by the directly funded provider.
 - 3.4. Clawback for under delivery or other reasons
 - 3.5. How you will determine that each cost claimed by a subcontractor is reasonable and proportionate to the delivery of their teaching or learning and how each cost contributes to delivering high quality learning.
4. Your governing body or board of directors and your accounting officer (senior responsible person) must agree your policy for delivery subcontracting.
5. ESFA will reserve the right to require an explanation where the funding you have retained as your management fee for a subcontract exceeds 20% of the overall contract but offers little value.
6. We expect these policies, including the rationale, to be reviewed by you ahead of each funding year, and signed off by those charged with overall responsibility for your organisation in your governance structure. Once reviewed, the updated policy must be published by 31 October each year.

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Publishing management fees - apprenticeship

Now rules also says “set out your full range of fees retained and charges” in policy by the end of this month

Contracting and subcontracting

P175 to P178 - New rules: To describe the additional information that must be published alongside the subcontracting rationale.

P175 You must also publish, before agreeing the use of subcontractors with any employer, the services you will provide when subcontracting and how you determine the associated costs. You must set out your full range of fees retained and charges, which must be eligible costs, that apply including:

P175.1 funding retained for quality assurance and oversight; and

P175.2 funding retained for administrative functions such as data returns.

P176 You must also set out how you will determine that each cost claimed by a subcontractor is reasonable and proportionate to the delivery of their teaching or learning and how each cost contributes to delivering high quality learning.

P177 The ESFA will reserve the right to require an explanation where the funding you have retained as your management fee for a subcontract exceeds 20% of the overall contract but offers little value.

P178 We expect these policies, including the rationale, to be reviewed by you ahead of each funding year, and signed off by those charged with overall responsibility for your organisation in your governance structure. Once reviewed, the updated policy must be published by 31 October each year.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1007548/2021-07-28_-_2122_Provider_Rules_Version_Version_1.pdf

Have you updated your subcontracting policy to include your “your full range of fees retained and charges” in time to be sign-off by the board and publish by the end of this month?

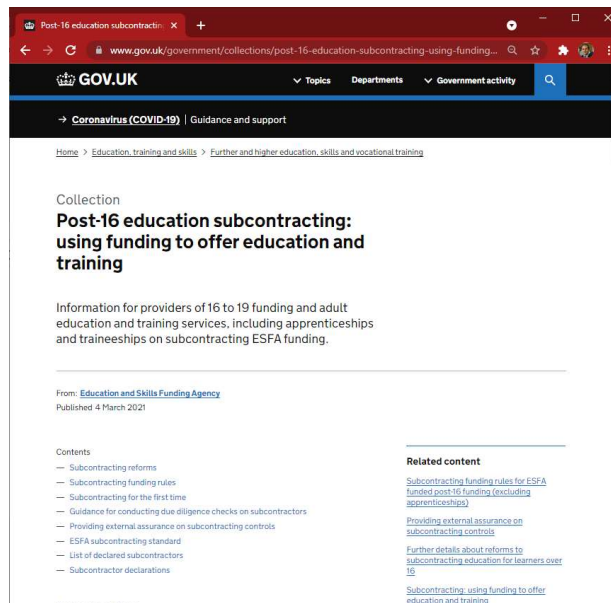
8

Post-16 subcontracting

“Subcontracting requirements for post-16 ESFA funded provision for AEB, ESF and **16 to 19 funding** have been removed from the main funding rules for funding year 2021 to 2022. The agency has published a single set of funding rules for ESFA funded post-16 funding (excluding apprenticeships) applicable to AEB, ESF and 16 to 19 funding streams.”

“Nonetheless there are still instances where a specific rule, or subsection of a rule is only applicable to a specific funding stream. Where this is the case, we have developed a series of annexes applicable to each individual funding stream”

The apprenticeship subcontracting rules continue to be a chapter in the apprenticeship funding rules



<https://www.gov.uk/government/collections/post-16-education-subcontracting-using-funding-to-offer-education-and-training>

9

Subcontracting rules - 16 to 19 Annex

16 to 19 Annex

For the avoidance of doubt, all ESFA funded provision, including enrichment, employment and pastoral (EEP) activity is a funded part of a study programme or T Level. Where the funded provider pays a third party to deliver such activity they are deemed to be a subcontractor. This arrangement is subject to meeting our subcontracting controls guidance, and the third party should be included in the subcontracting declaration made by the lead provider.

Where T Level providers are passing T Level Industry Placement Employer Incentive payments on to employers (a short term incentive available during the 2021 to 2022 academic year only), they must complete and upload the employer declaration to the digital tool capturing this information, but do not need to also account for these in the subcontractor declaration. This funding is not included as part of the programme funding allocated for T Levels.

Monitoring of your subcontractors and subcontracted provision

B.1. In addition to the measures detailed in 27 to 29 of these funding rules and your contract, you must monitor your subcontractors to ensure that learners have full access to free funded education and training, including (but not limited to) information about and access to, 16 to 19 bursary and other student support funding, information, advice, and guidance (IAG) and access to learning support if required.

Monitoring of your subcontractors and subcontracted provision

B.1. In addition to the measures detailed in 27 to 29 of these funding rules and your contract, you must monitor your subcontractors to ensure that learners have full access to free funded education and training, including (but not limited to) information about and access to, 16 to 19 bursary and other student support funding, information, advice, and guidance (IAG) and access to learning support if required.

Controls over students, tutors, and provision

B.2. You must be able to demonstrate that you exercise all the following key controls:

- B.2.1. You can enrol or reject learners as you would do if the learners were to be taught on your own site.
- B.2.2. Learners sign a learning agreement at the time of enrolment; the agreement must reflect the outcome of initial guidance and assessment for an individual student and set out their study programme and any learning support to be provided.
- B.2.3. Learners' eligibility for ESFA funding is confirmed through an enrolment form and/or learning agreement, which must include your name and your logo, and which is signed by the Learner at the start of their programme.
- B.2.4. A learning programme and its means of delivery has been clearly specified by you.
- B.2.5. there are arrangements for assessing the progress of individual learners.
- B.2.6. there are procedures for you to regularly monitor the delivery of programmes provided in your name throughout the period of the programme.

<https://www.gov.uk/government/publications/funding-guidance-for-young-people-sub-contracting-controls>

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Other 16 to 19 rules

Whole programme subcontracting and restrictions for schools and academies

B.11. You must seek approval to continue with or embark on new arrangements for whole programme subcontracting. [Further details](#) including what to include in the request and where to send it.

B.12. Schools and academies must not subcontract whole study programmes under any circumstances. Legally, being a pupil and attending a school are based on physical presence. Although schools have powers to arrange some educational activities away from their premises, these are not intended to allow the whole of a pupil's education to be delivered somewhere, and by someone, other than the school. Schools and academies can therefore only subcontract provision for learners who:

- B.12.1. attend the institution for at least one element of their programme throughout the academic year.
- B.12.2. attend the school or academy at least once a week.

