Subcontracting Policy

Purpose	
For the Company to provide information in relation to contracted activity.	
Key words	
Contracts, selection, support, fairness, transparency, best practice, safeguarding, health and safety.	
Document Control Number:	383 - Subcontracting Policy
Version:	5
Date Adopted:	10.02.2022
Name of Owner:	Susan Arthur
Signature:	
Title of Owner:	Partnership Manager
Name of Responsible Group:	Executive Management Team
Date issued for Publication:	July 2022
Reviewed Date:	03 July 2026
Expiry Date:	July 2027
Target Audience:	Subcontractors Published on the Acorn Website
Review **V3**	Policy reviewed in September 2023 as part of annual review process. Review date changed to July to ensure policy and rationale is checked before start of academic year. Signature of Operations Director added.
	15.08.2024 Review complete and approved – no changes
V4	15/08/2025 Review completed - Education and Skills Funding Agency (ESFA) updated with Department of Education (DfE)
V5	03/07/2026 Review completed – updated DfE subcontracting Standard, Adult Skills Fund terminology, data protection and social value requirements. Widened scope of policy to encompass all potential sub-contracting opportunities.

1. Background

1.1. Acorn Training Ltd works collaboratively with partner organisations to enhance service delivery, share expertise, and support positive outcomes through effective partnership working.

1.2. Acorn Training recognises the benefits of partnership working in strengthening capability, sharing expertise, improving quality, and delivering positive outcomes through collaborative approaches.

1.3. This policy applies to all subcontracting arrangements entered into by Acorn Training and sets out the principles and requirements governing those relationships.

1.4. This policy applies only to subcontracting arrangements and does not extend to other forms of partnership, collaboration or service delivery arrangements.

2. Legislative and Regulatory Framework

This policy has been developed in accordance with all applicable funding rules, subcontracting standards, procurement legislation and regulatory requirements in force at the time of delivery. This includes, but is not limited to:

- Procurement Act 2023 and associated Procurement Regulations
- Data Protection Act 2018 and UK General Data Protection Regulation (UK GDPR)
- Equality Act 2010
- Health and Safety at Work etc. Act 1974
- Safeguarding Vulnerable Groups Act 2006
- Counter-Terrorism and Security Act 2015 (Prevent Duty)
- Modern Slavery Act 2015
- Bribery Act 2010
- Fraud Act 2006
- Freedom of Information Act 2000, where applicable
- Environmental Protection Act and related sustainability legislation

Acorn Training and its supply chain partners will comply with all relevant statutory, contractual and regulatory requirements applicable to the services being delivered.

3. Objectives

3.1. Acorn Training has a strategic aim to minimise the level of subcontracting entered to year on year and will not exceed the 25% threshold of funding allocation or learner volumes. Acorn Training aims to use its annual funding allocations to support our local learners, employers, and communities through direct delivery.

3.2. Minimising levels of subcontracting also reduces Acorn Training's exposure to risk of poor performance by other organisations.

4. Overarching Principle

4.1. Acorn Training will use its supply chains to optimise the impact and effectiveness of service delivery to the end user. Acorn Training will therefore ensure that:

4.2. Supply chain management activities comply with the principles of best practice in the skills sector.

4.2.1. At all times, fair and transparent procurement activities will be undertaken, conducting robust due diligence procedures on potential subcontractors to ensure compliance and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner lives.

4.2.2. Funding that is retained by Acorn Training will be related to contract management. This contract management and the levels of funding being retained will be clearly documented and agreed to by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner and will be proportionate to the actual contract management being undertaken.

4.2.3. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, Acorn Training will submit to independent outside arbitration or mediation and abide by its findings.

4.2.4. Contract documents will require both parties to adhere to the letter and spirit of contracts or partnerships. Signatories therefore commit that all discussions, communications, negotiations, and actions undertaken to build, maintain and develop supply chains will be conducted in good faith in accordance with sector best practice.

5. Rationale for Subcontracting

5.1. Acorn Training will, in the first instance, consider direct delivery. However, Acorn Training recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers and will consider subcontracting to enhance opportunities in the following circumstances:

5.2. Where our existing employers or learners require additional provision, which is beyond our existing scope or capacity.

5.3. Providing specialist programmes to complement Acorn Training's own provision.

5.4. Meeting regional community needs and priorities which Acorn Training is not able to provide directly.

5.5. To enhance opportunities for disadvantaged groups of learners.

5.6. Where subcontracting will allow us to capacity-build in new sectors or territories to allow us to move to a position of direct delivery or to grow income such as apprenticeship funding.

5.7. Helping employers in target sectors to upskill employees and progress.

5.8. Providing learners and employers with access to a wider range of training to meet local, regional, and national skill shortages.

