



Department
for Education

Subcontracting standard

**Subcontracting oversight arrangements
for post-16 providers of education and
training**

February 2026

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Introduction

This document prescribes the framework for DfE funded post-16 education and training providers for their oversight and management of subcontractors' delivery of education and training.

Who the framework applies to

The framework prescribes ten subcontracting standards, which apply to the following providers of post-16 education and training (hereinafter referred to as "providers")

- further education and sixth-form college corporations
- bodies designated as being in the further education sector
- higher education providers
- independent training providers
- employer providers

This framework does not apply to schools and academies.

All providers, which subcontract £100,000 or more of their delivery across all DfE funding streams, are required to comply with this framework and to commission an assurance review of their compliance with it. Other providers may wish to adopt the framework or elements thereof.

DfE funded provision¹ includes the following funding streams:

- Adult Skills Fund (ASF)
- 16-19 funding
- apprenticeships

Who this publication is for

This publication should be read by staff engaged in the oversight of the delivery of training by subcontractors, as well as senior staff:

- chief executives, principals (and other executive directors or equivalent)
- accounting officers
- chief financial officers

It will also be helpful to board members and governors.

¹ From 1st April 2026 DWP will be responsible for apprenticeship funding and the adult skills fund.

This framework may also be of interest to sector and representative organisations such as:

- the Association of Colleges
- the Sixth Form Colleges Association
- Association of Employment and Learning Providers
- Mayoral Combined Authorities
- the Greater London Authority
- the Office for Students
- the Chartered Institution for Further Education
- local authorities
- employers

Staff engaged in the oversight of the delivery of training by subcontractors and senior staff should also familiarise themselves with the 'Assurance reviews of subcontracting standards for post-16 providers: framework and guide for reporting accountants' set out in the [DfE subcontracting standard](#). This framework and guide cover independent accountants' reviews of and reporting on providers' compliance with those standards.

Status of the framework

This framework comes into force on the date of publication and applies until it is replaced or updated.

Feedback and enquiries

To provide feedback on this document or to contact the Department for Education (DfE) for guidance, please use the [customer help portal](#).

Summary

This document prescribes the framework for DfE-funded post-16 education and training providers for the oversight, management and assurance arrangements for subcontractors' delivery of education and training. These arrangements will include oversight and management of public funds, ensuring that they are properly used to maximise the value of those funds to benefit the learner. The framework is separate from, and different in purpose, to Ofsted's Education Inspection Framework. It does not replace or overlap with Ofsted's remit.

This framework is designed to ensure that there is a clear and consistent approach for the management of subcontractors by lead providers and that there are robust oversight, management and assurance review arrangements.

The framework assists in mitigating the risk of:

- inappropriate management of subcontractors
- non-compliance with DfE funding rules by subcontractors
- fraudulent and incorrect funding claims

What the framework covers

This framework sets out the requirements for all providers, which subcontract £100,000 or more of their delivery, across all DfE funding streams. The framework sets out the ten subcontracting standards, providers must comply with, and the requirements under each standard, together with best practice guidance. Providers are also required to commission an assurance review of their compliance with the framework, as set out in DfE's [Assurance reviews of subcontracting standards for reporting accountants](#). That document:

- helps providers understand DfE's requirements and explains the roles and responsibilities of the reporting accountant
- explains the engagement arrangements and provides model terms of engagement
- prescribes the requirements for the assurance review of the provider's compliance with DfE's subcontracting standards
- sets out the reporting requirements for the reporting accountant's assurance review of the provider's compliance with the subcontracting standards
- provides a template for the Subcontracting Standard Assurance Declaration, which the provider is required to complete

- help providers and reporting accountants understand the consequences for the provider, if the standard is not achieved

The provider must submit its signed declaration, together with the independent reporting accountant's report to DfE via Document Exchange by 31 August, following the 31 July of the funding year to which the report relates.

What has changed in the 2026 edition

The main changes in the edition (compared with the previous 2021 edition) comprise:

- the inclusion of definitions
- reductions in the number of questions for each standard
- making the assurance review of the 10th subcontracting standard, provider development, optional
- the introduction of a new requirement for the reporting accountant to complete an excel template with the RAG ratings to assist DfE with its assessment process.
- removal of annexes on the report on the reporting accountant's assurance review, as they are included in DfE's assurance reviews of subcontracting standards for reporting accountants

Definitions

Lead provider

A lead provider is a college, training organisation or employer that has a direct contractual relationship with the DfE.