See next slide

Distance subcontracting

Effective from August 2021 we will require:

- lead providers who subcontract 16 to 19 provision to seek prior approval for the delivery of geographically distant 16 to 19 study programme provision where the delivery location is outside the lead provider's normal recruitment area
- 16 to 19 subcontracted provision delivered at distance should be rarely undertaken but we recognise there will be some limited circumstances where it is appropriate

We will not require prior approval for other funding streams delivering at geographical distance but would expect providers to assure themselves that any delivery at distance allows the lead provider to meet the requirements of all rules to oversee and manage the subcontractor.

Next steps

Lead providers who subcontract 16 to 19 provision, should make their own assessment about what constitutes distance and in doing so should have documentary evidence of how it will recruit, manage, and oversee that provision through the life of each learner's programme of study.

Lead providers will be expected to produce evidence of approval and arrangements for oversight should ESFA or Ofsted wish to see it and it will form part of our audit standard for subcontracted delivery (see proposal 9). We will challenge lead providers that have not sought advance permission and take action in accordance with provisions that will feature in our 2021 to 2022 arrangements, including intervention agreements and contracts. Providers seeking approval to either continue with 16 to 19 distance subcontracting or to embark upon new distance subcontracting arrangements should submit a written request as set out at [annex b to subcontracting requirements@education.gov.uk](#).

Requests for new arrangements should be made with at least 12 weeks' notice prior to the planned start date of delivery.

<https://www.gov.uk/government/publications/further-details-about-reforms-to-subcontracting-education-for-learners-over-16/reforms-to-subcontracting-education-for-learners-over-16>

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Reducing and taking on new subcontractors (new rules)

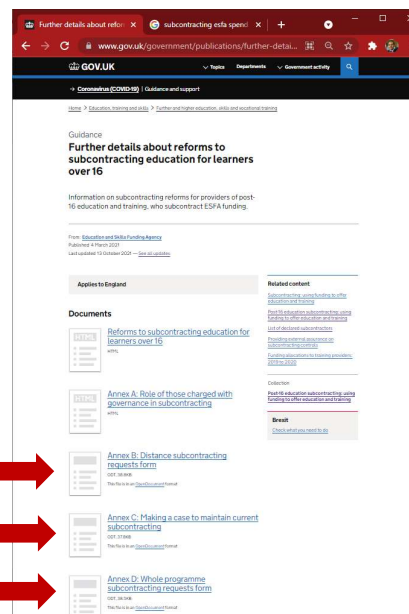
Para 29 in the funding rules: "As set out in the contract, if you subcontract more than 25% of the learners (based on ILR data) for AEB or 16 to 19 and you do not think this can be reduced to less than this by the funding year 2022 to 2023, you must submit an exemption case to ESFA to obtain ESFA's agreement."

"If you do not currently subcontract more than 25%, you are still required to review 11 all subcontracted provision in line with rule 2. You should ensure you review this, on at least an annual basis, the educational rationale for entering each subcontract and ensure these remain relevant and are supported by your officers who are charged with governance."

Providers seeking approval to either continue with distance subcontracting or to embark upon new distance subcontracting arrangements should complete this form and submit to subcontracting.requirements@education.gov.uk

All providers should continue to make reductions to their volume of subcontracted activity across a 3-year period as we set out in our response document. If providers feel they are unable to make a reduction, they should submit a written request to subcontracting.requirements@education.gov.uk

Providers seeking approval to either continue with whole programme subcontracting for 16 to 19 provision or to embark upon new whole programme subcontracting for young people should submit a written request to subcontracting.requirements@education.gov.uk



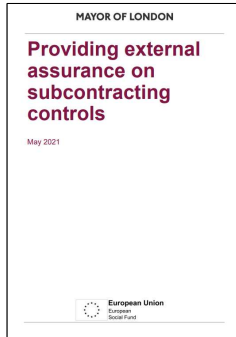
<https://www.gov.uk/government/publications/further-details-about-reforms-to-subcontracting-education-for-learners-over-16>

12

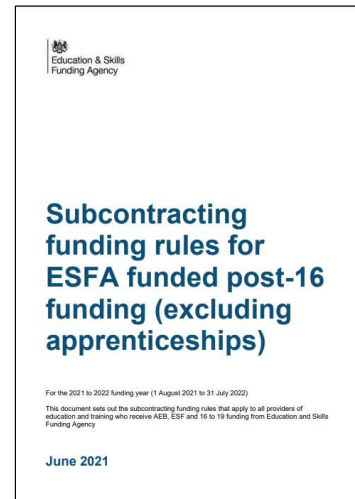
ESFA AEB subcontracting rules

No significant changes beyond reporting requirements and new 25% limit

Devolved AEB subcontracting controls Eg GLA for London AEB



“We set out in our funding agreements and funding rules the requirement for providers we fund to obtain an annual report from an external auditor that provides assurance on their arrangements to manage and control their delivery subcontractors. The provider must send a certificate to us each year, to confirm that they have received the report from the external auditor.”



<https://www.gov.uk/government/collections/post-16-education-subcontracting-using-funding-to-offer-education-and-training>

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Apprenticeship subcontracting rules

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Special conditions for all instances where the employer is the delivery subcontractor.....	53
Disputes and issue resolution between the employer and main provider.....	53

P169 At the outset of each apprenticeship, a main provider and employer will agree a plan for its delivery. You must directly deliver some of the apprenticeship training and / or on-programme assessment associated with each employer's apprenticeship programme. By apprenticeship programme we mean all of the apprentices that you have been contracted to deliver training to, on behalf of any one employer, irrespective of occupational area, standard or level. The volume of training and / or on programme assessment that you directly deliver for each employer must have some substance and must not be a token amount to satisfy this rule. It must not be limited to a brief input at the start of each employer's programme or involve delivery to just a few of a large number of apprentices. It does not include simply delivering English or maths or aspects of the apprenticeship which all apprentices must have, such as safeguarding, British values or target setting.

<https://www.gov.uk/guidance/apprenticeship-funding-rules#the-latest-rules-2021-to-2022>



Apprenticeship funding rules
for main providers
August 2021 to July 2022

Version 1
This document sets out the funding rules for all main providers delivering apprenticeships from 1 August 2021 to 31 July 2022.
[View other apprenticeship funding rules](#)

July 2021
Of interest to colleges, independent training providers, higher education institutions and employers delivering training to staff outside of their organisation.

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Apprenticeship subcontracting rule changes

New for 1 August 2021

P167 - Clarification: The reference to new non-levy starts being funded via a contract for services has been removed.

P169 - Clarification: Further clarification on what is meant by "the employer's apprenticeship programme" and additional examples of what would constitute a "token amount" are provided.

P171 - Clarification: Additional information relating to the Public Contracts Regulations 2015 is provided.

P172 - New rule: To be clear that artificial distinctions or convoluted delivery arrangements must not be used to avoid the application of the subcontracting rules.

