

## Subcontracting policy 2026/2027

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### 1 Introduction

This policy sets out how Step into Learning manages subcontracted provision during the 2026–2027 academic year in compliance with the statutory and regulatory frameworks governing publicly funded education and training.

These include, but are not limited to:

#### Department for Education Funding and Subcontracting Requirements

- DfE Funding Rules for Post-16 Education and Training
- DfE Subcontracting Standard
- DfE 16–19 Funding Guidance
- DfE Funding Assurance requirements
- DfE Funding Rates and Formula Guidance

#### Quality and Regulatory Frameworks

- Ofsted Education Inspection Framework

#### Safeguarding Legislation and Statutory Guidance

- Keeping Children Safe in Education (KCSIE)



- Working Together to Safeguard Children
- Children Act 1989
- Children Act 2004
- Education Act 2002 (Sections 175 and 157)
- Safeguarding Vulnerable Groups Act 2006

### **Special Educational Needs and Disability Legislation**

- Children and Families Act 2014
- Special Educational Needs and Disability (SEND) Code of Practice (2015)

### **Equality and Inclusion Legislation**

- Equality Act 2010

This policy is reviewed annually, approved by the Board of Trustees and published on the Step into Learning website before any subcontracted delivery commences each academic year. Any significant amendments required during the year will also be published promptly.

Step into Learning is primarily a direct delivery provider. Subcontracting is used only where there is a clear and evidenced educational benefit to learners.

Subcontracting is not used to generate financial gain or meet short-term funding objectives. Step into Learning recognises the Department for Education's expectation that providers reduce reliance on subcontracting over time and strengthen direct delivery models.

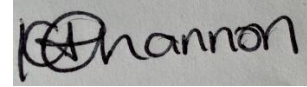
Step into Learning will actively reduce subcontracted provision year-on-year in line with its strategic roadmap, transitioning towards a predominantly direct delivery model. Progress against this will be reviewed annually by the Board of Trustees.

All subcontractors delivering provision on behalf of Step into Learning must comply with the statutory duties and regulatory requirements outlined above and must operate safeguarding, learner protection and SEND support arrangements that meet the same standards expected of the prime provider.

Subcontracting activity is governed by this policy and supported by operational procedures including:

- Contract Management Plan
- Subcontracting Procedures
- Due Diligence and High-Risk Assessment Processes
- Contracts

These procedures ensure subcontracted provision is subject to robust oversight, risk management, financial monitoring and quality assurance.



Colin Wadsworth

Kelly Channon

Chair of trustees

Executive Director

Responsible Chief Financial Officer.

## 2 Strategic Purpose of Subcontracting

Subcontracting arrangements will only be entered into where they are demonstrably:

- Enhance opportunities available to learners
- Provide specialist or niche provision not deliverable directly
- Improve geographical access for learners
- Support disadvantaged learners
- Support learners with protected characteristics
- Align with Local Skills Improvement Plan priorities
- Represent clear value for money in the use of public funds

Direct delivery remains the organisation's core delivery model. Subcontracting volumes will be reviewed annually to ensure alignment with DfE expectations, funding allocations and organisational strategy. Value for money will be assessed with reference to learner outcomes, retention, progression and the effective use of public funding.

This will include comparison with the cost of direct delivery, benchmarking against sector norms, and review of management fees to ensure they remain proportionate to the services delivered.

## 3 Scope

This policy applies to all subcontracted provision delivered through Department for Education funded programmes including:

- 16–19 Study Programmes
- High Needs provision (Elements 1, 2 and 3)
- SEND learners



Second-level subcontracting is not permitted unless explicitly approved in writing and compliant with DfE funding rules.

All subcontracting activity remains subject to final DfE funding allocation and affordability.

Approval of subcontracting arrangements does not guarantee continuation of delivery volumes year-on-year.

All subcontracted provision must form part of a coherent study programme, including substantial qualifications, English and maths (where required), and appropriate work preparation elements.