Subcontractor

A subcontractor is a separate legal entity or an individual that has an agreement (called a subcontract) with you to deliver any element of the education and training we fund.

A separate legal entity includes companies in your group, other associated companies, and sole traders. An individual could include a person who is a sole trader, self-employed, or employed by an agency unless those individuals are working under your direct management and control in the same way as your own employees.

Each lead provider and subcontractor must have a valid UK Provider Registration Number (UKPRN).

Independent reporting accountant

An independent reporting accountant is a professionally qualified person from an organisation external to the provider that is able to provide an independent report on their subcontracting systems and controls. The organisation should be registered with one of the members of the Consultative Committee of Accountancy Bodies² (CCAB).

For the sake of clarity, the independent reporting accountant cannot be an employee, director, trustee, shareholder or any other similar party with a vested interest in the provider, irrespective of whether their normal role is to carry out assurance reviews and/or audits. The independent reporting accountant does not necessarily have to be a provider's external auditor.

² CCAB comprises ICAEW, ICAS, ACCA, CIPFA and Chartered Accountants Ireland

Terminology when using this framework

- **'must'** – means contractual and other regulatory requirements.
- **'should'** – means minimum good practice that providers should apply, unless they can demonstrate that an alternative approach better suits their circumstances

1. Pre-award activities

Before a provider enters a subcontract arrangement, it must be able to demonstrate that, as a minimum:

1. There is a clear educational rationale/business case for subcontracting which aligns to the provider's corporate and operational strategies. We would expect the business case to set out the policy, business and operational objectives including consultation with stakeholders and undertaking research to determine the education rationale. This rationale must consider the expectation DfE has for providers to reduce their subcontracted provision. The business case must be presented and approved at executive/board level.
2. The education rationale meets one or more of the following aims:
 - enhances the opportunities available for learners
 - fills gaps in niche or expert provision or provides better access to training facilities
 - supports better geographical access for learners
 - offers an entry point for disadvantaged groups, or
 - gives consideration of the impact on individuals with shared protected characteristics, where there might otherwise be gaps.
3. The drafting process for the specification and requirements ensures the overall scope, documented as part of the educational rationale /business strategy, is broken down into more detail, which ensures that the objectives for subcontracting will be met and the subcontractor will meet the requirements of this standard along with the requirements set out in the funding rules
4. There is a procurement strategy that covers the invitation to tender (ITT) process. As part of the strategy, whether this is a new or an existing process, the procurement process would include the drafting of the ITT documents. The provider must ensure that the contract document sets out clearly, comprehensively, and unambiguously, the obligations of the parties to the agreement.
5. The ITT is sufficient to collect, but not limited to, the following information: organisation, including ultimate parent details including identity, ownership and background, principal activities (past and present), organisational chart, contractor/sub-contracting approach, professional/commercial affiliations, legal, financial, capability, quality management systems, Ofsted reports, experience and track record.
6. The procurement strategy/process ensures that there is a robust assessment process for selecting subcontractors, including review of the subcontractor's

completed ITT as well as their capability to control quality, delivery, quantity, price and all the other factors contained in the subcontract.

7. The evaluation process includes not only the analysis of the potential subcontractor's response to the main subject matter of the requirements set out in the ITT, such as price, delivery, quality, methodology, but also, most importantly, the quality of the bidder's offer. There should be a clear rationale for how the tenders are evaluated and scored.
8. Following tender evaluation and, where appropriate, negotiation, the provider will satisfy themselves that:
 - an offer has been made, which meets its requirements in all respects, including budgetary and capability, and
 - it is able to accept an offer and award the contract to the tenderer who meets the contract specification.

It may then move directly to the award stage or make a recommendation to higher authority levels within the organisation for acceptance is aligned to the provider's strategic and operational objectives.

9. Where appropriate you have sought approval from DfE for any agreed subcontracting terms in relation to distance learning and whole programme subcontracting for 16 to 19 and there is evidence to support this.
10. Management fees have been determined for the full range of funding retained and charges that they wish to apply, and these have been agreed at executive level and published on the website. These should only exceed 20% in exceptional circumstances, which, in all cases will DfE reserve the right to challenge.