P173 - New rule: To be clear subcontracting must not be used to meet short-term funding objectives.

P175 to P178 - New rules: To describe the additional information that must be published alongside the subcontracting rationale.

P187 - New rule: To be clear that learners supported through subcontracting should fully understand the roles and responsibilities of the various parties.

P190 - New rule: To be clear who is responsible for the actions of subcontractors including who is responsible for making alternative delivery arrangements, protecting the audit trail, and / or repaying ESFA when a subcontractor fails to deliver.

P192 - New rule: To be clear who is responsible for ensuring safeguarding is rigorously enforced in subcontracting arrangements.

P193 - New rule: To be clear that it is not acceptable for any staff member with a direct or indirect financial interest in a subcontractor to undertake any management control activities of that subcontractor.

P196 - New rule: To outline responsibilities in relation to the Prevent duty.

P199 - Clarification: To be clear that the written contract with a subcontractor must be in place before any delivery takes place.

P200 to P210 - New rules and clarifications: The section has been updated to be clear on what, as a minimum, must be included within the contract with the delivery subcontractor.

P211 to P212 - New section: To outline the subcontracting threshold and exemption cases process.

P213 to P217 - New section: To summarise all of the rules relating to subcontracting reporting and external audit requirements.

P220 - New rule: To change the relevant dates from a financial year to an academic year, to align with the subcontractor declarations.

<https://www.gov.uk/guidance/apprenticeship-funding-rules#the-latest-rules-2021-to-2022>

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An old document but may be useful

This publication provides policy context, clarification of key terminology and some illustrative examples around the use of subcontractors in the delivery of apprenticeships

Illustrative examples of meeting the rule

1. A provider is working with an employer to train four customer service apprentices per year and two IT apprentices over the same duration. The provider has the in-house capacity and capability to undertake the training and on-programme assessment for the customer service apprentices, but does not have capacity to train or on-programme assess the IT apprentices. The employer wants to work with the provider so requests that the provider subcontracts the IT apprenticeships to an appropriately skilled subcontractor.

Illustrative examples of not meeting the rule

1. A provider is approached by an employer to train nine business administration apprentices and one procurement apprentice. The provider has the in-house capacity and capability to deliver the training and on-programme assessment for the procurement apprentice, but does not have capacity to train or on-programme assess the business administration apprentices so decides to subcontract this delivery.

<https://www.gov.uk/government/publications/apprenticeships-subcontracting>

The screenshot shows the GOV.UK page for 'Apprenticeships: subcontracting'. The page title is 'Apprenticeships: subcontracting'. Below the title, it says 'Using subcontractors in the delivery of apprenticeships, with some illustrative examples.' It lists the source as 'From: Education and Skills Funding Agency', published on 10 April 2018, and last updated on 8 August 2018. There is a link to 'See all updates'. The page is categorized under 'Applies to England'. On the right, there is a 'Related content' section with links to 'Apprenticeship gateway and needs for end-point assessment (EPA)', 'Apprenticeships: off-the-job training', 'Apprenticeship technical funding guide', and 'Apprenticeship funding rules for employer providers'. Below this is a 'Brexit' section with a link to 'Check what you need to do'. The 'Documents' section features a document titled 'Using subcontractors in the delivery of apprenticeships' (PDF, 50KB, 13 pages) with a note that it may not be suitable for users of assistive technology and a link to 'Request an accessible format'. The 'Details' section states that the publication provides policy context, clarification of key terminology, and some illustrative examples around the use of subcontractors in the delivery of apprenticeships, and that users should read the guidance alongside the 'apprenticeship funding and performance management rules 2017 to 2018'.

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Governance in subcontracting

Published 13 October 2021 (last week)

“Having an oversight of subcontracting activity is an integral part of these core [governance] functions.”

Subcontracted activity should be by exception to meet one of the following:

- enhance the opportunities available to young people and adults
- fill gaps in niche or expert provision, or provide better access to training facilities
- support better geographical access for learners
- offer an entry point for disadvantaged group

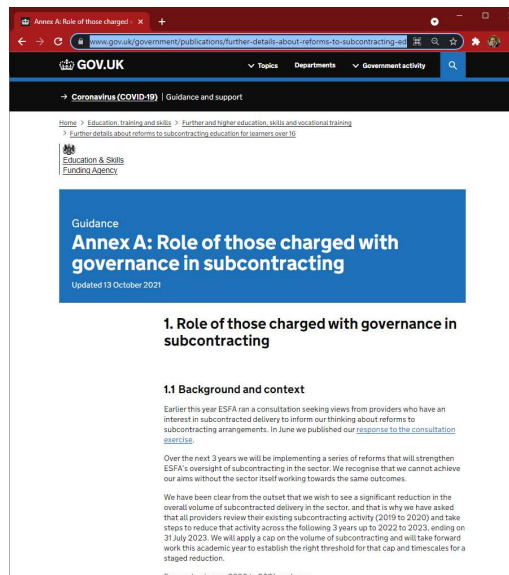
“Subcontracting should not be entered into for financial reasons alone.”

1.6 Ongoing scrutiny of subcontracted provision throughout the year

All subcontracting must be appropriately recorded in the ILR and be properly declared to us at least twice a year via the subcontractor declarations. Those charged with governance should assure themselves that all subcontracting returns are accurate.

You should expect to receive regular reports about subcontracted provision at meetings at least quarterly. Reports should include details about:

- the number of students recruited and retained
- the qualifications being undertaken
- key performance indicators (KPIs) including results/progression of students
- how the executive is exercising oversight of delivery and managing the contract
- payments made to subcontractors, including subcontracting income



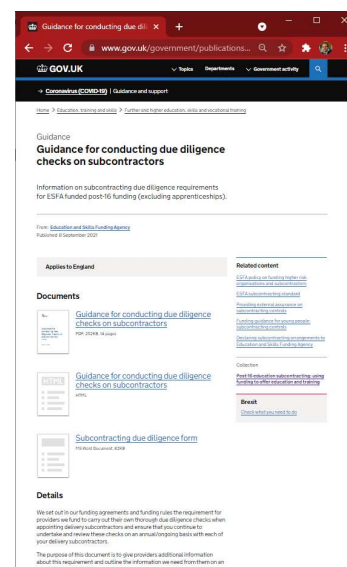
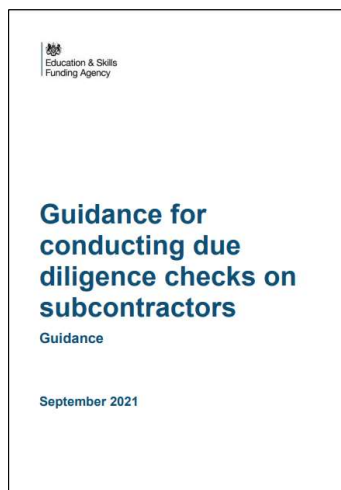
<https://www.gov.uk/government/publications/further-details-about-reforms-to-subcontracting-education-for-learners-over-16/annex-a-role-of-those-charged-with-governance-in-subcontracting>

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New subcontracting due diligence guidance

“Providers [non-apprenticeship] are in scope of the requirement to share a minimum level of due diligence with the agency if they are using a subcontractor who receives an aggregate value of £100,000 or more ESFA funding, but does not have a direct relationship with the agency, in the 2021 to 2022 academic year (1 August 2021 to 31 July 2022)”

Note: “In areas where the AEB has been devolved, Mayoral Combined Authority (MCAs)/Greater London Authority (GLA), are responsible for the funding rules (including any rules on subcontracting) which apply in their areas”



<https://www.gov.uk/government/publications/guidance-for-conducting-due-diligence-checks-on-subcontractors>

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“When appointing delivery subcontractors, you must carry out your own thorough due diligence checks.” As a minimum, you must undertake checks 3 checks.