5.9. Where funding has been awarded for Partnership Delivery.

5.10. To meet expectations of commissioners as per procurement specifications

6. Subcontractor Procurement

6.1. Acorn Training is committed to delivering exceptional standards of learning and to provide a broad offer of learning opportunities and choice to all learners. To support this, we may enter subcontracted delivery arrangements with several organisations to provide specialised and niche education routes or in geographies that we do not reach, which supplement Acorn Training's current catalogue of educational provision.

6.2. Where subcontractors are selected, this is done with a plan of longevity to ensure there is continued availability for specialised provision to be offered.

6.3. To support this, when selecting our supply chain partner providers, Acorn Training consider the following:

6.3.1. ***Reputation*** – providers may be referred to us by employers or other providers, colleges, etc.

6.3.2. ***Specialism*** – providers who offer niche provision where there are few alternatives.

6.3.3. ***Geographic Location*** – where possible, we will support local partners.

6.3.4. ***Quality Measures*** – based on a range of measures including Ofsted rating, achievement rates, track record and other quality markers or accreditations, job referrals, job starts/first earnings and sustained employment

6.3.5. ***Responsiveness*** – how readily the provider can meet the needs of our learners and employers.

6.4. Acorn Training utilises a rigorous procurement process which adopts the following principles:

- Competitive tendering
- Sustainability
- Transparency
- Fairness and Equality
- Best practice
- Legality – including compliance with all applicable procurement legislation, public sector procurement requirements and contractual obligations in force at the time.

- Confidentiality, subject to the Freedom of Information Act
- Fitness for Purpose
- Quality
- Total Lifetime Costs
- Risk
- Environmental Impact
- Social Value and Sustainability – Supply chain partners will be expected to demonstrate commitment to environmental sustainability, social value, equality of opportunity and responsible business practices in accordance with current public procurement expectations and contractual requirements.

6.5. Acorn Training undertakes robust due diligence which includes financial health assessment, safeguarding and Prevent arrangements, quality assurance arrangements, organisational capacity, delivery expertise, compliance history, data protection arrangements, cyber security controls and checks to ensure that public funding is not used to support extremist activity or organisations that present a significant reputational, financial or compliance risk.

6.6. Acorn Training will only enter into subcontracting arrangements with organisations that can demonstrate compliance with all applicable regulatory, legal, funding and contractual requirements relevant to the delivery of the proposed provision. Where registration, accreditation, approval or membership of a recognised body is a condition of delivery, the subcontractor must maintain that status throughout the duration of the contract and notify Acorn Training immediately of any changes.

6.7. Further investigations of any subcontractor may be undertaken where monitoring activity, inspection outcomes, audit findings or other intelligence indicate an increased level of risk, including but not limited to:

6.7.1. Ofsted inspection outcomes, monitoring visits or published reports identify significant concerns, including findings requiring improvement, safeguarding concerns, compliance failures, or other material weaknesses in the quality of provision.

6.7.2. Any irregular financial, operational or delivery activity is identified, including credit ratings moving to an 'above average risk' category or evidence of financial instability.

6.7.3. Sanctions, restrictions, investigations or other formal actions are imposed on the subcontractor by an awarding organisation, funding body, regulator or other relevant authority.

6.7.4. Failure to deliver contracted provision, learner activity or agreed programme outcomes.

6.7.5. Failure to achieve the performance, quality, compliance or contractual requirements detailed within the subcontract agreement.

6.7.6. Significant concerns are identified through quality assurance activity, learner or employer feedback, funding audits, data checks, safeguarding reviews, or other contract monitoring processes.

6.8. Supply chain partners must demonstrate compliance with all applicable legislation and regulatory requirements relevant to their organisation and service delivery, including safeguarding, health and safety, employment law, equality legislation, information governance, cyber security and financial management.

6.8.1. Details of Partners/Directors contact names and addresses and company registrations.

6.8.2. Make declarations regarding organisational standing and arrangements.

6.8.3. Latest audited accounts to support a financial viability health check.

6.8.4. Insurance Details.

6.8.5. Compliance with the Modern Slavery Act 2015, including publication of a Modern Slavery Statement where legally required and evidence of actions taken to prevent modern slavery and human trafficking within operations and supply chains.

6.8.6. Information Security, Data Protection and Cyber Security arrangements, including compliance with UK GDPR, the Data Protection Act 2018, Cyber Essentials (or equivalent standards where appropriate) and any associated codes of practice, guidance or regulatory requirements.

