



SUBCONTRACTING POLICY

2025-2026

Audience:	X-College
Requirement:	Essential
Policy Owner:	Executive Director Business & Civic Partnerships
Review Delegation:	Corporation
Review Cycle:	Annual
Last Review:	October 2025
Due for Review:	October 2026

South Hampshire College Group (SHCG) SUB-CONTRACTING POLICY 2025/26

Scope

The policy applies to all sub-contracted activity funded through the group's Department for Education (DfE) 16-19 Study Programme, Adult Skills Fund allocations, and the completion of our apprenticeship subcontracted provision.

The Sub-contracting Policy is a mandatory requirement that must be in place prior to participating in any sub-contracting activity and the content of this policy has been developed in line with the AoC/AELP Common Accord and the DfE Funding rules/Financial Memorandum recommendations. SHCG has also sought external legal support and guidance to ensure compliance with current legislation and engage in training for incoming legislation. SHCG acknowledges the support of all external stakeholders in the development of the policy.

The Policy

SHCG will only use sub-contractors when it can optimise the quality, impact and effectiveness of service delivery to the end user and where there is a rationale aligned to SHCG's strategy. Therefore, SHCG will ensure that:

- a) All sub-contracted delivery complies with the DfE published sub-contractor rules, is consistent with the DfE subcontracting standard, performance management and quality assurance standards.
- b) SHCG will at all times undertake fair and transparent procurement activities, conducting robust due diligence procedures on potential sub-contractors to ensure compliance is in line with 'Subcontracting assurance arrangements for all post-16 providers' guidance (updated 4th June 2025) and the underlying principles of the Procurement Act 2023 (effective 28th October 2024). This ensures that the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learner's lives.
- c) Sub-contractors must be able to demonstrate the ability to deliver high-quality training and education in line with SHCG strategy, local and national skill needs and a strong financial standing.

Rationale for sub-contracting

The group's ambitions set out the priority specialisms and the mission, vision, and values. SHCG will only sub-contract provision that is wholly aligned to our curriculum specialisms and local and national skill needs. The provision that is niche, and that will be delivered in Hampshire and the Isle of Wight is prioritised. However, the Group recognises that the priority specialisms include digital skills, blended and fully online learning that may be delivered in neighbouring non-devolved counties where the learner's postcode is close to the county border. We will only subcontract provision that complements rather than duplicates our own face-to-face or online provision within Hampshire and the Isle of Wight.

SHCG sets high standards and has an expectation of excellence. While SHCG will consider sub-contracts with training providers with no standing Ofsted grade, those with a current grade of 'good' or 'outstanding' will score more highly in our procurement. SHCG will not contract with any training provider whose current grade is 'inadequate', or who most recent monitoring visit reports include one or more 'insufficient progress' judgements. Through the direct inspection process sub-contractors will have carefully considered how their intent meets specific employer, and learner needs and have robust quality and improvement measures in place.

SHCG will continue to decrease the reliance on the utilisation of its funding through sub-contractors in 2025/2026. Sub-contractor utilisation will continue to be contracted on a limited basis, where delivery is aligned to the group's strategy and specific employer, and learner needs. Any subcontracted activity will be consistent with national, regional and local skills needs.

Through effective management of sub-contractors, SHCG can demonstrate that this contracted provision aims to achieve the following aims:

- Enhances the opportunities available for students
- Fills gaps in niche or expert provision or provides better access to training facilities
- Supports better geographical access for students
- Offers an entry point to college or further training, apprenticeships or employment for disadvantaged groups; or gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps

Due Diligence and Tendering

Applicants who successfully complete the procurement process must pass thorough due diligence checks that emphasises a need to demonstrate strong quality and financial performance. This process is reviewed by the Executive and Senior Leadership Teams and Governors prior to contract award and applicants can be rejected at any stage of this process. The tendering and due diligence of subcontractors also includes their commitment towards achieving EDI and Sustainability objectives, as well as their contribution to skills and economic growth.

SHCG approves an organisation to work with us as a sub-contractor for a period of one year. SHCG also commits to fund continuing subcontracted learners who have not completed their learning by 31st July of the previous academic year, through to completion by way of a carry-in contract for the following year. To be awarded a contract for new enrolments, providers must submit a new tender yearly through the College procurement process. Exceptions to this requirement may include highly niche provision that can be disaggregated from the procurement process under procurement law. Any such contracts will also be required to complete the full due diligence process each year. No contract will be issued to a subcontractor until it has satisfactorily met our due diligence requirements and been approved by the Executive and Senior Learnership Teams and Governors prior to contract award.

For those sub-contractors who are awarded a contract for enrolment activity in a new academic year this activity may only begin once the prior year is completed, outcomes confirmed, and only after the sub- contractor confirms that all payments and obligations due and required under the prior year contract(s) have been met by the SHCG. Should prior year outcomes be below the KPI contractually stated and quality of provision is rated as requires improvement via the Colleges quality assurance process, then the contract for new enrolment activity could be withdrawn and re-procured.

Quality assurance

All sub-contracted activity is part of the group's overall provision and is quality assured in the same manner as the delivery that takes place at the College's or is delivered by SHCG employees in the workplace.

The quality of the provision will be monitored and managed through the existing SHCG quality processes and procedures. All sub-contractors are required, at year end, to present an Annual Report and Organisation Development Plan for review by the Principal Assistant – Quality and Student Experience / Director of Adult, Online and Commercial.

This Policy seeks to enable continuous improvements in the quality of teaching, learning and assessment for both the SHCG and its sub-contractors and ultimately benefit our learners and employer partners. This will be achieved through audit, observation of teaching and learning, monthly performance management meetings, 6-weekly safeguarding meetings and attendance at annual Quality Review Meetings (QRM).

Overview of typical College Quality Assurance:

- Undertakes observations on all aspects of teaching and learning including information, advice and guidance, progress reviews and assessment.
- Provides timely and meaningful feedback to both sub-contractor and delivery staff and observations are incorporated into the group's moderation and standardisation process, in order that improvement actions impact both internal and sub-contractor quality.
- Carries out learner voice surveys to gather feedback from learners and employers. Attendance at subcontractor organised learner voice meetings
- Supports sub-contractors to implement effective policies and procedures relating to teaching and learning including assessment and verification policies and procedures.
- Ensures that sub-contractors have appropriate policies and procedures in place to fulfil SHCG safeguarding obligations, equality and diversity and duties under PREVENT.
- Regular learner journey assurance audits and subsequent improvement actions
- Supports sub-contractors to develop an effective Annual Report and Development Plan in preparation for validation panels in the Autumn term.

Publication of information relating to sub-contracting

SHCG will publish its Sub-contracting Policy and actual end-of-year 'Sub-contracting fees and charges' on its website in line with subcontracting requirements.

The Fees 2025/2026

The standard fees and charges set by SHCG for new funded delivery in 2025/2026 is 20%. This figure represents the total cost that the College incurs in effectively identifying, selecting and managing all sub-contracted provision. This figure also includes the minimum amount of quality management that the SHCG would attach to the lowest possible risk sub-contractor. Our intent is to only collaborate with the best training providers who share our commitment to excellence, and whose curriculum is aligned to our specialisms and regional demands.

The fees and charges applied by SHCG shall be agreed in the contract between the parties and include a standard fee in support of the delivery of the agreed minimum level of service by SHCG. SHCG will retain the option to increase the standard management fee in proportion to the nature, content, risk and distribution of the sub-contracted delivery, which shall be determined by SHCG.

2025/2026 contracts have a clause that permits SHCG to increase the level of funding retained should costs increase due to sub-contractor underperformance. This fee increase will be a result of sub-contractor underperformance which will result in a formal notice to improve (NTI) being issued. An NTI will trigger intervention by SHCG, which will increase the expected costs of managing the contract.

All contracting for 'new starts' is done on an annual basis with agreements negotiated annually. Contracts for 'carried in' learners will be recalculated annually based on the projected funded value of each learner for whom the subcontractor is providing training.

Annex A - provides detail of the actual DfE funding paid and retained for each of SHCG sub-contractors in the funding years 2023/2024 and 2024/2025

Annex B – Costs Associated with Fees and Charges