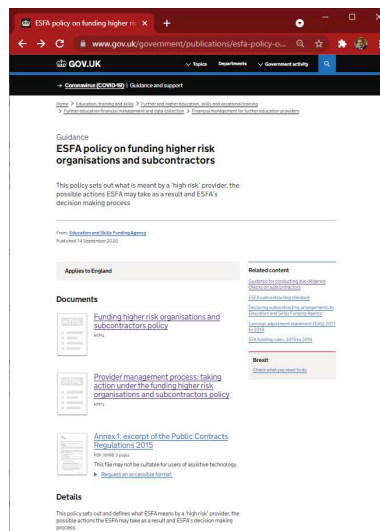
1. High risk providers

“Circumstances under which ESFA determines a provider to be a high risk provider and funding may be refused or withdrawn” include:

“Has been subject to prior investigations where the ESFA has found grounds to take action or is subject to an ongoing investigation”

“Failing to reasonably pass payments onto other organisations as required by the relevant funding stream, this could include but is not limited to employers, subcontractors or end point assessment organisations.”

“Has a director, shadow director, person in control or with powers of representation, influence or management which has held or holds an equivalent or reasonably comparable position in another Provider/organisation which has had (in relation to any ESFA monies) a contract for services, a grant funding agreement or an apprenticeship agreement with the ESFA terminated early for one or more of the criteria specified in this policy”



<https://www.gov.uk/government/publications/esfa-policy-on-funding-higher-risk-organisations-and-subcontractors/funding-higher-risk-organisations-and-subcontractors-policy>

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“When appointing delivery subcontractors, you must carry out your own thorough due diligence checks.” As a minimum, you must undertake checks 3 checks.

2. Financial ability to deliver

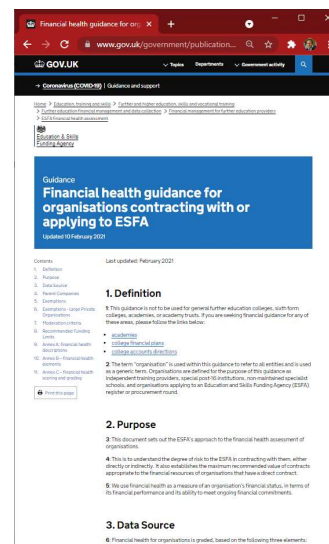
“We are not prescribing the process that the provider must follow in undertaking the financial health checks. It is the provider’s role to carry these checks out.” Not meant to be used for colleges.

The ESFA grade financial health based on:

- Profitability (sustainability)
- Solvency (current ratio)
- Gearing (debt ratio)

The ESFA website explains how the scores are calculated ---->

A key aspect of the financial health assessment process is the setting of a maximum recommended funding limit (RFL).



<https://www.gov.uk/government/publications/esfa-financial-health-assessment/financial-health-guidance-for-organisations-contracting-with-or-applying-to-esfa>

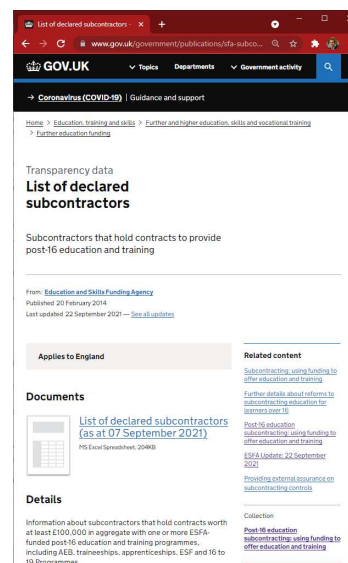
20

“When appointing delivery subcontractors, you must carry out your own thorough due diligence checks.” As a minimum, you must undertake checks 3 checks.

3. Check who else they work with

“You should refer to the list of declared subcontractors to determine if a subcontractor that you intend to use or are using already holds subcontracts with other organisations.”

“This is the final publication of the list of declared subcontractors for the 2020 to 2021 year. It is based on declarations received by 7 September 2021.”



<https://www.gov.uk/government/publications/sfa-subcontractors-list>

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Q&A

I'll cover the new 'subcontracting standard' in the future session at the end

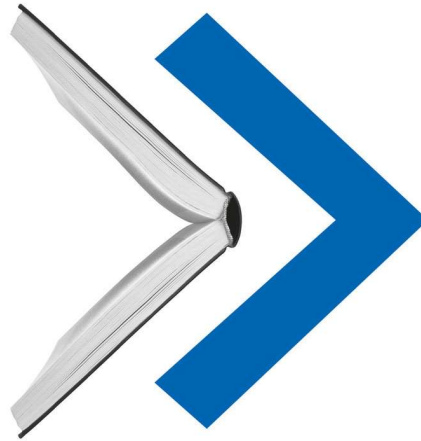
LSECT
LEARNING & SKILLS
EVENTS, CONSULTANCY & TRAINING

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**Managing new and existing
sub-contracting relationships – *getting it right***

Mark Taylor
Partner



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Managing Sub-Contracting in FE

The importance of getting it right

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The Importance of Getting it Right

- Challenging times in the FE sector
- Anticipate and avoid problems by:-
 - choosing the right partner
 - minimising risk through the contract terms
 - practical and effective disputes resolution
- Provide structure for effective relationship management



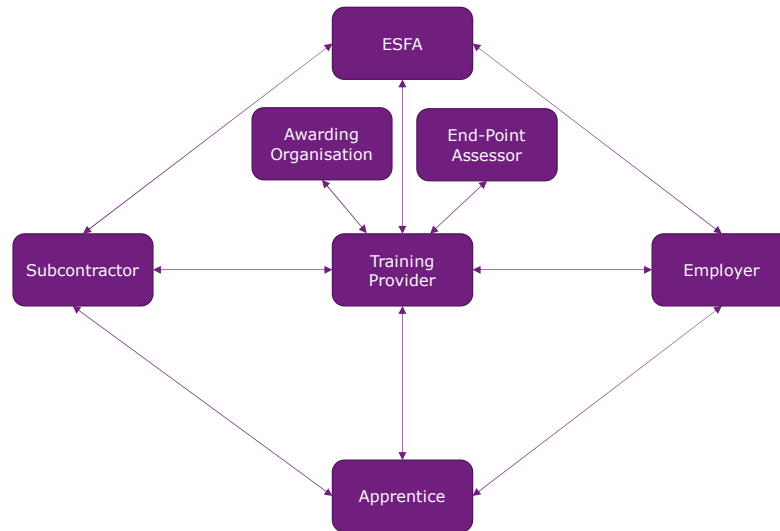
25

Recent(ish) changes

- MORE funding rules (eg different rules for adult education budget and apprenticeship funding)
- Limitation on subcontracting
- Ban on brokerage
- Requirements to publish information
- New Standard
- Expect further limits and rules