6.8.7. Information Handling, Retention & Disposal Policy

6.8.8. Business Continuity and Disaster Recovery arrangements

6.8.9. Fraud and Whistleblowing Policies

6.8.10. Equality & Diversity and Sustainability Policies and plans

6.8.11. Health and Safety policies and arrangements

6.8.12. Safeguarding and Prevent policies and arrangements

6.8.13. Quality Assurance / Monitoring Policy

6.8.14. Customer Complaints Procedure

6.8.15. Cyber Essentials (or equivalent)

6.9. Please note that all due diligence will be relevant and proportionate to the contract and to the needs of the relevant commissioner. Please note that Due Diligence will be conducted annually as required by the contract.

7. Subcontractor Support

7.1. Acorn Training aims to deliver outstanding, high-quality education and training, including that delivered through its subcontractors.

7.2. Acorn Training will not enter subcontracts for provision deemed to be high risk until measures are put in place to reduce the associated risk(s).

7.3. Typically, a subcontractor with Acorn Training will receive the following on a month or quarterly basis, dependent on the needs of the subcontractor and contract:

7.3.1. Regular contract monitoring with agreed actions for improvement along with dates of when the improvements are to be completed by.

7.3.2. A broad range of management information, performance reports and compliance monitoring tools to support the effective delivery of provision and achievement of contractual, regulatory and quality requirements.

7.3.3. Experienced staff as a point of call such as specialist data and funding teams, safeguarding champions, health and safety experts and direct support from contract managers.

7.3.4. Performance assessment of activities such as teaching, learning & assessment with detailed feedback on improvements identified and timescales for improvements to be implemented.

7.3.5. Undertake validation and assurance checks on data, learner records and supporting evidence to ensure compliance with funding, contractual, quality and regulatory requirements and to support accurate reporting and claims.

7.3.6. Where contract monitoring, audit activity or quality assurance reviews identify actual or potential non-compliance with applicable legislation, funding requirements, contractual obligations, regulatory standards or agreed operating procedures, Acorn Training will work with the subcontractor to implement corrective actions and continuous improvement measures within agreed timescales.

7.3.7. If in follow-up monitoring, non-compliance has not been addressed in the agreed timescales this will trigger the penalty clauses included in the contract which could ultimately mean termination of the contract.

8. Quality Assurance and Improvement

8.1. This policy sets out Acorn Training's approach to managing subcontracted provision and supporting effective, high-quality partnerships that deliver positive outcomes for all stakeholders.

8.2. Acorn Training prides itself on its approach to collaborative and partnership working. We regard subcontracting as a partnership arrangement where each partner can benefit from the strengths and share the best practices of the other.

8.3. Our Quality Assurance processes aim to be supportive and will provide developmental feedback on how supply chain partners can improve. This includes, but is not limited to:

8.4. Initial due diligence and assessment activities for new supply chain partners.

8.5. Annual due diligence review for existing providers, including review of financial stability, quality performance, safeguarding, cyber security and compliance with current DfE and commissioner requirements.

8.6. Monitoring and review activities will be conducted throughout the contract period, proportionate to risk, to support quality, compliance, performance, and continuous improvement.

8.7. Regular engagement and review activities will take place to support effective contract management, performance oversight, and continuous improvement.

8.8. Regular review of stakeholder experiences and feedback to support continuous improvement.

8.9. Quarterly review of relevant records, documentation, and processes to support effective delivery and continuous improvement.

8.10. Annual review of learner records to support quality, compliance, and continuous improvement.

8.11. Annual review of the subcontractor's performance, effectiveness, and contribution to agreed objectives and outcomes.

9. Fees and Charges

9.1. Acorn Training provides a simple and transparent funding structure for supply chain partner providers.

9.2. Acorn Training will retain an element of funding to cover costs in supporting the monitoring and management of subcontracted provisions. The amount retained will vary depending on costs to Acorn Training in managing and quality-assuring the provision, determined by the volume of the provision and the risk rating of the supply chain partner provider.

9.3. The risk rating is derived from an assessment which is conducted for each potential and existing supply chain partner based on thorough due diligence evidence provided including credit and Companies House checks.

9.4. Supply chain partners are supported from the initial contract agreement and throughout the lifetime of the contract. The contract review processes highlight any specific development needs.

9.5. Acorn Training typically retains between 15% and 20% of the funding it receives against each learner for subcontracted provision. This is applied equally to both on-programme and outcome achievement payments.

9.6. Acorn Training may retain a greater element of funding where it incurs additional costs, for example affording additional quality-monitoring visits because of identified under-performance.

9.7. In agreeing a subcontract, supply chain partner providers agree to this policy.

10. Payment Terms

10.1. The payment terms and evidence requirements are detailed within the appropriate subcontractor’s contract; payments are released to subcontractors within 30 days of funds being received from the relevant funding authority or commissioner, subject to compliance with contractual requirements.

10.2. Payments are made in accordance with the terms of the subcontract and any applicable funding or contractual requirements. Payment is subject to the subcontractor providing the required information, evidence, and documentation to support delivery and demonstrate compliance with agreed quality and performance standards.