Subcontractors must deliver provision as part of a full and coherent study programme and must not deliver isolated elements of provision that do not contribute to the overall programme intent, planned hours, and learner progression.

## **4 Funding Formula and Allocation**

Funding for subcontracted provision is derived from the DfE 16–19 funding formula, including:

- Lagged student numbers
- Retention factors
- Disadvantage funding (Block 1 and Block 2)
- Programme cost weightings

Subcontracted delivery must align with Step into Learning's allocated funding and student number profile. Delivery must not exceed funded volumes without prior approval.

Step into Learning reserves the right to adjust subcontracted delivery volumes where future funding risks are identified through lagged funding methodology.

## **5 Governance and Accountability**

The Board of Trustees provides strategic oversight of subcontracting arrangements.

The Board will:

- Approve this policy annually
- Review subcontractor performance termly
- Review subcontractor risk ratings termly
- Receive an annual subcontracting impact and value-for-money report
- Approve any required DfE approvals or exemptions



Step into Learning retains full accountability for the quality of education, funding compliance and safeguarding of learners delivered through subcontracted provision.

The **Executive Director** holds overall responsibility for subcontracting compliance and contract oversight.

Supporting oversight roles include:

#### **Business Services & Compliance Manager**

- MIS and ILR compliance
- Financial monitoring
- Data reconciliation

#### **SEND Inclusion & Educational Delivery Manager**

- Curriculum oversight
- SEND provision monitoring

#### **Quality Assurance & Improvement Lead**

- Quality monitoring
- improvement planning
- compliance oversight

Subcontractor risk ratings (Low / Medium / High) are reviewed termly.

#### **Supply Chain Line**

The Board of Trustees provides strategic oversight of subcontracting arrangements.

Step into Learning will monitor its subcontracting supply chain to ensure there is no over-reliance on a single subcontractor and that provision remains diverse, stable, and aligned to learner need.

Step into Learning maintains an up-to-date subcontracting register identifying each subcontractor, curriculum delivered, geographical delivery location, contract value, risk rating and contract status. This register supports Board oversight and ongoing monitoring.

## **6 Conflict of Interest Management**

All trustees, senior leaders and staff involved in subcontracting activity must complete annual declarations of interests.

Any actual or perceived conflicts relating to subcontracting arrangements must be declared and recorded in the Conflict-of-Interest Register.



Where conflicts are identified, appropriate mitigation measures including removal from decision-making will be implemented.

## **7 DfE Approval and Threshold Compliance**

Step into Learning will:

- Monitor subcontracting levels against DfE thresholds
- Seek written approval from DfE where required
- Retain evidence of approvals
- Submit required subcontracting declarations

Where subcontracting arrangements fall within DfE exemption categories, including:

- subcontracting above permitted thresholds
- whole programme subcontracting
- distance subcontracting arrangements

Step into Learning will submit the required exemption applications to the Department for Education and comply with associated conditions. Step into Learning will submit all subcontracting declarations, including nil returns where required, within Department for Education published timescales and retain evidence of submission.

## **8 Learner Eligibility and Funding Compliance**

Subcontracted provision must comply with:

- DfE learner eligibility rules
- planned hours requirements
- retention and attendance evidence
- maths and English condition of funding
- accurate ILR submission requirements

Subcontractors must maintain auditable evidence supporting all funding claims.

Internal validation checks are completed prior to ILR submission.

Planned hours must be realistic, deliverable, and evidenced through registers, timetables and learning plans. Inflated or non-delivered hours will be treated as a funding irregularity.

Subcontractors must actively monitor learner retention. Early withdrawals may result in reduced funding and will form part of subcontractor performance management.



Where disadvantage funding applies, subcontractors must evidence how funding is used to support learner participation, engagement and achievement.

Learners enrolled on subcontracted provision will be clearly informed that Step into Learning is their main education provider.

