Subcontracting Policy 2026-27

Scope

This Policy applies to all supply chain activity supported with external funds supplied by the Department for Education (DfE) and other funding bodies, and is published in line with the current DfE Subcontracting guidance for post-16 provision in 2026-27 Subcontracting funding rules for post-16 education and training - GOV.UK. The current College strategy relating to sub-contracted provision is detailed within this Policy.

Context

In 2020, the ESFA undertook a consultation on subcontracting reforms, which was followed by the development of an externally assured Subcontracting Standard to replace the audit certification process which was previously required. The Subcontracting Standard (DfE subcontracting standard - GOV.UK) was developed to improve oversight and management of public funds and ensure that they are used to best effect and ultimately to maximise the value of those funds to benefit the learner. The new framework was fully implemented from 2023, updated most recently in 2026, and is designed to mitigate the risk of:

- inadequate (contract) management of subcontractors
- non-compliance with ESFA/DfE funding rules by subcontractors
- fraudulent and incorrect funding claims.

This policy has been developed in line with the Subcontracting Funding Rules and the Subcontracting Standard and is effective from 1 September 2026. The policy is published on the Grantham College website and is reviewed on an annual basis.

Overarching Principle

Grantham College is committed to being the direct provider of choice for all local employer engagement and work-related training. Grantham College has taken the decision at a strategic level to minimise subcontracting arrangements and aims to use its funding allocations to support local learners, employers and communities through direct delivery. Minimising levels of subcontracting also reduces the exposure to risk of poor performance by other organisations. Thus, Grantham College will, in the first instance, always consider and undertake direct delivery unless it is not possible or appropriate to do so.

However, the College recognises the benefits that effective subcontracting can bring in extending the range and accessibility of provision for learners and employers and will consider subcontracting in the following circumstances:

- Where our current stakeholders require additional provision that is beyond the existing scope or capacity of Grantham College.
- Where subcontracting will allow us to meet short-term needs of learners or employers without exposing the college to the risks and entry and exit costs of setting up new provision.
- Where subcontracting will allow us to capacity-build in new sectors or geographical areas and enhance the opportunities available for our students.
- To facilitate an ultimate aim of direct delivery or to meet significant funding shortfall.

- For niche provision which the college would not be able to adequately resource or for which the cost of developing direct delivery would be prohibitive.
- Where subcontracting will provide access to or engagement with a new range of customers.
- Where there is a recognised risk in direct provision, to fulfil existing delivery intentions.
- Where employers require support/provision in a wider geographical area;
- To support widening participation and entry to learning for disadvantaged groups which they would not otherwise have.
- Where expanding direct capacity over the medium/long-term might necessitate immediate delivery in the short-term. This might include working with subcontractors to explore and learn about new sectors prior to investment in resources.

Whilst the decision has been made to retain delivery in-house wherever possible and appropriate, should any of the above circumstances arise during the course of the year and it is deemed that engaging with subcontractors could help us to better meet the needs of our stakeholders or optimise the impact and effectiveness of service delivery to the end user, the College will ensure that:

a. Supply chain management activities comply with the principles of best practice in the skills sector. These are set out in the Subcontracting Standard document produced by the DfE in February 2026 (Subcontracting oversight arrangements for post-16 providers of education and training).

b. This framework is designed to ensure that there is a clear and consistent approach for the management of subcontractors by lead providers and that there are robust oversight, management and assurance review arrangements. The framework assists in mitigating the risk of: • inappropriate management of subcontractors • non-compliance with DfE funding rules by subcontractors • fraudulent and incorrect funding claims.

c. Fair and transparent procurement activities are undertaken, with robust due diligence procedures being conducted, including but not limited to, checks on safeguarding arrangements, health and safety, financial health and quality. This will facilitate compliance with the Common Accord at all levels and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learners' lives.

d. Where disputes between supply chain partners cannot be resolved through mutually agreed internal resolution procedures, the college will submit to independent outside arbitration or mediation and abide by its findings. Contract documents will require both parties to agree that the achievements of supply chains are attained through adherence to both 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.

Quality Assurance

The College reviews its contractors on an annual basis and undertakes robust due diligence and monitoring procedures. The quality of subcontracted provision will be monitored and managed through the existing College Quality Assurance processes and procedures. Subcontractors are also required to have their own robust internal policies to ensure compliance with Grantham College and funding body requirements.

As a minimum, the College will carry out the following Quality Assurance measures with subcontractors:

- Desk top checks and due diligence visit for all new providers.
- Annual due diligence review and risk assessment for existing providers.
- As part of controls, Senior Leadership Team (SLT) review the risk assessment of each existing and new provider prior to any new annual contracts being signed.
- Up to 3 quality assurance visits per year, of which at least 1 will be a short notice visit, and will include face to face interviews with learners and staff.
- 3 sample file checks – at least one will be a short notice sample.
- Checks to ensure learner eligibility and existence.
- Observations of advice & guidance, assessment and teaching and learning Practice.
- Spot checks.

Fees and payments

Grantham College will usually retain a management fee of between 15% and 30% of funding in 2026-27 as illustrated in the table below:

Risk rating	Provider Type	Management Fee	Monitoring Visits
Low Risk	Established provider with experience and track record of delivery in Apprenticeships/ESF funded programmes	15%	1
Medium Risk	Established provider experienced in the delivery of NVQs (or equivalent) with track record of success	17.5%	2
High Risk	New provider, with no track record	20–30%	3

The actual management fee is calculated based on the level of resource required:

- To effectively identify and select the individual subcontractor and manage the ongoing relationship and sub-contracted provision.
- To ensure funding returns and requirements are met.
- To ensure that the high quality of delivery to learners is maintained and any risk to the College and DfE is mitigated.

Target learner numbers, previous experience, success rates and the level of risk determined by the due diligence process will also be taken into consideration when determining the management fee.

The College reserves the right to increase the management fee to 30% where significant underperformance and/or intervention is required in the management of subcontractors.

Payments are made on invoice submitted by the sub-contractor at the end of each ILR return. Grantham College pays within 30 days of the invoice being received. Payment is never authorised without a full ESFA approved contract being in place. All claims for payment are made after sufficient audit evidence of activity has been provided. This includes one or more site visits by the Quality department.

Funding paid 2025-26
During the 2025-26 academic year, no subcontracting arrangements were made by Grantham College.

Quality Assurance Version Control			
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