10.3. Acorn Training provides a monthly claim summary to the subcontractor which sets out the payments for the previous month and details any amounts withheld typically where further evidence is required. Once Acorn Training are satisfied with the quality of the subcontractor’s provision for the month, the payment will be made to the subcontractor, based on the invoice raised to Acorn Training submitted with a signed subcontractor declaration (provided as part of the claim summary).

11. Policy Review

11.1. Acorn Training will review the entirety of its subcontracting on an annual basis, the review of this policy will typically take place in July of each year as per the document control section. Where changes occur to legislation, funding rules, procurement requirements, contractual obligations, safeguarding requirements or regulatory guidance, Acorn Training reserves the right to review and amend this policy outside of the normal review cycle.

11.2. This Policy will be published on Acorn Training's external website: www.acorntraining.co.uk

11.3. Acorn Training will keep this policy under regular review and may make changes at any time to ensure it remains relevant, effective, and aligned with organisational requirements and best practice.

Appendix 1: Risk-Based Funding Retention Model

The management fee retained by Acorn Training will be determined through a risk-based assessment of each subcontracting arrangement. The fee retained reflects the level of oversight, management, support, quality assurance, compliance monitoring and associated risk undertaken by Acorn Training.

Risk Assessment Criteria

Subcontractors will be assessed against a range of factors including:

- Financial health and organisational stability.
- Previous delivery performance and achievement rates.
- Quality assurance outcomes.
- Ofsted inspection outcomes (where applicable).
- Experience of delivering publicly funded programmes.
- Contract value and delivery volumes.
- Safeguarding and Prevent arrangements.
- Data protection and cyber security compliance.
- Management information and reporting capability.
- Previous audit and compliance findings.
- Capacity and capability to deliver contractual requirements.

Funding Retention Matrix

Risk Rating	Typical Funding Retention
Low Risk	15%
Medium Risk	17.5%
High Risk	Up to 20%

Low Risk Characteristics

A subcontractor may be considered low risk where they:

- Have a strong financial position
- Demonstrate a consistent track record of high-quality delivery
- Have robust governance and compliance arrangements
- Have no significant funding, audit or performance concerns
- Require minimal intervention or support

Medium Risk Characteristics

A subcontractor may be considered medium risk where they:

- Are new to subcontracting arrangements
- Have limited delivery history
- Require moderate monitoring and support
- Have minor compliance or quality improvement actions

High Risk Characteristics

A subcontractor may be considered high risk where they:

- Have significant compliance concerns.
- Have received adverse inspection or audit outcomes.
- Demonstrate financial instability.
- Require enhanced quality assurance and monitoring.
- Are delivering new or complex provision.
- Have previously underperformed against contractual requirements.

Enhanced Monitoring

Where a subcontractor is assessed as high risk, Acorn Training reserves the right to:

- Increase monitoring activity.
- Implement improvement plans.
- Conduct additional audits and compliance reviews.
- Retain a higher management fee where justified by additional oversight and support requirements.
- Suspend or terminate delivery in accordance with contractual provisions.

Annual Review

Risk ratings and associated management fees will be reviewed at least annually and may be revised during the contract period where performance, compliance, financial health or other risk factors change significantly. The rationale for funding retained will be transparent, proportionate and available to subcontractors on request.

Appendix 2: Monitoring and Support Activity

Activity	Volume/Frequency
Due diligence desk-top checks	1 at set-up
Due diligence visit	1 visit
Annual due diligence review	1 per year
Issuing standard sub-contract agreement	1 per year
Percentage of Retained Fee	**20%**
Issuing document templates and forms to be used by the subcontractor and providing training	1 per year plus as and when amended in-year.
Agreeing use of sub-contractor templates and forms (where agreed as part of contracting)	1 per year
Management of data, records, and reporting processes to support operational, contractual, and compliance requirements.	Monthly
Management and validation of data, records, and reporting information to support operational, contractual, and compliance requirements.	Monthly
Calculating fees due and processing payments received	Monthly
Data-match checks with other main contractors with whom the subcontractor works	Monthly
Producing reports and analysis	Monthly
Percentage of Retained Fee	**35%**
Quality assurance, monitoring, and review activities to support performance and continuous improvement.	Up to four per year
Contract monitoring meetings	Monthly
Contract review meetings	Quarterly
Collection and review of stakeholder feedback to support continuous improvement.	Quarterly
Review of records, data, and supporting documentation to support quality, compliance, and performance monitoring.	Quarterly
Review of records, documentation and evidence to support quality, compliance, and performance monitoring.	Up to four per year
Annual review of subcontractor performance, outcomes, and continuous improvement activities.	1 per year
Percentage of Retained Fee	**45%**