Subcontracting Management Fee's Policy	
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Policy prepared by	Director of Quality, Compliance & Excellence
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Policy statement

Educationwise will apply subcontractor management fees transparently, fairly and proportionately.

Any funding retained by Educationwise will reflect the services, support, oversight, assurance and risk management provided as lead provider.

Management fees will not be applied simply as a standard percentage without consideration of the individual subcontracting arrangement.

For DfE-funded provision, Educationwise will have regard to current expectations that management fees should not normally exceed 20% of the overall subcontract value.

Where a fee above 20% is proposed or continues to apply, this must be supported by clear evidence of additional value, oversight, assurance, support or risk management and remain reasonable and proportionate.

Purpose

The purpose of this policy is to explain:

- How Educationwise determines subcontractor management fees
- The principles used when setting a fee
- What retained funding may support
- How value for money is considered
- How subcontractors are informed about fees
- How management fees are approved
- How management fees are reviewed
- How fee arrangements are evidenced
- How existing and legacy arrangements are considered
- How relevant information is published

This policy supports transparency and demonstrates how retained funding relates to the responsibilities Educationwise carries as lead provider.

Scope

This policy applies where Educationwise enters into a subcontracting arrangement and retains funding or contract value for management, oversight, support or assurance.

It may apply to:

- Apprenticeship subcontracting
- Other DfE-funded provision where subcontracting is permitted

- Commercial subcontracting
- Qualification delivery where Educationwise retains relevant responsibility

Funding-specific requirements will only apply where relevant to the particular funding stream.

Advanced Learner Loan-funded provision must not be subcontracted where prohibited by current funding rules.

Apprenticeship unit delivery must not be subcontracted where prohibited by current funding rules.

Principles

Transparency

The management fee and the basis for calculating it will be communicated to the subcontractor before the contract is agreed.

The contract will make clear:

- The amount or percentage retained
- The services Educationwise provides in return
- How payments are calculated
- Any circumstances in which the fee may be reviewed

Proportionality

The retained fee must be reasonable and proportionate to the services, oversight, assurance and support provided by Educationwise.

Different subcontractors may therefore have different management fee arrangements.

Value for money

Educationwise will be able to explain and evidence how retained funding supports effective management of the subcontract and protects learners and public funds.

Accountability

Educationwise's responsibilities as lead provider continue regardless of the level of management fee retained.

Evidence

Each subcontract will have a documented management fee rationale.

The rationale will provide evidence of:

- The services Educationwise expects to provide
- The level of oversight required

- Relevant risks
- Resources required
- Why the retained amount is reasonable
- Why the arrangement represents value for money

Setting the management fee

Educationwise will determine the management fee for each subcontract based on the individual arrangement.

Factors may include:

- Contract value
- Learner numbers
- Delivery model
- Programme complexity
- Subcontractor experience
- Previous performance
- Financial risk
- Quality risk
- Funding compliance risk
- Safeguarding risk
- Data and MIS requirements
- Level of contract management required
- Quality assurance requirements
- Staff support and development required
- Additional interventions or controls
- Other relevant lead-provider responsibilities

The fee will not automatically be determined by a single risk score or fixed organisational percentage.

For DfE-funded provision, Educationwise will normally structure the management fee so that it does not exceed 20% of the overall subcontract value.

Management fee rationale

Before a new subcontract begins, Educationwise will document the rationale for the proposed management fee.

The rationale will set out:

- The agreed fee or percentage
- The expected value of subcontracted delivery
- The estimated funding retained
- The main services Educationwise will provide
- The level of management and assurance required
- Relevant risk considerations
- Any additional support included
- Why the arrangement represents reasonable value for money

Management fee arrangements will be approved at executive level and reported through appropriate governance arrangements where required.

The rationale will be retained with the subcontracting records.

Where the arrangement materially changes, the rationale will be reviewed and updated.

Management fees above 20%

For DfE-funded provision, a management fee above 20% of the overall subcontract value will only be used where there is a clear and evidenced rationale.

Where Educationwise proposes to retain more than 20%, the rationale must demonstrate the additional:

- Value provided
- Contract management
- Quality assurance
- Compliance assurance
- Support
- Intervention
- Risk management
- Other legitimate lead-provider activity

The arrangement must:

- Be approved at executive level
- Be clearly documented
- Demonstrate value for money

- Be supported by evidence of the services and activity provided
- Be reported through appropriate governance arrangements
- Meet current DfE funding and contractual requirements

Educationwise will maintain sufficient evidence to explain and justify the retained amount if requested by DfE or another relevant body.

A fee above 20% will not automatically be considered inappropriate, but it must be supported by clear evidence of additional value, oversight, assurance, support or risk management.

