PRESTON COLLEGE

SUBCONTRACTING SUPPLY-CHAIN FEES AND CHARGES 2025/26

Subcontracting Supply-Chain Fees and Charges 2025/26

Policy Owner: Resources Committee

Date Approved: 16 October 2025

Next Review: July 2026

Responsibility for Review: Vice Principal Corporate Services

Policy Review Frequency: Annual

Applicable to staff: Yes/~~No~~

Applicable to students: ~~Yes~~/No

Publish on College website: Yes/~~No~~

Consultation:

Undertaken with:	Yes/No:	Date:
Committee/Board	Resources Board	2 October 2025 16 October 2025
ELT	Yes	
CMT		
Unions		
Students		
Employees		
Employers/Stakeholders		

Any Associated Documentation, for Reference:

ELT SIGN-OFF: Iain Stott, Vice Principal: Corporate Services

INTRODUCTION

The Department for Education (DfE) include in their Subcontracting funding rules for DfE funded post-16 funding (excluding apprenticeships) 2025 to 2026 a requirement that all providers must publish their supply-chain fees and charges and the actual end-of-year supply-chain fees and charges.

This fees and charges information should only include 'provision subcontracting' i.e. where the College enters into an arrangement with a third party to deliver curriculum on its behalf.

The rules require that:

- All subcontractors must register on the UK Register of Learning Providers (UKRLP) and hold a valid UKPRN to be able to receive funding through a subcontracting arrangement
- There must be a legally binding contact with each subcontractor
- Preston College may only award contracts for delivering funded provision to legal entities. If the legal entity is a registered company, it must be recorded as 'Active' on the Companies House database
- Approval from the DfE must be sought if any second level subcontracting is proposed, which is only approved in exceptional circumstances

Preston College will carry out appropriate pre-contract and due diligence checks, along with determining the capacity and capability of any proposed subcontractor prior to the award of any subcontract.

Preston College retains full accountability for contract delivery.

COLLEGE STATEMENT

Preston College is committed to extending and diversifying the range and accessibility of courses it delivers to enhance the opportunities available to young people and adults, fill gaps in niche or expert provision, support better geographical access for students, offer an entry point for disadvantaged groups or support individuals who share protected characteristics, where there might otherwise be gaps. The College is also committed to engaging with students who may not ordinarily consider attending formal learning environments. To help us achieve this, the College has taken the strategic decision to subcontract a small part of its provision to partner organisations who can demonstrate high quality delivery and excellent success rates.

REASONS FOR SUBCONTRACTING

Preston College has successfully subcontracted a range of provision through selected partners for many years, although this has proactively reduced over time as the ability of the College to fulfil a greater variety of needs through direct provision has grown

The provision has included classroom based and workplace delivery from entry level through to level 3, to both 16-18 year olds and adults.

All proposed subcontracting arrangements will be considered carefully to ensure that it is in best interests of all parties.

Preston College will ensure that:

- The proposed delivery is in the best interests of students and employers (where applicable)
- The proposed provision fits with its vision, mission, objectives and values
- There is sufficient expertise within the College to quality assure the provision
- There is sufficient staff resource in support areas to administer the process
- The Subcontractor is approved via our due diligence process
- The Subcontractor agrees to work within the terms of our contract, and that a signed contract is in place

IMPROVING THE QUALITY OF TEACHING AND LEARNING

Subcontracted partners will be expected to meet Preston College's quality assurance standards with the College committed to supporting, developing and sharing good practice and professional development of staff through quality reviews, operational meetings, observations of teaching and learning and student and employer feedback.

The quality of the subcontracted provision will be monitored and managed through our existing quality improvement process within the College's Self-Assessment Report/ Quality Improvement Plan process, ensuring continuous improvement in all parts of the student journey.