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Contracting Relationships



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| 21 October 2021 |

Apprenticeship Delivery Contracts with Employers

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Managing Sub-Contracting in FE

Choosing the right partner

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Choosing the right Partner

- Absolutely vital to effective contracting
- Type of Due Diligence
 - Legal
 - Financial
 - Commercial/operational
- Scope of Due Diligence
- Guidance for conducting due diligence checks on subcontractors

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Choosing the right Partner

- ESFA funding guidance
 - ensure the subcontractor has sufficient capacity, capability, quality and financial standing to deliver provision
- Cannot rely on ROATP or any successor to ROTO
- Compliance with procurement law, including proof
- Prepare audit trail (now required)
- Individuals with an interest in the Subcontractor

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Managing Sub-Contracting in FE

The Terms of the Sub-Contract

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The Terms of the Sub-Contract

- Who is contracting?
- Back to back obligations/risks
- Incorporate the funding obligations? Other documents?
- ESFA obligations
 - effective monitoring and control over subcontractor
 - provision of information and access
 - mandatory terms
 - ESF funds



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The Terms of the Sub-Contract

- How bespoke a contract?
- Devolution.

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The Terms of the Sub-Contract

- Educational oversight – who wears the trousers?
- Clear quality standards & performance levels
- Audit & inspection rights
- Contract/performance review meetings
- Creation and maintenance of records required
- Oblige provision of information
- Provide specific details of the information required (what, when and how frequently)

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The Terms of the Sub-Contract

- Duration
 - Fixed term
 - Rolling contract?
- Termination
 - Expiry
 - Breach - right to remedy?
 - Insolvency
 - Significant changes in funding requirements
 - On notice
- Intervention/step in. Main Provider responsible for actions of the subcontractor.

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The Terms of the Sub-Contract

- Other legal terms to include in your subcontract
 - Data Protection Act compliance (including GDPR)
 - safeguarding
 - intellectual property
 - FOIA assistance
 - confidentiality
 - health and safety
 - Prevent (also now required in the ESFA rules)

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The Terms of the Sub-Contract

If things go wrong:

- Ensure reporting requirements provide enough information to spot areas of concern
- Warranties/indemnities/guarantees
- Set out how disputes should be resolved
- Insurance obligations
- Teach out – contingency plan
- Recovery of materials and learner data
- Assistance for apprentices who are made redundant

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Key challenges/disputes

- Withholding payment for breach of terms can amount to repudiatory breach of contract itself
- Subcontractors often fail to provide all learner records and data – can use this as a bargaining tool to secure further payment
- If fraud issues are detected may need to involve the Police and/or ESFA
- Once terminated:
 - often subcontractors experience financial difficulty/go bust;
 - can be very difficult to obtain copy records to prevent ESFA clawback;
 - additional costs involved with taking on learners or transferring to new provider;
 - may have to liaise with an insolvency practitioner re records/missed payments.
- Reputational issues

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Top tips for dealing with key challenges/disputes

- Read termination and dispute resolution mechanisms carefully before taking action
- Consider whether there is an ability to re-negotiate or agree exit arrangements
- Fraud issues - may need to provide records to the police consider data protection obligations
- Consider if missing data may be obtained from third parties eg learners, examination boards, ESFA
- Maintain adequate audit trail throughout to reduce risk of clawback

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This information pack is intended as a guide only. Whilst the information it contains is believed to be correct, it is not a substitute for appropriate legal advice. Eversheds Sutherland (International) LLP can take no responsibility for actions taken based on the information contained in this pack.

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Subcontracting: Funding, Data and Compliance

AUDIT | TAX | CONSULTING



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Subcontracting – the risks

- Still considered high risk by ESFA, but can be highly beneficial to all parties if done well
- Track record of concerns directly linked to subcontracted provision
- Number of high profile cases in 90s such as Halton College and Bilston College, resulting in recoveries and mergers
- Subcontracting still an issue more recently with several high profile cases, one of which resulted in prison sentences for key staff at the subcontractor



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Rules

The rules for subcontracting can be found in the following ESFA documents:

Subcontracting funding rules for ESFA funded post-16 funding (excluding apprenticeships) 2021 to 2022

Apprenticeship funding rules for training providers August 2021 to July 2022 paragraphs P167 to P224

Apprenticeship funding: rules for employer-providers August 2021-July 2022 paragraphs EP174 to EP223

Advanced Learner Loans funding and performance management rules paragraph 31

Plus ESFA contracts and contract extension

Not forgetting various MCA/GLA funding rule requirements



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Key consideration for all subcontracting

Tactical versus strategic

- 1.1: the rationale for subcontracting the provision. The subcontracting must enhance the quality of your learner offer. **You must not subcontract delivery to meet short-term funding objectives**
- 42: If you return ILR data, in accordance with your ESFA contract (s) you must submit a fully completed subcontractor declaration by the dates given to you by ESFA. This will be at least twice during the funding year. If you do not subcontract you must still provide a nil return to confirm this.
- 43: You must also update your subcontractor declaration if your subcontracting arrangements change during the year. This is done via your [MyESF account](#).

So.... If you have subcontractors only appearing on a second or later submitted declaration with all activity planned to be completed by the end of the year regardless of start date you may get some difficult questions



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FM35/25

Key areas to consider

- If you have never subcontracted before then you must seek permission from the ESFA and have a review completed by external auditors on the controls framework you are proposing to use
- EPP activity delivered by a third party is subcontracted – no aims may be recorded in the ILR but they must be included on your Subcontractor Declaration
- Starting study programmes late in year that cross into following academic year – checks on enrolled elsewhere prior to the start of the programme. Not forgetting that planned hours can only be recorded from start date to 31 July, remaining hours will be in following year



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FM36 Apprenticeships

Things to be aware of that could impact you in a funding assurance review or controls audit

- All subcontractors have to be on RoATP where provision started after 1 August 2019 and they can only earn £100,000 in first year if they are a new provider – this needs to be monitored where the subcontractor operates across more than one provider
- Supporting providers can still only receive up to £500,000 – this needs to be monitored where the subcontractor operates across more than one provider
- ESFA have provided additional information on the issue of substance - The volume of training and / or on programme assessment that you directly deliver for each employer must have some substance and must not be a token amount to satisfy this rule. **It must not be limited to a brief input at the start of each employer's programme or involve delivery to just a few of a large number of apprentices. It does not include simply delivering English or maths or aspects of the apprenticeship which all apprentices must have, such as safeguarding, British values or target setting.**



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Retention of funds

Published policy on subcontracting needs to cover full range of fees retained and charges.
This applies across all funding streams

These can include:

- Funding retained for quality assurance and oversight
- funding retained for administrative functions such as data returns

ESFA will reserve the right to require an explanation where the funding you have retained as your management fee for a subcontract exceeds 20% of the overall contract but offers little value.

