## Policy/Procedure/Guideline Review

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| **Policy/Procedure/ Guideline:** | **Subcontractor Fees and Charges Policy** |
| **Senior Manager Responsible:** | Assistant Principal – Performance and Planning |
| **Author:** | Assistant Principal – Performance and Planning |
| **Approved By:** | Board of Corporation |
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| **Changes Made:** | References to 2025/26 changed to 2026/27<br>Reviewed to ensure compliance with 2026/27 DfE subcontracting guidance, changes are highlighted |

# SUBCONTRACTOR FEES AND CHARGES POLICY

## 1. Introduction

1.1 This policy outlines East Lancashire Learning Group's (the Group) position in relation to the subcontracting of provision and funding to partnership organisations in 2026/27.

## 2. Definition of Subcontracting

2.1 The Department for Education (DfE) defines a delivery subcontractor as a separate legal entity that has an agreement with the Group to deliver any element of the education and training that is funded via the DfE.

The DfE define a separate legal entity as including companies in a group, other associated companies and sole traders. It also includes individuals who are self-employed or supplied by an employment agency, unless those individuals are working under the direction and control of the Group, in the same way as our own employees.

## 3. Background

3.1 The Group has a clear purpose to secure excellent academic and career pathways for all learners, and to deliver education and training of the highest quality.

3.2 The Group is establishing itself as a beacon for teaching and learning, with a national reputation and the capacity to support other colleges in their improvement journey. It is an innovative provider; a research hub for teaching and learning, with a clear ambition to deliver the best possible experience and outcomes for learners.

3.3 Collaboration is key to success, and meaningful and productive relationships with stakeholders and employers is key to the financial and educational success of the institution.

3.4 Our organisational approach is to **'create the extraordinary'** and we do this through phenomenal staff, outstanding teaching and learning and an individualised approach to each of our learners. Where the Group subcontracts with other organisations it will ensure that they support our approach of creating the extraordinary.

3.5 The Group has previously established the following priorities for subcontracting.

1. Deliver relevant, impactful, inclusive training.
2. Expand access to College programmes to deliver greater impact for individuals and the economy.
3. Deliver efficient financial plans supporting continuous improvement.
4. Sustain our 'extraordinary' values and culture.

The Group will ensure that any subcontracting arrangements support the achievement of these priorities.

## 4. Scope

4.1 This policy details how the Group applies fees and charges to Subcontractors.

4.2 This policy indicates the Group's Subcontractor Policy for the 2026/27 academic year.

4.3 This policy is published in line with DfE requirements stated in their latest published Subcontracting Funding Rules 2026/27.

## 5. Principles of Subcontracting

5.1 The Group will only subcontract provision where:

- There is a clear educational rationale;
- The arrangement adds value to learners;
- Direct delivery is not the most effective option;
- The arrangement represents value for money;
- Robust oversight and governance arrangements can be maintained;
- The arrangement complies with current DfE subcontracting funding rules and any associated approval requirements;
- Subcontracting is not used solely to increase income or market share.

## 6. Rationale for Subcontracting

6.1 The Group subcontracts provision in line with guidance issued by the DfE or predecessor organisations in respect of subcontracting, where these are still valid.

6.2 Indicative reasons for the Group subcontracting provision to partners include the following, with each Subcontractor's Service Level Agreement clearly identifying the Group's reasoning for entering a Subcontract arrangement.

- Enhance the opportunities available to learners.
- Fill gaps in niche or expert provision or provide better access to facilities.
- Support individuals who share protected characteristics, where there might otherwise be gaps.
- Support better geographical access for learners
- Improve the quality, accessibility or impact of provision for learners.
- Support an entry point for disadvantaged groups.
- Capacity building both organisations, resources and provision to respond to identified need.
- Widening participation e.g. the offer of provision in a geographical area in which demand exceeds supply.
- To contract expert teaching and resources in a cost-effective manner.
- To deliver provision which is not currently part of the Group's existing teaching or materials resource.
- To deliver provision which engages hard-to-reach learners (e.g. Not in Employment , Education or Training - NEETs) with the aim of progression into mainstream college provision.
- Widen the range and scope of provision offered by the Group in terms of engagement, retention and progression opportunities.
- Increase mutual referral opportunities between the Group and its Subcontractor.
- Shared good practice.
- Ensuring value for money in the delivery of education and training services.
- Utilising subcontractors to complement our own delivery of Apprenticeships if requested by an employer.

6.3 The Group will only enter into subcontracting arrangements where such arrangements are permitted under current DfE funding rules and, where required, approval has been obtained through the relevant DfE approval process.

6.4 The Group will operate its subcontracting arrangements in accordance with the DfE Subcontracting Standard and associated oversight arrangements where applicable.

6.5 The Board will review the rationale for subcontracting, subcontracting performance and fees retained on an annual basis.

6.6 The Group will ensure subcontracting arrangements provide value for money and that funding retained is proportionate to the management, quality and compliance services delivered.

## 7. Contribution to Improving Quality of Teaching and Learning

7.1 The Group ensures subcontractors are included within its quality processes. Subcontractors are supported to maintain the same high-quality standards expected across all aspects of the Group.

