



Skills Funding
Agency

Subcontracting for the First Time: Seeking Written Approval from the Skills Funding Agency

Information for Lead Providers

November 2013

Of interest to lead providers

Introduction

- 1 Our Funding Rules for 2013/14 confirm that if a provider has not previously subcontracted provision we fund, it must get approval in writing before awarding a contract to a subcontractor. The evidence requirements specified within the Funding Rules state that the request to subcontract must be accompanied by a report from an external auditor.
- 2 This briefing paper outlines the information we need from you to enable us to review your request to subcontract provision we fund for the first time.

Process

- 3 You must seek our written approval to subcontract for the first time **before** entering into a subcontracting arrangement.
- 4 You must submit the request in writing, on your organisation's letterhead. In your request, we need you to supply the following information about your proposed subcontracting arrangement.
 - a Why you are seeking to subcontract for the first time.
 - b The elements of delivery you are seeking to subcontract.
 - c The full legal name and UKPRN of the subcontractor(s) that you will use (if you have already selected the subcontractor(s) that you intend to use.)
 - d The proposed financial value of the subcontracting arrangement(s) (if known).
 - e Confirmation that all relevant Funding Rules have been considered and met.
 - f Your subcontracting fees and charges policy should be included as an annex to the request.
- 5 The accompanying report must be written by an external auditor and must confirm that you have effective processes and controls in place for carrying out the effective management of subcontractors. The report must reflect the end-to-end subcontracting process and good practice specified in [Supply Chain Management – a good practice guide for the post-16 skills sector](#).

- a Developing the business case.
 - b Establishing the selection process.
 - c Assessing the capacity and capability.
 - d Managing performance.
 - e Contracting fees.
 - f Risk assessment.
- 6 When complete, you should email your request to your Skills Funding Agency provider performance adviser.
- 7 We will consider your request, taking into account data and information available within and outside the Skills Funding Agency. Examples of these are:
- a Companies House and Charity Commission databases to check that the proposed subcontractor(s) is/are a bona fide legal entity.
 - b the UKRLP website to check the supplied UKPRN(s).
 - c the Subcontracting Register to determine the current commitments of the proposed subcontractor(s) and establish if they are contracted to deliver at least £100,000 each year, in which case they also need to be listed on the Register of Training Organisations.
- 8 We will consider your subcontracting fees and charges policy.
- 9 We will consider the external auditor's report on the effectiveness of the processes and controls you have in place for managing subcontractors.
- 10 We will, under normal circumstances, respond to your request within 14 days of receipt.
- 11 We reserve the right to decline your request. If we do decline it, we will explain why we are declining it. If we decline your request, you must not enter into a subcontracting arrangement for the delivery of provision we fund.



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