This needs to be annually reviewed and published by 31 October on public website



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Requirement for Subcontracting Controls Audit

ESFA still require a 'controls' audit of subcontracting where the prime has over £100,000 of subcontracting across all contracts (planned or actual depending if either exceed £100,000)

- Certificate and report should be submitted to ESFA by 31 July 2022 (this has been extended for last two years)
- Covers all AEB and Apprenticeship activity (FM35, 36 and 81)
- 16-19 study programmes (FM25) is now in scope from 2021/22
- GLA/MCA also has own requirements for subcontracting controls review, ESFA certificate can't be used for this activity
- Process should an end to end review of your controls including activities such tendering, due diligence, contract management, quality monitoring and existence checking



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What we find - general

- Continued growth of subcontracting after Ofsted Inadequate grade or inadequate financial health assessment and no agreement with ESFA
- No assessment process as part of due diligence – still folders of documents with no decision making process. Why are you working with that organisation?
- Governors not consulted on subcontracted arrangements or lack of approval
- Lack of reporting to Governors on progress against contracts
- Incomplete or incorrect declarations
- Fees and charges policy not reviewed or updated on website – needs to be done by 31 October for all funding streams



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What we find - general

- Subcontractors not being monitored – notably where provision is residual
- Still a reluctance to visit to provision delivered at a distance
- Lack of due diligence where consultants are used – are they truly independent?
- Contracts not signed even though provision has been running for several months
- Provision in ILR not covered by the contract e.g. 16-18 activity on an AEB only contract
- Prevent not being covered



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What we find – FM36 specific

- Levy and non-levy contracts with employers not setting out subcontracting requirements
- Lack of evidence to demonstrate that the prime is delivering something of substance and more than a 'token amount'
- Lack of evidence to demonstrate the prime has a relationship with the employer and is 'leading'



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ESFA Funding Audit approach (D9)

Used for FM35, 81 and 25

- Does the UKPRN on the Declaration agree with the UKPRN recorded in the ILR?
- Does the name of the subcontractor on the Declaration agree with the name on the UK Register of Learning Providers website?
- Is the subcontractor on the Register of Training Organisations where the subcontractor holds a contract value of £100,000 or greater or the total value of subcontracts that the subcontractor holds to deliver education and training funded by the ESFA is £100,000 or greater for each funding year?



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ESFA Funding Audit approach (D9)

- Are all of the terms required by the funding rules for inclusion in the lead provider's subcontract included in its subcontract template?
- If the provider recruits or delivers 16 to 19 study programmes as part of a distant subcontracting arrangement, has it satisfied all requirements set out in the funding regulations?
- If the provider is a college subcontracting with a special school to deliver whole, or a substantial part of, study programmes for learners aged 19 to 25, can it demonstrate that it is not subcontracting new provision?



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FM36 Subcontracting (D10)

Used for FM36 Apprenticeships

- Has the training provider/employer-provider recorded the subcontractor on its Declaration?
- Does the UKPRN on the Declaration agree with the UKPRN recorded in the ILR?
- Does the name of the subcontractor on the Declaration agree with the name on the UK Register of Learning Providers website?
- Is the subcontractor on the published register of apprenticeship training providers if it is delivering more than £100k of apprenticeship training and on-programme assessment under contract across all main providers and employer-providers between 1 April 2019 and 31 March 2020? THIS QUESTION NEEDS AMENDING TO REFLECT CURRENT RULES



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FM36 Subcontracting (D10)

- If the subcontractor is a supporting provider, is it on the register from the supporting application route of apprenticeship training providers and is it in receipt of no more than £500k of funding for its delivery from 1 April to 31 March each year from any organisation?
- Are all of the requirements set out by the funding rules for inclusion in the main provider's written agreements with employers included in its written agreement template?
- Have any instances of inconsistencies in applying the funding rules by the subcontractor been reported to the ESFA?
- Are all of the requirements set out by the funding rules for inclusion in the main provider's/employer-provider's contracts with delivery subcontractors included in its subcontract template?



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FM36 Subcontracting (D10)

- Are any changes in delivery arrangements agreed with the employer (and duly recorded within the written agreement the provider has with the employer where applicable)?
- If the subcontractor is an employer-provider, is there evidence of the actual costs of delivery of apprenticeship training and on-programme assessment delivered by the employer-provider?
- Does the main provider/employer-provider directly deliver apprenticeship training and/or on-programme assessment of some substance in volume?
- Does the main provider maintain the relationship with each employer at all times rather than allowing the subcontractor to lead the relationship?



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QUESTIONS
AND ANSWERS?




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THANK YOU FOR
YOUR TIME AND
ATTENTION

Contact me at Karl.Bentley@rsmuk.com or on 07800 617220




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Inspecting subcontracted provision in further education and skills


Paul Joyce HMI
Deputy Director
Further Education and Skills



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Ofsted and subcontracted provision – how we inspect



- We inspect the quality of directly funded provision in the round. This means that inspectors may inspect any provision carried out on behalf of the directly funded provider through a subcontracting arrangement.
- We consider the quality of subcontracted provision as part of the directly funded provider's quality of education judgement. Our inspectors also give a leadership and management judgement, through which they consider how well the directly funded provider manages any subcontracted provision.

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Ofsted and subcontracted provision – an increased focus



- We increased our focus on subcontracting within inspection in February 2018. This was in response to concerns within the sector about the quality and use of subcontracting by some directly funded providers.
- In September 2020 we published a study on subcontracting in further education and skills and relevant aspects of Ofsted inspection practice. In this we committed to several next steps to make our current approach to oversight more comprehensive and transparent.

October 2021

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Inspection practice



- We will normally inspect providers that have:
 - direct funding from ESFA
 - an advanced learner loans facility from ESFA
 - adult education funding from Greater London Authority (GLA) and/or one of the mayoral and combined authorities (MCAs)
 - apprenticeship training provision funded through the apprenticeship levy.
- Subcontracted provision that is part of the directly funded provider's responsibility.
- Ofsted reserves the right to inspect and grade any subcontractor and its provision as a separate entity against the EIF and this handbook.

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What inspectors may ask a provider:



- To what extent do leaders and managers evaluate accurately the subcontracted provision?
- Where improvements are required, how diligently do leaders and managers follow these up and what is the impact of any improvements?
- To what extent do the provider's leaders and managers support their subcontractors to help them improve? What do they do if they don't improve?