Existing and legacy arrangements

Educationwise may have subcontracting arrangements that were entered into under earlier funding rules or contractual terms.

Where an existing arrangement includes a management fee above the current expected level, Educationwise will review the arrangement against current DfE requirements and consider:

- The contractual terms already agreed
- The stage of the learner journey
- The services and support already provided
- The timing of funding payments across the learner journey
- The remaining responsibilities and assurance activity
- Whether the retained fee continues to represent reasonable value for money

An existing arrangement will not automatically be varied solely because current DfE expectations have changed.

Where a fee above the current expected level continues, Educationwise will maintain a documented rationale and evidence that the retained amount remains reasonable and proportionate.

Any new or materially renewed subcontracting arrangement will be considered against the funding and subcontracting requirements in force at that time.

What the management fee may cover

The management fee may contribute towards reasonable costs associated with Educationwise's lead-provider responsibilities.

These may include:

Contract management

- Contract development and administration

- Contract review
- Performance oversight
- Relationship management
- Escalation and action monitoring
- Contract variation and renewal activity

MIS and data

- Learner data management
- ILR management where applicable
- Data validation
- Funding reconciliation
- Exception reporting
- Compliance information
- Data assurance

Funding and compliance assurance

- Learner eligibility assurance
- Funding evidence review
- Compliance assurance
- Audit preparation
- Reconciliation
- Response to external assurance
- Fraud and error controls

Quality assurance

- Internal Quality Assurance
- Sampling
- Teaching, learning and assessment assurance
- Standardisation
- Learner and employer feedback
- Quality reviews
- Improvement rechecking

Safeguarding and Prevent

- Safeguarding oversight
- Prevent assurance
- Advice and escalation
- Learner protection arrangements
- Relevant training or guidance

Learner and employer support

- Learner support arrangements
- Complaints and concerns
- Employer liaison
- Learner communications
- Continuity arrangements where required

Governance and risk management

- Senior leadership oversight
- Board assurance
- Risk management
- Due diligence
- Annual review
- Regulatory and contractual reporting

Systems and administration

- Access to relevant Educationwise systems where agreed
- Administrative support
- Programme coordination
- Documentation and reporting
- Appropriate staff support

Not every service will apply to every subcontract.

The management fee rationale must reflect the services, oversight and support that are actually relevant to the individual arrangement.

Evidence of services provided

Educationwise will maintain proportionate evidence that the services, oversight and support used to justify the management fee have actually been provided.

Evidence may include:

- Contract review records
- Quality assurance activity
- Funding assurance activity
- MIS and data support
- Learner and employer feedback
- Safeguarding assurance
- Staff support
- Improvement activity
- Governance reporting
- Due diligence
- Risk management
- Relevant correspondence or support records

The existence of a management fee rationale alone will not be treated as sufficient evidence that value has been delivered.

Additional support

Educationwise may provide additional support to a subcontractor where this is appropriate.

This may include:

- Training
- CPD
- Additional quality support
- Additional compliance support
- Increased contract management
- Data or MIS support
- Safeguarding guidance
- Improvement support
- Additional assurance

Where additional support materially changes the level of resource required, the management fee arrangement may be reviewed in accordance with the contract and relevant funding rules.

Differentiated fees

Educationwise may apply different management fees to different subcontractors.

Differences may reflect:

- Risk
- Size and complexity
- Experience
- Delivery model
- Systems capability
- Quality
- Compliance
- Level of support required
- Level of assurance required

A lower-risk subcontractor does not automatically receive a particular percentage and a higher-risk subcontractor does not automatically attract a fixed higher percentage.

The fee must remain evidence-based, reasonable and proportionate.

Eligible costs

Where DfE funding is involved, costs retained or charged in connection with subcontracting must comply with the eligible cost requirements applying to the relevant funding stream.

Educationwise will not treat an activity as an eligible funded cost simply because it forms part of the management fee.

Where there is uncertainty about whether a cost is eligible, the current funding rules will be checked before the cost is attributed to public funding.

Payments to subcontractors

Payment arrangements will be clearly set out in the subcontract agreement.

Payments may be dependent on:

- Educationwise receiving the relevant funding
- Valid learner activity
- Accurate and timely data

- Appropriate funding evidence
- Compliance with contractual requirements
- Resolution of material funding or compliance concerns

Payment statements will provide sufficient information for the subcontractor to understand:

- Relevant funding or contract value
- Management fee retained
- Adjustments where applicable
- Net payment due

Educationwise may withhold, adjust or recover payments where permitted under the contract and relevant funding rules.

Management fee review

The management fee and value-for-money position will be reviewed at least annually.

