

## Subcontracting policy and procedure

### 1. Scope

This procedure is applicable to all provision which is subcontracted to another organisation to deliver on behalf of YMCA Training.

### 2. Purpose

To ensure that subcontractors are selected fairly and have sufficient capacity, capability, quality and financial standing to deliver the subcontracted education and training services.

To ensure YMCA Training complies with the Funding Rules and Guidance issued by the EFA and SFA as amended and updated from time to time, in relation to subcontracting provision.

<https://www.gov.uk/government/publications/sfa-funding-rules-2015-to-2016>

<https://www.gov.uk/16-to-19-education-funding-guidance>

Subcontracting does not relieve YMCA Training of any of its obligations or duties under its lead contract with the funding body.

YMCA Training remains responsible for the actions of its subcontractors in connection with the delivery of the subcontracted provision.

### 3. Why subcontract?

YMCA Training may decide to subcontract for a range of reasons:-

- Lack of expertise within YMCA Training
- Lack of capacity within YMCA Training
- Desire to engage in a partnership
- Political or contractual reasons
- To grow the size of business
- As part of a wider strategy
- To meet our strategic long term goals
- To offer a more diverse range of services
- Ensure ALL learners needs are met by developing a growing YMCA network of providers with specialist provision

### 4. Selection and procurement

Once the need to subcontract part of a contract has been established a subcontract specification, which will detail the nature of provision to be subcontracted, will be drawn up by the Operations Director for approval by the Managing Director.

Potential subcontractors may then be identified though:

- A direct approach to or from a potential subcontractor, or by the funding body
- A successful bid submission involving a group of identified potential providers
- A competitive tendering round (see section 5 below on competitive tendering)

N.B. A subcontractor must be a legal entity.

## **5. Competitive Tendering**

Approval to procure a subcontractor through a competitive tendering round must be sought from the Managing Director. The following steps should then be taken.

- i. Decide how providers will be advised that you are launching the tender round. This may be via an advert in the press or via local providers' networks etc.
- ii. The subcontractor specification should be provided to all interested parties.
- iii. In order to reduce the workload of scoring tenders the initial notification should be for "Expressions of Interest". Providers should submit an Expression of Interest by the defined deadline. Expressions submitted after this deadline should not be considered.
- iv. All Expressions of Interest must be scored using the same criteria and evidence of this retained.
- v. Organisations shortlisted at this stage should be taken through the due diligence process defined in sections 6.
- vi. Providers failing to progress to the next stage should be notified in writing.

## **6. Assessment of subcontractors**

It is essential that YMCA Training assesses any potential subcontractor for their capacity, capability, quality and financial standing to deliver the subcontracted education and training services.

A due diligence assessment must be completed before a subcontract agreement (contract) can be issued. This is a requirement under the terms of our EFA and SFA contracts.

Any potential subcontractor must be able to evidence that they meet the "essential requirements" of the due diligence process. Where a potential

subcontractor meets the “essential requirements” but falls short of the “desirable requirements”, conditions and/or improvement actions may be included in the subcontract agreement.

All subcontractors will be requested to resubmit due diligence evidence annually prior to an annual review taking place.

Appendix 1 provides a proforma which must be completed to capture the information and evidence required for the due diligence process.

Appendix 2 provides a proforma for completion by the person nominated by the Operations Director to assess the information and evidence provided by the potential subcontractor.

A recommendation will then be made to the Operations Director/Managing Director, which may include conditions and or required action/improvements (as indicated above).

The potential subcontractor should be notified in writing of the outcome of the assessment.

## **7. Management Fees**

YMCA Training does not operate a ‘one size fits all’ management fee approach. The Director of Operations will recommend a management fee to the Managing Director for approval taking into account any restrictions within the main funding body contract.

Fees charged will be determined by the potential risk and level of management support required. The Operations Director/Managing Director will agree the appropriate level of management fees to be charged and included within the subcontract agreement.

30% Management Fee - this would be for high risk partners that would need significant levels of management, resources and support from YMCA

20% Management Fee – this would be for medium risk partners that would need reasonable levels of support, resource and management from YMCA

10% Management Fee – this would be for well established partners that have a proven track record of outstanding delivery with YMCA

Partners will be assigned a Quality Improvement Practitioner and a Contract Manager to support and manage the contract and relationship and will contribute to continuous developments and improvements of both performance and quality assurance.

## 8. Contracting

All subcontracts are drawn up by the Operations Director and can only be signed on behalf of YMCA Training by the Managing Director or their absence the Chief Executive/Finance Director.

YMCA Training uses an approved template for subcontracting. The body of the contract template should not be amended other than to include the details of the specific contract. The contract template will be reviewed annually in line with changes to lead contracts with funders.

Schedules relating to the specific contract will be appended to the contract and referenced within the main body of the contract. The contract appendices will include:

- Expectations of the provider.
- Delivery profiles detailing the volumes and outcomes required
- Details of how YMCA Training will manage the subcontractor. Lower risk providers will receive a lighter touch approach.
- A financial annex should detail how YMCA Training will fund the provider, including details of sanctions for poor delivery.
- YMCA Training service standards should be included. These link directly to the management fee which has been applied (see section 7 on this above).

Once the contract has been drawn up, two copies should be signed by the Managing Director. Both copies should then be sent to the subcontractor for signing. Each party should retain an original copy of this contract. **Only the Managing Director (or Chief Executive/Finance Director in their absence) is authorised to sign contracts of any kind on behalf of YMCA Training.**

## 9. Contract Variations

Any variations to the contract must be agreed with the subcontractor and confirmed in writing.

## 10. Management of Subcontractors

YMCA Training will appoint an Area Lead/Quality Improvement Practitioner as the contract manager for day to day matters. The subcontractor will be managed in line with the contract terms and as a centre of YMCA Training.

Quarterly contract reviews will be scheduled with all subcontractors to consider performance against the key measures detailed in the subcontract agreement.

In the event of serious irregularities or concerns, subcontractors will be managed through YMCA Training's fraud procedures and the breach clause of the subcontract agreement.

Subcontractors will routinely receive contract updates. Where these are significant, they will be issued as a contract variation.

### 15/16 SFA YMCA Sub Contractors

Name, Date &	Delivery	Contract Value	Management Fee
YFIT	16-18yrs Apprenticeships	£192,703	10%
Date - 1.8.15- 31.7.16	19+ Apprenticeships	£286,634	10%
UKPRN 10007405	24+ Advanced Learning Loans	£600,000	10%
Fairthorne Manor	All ages Apprenticeships	£52,200	10%
Date - 1.8.15- 31.7.16			
George Williams College	All ages Apprenticeships	£28,045	20%
Date – 1.11.15- 31.10.16			

Dan Rees



Operations Director  
1/12/2015