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|  **Name of Policy /Strategy:**  |  Subcontracting Policy  |
| **Written by:**  | Director of Curriculum & Quality |
| **Approved by:**  | Board of Directors  | **Date:**  | September 2026 |
|  **Implementation Date:**  |  September 2026   |
| **Review date\*:**  |  June 2026 or when the 2026/27 DfE funding rules have been released |
| This document will be reviewed annually or when there are operational or legislative changes that require a review.  |
|  **Associated policies, procedures & Strategies:**   |  Fees Policy DfE Funding Rules  |
|  **Amendments**  **(include date)**  |  **Changes made March 2025*** Removal of references to community learning
* Definitions for the activity for retained funding provided
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**Introduction**

Somerset Skills & Learning CIC (SS&L) is committed to providing high-quality education and training programmes that support an outstanding learner and employer experience. This commitment extends to any subcontracted delivery. Any subcontractors or partners are required to adhere to SS&L’s policies and procedures for the delivery of teaching, learning and assessment and engage positively in the process of continuous improvement and self-assessment.

The Board of Directors, including the CEO must be satisfied and confirm that all subcontracting to be undertaken meets SS&L’s strategic aims and objectives and enhances the quality of the offer to learners, and where entering into a subcontracting arrangement, the sub-contractor is deemed to be of high quality and low risk.

**Rationale for Subcontracting**

SS&L is committed to the delivery of a wide range of high-quality courses that meet the needs of individual, employers and local communities, in line with funders’ priorities and identified local skills gaps and needs. Where appropriate some provision will be delivered through high quality subcontractors and partners who have the experience and expertise to meet specific learner or employer needs. Any subcontracting arrangement entered into by SS&L is subject to a robust due diligence process and is approved according to SS&L’s Scheme of Delegation.SS&L only enters into subcontracting arrangements for direct delivery. SS&L does not permit second-level subcontracting, in accordance with DfE funding rules.

A written rationale outlining the educational or operational benefit of each subcontracting arrangement will be produced and retained, in accordance with DfE requirements. SS&L may deliver provision outside its primary geographic areas only where there is a clearly evidenced rationale aligned to learner need, employer demand, or sector-specific gaps. In such cases, SS&L will document the educational benefit, confirm alignment with funder priorities, and ensure sufficient oversight is maintained.

**The Scope**

SS&L is committed to growing and diversifying the range of provision on offer in order to ensure that potential learners have access to relevant and appropriate learning opportunities, whilst also ensuring that the most disadvantaged and excluded individuals/groups can be reached. SS&L recognises that to ensure the highest quality education and training is provided, it may be required to draw on the appropriate knowledge, skills and expertise through a sub-contracted arrangement.

SS&L therefore recognises the value of working with partners through subcontracting arrangements in order to achieve its strategy objectives. To do this, we aim to:

* identify and partner with organisations who share SS&L’s commitment to deliver high-quality education and training, as well as an outstanding learner experience;
* subcontract the delivery of learning activities only where partners are better placed to do so based on their specific knowledge, skills, expertise and reach;
* support achievement and progression in order for individuals to gain new skills and confidence relevant to their personal circumstances and local priorities;
* respond rapidly to local, regional and national initiatives.

**The Policy**

Subcontractors will be contracted only when the best interests of the learner and local employers are served through the use of partners. SS&L will only use subcontractors when it believes they have the appropriate knowledge, skills and experience within the organisation to successfully procure, contract with and manage these subcontractors.

SS&L has well developed and established procedures relating to the safeguarding of learners, which include ensuring that subcontracting/grant funding does not lead to the inadvertent funding of extremist organisations.

SS&L will therefore ensure that:

1. It is guided by the principles given in the Department for Education (DfE) Funding Rules and the Subcontracting Standards. In terms of status, SS&L will only subcontract to organisations that have a UKPRN number and are classed as a ‘legal entity’ in their own right. This will be evaluated in terms of risk and status as part of the due diligence process. Should SS&L have concerns about either aspect it will not allocate funds to a potential subcontractor.
2. The funding that is retained by SS&L will be related to the costs of the services provided by SS&L in managing subcontracted provision. These services, and the levels of funding being retained for them, will be clearly documented and agreed 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. They will be proportionate to the actual services being provided.
3. SS&L will submit subcontracting declarations to the DfE twice annually as required, regardless of whether subcontracting has taken place. Information about subcontractors, funding values, and rationale will be published on SS&L’s website in line with DfE expectations.
4. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the SS&L management team will engage their Non-Executive Directors to act as an independent body. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to the letter and spirit of contracts or partnerships. An implied term of good faith will mean that parties must avoid conduct that reasonable people would regard as commercially unacceptable and must not act to undermine the benefit of the agreed bargain.

All staff involved in the procurement and management of subcontractors are required to declare any potential or actual conflicts of interest. SS&L will ensure that such declarations are appropriately documented and mitigated in line with its governance procedures.

