

**PAYNE
WALKER**

CHARTERED
ACCOUNTANTS

REGISTERED
AUDITORS

Providing external assurance on subcontracting controls

Inspection carried out for

Rutland County Council

On

19th June 2018

Auditor Signature  19.06.18

RASS Manager  19.06.18

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DIRECTOR
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Background

Rutland Adult Learning and Skills Service's (RALSS) mission is to establish and deliver an outstanding learning and skills vision for the County and to work effectively with partners, stakeholders and customers to deliver provision which develops the skills, achievements and aspirations of communities, families, employers and learners in Rutland in order to both support and improve the economic, social and educational outcomes and quality of life in Rutland. This is reflected in their service strategic and business plans.

During the 2015-16 academic year, Rutland Adult Learning and Skills Service (RALSS) restructured the methodology of delivery from both a personnel and a curricula standpoint. Following a procurement exercise, the Adult Skills budget was sub-contracted to Peterborough Regional College (PRC) on a two year basis. This subcontract is monitored by RALSS Management. Good relationships have been formed and are evident in discussions. The partnership have adapted to the changing priorities of the Skills Funding Agency, developing the Apprenticeship programme as well as responding to changes in funding levels for some of the core curriculum areas that had been offered over many years.

Rutland Adult Learning and Skills Service (Ralss) and the associated partnership delivery with Peterborough Regional College offers a good overall level of provision, demonstrating good success rates for all areas of its provision. This was confirmed during inspection by Ofsted in May 2018, where inspectors noted that our teaching and training staff, including those working for the subcontractor, are highly qualified and enthusiastic for their subjects and that Ralss have continued to focus on apprenticeship and AEB provision that meets the needs of county residents. Ralss receives good support in achieving this from an experienced and committed team of tutors, assessors and staff working for the subcontractor, Peterborough Regional College (PRC).

Audit of Systems and Controls

The following report has reviewed the systems and controls related to managing sub-contracted delivery and reflecting the end to end subcontracting processes and requirements as set out in the funding agreement between the Skills Funding Agency and Rutland County Council for 2017-18.

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General Sub-contracting requirements

The provision meets the funding rules A46 to A49 and A63 to A63-10 in that the procurement exercise undertaken to obtain the preferred supplier was led by the Head of Service and ratified by both the Chief Executive and the Councils Portfolio Holder. Peterborough Regional College who are the subcontracted organisation hold their own Skills Funding Agency contract and comply with all of the associated rules that surround this.

Rutland County Council meets the financial memorandum as set out in clauses 9.2 to 9.9 as well as the associated contract for services and conditions of funding associated with general subcontracting requirements in that:

- **Regular monitoring of the provision ensures that subcontracting is only at one level and the delivery of this is regularly monitored.**
- **The subcontracted provision is set out under the agreed format as prescribed by the Skills Funding Agency and contains all clauses and actions in total.**
- **Payments are in scope and described in the section Monitoring and Fees.**
- **Rutland County Council retains the obligations as prescribed by the Skills Funding Agency as primary contract holder**

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Selection and Procurement

Rutland County Council meets the funding rules A56 to A56-3 as well as the associated financial memorandum, contract for services and conditions of funding associated with general subcontracting requirements in that:

Rutland County Council undertook a tendering procedure for the proposed sub-contracted provision, and following a review of the bids, invited selected organisations to a selection panel which was held at the main headquarters in Catmose House Oakham.

The panel, which was led by the Head of Service, chose Peterborough Regional College as the preferred supplier of training. The subcontracted organisation is a legal entity and has its own contract with the Skills Funding Agency.

Rutland County Council undertook a due diligence exercise as well as ensuring that the subcontracted organisation was listed on the Register of Training Organisations and is recorded as active. Following their recent Ofsted Report in May 2017 the subcontracted provider has a current Grade 3 requires improvement level of provision.

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Entering into a subcontract

Rutland County Council meets the funding rules A57 to A62-3 as well as the associated financial memorandum, contract for services and conditions of funding associated with general subcontracting requirements in that:

Rutland County Council retains responsibility for the learners under the funded associated with this subcontract and hold meetings to monitor deliver. In addition they carry out regular observations of teaching and learning as well as surveying both learners and employers. It has a robust quality assurance process in place for the subcontracted provision and reports any actions at the Performance Board meetings as well as referral to any contingency planning processes.

Enrolment procedures ensure that learners are aware that the delivery of their learning, whilst delivered by Peterborough Regional College, remains the responsibility of Rutland County Council and that any agreements made with them are on Rutland County Council enrolment forms.

Associated schedules meet the terms required of the subcontracted provision.

Rutland County Council manages all funding associated with the Skills Funding Agency including any repayments.

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Monitoring

Rutland County Council meets the funding rules A64 to A66 as well as the associated financial memorandum, contract for services and conditions of funding associated with general subcontracting requirements in that:

- Rutland County Council operates a strong quality assurance process and calendar to monitor and manage all provision including that of subcontracted provision.
- To ensure the quality of delivery and performance of subcontracted delivery, regular performance review meetings take place between the nominated subcontractor manager and representatives of the subcontractor. These meetings take place on a monthly basis in terms of monitoring of the delivery of the provision and more formally on a termly basis in the form of the Performance Monitoring Board which is led by the Head of Service and the Portfolio Holder.
- In addition to these formal review meetings, a variety of approaches are used to monitor the delivery of provision, including data reviews and learner eligibility as well as other reviews of records, short notice visits, advice and guidance, regular dialogue via email, telephone and face-to-face visits and interrogation of learner / employer voice surveys.
- The overall performance against the terms of any contract is determined by the outcome of the aforementioned formal performance review meetings, taking into account the response of the subcontractor to identified actions and agreed measures. The outcome of audit processes, performance against contract financial profiles and KPIs and rates of user satisfaction is to be taken into consideration and will inform any contract renewal processes.
- Apprenticeship provision is covered under the auspices of actions highlighted above.

Second level subcontracting

There is no second level contracting undertaken.

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Reporting on the subcontract

Rutland County Council meets the funding rules A69 to A70 as well as the associated financial memorandum, contract for services and conditions of funding associated with general subcontracting requirements in that subcontractor declarations are reported to the Skills Funding Agency as per their deadlines. All provision is reported through the Individualised Learner Records.

There have been no changes in the subcontracted provider for this provision.

Fees and Charges

Rutland County Council meets the funding rules A71 to A77-8 as well as the associated financial memorandum, contract for services and conditions of funding associated with general subcontracting requirements in that:

- Rutland County Council has a published policy regarding subcontracting supply chain fees and charges which is in scope with the nature of the provision and ratified under the authorities policies and procedures actions. This policy sets out the rationale and approach taken with regard to the management of any subcontracting arrangements that are entered into by Rutland County Council (RCC) in respect of its contracts with the Skills Funding Agency (the Agency) under the auspices of its 'Rutland Adult Learning Service' (RALS).
- Rutland County Council levy a management fee related to the subcontracted provision that reflects the requirement, as prime contractor, to have in place appropriate systems to ensure the quality and appropriateness of provision. The level of management charge levied is risk-related and is 15% of the value of the subcontract. A further 1.5% has been agreed to cover the costs of additional administrative support to the subcontractor.
- Payments are made on a quarterly basis at the request of the subcontractor and are reflective of the sums accrued under the provider funding reports. These payments are agreed at the monthly monitoring meetings and are paid by BACs transfer.

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Certificate

Provider

We certify that the report prepared by PAYNE WALKER LTD [insert name of external audit organisation] provides satisfactory assurance on the systems and controls we have in place to manage subcontractors delivering adult education and training funded by the Education and Skills Funding Agency for the year 1 August to 31 July and/or for the delivery of apprenticeship starts from 1 May 2017 for the year 1 April to 31 March.

We certify that the report identified no recommendations or, where recommendations were identified, either these have been implemented or there is an implementation plan that sets out when the recommendations will be completed by.

The full copy of the report and, where relevant the implementation plan, are available to the ESFA if required.

Name: R Shore ROBERT SHORE

Job title: MANAGER

Signature: R Shore

Date: 31.7.18.

Audit Organisation

We certify that we have delivered a report of the subcontracting systems and controls of RUTLAND ADULT LEARNING CENTRE [insert name of lead provider] in accordance with the requirements set out in 'Providing external assurance on subcontracting controls'.

Name: PAUL STEPHENSON

Job title: MANAGING DIRECTOR (PAYNE WALKER LTD)

Signature: P Ste

Date: 31.7.18.