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What inspectors may ask a provider:



- How good is the quality of subcontracted provision, including for English and mathematics?
- How do you know?
- What is the standard of learners' work?
- How do you know?
- Are the current learners at the subcontractor making good progress?
- How do you know?

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What inspectors may ask a provider:



- Do subcontractors' managers and teachers monitor learners' attendance and what do they do if they are absent?
- How effectively are subcontractors' leaders and managers ensuring learners are safe, and to what extent do they share safeguarding concerns and incidents with the provider?
- How effective is the 'service level agreement' or 'contract' at holding subcontractors to account?
- What do governors or those with responsibility for governance and oversight know about subcontracted provision?

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Deep dives



- When inspecting subcontracted provision, it is important that we acquire a breadth of evidence and make clear and succinct judgements based on agreed inspection activities.
- All aspects may not be able to be covered realistically throughout the inspection week. Inspectors and providers should consider using webinar, telephone conference and other remote activities to extend the 'reach'.
- Inspectors and providers should ensure that the inspection covers all provision types where there are subcontractors.
- Providers and inspectors should ensure access to learner/apprentice portfolios (work scrutiny) to triangulate judgements.

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Validated outcomes data



	Cohort 15-16	QAR	Cohort 16-17	QAR	Cohort 17-18	QAR
Boxed Training	6	50%	8	38%	24	17%
Clear Training UK	595	86%	598	75%	509	47%
Input Services	150	96%	184	90%	332	93%
Tidy Progress	157	58%	106	34%	309	19%
Roadside Training	166	73%	108	71%	112	74%
Anything Everywhere	10	0%	55	14%	88	0%

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Ofsted on the web and on social media



www.gov.uk/ofsted

<https://reports.ofsted.gov.uk>

 www.linkedin.com/company/ofsted

 www.youtube.com/ofstednews

 www.slideshare.net/ofstednews

 www.twitter.com/ofstednews



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The National Skills Fund and future of subcontracting

Nick Linford

LSECT
LEARNING & SKILLS
EVENTS, CONSULTANCY & TRAINING

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New ESFA subcontracting standard for next year

Table 1: Timeline to transition to the subcontracting standard:

Funding Year	Current Requirement – External Audit Report	Externally Assured Standard
2019 to 2020	ESFA require a copy of the report by 30/09/2020 if: <ul style="list-style-type: none"> - Subcontract £100k or more of apprenticeship funding - And/or - Subcontracts £100k or more of AEB/ESF funding ESFA reserve the right to request copies of the report and associated action plan. Currently chasing outstanding reports.	In development, utilising intelligence from the external audit report contents and working with internal/external stakeholders.
2020 to 2021	Requirement for AEB, ESF and Apprenticeship provision to send certificate, report, and associated action plan to the agency by 30 September 2021 . Guidance and funding rules updated to reflect that it will now be £100k or more across all 3 funding streams. Updated certificate to ensure ESFA has access to the correct information.	It is our intent to publish an initial draft by 31 July 2021.
2021 to 2022	We will include this requirement in the 16 to 19 funding rules and the requirement will then become if you subcontract out £100k or more of apprenticeship, AEB, ESF or 16 to 19 funding (rather than looking at individual funding stream level) you must get an external audit report and certificate. These must be sent to the agency by 31 July 2022 .	The standard will be introduced, and we expect providers to start working toward this. It will not be subject to any external validation in this transitional year.
2022 to 2023	This requirement will be replaced by the externally assessed standard.	First year of being externally validated prior to ESFA accreditation of standard.

Education & Skills
Funding Agency

Subcontracting standard

Subcontracting assurance arrangements for all post-16 providers

July 2021

The screenshot shows the GOV.UK page for the 'ESFA subcontracting standard'. The page title is 'ESFA subcontracting standard' and it is categorized under 'Guidance'. The main heading is 'ESFA subcontracting standard'. Below this, it states 'Subcontracting assurance arrangements for all ESFA funded post-16 providers.' The page is dated 'Published 28 July 2021'. There are sections for 'Applies to England' and 'Documents'. The 'Documents' section lists 'ESFA subcontracting standard' as a PDF document (430KB, 23 pages) and 'ESFA subcontracting standard' as an HTML document. The 'Related content' section lists several related documents, including 'Declaring subcontracting arrangements to Education and Skills Funding Agency', 'Guidance for conducting due diligence checks on subcontractors', 'ESFA policy on funding higher risk organisations and subcontractors', 'Providing external assurance on subcontracting controls', and 'Post-16 education subcontractors using funding to offer education and training'.

<https://www.gov.uk/government/publications/esfa-subcontracting-standard>

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Example audit report 2022/23

“First year of being externally validated prior to ESFA accreditation of standard.”

“Separate guidance for auditors will be issued in 2021 and appended to future versions of this guidance. Each reporting auditor can use their own stylised report”

<https://www.gov.uk/government/publications/esfa-subcontracting-standard>

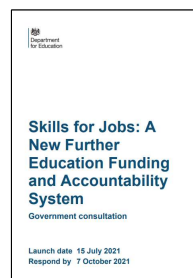
During the course of our review, we have identified the following observations which are recorded in detail at [cross reference to detailed findings] and summarised in the table below:

Subcontracting Standard Requirements	Compliance status	No of Rees raised	Summary of findings
Pre-Award Activities	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Contract Award & Management	Partially Compliant	2	We identified 2 areas for improvement. Recommendations have been made in respect of [relevant detail]
People	No compliance	6	The provider were unable to supply evidence to demonstrate compliance with the standard
Administration	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Managing Relationships	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Managing Performance	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Payments and Incentives	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Risk Management	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Contract Development and/or termination	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.
Provider Development	Fully Compliant	0	The review identified that the provider was fully compliant with all requirements of the standard.

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The future under a National Skills Fund

“We are already taking steps to improve practice in this area through our subcontracting reforms. These will address, amongst other issues, colleges sub-contracting reactively to maintain funding levels and therefore future funding allocations, rather than strategically to deliver best outcomes.”



We believe further improvements can be made by being clearer around the commissioning role that colleges, and local authorities, should play. Commissioning means taking a more strategic approach to establishing provision which other providers take forward on behalf of the lead provider, ensuring there is a clear rationale for that provision, not simply sub-contracting on provision. We want them to work closely with other providers to ensure that across the local area, learners can access high-quality provision and acquire the skills that will be valued in the local area. This model will ensure ITPs and other providers are part of this system, offering complementary provision rather than duplicative provision.”

An end to ESFA tendering and private providers being prime contract holders?

