

Subcontracting Funding, Retention & Charges Policy 2026-2027

Policy Title: Subcontractor Funding Retention & Charges Policy	Staff Member Responsible: Director of Planning & Information
Version: Final	Review Date: June 2027

1. Introduction

- 1.1 The South Thames Colleges Group (STCG) is committed to work in a way, which responds to the interests and demands of the local communities it serves. This may include working in partnership with subcontractors other organisations where it can be demonstrated that this would deliver extra value to learners and employers.
- 1.2 Please see appendix, A which contains the Sub-contracting Strategy for South Thames Colleges Group and Appendix B which contains a list of the sub-contracting partners approved in June 2022 by the Governing Body.
- 1.3 The 2026 strategy continues to reflect the Groups decision in budgeting terms to remove sub-contracting from its ASF delivery plan. However, the Group is in position to subcontract part of our ASF allocation in line with Mayoral priorities if required.

2. Our subcontracting strategy

Three major factors were considered when developing our subcontracting strategy for the future:

- 2.1 The requirement to comply with regulations governing public procurement and delivery models.
- 2.2 Meeting Local needs through partnering with organisations with specialist local knowledge.
- 2.3 Reaching students who may not otherwise access learning or where the Group needs to develop its own provision to meet a specialist curriculum demand.

In addition to above, this strategy recognises that:

- 2.4 The Group will only subcontract where there is no evident 'conflict of interest'.
- 2.5 The level of subcontracting will be decided on an annual basis according to the needs of the Group.

Our full strategy can be found in Appendix A.

3. Partner Selection

- 3.1 South Thames Colleges Group will comply with any obligations it has as a public body in the selection and procurement of sub-contracted services. It will, and has followed, an open and transparent process in the selection and assessment of sub-contractors.
- 3.2 The Group refreshed its Framework of Approved Subcontractors in June 2022, with outcomes published in Autumn 2022, which were fully compliant with its obligations under the Public Procurement Regulations 2015. This process successfully attracted interest and applicants to join STCG's new Framework to deliver education services.

3.3 Appendix B provides details of those organisations successfully appointed to the Framework in 2022.

3.4 If the value of contract requires the College will as part of the selection process, ensure a “mini competition” will be undertaken and is available only to those organisations on the Framework Agreement. This process awards sub-contracting contracts for adult funded programmes.

3.5 Annual contracts are subject to assessment and selection via the mini competition process, which includes a due diligence process and the supply of all the relevant information requested to enable the assessment to whether the sub-contractor meets the various standards and conditions it requires.

3.6 The final part of the mini competition process included a review of their Single Central Register, and where appropriate a review of the provider’s safeguarding systems and procedures.

3.7 The Group Principal (as the senior accounting officer) and the Governing Body must authorise the appointment of all subcontractors to the Framework Agreement. This approval will be considered based upon recommendations arising from the Group’s subcontracting procurement and due diligence process.

4. Delivery requirements, contract compliance and quality monitoring

4.1 The Group is responsible for the actions of its delivery subcontractors connected to, or arising out of, the delivery of the services, it subcontracts.

4.2 The Group is committed to continual improvement in teaching and learning, both in its own direct provision and in its sub-contracted provision. A range of approaches is employed to do this, such as lesson observations, learning walks and self-assessment. The sub-contractor will be required to comply with the functions and activities in the Group’s Subcontractor Quality Improvement Handbook.

4.3 The Subcontractor Quality Improvement Handbook is updated regularly and sets out the detailed requirements of the subcontractor and the processes and procedures that they must comply with.

4.4 Subcontractors must achieve a minimum of 87 % achievement rates for ASF and 75% for apprenticeships.

5. Contingency Plan

The Group will undertake all reasonable steps to ensure the successful continuation of its subcontracted arrangements.

To mitigate risk, the Group will ensure that:

- robust due diligence is undertaken to ensure the risk of failure is low at the point of contracting.
- approval is sought from the Greater London Authority (GLA) or Department for Education (DfE) for all new subcontractors.
- monitoring arrangements are in place to ensure any risk of failure is mitigated throughout the duration of the contract.
- analysis of subcontractor performance, including an assessment of the subcontractor’s quality, outcomes and financial health, is undertaken at least annually (or more frequently as required).

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In the unlikely event that a subcontractor is unable to deliver, the Group will either pick up delivery through its own Colleges or facilitate a transfer to another provider.

6. Fees

6.1 Standard Fee - This fee is applied to all subcontracted contracts and is the proportion of funding retained by the Group to cover its costs associated with sub-contracted provision. The fee includes costs associated with:

- Management and Administration.
- Quality assurance and monitoring.
- Data collection, recording and the submission of funding claims
- Due Diligence, support, guidance and checking.
- Training and Development – including access to College CPD activities.

6.2 The size of the standard fee is determined by the contract value of the sub-contracted provision. We will operate a tapered management fee structure payable for all delivery regardless of the specific funding stream. The fee structure is built around the levels of support required and will be based on the size of the sub contracted sum. The standard management fee charged for ASF subcontracted provision will be 20% of the subcontracted value. Additional fees may be charged for:

- Accommodation costs if delivery is on College site(s).
- Registering learners with awarding bodies and the cost of examination fees.
- Increased Quality Assurance Audits if provision is new or is underperforming.
- Additional support necessitated due to subcontractor's poor performance (in relation to delivery of provision, poor success rates or administration processes linked to provision).
- STCG delivers parts of the provision e.g. substantial elements of the Apprenticeship.

6.3 All fees will be agreed with subcontractors prior to the issuing of contracts and will be reviewed prior to annual re-contracting.

7. Payment

7.1 All subcontractors will be subject to a monthly retention figure, which would normally be 10% of earnings to enable compliance checks to be undertaken prior to finalisation of the ILR return. This retention will be released in November, following the July academic year final ILR submission of Period 15.

7.2 Upon receipt of satisfactory evidence, STCG will make payments in two tranches. This payment will be made by BACS transfer. However, if any supporting evidence is queried by the STCG then payment will be withheld until these queries are resolved, and payment will then be made at the earliest possible opportunity.

7.3 There may be clawback for under delivery or other reasons.

7.4 STCG's sub-contracting payment procedure can be found in Annex D of this policy.

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8. Monitoring and review

- 8.1 The Group will review this policy annually. This review will take place in June of each year, and any policy revisions will be approved by the Governing Body and once approved will be published prior on the Groups website prior to the commencement of the next academic year.
- 8.2 Any changes to the policy will be communicated to existing subcontractors at contract management meetings. Furthermore, the Group will distribute a copy of this policy to all potential new subcontractors and discuss it with them as part of the Group's pre- contracting process.
- 8.3 An up-to-date copy of this policy will be posted on the College's website. Paper copies of the policy will be made available on request.

Signed by the Accounting Officer

Name: Peter Mayhew-Smith



Date: 07.07.26

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Appendix A

Subcontracting Strategy for South Thames Colleges Group 2026-2027

1. Overview of Subcontracting and partnership activity

The Group's subcontracting provision is a route to engage with learners who we would not traditionally attract, through strategic partnerships using its Greater London Authority (GLA) for Adult Skills Fund (ASF) and Department for Education (DfE) for Apprenticeships funding.

This strategy is reviewed on a yearly basis and approved by the Corporation. The Subcontracting Strategy for 2026/27 has been mapped to the policy and requirements set by the GLA and DfE as appropriate and their funding allocations and rules. It includes the following three areas:

- ASF yearly funding allocations (inner London and outer London) and that the percentage sub-contracting is of the allocation must be below 25%
- The requirement to comply with current regulations governing public procurement and the College's financial regulations
- The requirement from the Government for all colleges to review their current subcontracting activities to ensure that they are purposeful, appropriate and provide added value to learners.

This strategy recognises there may be community-based or other organisations with specialist local/regional/national knowledge that the Group may wish to partner with to

- reach specific cohorts of students who may not otherwise access learning and with whom the Group may seek to develop its provision
- meet a local/regional/national or specialist curriculum demand.

The Group's subcontracting activity has been reviewed and the following parameters agreed:

- Continue to be fully re-procured on a yearly basis during which it is tested against the Group's strategic expectations in terms of quality, financial viability, student safeguarding, curriculum relevance and demand.
- ASF subcontracted provision will be focused on priorities, based around the Mayor's sectoral and social priorities, as set out in the 'Skills for Londoners' strategy'
- For Apprenticeship provision, the Group will continue with its St George's NHS Trusts Apprenticeship subcontracting delivery to completion of existing apprentices, which supports a national skills and jobs shortage around trained Mammographers.

- All ASF partners will only be drawn from the STCG Subcontracting framework established in 2022.
- The Group will work with subcontractors that can bring enhanced or specialist employer engagement, expertise, facilities or resources the Group does not have but that will support the Group to engage with employers and meet their training needs.
- The Subcontracting Strategy will be agreed by Governors annually and published within its Funding Retention & Charges Policy on the college website.
- The engagement of all subcontracted provision will comply with Government guidelines as they are published within the GLA and / or DfE Funding Rules 2026/27 and accompanying documents.

2. STCG's model of delivery

The Group's model for delivery will demonstrate in all cases:

- the strategic value of the partnership with the subcontractor(s) and employer(s)
- the delivery of high-quality provision
- that the provision safeguards students or apprentices effectively
- that the programme provides value for money
- that the partnership realises the skills and training requirements of employers whether on a local, or when appropriate a national level.

3. Subcontracting geographical delivery arrangements

3.1 Greater London Authority Area (GLA)

Subcontracting will be focused inside the GLA geographical area, depend on strategic fit, employer demand and funding availability. It will be consistent with the aims of the Mayor of London's 'Skills for Londoners' strategy and Adult Skills Recovery Plan.

3.2 National Focus

STCG will consider subcontracting at a national level with a partner who operates within the Group's sub-region but also has centres across the country (or partner organisations e.g. NHS), but not in devolved areas.

This will be in order to meet the specific requirements of a national employer both regionally and nationally where appropriate.

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4. The procurement of subcontracting partners

The Group has a subcontractor Framework for its ASF funded provision in compliance with the Public Procurement regulations, Appointment of sub-contractors will also comply with STCG Financial Regulations.

The types of provision that STCG will subcontract will depend on DfE and GLA rules and local/regional/national requirements to ensure public funds are properly and effectively spent and maximises the benefit for learners.

ASF Framework Subcontractors are invited yearly to bid for ASF funding by a Mini Tender process, which includes an annual due diligence process.

All subcontractors both new and existing are required to implement the Subcontractors Quality Assurance & Improvement Handbook documents prior to contract commencement.

The funding streams that could be subcontracted out would be through the following:

- **Adult Skills Fund (ASF)** – through the GLA
- **Apprenticeship Funding** – levy or non-levy through the DfE
- **Other bids or opportunities** - requiring a partnership model

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Appendix B

South Thames Colleges Group's

List of Approved Framework Providers from 2022

Name of organisation	Co Reg. No.
Aspire Sporting Academy Ltd	7265113
Constructive Futures Training Limited	8220004
Groundwork London	4212532
Learning Curve Group Limited	5233487
Learning & Skills Solutions Limited	5897006
London Learning Consortium CIC	6322097
The Construction Skills People Ltd	6616608
The Skills Network Limited	6445363
Workers' Educational Association	2806910

Subcontracting (for Apprenticeship not on the framework as below Public Procurement Regulations thresholds)

Name of organisation	Co Reg. No.
St Georges Trust NHS	3481144

Appendix C Sub-contract arrangements 2025/26							
Provider name	UKPRN	Start Date	End Date	Type of Provision	Contract Value £	% agreed to Partner	% agreed to College
LONDON LEARNING CONSORTIUM COMMUNITY INTEREST COMPANY	10021684	01/12/2025	31/07/2026	Adult Education Budget (GLA)	£20,000	80%	20%
St Georges University Hospitals NHS	10056943	01/08/2025	31/07/2026	Apprenticeships (DfE)	£80,000	75%	25%

Appendix D

Subcontractors' Payment Procedure

1. STCG will issue a Main Occupancy Report to the subcontractor within 10 working days of the monthly ILR submission. This will include the amount to be invoiced.
2. The subcontractor will review the data for accuracy and then invoice STCG within 14 days of receipt of the data.
3. The Funding Compliance Manager will process the invoice with the STCG finance team, within 7 days of receipt.
4. The invoice will be paid up to 30 days after the end of the month it was dated - as per STCG Financial Procedures terms