The review will consider whether:

- The original rationale remains valid
- Services actually provided match those originally expected
- The level of oversight remains appropriate
- Risk has increased or reduced
- Learner numbers or contract value have changed
- Additional support is required
- Educationwise's costs and responsibilities have materially changed
- The fee continues to represent reasonable value for money

A review may also be triggered by a significant change during the year.

The outcome will be recorded.

Changes to the fee

Management fees may be varied where permitted by the contract and where there is a reasonable basis for doing so.

Any variation will:

- Be discussed with the subcontractor
- Be documented
- Include a clear rationale

- Reflect the revised level of support, risk or responsibility
- Be approved at an appropriate level
- Comply with relevant funding and contractual requirements

Changes will not be applied retrospectively unless contractually permitted and appropriately justified.

Annual governance review

Management fee arrangements will form part of Educationwise's annual subcontracting review.

Senior Leadership and the Board will receive appropriate assurance that:

- Fees are transparent
- Retained funding is proportionate
- Value for money can be demonstrated
- Services used to justify fees can be evidenced
- Significant exceptions are understood
- Any arrangements above 20% are appropriately justified
- Relevant funding requirements are being met

Detailed individual fee calculations and commercially sensitive supporting information may be retained within appropriate management and governance records rather than reproduced within public policy documents.

DfE Subcontracting Standard

Educationwise will review annually whether the aggregate value of DfE-funded subcontracted delivery brings it within scope of the DfE Subcontracting Standard.

Where the Standard applies, Educationwise will meet its requirements relating to subcontract management fees, governance, evidence and external assurance.

Management fees will be agreed at executive level and published where required.

Where the Standard applies and management fees exceed 20%, Educationwise will maintain appropriate evidence to justify the arrangement in accordance with current DfE requirements.

Publication and confidentiality

Educationwise will publish management fee information where required by current DfE funding or subcontracting rules.

Where required, management fee information will be published alongside the Subcontracting Policy by the applicable annual deadline, normally 31 October unless current DfE guidance states otherwise.

Published information will reflect the current subcontracting arrangements and explain:

- How management fees are determined
- The services and support provided
- The basis for differentiated fee arrangements where required

Published information will be limited to information required by applicable rules and will not include unnecessary commercially sensitive or confidential information.

Provider-specific:

- Contract values
- Commercial negotiations
- Detailed cost calculations
- Internal risk assessments
- Management fee rationale records
- Other commercially sensitive information

will normally be retained within Educationwise's internal governance and contract records unless disclosure is required by law, funding rules, audit or contractual requirements.

Publication requirements will be checked against current DfE guidance each year.

Records

Educationwise will retain appropriate records relating to management fees.

These may include:

- Management fee rationale
- Due diligence
- Risk assessment
- Contract
- Fee calculation
- Payment records
- Services expected to be provided
- Evidence of services, oversight and support actually provided
- Annual fee review

- Contract variations
- Executive approval
- Governance assurance
- Published information
- Supporting evidence of value

Records will be retained in line with applicable funding, contractual, financial and Educationwise retention requirements.

Conflicts of interest

Any actual, potential or perceived conflict of interest relating to the setting or approval of a management fee must be declared and managed in accordance with Educationwise's Conflict of Interest Policy.

An individual with an unmanaged conflict must not determine or approve the relevant fee arrangement.

Fraud and financial irregularity

Management fees and subcontractor payments will be subject to Educationwise's Counter Fraud and Error arrangements.

Any suspected:

- False claim
- Manipulation of funding
- Inappropriate payment
- Deliberate misrepresentation
- Bribery
- Fraud
- Other financial irregularity

will be investigated and escalated appropriately.

Related policies and documentation

This policy should be read alongside:

- Subcontracting Policy
- Subcontract Management Cycle
- Subcontract Contingency Plan
- Counter Fraud and Error Policy

- Conflict of Interest Policy
- Internal Quality Assurance Policy
- Safeguarding and Prevent Policy
- Relevant subcontract agreements
- Relevant funding rules
- Current DfE subcontracting requirements
- Management Fee Rationale documentation

Monitoring and review

The Senior Leadership Team will maintain oversight of the operation of this policy.

The management fee framework will be reviewed annually alongside the wider subcontracting arrangements.

The policy and management fee approach will be reviewed ahead of each funding year where required by current DfE subcontracting arrangements.

This policy will be reviewed annually or sooner where there is:

- A change to DfE funding rules
- A change to subcontracting requirements
- A significant audit or assurance finding
- A change in Educationwise's subcontracting model
- Evidence that the fee framework is not providing sufficient transparency or value for money
- A significant contractual or regulatory change