All subcontracting arrangements will be managed and reviewed in accordance with the DfE’s Subcontracting Standard, ensuring compliance with expectations on quality, oversight, and learner value. The standard retained fee is 20%, reflecting the core oversight and support services. SS&L will review and may increase the retained percentage in cases where additional activity is required, such as targeted quality improvement, intervention following audit findings, or increased contract management for high-risk provision. This will be agreed in advance with the subcontractor.

Performance management meetings will be held monthly as standard. Frequency may be adjusted based on subcontractor performance, level of provision, and risk profile.

**Quality Improvement**

SS&L encourages a relationship with its subcontractors that extends beyond the definitions of the contract to one which operates in a spirit of support, guidance, co-working, transparency and challenge, where necessary, in order to drive improvements and to ensure the best possible outcomes for learners.

All learners and employers who are provided with education and training under a subcontract arrangement remain the responsibility of SS&L.

Subcontracted activity is recognised as a fundamental part of SS&L’s provision. The quality of the provision will be monitored and managed through SS&L’s existing quality assurance processes and procedures in order to fully encompass all subcontracted activity.

All subcontractors will work with our experienced curriculum management and quality improvement staff to ensure that any delivery (teaching, learning and assessment) in our name meets our robust requirements for high-quality learning experience and learner achievement.

The policy positions subcontracted provision as a core part of SS&L’s activity to enable continuous improvements in the quality of teaching, learning and assessment for both SS&L and its subcontractors. This will be achieved through the sharing of effective practice across the supply chain, for example, through the self-assessment process.

SS&L will ensure all current and potential subcontractors have sight of this policy and any other relevant documents, specifically our formal subcontracting agreement and detailed, comprehensive due diligence process.

Subcontracted provision is subject to internal as well as external audit and performance monitoring, including Ofsted and relevant funding agencies. Co-operation with these processes are explicit within the contracting agreement.

SS&L will undertake an annual review of each subcontractor, applying a risk-based approach based on quality of provision, delivery capacity, and learner outcomes. At least one internal compliance audit will be conducted annually. However, SS&L will adopt a risk-based approach, increasing the frequency of audits and checks where subcontractors are new, have a history of underperformance, or deliver a significant proportion of overall funded activity.

**Fees and Charges**

SS&L will retain a portion of all funding claimed against the provision delivered by a subcontractor. All retained funding is directly associated with the tasks and resources pertaining to the effective management of subcontracted provision with a retained value set at 20%. Any need to increase the percentage of retained funding due to increase activity or intervention from SS&L will be agreed with the subcontractor. Any associated costs will be calculated by the anticipated time a resource required to ensure quality provision and is associated with the following activities.

* **Contract management**: performance management meetings facilitated by the training provider’s Contract Manager. This will include any preparation for these scheduled meetings, such as extracting and interrogating data; compiling quality assurance and compliance data; and compiling of customer feedback to support performance management process.
* **Administration**: all administrative functions associated with supporting the subcontract, including sending out and receiving contract management communications; setting up and taking minutes of meetings; data inputting.
* **ILR**: processing all data for ILR submission including error checks and communications between the training provider and subcontractor to ensure timely submission of accurate ILR data.
* **Quality Assurance**: QAR data monitoring and feeding into performance management process; observations of teaching, learning and assessment; listening to learners activity; obtaining employer feedback; self-assessment review (SAR) activity; quality improvement plan (QIP) activity and evidence sampling to feed into the contract management process.
* **Compliance checks**: at least one annual internal compliance audit to ensure all systems and processes, including associated evidence is captured and compliant with the DfE funding rules.
* **Teaching**: agreed input from the training provider to deliver learning which is of substance to the apprentices delivered to by the subcontractor.

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| **Activity** | **Description** | **Approx. % of Total Retained Fee** |
| **Contract management** | Monthly meetings, KPI review | 25% |
| **ILR & data** | ILR checks, PDSATs, queries | 25% |
| **Quality Assurance** | OTLA, SAR/QIP support | 20% |
| **Compliance Audit** | Annual internal review | 15% |
| **Administration** | Communications, documentation | 10% |
| **Teaching Input** | Direct delivery by SS&L | 5% |

SS&L may charge a fee to cover the cost of any activity that it might undertake on behalf of the subcontractor, for example:

* Awarding Organisation fees and charges;
* Hiring of facilities/equipment within/from SS&L;
* Internal verification.

All contracting is done on an annual basis and agreements will be recalculated and negotiated each year at contract renewal.

**Payment**

Following a successful application, a contract is awarded. The contract value will be spread across the contract year and will be paid on a monthly basis upon the successful submission and validation of the required paperwork.

The final payment is made at the end of the contract, pending verification of essential learner paperwork and confirmation that the learners are eligible under the DfE’s eligibility requirements and have achieved their key objectives.

**Communication**

This policy will be reviewed and updated annually. It will be published on SS&L’s website at the start of the contract year in which it will be applied. Potential subcontractors will be directed to it as the starting point in any relationship and current subcontractors are referred to the contents/changes of our policy annually.

**Publication of Information relating to Subcontracting**

In compliance with the DfE and other agency funding rules that apply, SS&L will publish its Subcontracting Policy on the SS&L website.