7.2 The Group is committed to continuous improvement and this commitment covers all provision including subcontracted programmes. All subcontracted provision is included in our quality cycle which includes lesson observations, quality improvement meetings and shared quality improvement plans. The Group supports the subcontractor throughout this process to ensure quality provision is being delivered to the high standards expected.

## 8. Support for Subcontractors

8.1 The contractual agreement outlines the roles and responsibilities for both parties. The ongoing support given to the subcontractor typically includes:

- Performance management
- Regular review meetings
- Paperwork validation prior to submission to the funder
- Confirmation of learner eligibility
- Data input and submissions to the funder via the Group's Individualised Learner Record
- Learner tracking documents with learner status updates
- Quality meetings
- Audit compliance advice and guidance
- Funding and eligibility queries
- Sharing of good practice
- IAG on delivery methods and programme delivery
- Access to all development and training opportunities available to Group staff
- Training (where relevant), advice and support to improve quality
- Advice on implementation of Group policies.
- Tracking documents with transparent calculations to detail both the funding claimed by the Group and the Payment passed to the Subcontractor
- A subcontractor manual and regular updates
- Where necessary, Internal Verification (IV) and assessor support can be provided by the Group.
- Where necessary, Health & Safety assessments

8.2 Subcontractors are involved in regular meetings with the Group to performance manage quality and mitigate any risks or issues related to the delivery of the subcontract.

8.3 The experience of the learner is paramount. The Group and the Subcontractor will collaborate to ensure high quality provision is delivered and high levels of achievement are achieved and maintained.

8.4 Subcontractors will be subject to a programme of announced and unannounced visits during each funding year from the Group to ensure adherence to the DfE Subcontracting Funding Rules and continued high quality delivery of the contracted provision.

8.5 All Subcontractors receive a contract prior to delivery of any provision on behalf of the Group.

8.6 Subcontractors are given a key contact at the Group for any issues relating to the subcontract delivery.

8.7 Subcontractors are given key curriculum contacts at the Group for any issues relating to curriculum aspects of the subcontract delivery.

8.8 Subcontractors are subject to a Due Diligence process ahead of any contracting.

8.9 All ELLG staff involved in subcontractor selection, procurement, contract management and payment decisions must declare any actual, potential or perceived conflicts of interest.

## 9. Funding, Charges and Services

9.1 Where the Group subcontracts provision which is funded via a formula funded route the fee retained is calculated as a percentage of the total contract value agreed with the subcontractor. This percentage is typically between 15% and 20%, however, in exceptional circumstances this could be up to 30% of the income received from the DfE and is dependent on the level of additional support required by the subcontractor over and above the management, administration and quality obligations of the Group.

9.2 For experienced, long-term subcontractors who do not require any additional support over and above the management, administration and quality obligations of the Group, the fee retained is 15%.

9.3 A due diligence exercise is completed for each Subcontractor which includes checks on financial, capacity, capability and quality prior to any contracts being issued. The Services and costs will be determined following a risk assessment of the Subcontractor and will include considerations such as:

- Historical records of the Subcontractor to meet recruitment, retention, achievement, success and funding targets.
- Records of the Subcontractor meeting or exceeding benchmark achievement and success targets.
- Quality of provision delivered by the Subcontractor.
- Existing length of relationship between Group and Subcontractor.
- Financial health of the Subcontractor and its continued capacity to deliver provision on behalf of the Group.
- Adequate resourcing of subcontracted provision.
- Size of the contract in terms of finance and volumes of learners.
- Additional support required over and above the management, administration and quality obligations of the Group.

9.4 Typically the Services provided to Subcontractors fall into three groups are as detailed below, however, other services can be included as appropriate to the provision and requirements of the Subcontractor.

**Curriculum Delivery/Development**

- Curriculum planning, delivery and development advice
- Skills updating sessions for delivery staff
- Sharing of 'Good Practice'
- Regular site visits and meetings
- Where necessary, Health & Safety assessments
- Where subcontractor is not matrix accredited IAG on delivery methods and programme delivery

**Quality Assurance/Improvement**

- Quality meetings identifying good practice and areas for improvement
- Sharing of good practice, advice and support to improve quality including training on the Group's quality documentation and processes
- Access to all development and training opportunities available to all Group staff
- Monitoring visits to check learner files and schemes of work
- Conducting observations of teaching and learning including constructive feedback.
- Where necessary, Internal Verification (IV) and assessor support can be provided by the Group

**Contract Management/Administration**

- Regular performance management review meetings
- Providing Management Information
- Audit compliance advice and guidance
- Funding and eligibility queries
- Training for all relevant staff in completion of compliant paperwork
- Advice on implementation of Group policies
- Ongoing administration support including in-depth checks of evidence submitted and regular feedback on issues identified
- Data input and submissions to the funder via the Group's Individualised Learner Record
- Ongoing data self-assessment (PDSAT) checks on all subcontract delivery
- The administration and processing of all subcontract provider electronic and hard copy documentation
- Controlling and administering the due diligence process prior to contract award
- Periodic updates of the due diligence process
- Drafting and issuing the initial contracts
- Issuing contractual variations as and when required
- Regular financial reports to inform invoicing

9.5 Our Service Level Agreement, clearly identifies the Services which will be provided by the Group and charges which apply to each of the Service Groupings.