Learners will be provided with information on how to contact the prime provider regarding:

- safeguarding concerns
- complaints
- academic appeals
- learner support

This will be evidenced through enrolment documentation, induction processes, and learner-facing materials.

## 9 English and Maths Requirements

Subcontractors are responsible for ensuring compliance with the English and maths condition of funding, including:

- Accurate initial assessment
- Enrolment onto appropriate provision
- Monitoring attendance and progress
- Supporting learners to achieve required outcomes

## 10 Procurement and Due Diligence

Procurement activity will be undertaken in a fair, transparent and proportionate manner, reflecting the principles of the Procurement Act 2023 where applicable. Selection decisions will be based on educational need, quality, financial stability, learner benefit and value for money. Prior to entering into any subcontracting arrangement, Step into Learning undertakes comprehensive due diligence to ensure subcontractors are financially stable, compliant and capable of delivering high-quality provision.

Due diligence includes:

### Financial Review

- Review of statutory accounts or management accounts
- Assessment of financial sustainability
- Credit reference agency checks where appropriate
- Companies House or Charity Commission verification



- Confirmation of organisational financial capacity

### **Compliance and Safeguarding Review**

- Safeguarding policy review
- Designated Safeguarding Lead verification
- DBS compliance checks
- Prevent Duty compliance
- Insurance verification

### **Governance and Organisational Review**

- Ownership and organisational structure
- Directors and Persons of Significant Control
- UKPRN verification

### **Quality and Delivery Capacity Review**

- Staffing structure and qualifications
- Professional development arrangements
- Prior delivery performance
- Self-Assessment Report and improvement plans

### **Data and Systems Review**

- ILR capability
- Evidence retention processes
- Data protection compliance

High-risk subcontractors undergo enhanced due diligence aligned with the DfE Funding Higher Risk Organisations Policy.

Subcontractors must ensure compliance with current DfE funding guidance for each academic year. Detailed operational requirements are set out in Step into Learning's Young People Funding Guidance.

## **11 Contract Approval**

Subcontract agreements include clauses covering:

- audit access rights
- safeguarding responsibilities



- data protection requirements
- compliance with funding rules
- termination provisions

Trustee oversight of subcontracting arrangements is formally recorded.

## **12 Contract Management Framework**

Each subcontractor is subject to a documented Contract Management Plan including:

- monthly ILR and data review
- attendance monitoring
- maths and English compliance checks
- safeguarding monitoring
- financial reconciliation
- learner voice review
- destination tracking
- risk review

Monitoring intensity reflects the subcontractor's risk rating. Monitoring will include review of delivery against contracted volumes, alignment with funding constraints, retention performance and its impact on funding.

Delivery will be reviewed against planned hours, actual attendance and funding assumptions.

## **13 Quality Assurance and Professional Learning**

### **Quality oversight includes:**

- observation of teaching and learning
- curriculum compliance monitoring
- safeguarding compliance checks
- learner feedback monitoring
- professional learning support
- improvement planning

Curriculum delivery will be reviewed to ensure alignment with study programme requirements and funding eligibility criteria.

Subcontractors must report safeguarding concerns immediately to Step into Learning.



Step into Learning will actively support subcontractor improvement through professional dialogue, sharing of good practice, CPD opportunities, quality improvement activities and targeted support where required. Development activity will be proportionate to risk and performance.

**Persistent underperformance may result in:**

- enhanced monitoring/Notice to Improve
- suspension of recruitment
- contract termination

**14 Financial Monitoring and Management Charges**

Step into Learning applies a management charge of 20% to Element 1 funding.

Funding received is subject to DfE lagged funding methodology, and subcontractor payments are dependent on actual funding earned through delivery, retention and compliance.

Over-delivery must not be assumed to be funded and requires prior written agreement.

No management charge is applied to Element 3 funding.

Where administrative support is required for SEND learners, a management charge of up to 5% may be applied to Element 2 funding to cover EHCP administration and Local Authority liaison.