<https://consult.education.gov.uk/fe-funding/reforms-to-funding-and-accountability/>

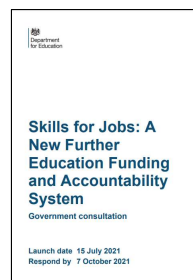
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National Skills Fund

“Through this role, we will expect colleges and local authorities to follow effective commissioning practices, building on the sub-contracting reforms already taking place to strategically plan provision with partners in the local area and performance manage those organisations effectively. We will support them in this role by identifying the providers which they can commission from. We have already set out our intention to introduce an accredited sub-contracting standard which will set out clear expectations of what good sub-contracting looks like. We will look to update this to ensure it reflects the acceptable standards which colleges will need to meet if they are to act in this commissioning role. Colleges will be accountable for the performance of all provision which they fund, whether delivered direct or via another organisation.”

So a new provider list (replacing ROTO) the subcontractors must be on

<https://consult.education.gov.uk/fe-funding/reforms-to-funding-and-accountability/>



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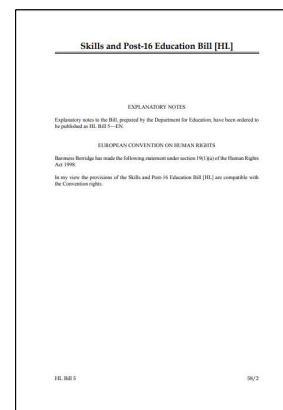
Skills Bill and a new approved provider list

Regulations made under the clauses ensure that the relevant funding authorities may not enter into funding arrangements or allow sub-contracting with a relevant provider who is not on the list and that such funding arrangement and sub-contracts must allow for termination should a provider cease to be on the list. As indicated in the Skills for Jobs White Paper, the short notice exit of a provider from the provision of education or training can significantly disrupt the educational experience of many young people and adults.

- (10) Regulations under subsection (1)(b) may, among other things, make provision –
- (a) for the charging of fees in connection with entries on the list;
 - (b) about the procedure for applications to be added to, or remain on, the list;
 - (c) about the removal of entries from, or the restoration of entries to, the list;
 - (d) about appeals against decisions relating to the list;
 - (e) permitting or requiring the disclosure of information;
 - (f) about publication of the list.
- (11) The provision mentioned in subsection (10)(e) includes provision about information relating to –
- (a) persons for whom relevant education or training is or has been provided;
 - (b) persons having general control and management of, or legal responsibility and accountability for, a relevant provider.

Expected to be fee to get onto the approved list of sub-contractors

DfE: “A fee may be charged in relation to entry onto the list, in order to recover the costs of administering the list which would help government-run an effective and fiscally responsible scheme.



<https://bills.parliament.uk/bills/2868/publications>

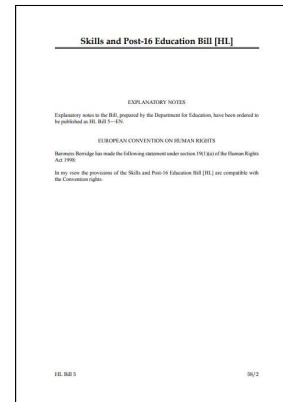
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Provider list requirements?

“As set out on the face of the Bill, we will consult on the conditions and provisions for being on the list prior to making the first set of regulations to help ensure that those conditions manage and mitigate the risk of a disorderly exit. That consultation will allow us to take into account fully the views of those affected by the scheme.”

“We may require that a provider has insurance, or an equivalent, as a condition of entry to the list. The aim is to mitigate the impact of disorderly provider failure on affected learners by making available monies to accelerate their transfer to new providers.”

Special insurance would add further costs to being on the new provider list



<https://bills.parliament.uk/bills/2868/publications>

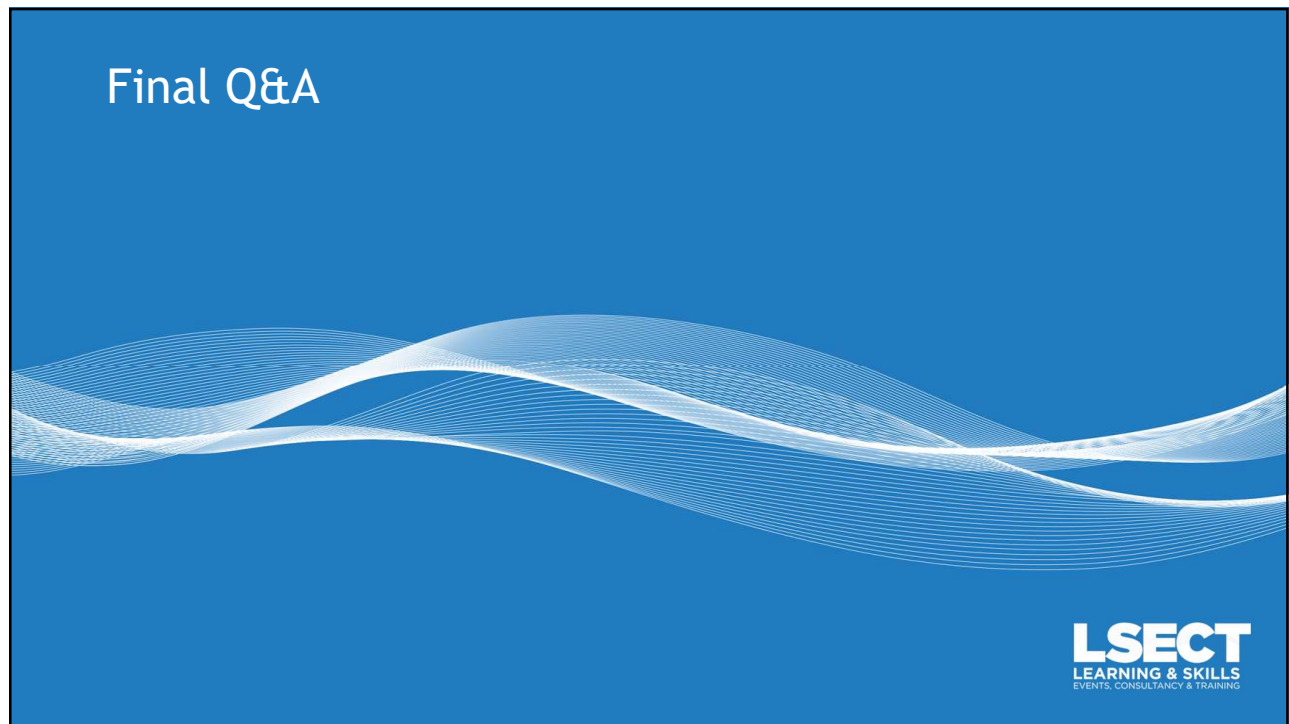
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Subcontracting future conclusosn...

- Government want there to be less subcontracting
- Funding reforms suggest only colleges and LAs would be primes
- Skills Bill suggests private training providers wanting to be a college or LA subcontractor would need to be on a new list of approved providers - which will have a cost
- But if private training providers are not able to be primes - could subcontracting volumes increase?
- A lot of unknowns but potentially major upheaval to the market - not just the annual tweaks to transparency

<https://bills.parliament.uk/bills/2868/publications>

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