MANAGEMENT FEES

Preston College retains a management fee from DfE funding earned in relation to the provision delivered by all subcontracted partner organisations, and this typically ranges from 15% to 20%, and is designed to reflect the costs to the College of administering the subcontract arrangement. The fee will always include the cost of the procurement process and the management of the contracts. The cost of resources provided and awarding body charges would be treated as an additional cost. The percentage may be higher where there is co-teaching (but will be specific to the relevant sub-contract and delivery arrangements).

The exact mix and level of support for each Subcontractor will vary depending on the needs and level of support required for the individual Subcontractor, the experience of the Subcontractor, their track record, achievement rates and level of risk as determined by the due diligence process.

The management fee to be retained will be determined based on a number of factors and costs that may include:

- Funding retained for quality assurance and oversight
- Funding retained for administrative functions such as data returns
- Funding retained for mandatory training delivered to subcontractor staff by the directly funded provider
- Clawback for under delivery or other reasons
- Support with funding rules compliance
- Audit of management systems and delivery
- Announced and unannounced spot visits
- Teaching, Learning and Assessment observations and coaching
- Safeguarding of Young People and Vulnerable Adults procedures

- Health and Safety compliance
- Guidance, procedure and process development
- Provision of resources (where required)
- Regular updates regarding funding and policy guidance
- Geographical location of the subcontractor and the delivery locations

The figures shown in the table below will be dependent on the number of students and the varying awarding body costs.

Cost Category	Item/Post Holder	Annual Salary (inc on-costs) (1 FTE)	Non-Pay Costs
Curriculum	Director of School	96,617	
Curriculum	Lecturer	61,699	
Curriculum	Student Manager	42,870	
Quality	Quality contact and observations	99,953	
Quality	Quality contact and curriculum area reviews	73,854	
Contract Management	Vice Principal: Curriculum Delivery & Planning	160,253	
Contract Management	Vice Principal: Corporate Services	137,608	
Contract Management	Funding and Data Services Manager	73,586	
Contract Management	Team Leader - Audit, Returns & Subcontracting	44,178	
Contract Management	Assistant Team Leader - Audit, Returns & Subcontracting	37,127	
Contract Management	Administrator - Audit, Returns & Subcontracting	34,378	
Exams	Team Leader - Exams	45,531	
Exams	Assistant Team Leader - Exams	37,127	
Finance	Executive Director of Finance	115,106	
Finance	Finance Manager	75,817	
Finance	Finance Officer	37,127	
Safeguarding	Safeguarding Manager	67,270	
Welfare	Welfare Officer	38,179	
Software	ForSkills (£1.50 per test per subject)		£1.50
Consumables	Exam card envelopes (50p each) & Postage (£2.00)		Various
Exam Fees	Awarding Organisation Costs £44-£250		Various

PAYMENT ARRANGEMENTS

Payments will be calculated by Preston College in line with the subcontract.

Payment terms will be agreed during pre-contract discussions, and may differ depending on the length of the contract, the value of the contract, and the type and length of the provision being delivered.

Payments may be made monthly, bi-monthly or termly, but always in arrears.

Payments will be made at the end of the month, based on the Individualised Learner Record (ILR) data that is processed and uploaded to the DfE by Preston College, in accordance with their published timetable.

Following validation of the data in the ILR return and supporting evidence, the College will make the appropriate payment to the Subcontractor based on the level of income calculated by the validation process in that month, less the agreed management fee.

Preston College operates a process where payments are calculated and paid directly and therefore Subcontractor invoices are not accepted.

Payments are made by BACS, and Subcontractors will be required to provide a letter confirming their bank details (once only).

Preston College expects that Subcontractors will fully engage in the assessment of accuracy of payments and they therefore have the responsibility to review their monthly/bi-monthly/termly remittance advices to identify any inaccuracies.

COMMUNICATION AND PUBLICATION OF THIS GUIDANCE

This Guidance document is available on-line at https://www.preston.ac.uk/the-college/policies-and-procedures/ and can be made available in alternative formats or languages upon request.

All relevant College Managers who work with Subcontractors will also receive a copy of this guidance document.

For any new, potential subcontracting arrangements, this guidance document will form an integral part of the pre-contracting discussions.