Management charges represent the actual costs incurred in managing subcontracted provision including compliance oversight, safeguarding monitoring, contract management and quality assurance.

Charges are reviewed annually to ensure they remain reasonable, proportionate and transparent. Funding received by Step into Learning is subject to DfE allocation, affordability and data validation, and subcontractor payments are dependent on this funding being received.

Over-delivery is not guaranteed to be funded and must not be assumed without prior agreement.

**Management Charge Breakdown – Element 1 Funding**

<b>Function</b>	<b>% of Management Charge</b>
MIS and ILR Management	39%
Quality Assurance and Teaching Oversight	39%
Contract Monitoring and Performance Management	8%

<b>Function</b>	<b>% of Management Charge</b>
Compliance and Risk Monitoring	5%
Professional Development and Provider Support	5%
Reporting and Data Analysis	4%
<b>Total: 100% of the 20% management charge</b>	

### **Payment Conditions**

Payments to subcontractors are subject to:

- verified learner activity
- accurate ILR submissions
- attendance verification
- compliance with funding rules

Payments may be delayed or withheld where compliance concerns arise.

### **15 High Needs Provision**

For High Needs learners:

- EHCP documentation must be current
- attendance must be monitored
- Local Authority liaison must be maintained
- support delivery must be auditable

Management charges apply only to Element 1 funding.

### **16 Risk Management and Learner Protection**

A subcontractor risk register is maintained covering:

- financial risk
- safeguarding risk
- data risk
- performance risk
- reputational risk

Risk assessment will include funding risks arising from retention, attendance and delivery against planned hours.



Any suspected fraud, irregularity or breach of funding rules will be investigated and reported to the Department for Education in accordance with DfE reporting requirements.

If a subcontractor fails, a learner protection plan will be implemented.

## **17 External Assurance of the Subcontracting Standard**

Where the total value of subcontracted provision delivered by Step into Learning exceeds £100,000 in an academic year, the organisation will obtain an independent external assurance review against the DfE Subcontracting Standard.

Step into Learning will comply fully with the DfE Subcontracting Standard and any associated assurance requirements, including submission of annual declarations where applicable.

## **18 Transparency**

This policy is published on the organisation's website.

Step into Learning will publish annually:

- total subcontracted funding value
- management charge structure
- rationale for subcontracting
- governance arrangements
- conflict-of-interest controls

The policy will be published no later than 31 October each year.

## **19 Review**

This policy:

- is reviewed annually
- is updated in line in line with DfE funding rules, subcontracting standards and guidance for each academic year.
- is approved by the Board of Trustees
- is implemented by Senior Leadership

## **20 Subcontractor Declaration**

All subcontractors delivering provision on behalf of Step into Learning must confirm that they have read, understood and agree to comply with the requirements set out in this Subcontracting Policy.

By signing this declaration, the subcontractor confirms that they will:



- comply with all Department for Education funding rules and guidance
- adhere to safeguarding, SEND and equality legislation
- cooperate fully with monitoring, audit, quality assurance and funding assurance processes
- provide accurate and timely learner data, registers and documentation
- maintain appropriate safeguarding, health and safety and learner support arrangements
- cooperate with due diligence and financial checks, including the provision of financial information where required
- notify Step into Learning immediately of any safeguarding concerns, irregularities, financial risks or organisational changes that may affect the delivery of subcontracted provision
- ensure that learners understand that Step into Learning is the prime education provider responsible for their programme

Subcontractors acknowledge that Step into Learning remains the prime provider responsible for the quality of education, safeguarding of learners, and compliance with DfE funding rules.

Failure to comply with this policy may result in:

- enhanced monitoring
- suspension of recruitment
- termination of the subcontract agreement
- reporting to the Department for Education where required.

### **Declaration**

I confirm that I have read and understood the **Step into Learning Subcontracting Policy** and agree to comply with its requirements.

Policy Version: V3.0 (2026–2027)

Organisation Name:

Name of Responsible Officer:



Job Title:

Signature:

Date: