SUBCONTRACTING RATIONALE AND FEES STATEMENT 2026/27

Funding year: 1 August 2026 to 31 July 2027

Approved by	Board of Directors	**Approval date**	30 July 2026
Policy owner	Managing Director / Accounting Officer	**Next review**	July 2027

1. Purpose of subcontracting

Central Training Academy (CTA) may subcontract elements of education and training where this improves the accessibility, breadth or quality of the learner offer and provides demonstrable value for public funding. CTA remains responsible for the quality, funding compliance, safeguarding and learner experience of all provision delivered on its behalf.

For 2026/27, the DfE post-16 subcontracting rules apply to 16 to 19 funding and non-devolved Adult Skills Fund provision. Apprenticeship subcontracting is governed by the separate apprenticeship funding rules and requirements of the responsible funding authority.

CTA will subcontract only where the educational rationale demonstrates one or more of the following:

- enhanced opportunities or improved outcomes for learners;
- access to niche expertise, specialist provision or facilities not available through direct delivery;
- better geographical access to high-quality provision;
- an entry route for disadvantaged or underrepresented groups;
- support for learners who share protected characteristics where suitable provision would otherwise be limited;
- a proportionate response to evidenced employer, community or local skills needs.

CTA will not subcontract solely for income generation. Each arrangement must be supported by an approved business case that considers direct-delivery alternatives, learner demand, intended outcomes, management capacity, risk and value for money.

2. Selection, procurement and due diligence

Subcontractors are selected through a fair and transparent process. Where CTA is a contracting authority, procurement will comply with the Procurement Act 2023. Actual or perceived conflicts of interest, including common directors or beneficial owners, must be declared and managed before award.

Due diligence is completed before appointment, refreshed at least annually and revisited whenever risk changes. Checks include:

- legal identity, Companies House status, ownership and beneficial owners;
- UK Provider Reference Number and UK Register of Learning Providers registration;
- financial health, statutory accounts, credit information, solvency and capacity;
- the DfE policy for funding higher-risk organisations and subcontractors;
- quality record, Ofsted history where applicable, learner outcomes and references;
- staff competence, safeguarding and Prevent, health and safety, equality, data protection, cyber security, insurance and continuity arrangements;
- aggregate subcontract values and exposure to other lead providers.

Approval is subject to CTA Board and any permission required from the funding authority. CTA will not use brokerage services or permit second-level subcontracting. Where planned subcontracting exceeds 25% of learners in a relevant funding stream, CTA will obtain an exemption before delivery begins.

3. Management fees and charges

CTA's standard management fee for 2026/27 is between 15% and 20% of eligible funding earned through subcontracted delivery. The precise percentage is agreed before contract award and is determined by the contract value, learner volume, delivery complexity, risk profile and the level of support and oversight required.

Any proposal to retain more than 20% requires an exceptional, itemised cost case, Accounting Officer recommendation and Board approval. CTA will ensure that fees are reasonable, proportionate and represent value for money. The subcontract agreement will explain all charges, payment arrangements, clawback conditions and services supplied.

Support area	Services provided	Charging approach
Contract management	Monthly contract reviews, risk management, action tracking and escalation.	Included within agreed management fee
Quality assurance	Quality visits, teaching and learning review, learner and employer feedback, improvement support.	Included within agreed management fee
Funding and data	Data validation, funding reconciliation, claim checks, ILR or funding returns and audit readiness.	Included within agreed management fee
Compliance oversight	Learner-file checks, eligibility and evidence assurance, funding-rule updates and audit sampling.	Included within agreed management fee
Safeguarding and Prevent	Oversight, reporting routes, compliance checks and access to relevant briefings.	Included within agreed management fee
Training and development	Mandatory induction, policy updates and agreed CPD or best-practice activity.	Included unless an additional cost is expressly itemised
External assurance	Independent assurance activity where required by the Subcontracting Standard.	Included or separately itemised in the contract

4. Contracting, payment and learner protection

A legally binding agreement must be signed before delivery starts. The agreement defines the funding stream, learner volumes, delivery locations, performance measures, evidence requirements, data access, safeguarding duties, regulator and auditor access, charges, payment, recovery, suspension, termination and exit arrangements.

CTA will normally pay valid amounts within 30 days of receiving the corresponding funding or a valid invoice, subject to validation of learner data, eligibility, delivery evidence and contractual conditions. Payments may be withheld, adjusted or recovered where evidence is incomplete, delivery is ineligible or performance conditions are not met.

A mobilisation checklist and learner continuity plan are required. Learners and employers will be told clearly which organisation is responsible for each aspect of delivery, where to raise concerns and how information will be used.

5. Monitoring and review

CTA applies risk-based oversight throughout the contract, including:

- monthly performance, data and funding reviews;
- regular learner-file audits and data validation;
- quality visits, observations or practice reviews where appropriate;
- safeguarding, Prevent and equality assurance;
- learner and employer feedback;
- financial health, staffing, premises and regulatory checks;
- RAG-rated improvement plans with named owners and deadlines.

Where performance or compliance falls below the required standard, CTA may increase monitoring, require an improvement plan, suspend new starts, withhold or recover funding, reduce volumes or terminate the agreement. Learner continuity and protection will take priority.

6. Governance, declaration and publication

The Board of Directors approves this statement, the educational rationale and all subcontracting activity annually. The Accounting Officer is the senior responsible person. CTA maintains a central register of subcontractors, approvals, contracts, learners, values, fees, risks and performance.

CTA will submit subcontracting declarations and updates by the published deadlines and will comply with the ten-part Subcontracting Standard and commission an independent assurance review by an eligible external reporting accountant.

7. Approval record

Board approval date	30 July 2026