9.6 Individual Service Level Agreements will identify the charges which will be apply based on the delivery of the full contract value and will identify the percentage that this charge reflects in relation to the overall value of the Agreement. To ensure that these costs remain in proportion with the actual delivery of services, the Group will retain the agreed percentage for the rate for the aim delivered.

9.7 Our services and fees are reviewed on an annual basis and are open to negotiation with each Subcontractor. The services provided by the Group aim to ensure that the services delivered by this Agreement are high quality learning and fully compliant with the requirements placed on the Group by the DfE Subcontracting Standard. The agreed value will be confirmed within the signed contract between both parties.

9.8 Where the Group subcontracts provision which is funded via a Grant rather than the formula funded route then Subcontractors may be invited to submit a proposal against a Prospectus outlining the types of activity that are sought and the funding rates for the different types of activity. No monies are retained from the Subcontractor in this instance.

## 10. Payments

10.1 Where the Group subcontracts provision which is funded via a formula funded route payments to Subcontractors are calculated using the relevant DfE funding rates. This is communicated to each partner via a tracking document to ensure transparency. The exception to this is where Apprentice employers are working with the Group to deliver agreed elements of an Apprenticeship Framework/Standard. In this situation the Group will ensure that the employers are compensated for their actual cost of delivery.

10.2 Where the Group subcontracts provision which is Grant funded then payments will be based on unique learners enrolled.

10.3 Payments to Subcontractors are subject to the management fee indicated in the contract.

10.4 The Group may retain a proportion of payments where this has been agreed contractually and is proportionate to risk, funding reconciliation, audit requirements or the need to verify evidence prior to payment.

10.5 The Group reserves the right to withhold funding where in our opinion we do not hold sufficient progression evidence to support any on programme payment.

10.6 The payment profiles for each Subcontractor will be agreed within the contract between the parties. Payment may, for example take place monthly, quarterly or following completion of a cohort of students.

10.7 For any payments to be made to the Subcontractor, the Subcontractor must conform to the terms and references within the contract and provide the required paperwork, data and information to enable the Group to make a successful claim via its Individual Learner Record (ILR) to the relevant funding agency.

10.8 Payment will be made within 30 days of receipt of a valid invoice agreed by both parties, subject to compliance with the contractual terms.

## 11. Contingency Plan

11.1 The Group recognises that the learners supported by its subcontractors are its responsibility. The Group will maintain a learner continuity plan for all significant subcontracting arrangements. Therefore, if for any reason, financial or otherwise, a Subcontractor is unable to continue delivery either temporarily or permanently; the Group will work with the Subcontractor to ensure the continuity of delivery for learners enrolled on Group programmes appropriate to the circumstances. Options may include, but are not limited to:

- Delivery at Group, or other appropriate premises
- Delivery using Group staff
- Transfer of delivery to an alternative Subcontractor

## 12. Reporting Subcontractor Arrangements

12.1 The Group will provide the DfE with a fully completed Subcontractor Declaration Form in line with the dates provided, this will be at least twice a year and if changes are made to subcontracting arrangements these will be frequently.

12.2 The Group will publish on its website the actual funding received, actual funding paid to each subcontractor and actual funding retained by the Group for each subcontracting arrangement in accordance with DfE requirements.

## 13. Contract

13.1 All Subcontractors are required to agree and sign an agreement between both parties prior to delivery of any provision.

13.2 In agreement with both parties, variations to the agreement may be issued during the contract period, arrangements for this are outlined in the agreement. The variation may relate to, for example:

- Changes in the management fee dependent on the level of support required.
- Changes to the volumes of learners and funding.
- Changes to the range and scope of provision delivered by the Subcontractor.

13.3 Subcontractors will be monitored against quality, achievement rates, attendance, retention, compliance, learner feedback, employer feedback and financial performance.

## 14. Dissemination

14.1 This document will be available as follows:

- ELLG Staff Hub
- ELLG website
- Accrington and Rossendale College website
- Lancashire Adult Learning website
- Nelson and Colne College website

14.2 Potential subcontractors can access this policy via the websites detailed above or be referred to it as part of the Due Diligence process.

14.3 The Policy is communicated to subcontractors through email, meetings and contract reviews and in advance of subcontracting discussions for subsequent years.

## 15. Disclaimer

15.1 The Group reserves the right to amend its subcontracting arrangements at any time in accordance with the terms and conditions contained in its subcontract agreements to ensure that the Group complies with the DfE's Funding and Performance Management Rules and Subcontractor Rules.

## 16. Monitoring and Review

16.1 The policy will be reviewed annually by the Group's Assistant Principal – Performance and Planning.

## 17. Management Responsibility

17.1 The Assistant Principal - Performance and Planning has management responsibility for this policy across the Group.