2. Contract award and management

The provider must have appropriate contract award, oversight and management arrangements. The provider must be able to demonstrate that, as a minimum:

1. The subcontracts meet the agreed educational needs, that it is achievable and affordable, and it addresses:
 - the desired outcome(s) of the subcontract
 - critical success factors
 - the possible alternatives, including existing contracts
 - the risks, including the extent and where they may fall
 - identification of any contingent needs
 - ramifications of proceeding, and
 - timescales.
2. The minimum provisions within DfE's subcontracting rules form part of their subcontract agreement(s) and learning and delivery must not commence prior to there being a signed contract being between the two parties.
3. All awarded contracts are managed by staff within the organisation, who have clearly defined role(s) that have been agreed as part of the overall considerations in producing the business case. The defined roles ensure that contract ownership is clear, with the budget holder, senior responsible owner (SRO), and contract manager clearly defined (where appropriate).
4. There are well defined policies and processes and a clear contract management plan, with a focus on outputs and a 'whole life' approach to performance. For example, this must include, where appropriate, evidence of how the provider will:
 - a) manage and oversee 16 to 19 distance and whole programme provision through the life of each learner's programme of study.
 - b) define how whole programme subcontracting for Adult Skills Fund (ASF) will be agreed and managed.
 - c) ensure apprenticeship provision is not delivered solely by a subcontractor, as per the apprenticeship funding rules with specific regard to substance, leading the relationship, and the subcontracted delivery complimenting the main provider's programme.
5. These policies, including the rationale, are reviewed by the provider ahead of each funding year. Furthermore, the provider should demonstrate that the policies and rationale have been appropriately authorised through the organisation's governance

structure. Once reviewed, updated policies must be published by 31 October in the relevant funding year.

6. Contract management processes are aligned with, amongst others, wider organisational governance processes, operational boards, and risk structures.
7. Contract management issues and performance are reported through the governance structure with senior level engagement.
8. Regular assessment and evaluation must take place to ensure that the cost of contract management activities is justified and proportionate to the benefits obtained.
9. Knowledge management is embedded, capturing key data and lessons from contract management process and experience both within the organisation and more widely.
10. Professional contract management guidance is developed, or identified from external sources, and made available to contract managers.
11. There are robust procedures in place to ensure extremist organisations are not funded through subcontracting of any DfE funding.

3. People

The provider must have the right people to carry out contract management activities. The provider must be able to demonstrate that, as a minimum:

1. Either the business continuity or contingency plan incorporates the role of the contract manager(s)/ those with contract management responsibility (ideally through involvement during the tendering/contract award processes) or continuity is ensured through appropriate handover and information sharing procedures.
2. The contract manager(s) have a detailed knowledge of the contract and other relevant issues, such as service level agreements, requirements in line with DfE contracts and funding rules and current subcontractor performance.
3. The contract manager(s) have the appropriate skills (both specific contract management skills and more general commercial awareness and expertise), with access to relevant training and development. Experienced contract managers are utilised on key contracts.
4. Contract manager(s) have accurate job descriptions and roles are positioned at an appropriate level.
5. Contract manager(s) have clear objectives and reporting lines, and their performance is managed through reviews and appraisals.
6. The contract manager(s) have appropriate delegated authority to manage the contract effectively.

4. Administration

In managing the contract(s) and the timetable for making key decisions, the provider must be able to demonstrate that, as a minimum:

1. Signed contracts are stored and logged and are easily accessible when required; for complex contracts, a summary and/or contract operations guide should be produced.
2. Key contractual information is recorded appropriately to allow, for example, search capability, documentation of up-to-date contract information, and key dates.
3. There are mechanisms in place for identifying key contract 'trigger points', such as notice periods.
4. There is schedule of regular, as well as ad hoc, reporting of contract management information and retention of appropriate documentation, e.g. minutes of contract meetings, reviews of teaching and learning etc.
5. There are appropriate processes and procedures which ensure that contracts are closed and/or terminated efficiently.
6. There is an appropriate process to quantify the information presented in the subcontracting declaration(s) made to DfE. Where the information made in the declaration significantly changes, an updated declaration should be made to DfE as soon as possible.

5. Managing relationships

The provider must have appropriate procedures to manage its relationships with subcontractors and be able to demonstrate that, as a minimum:

1. Proactive conversations and/or independent checks are performed in relation to the subcontractor(s) at least on an annual basis which cover and document as a minimum, the subcontractor's(s'):
 - a) current ownership and person of significant control. Notification must be made to DfE where this has changed from a previous year
 - b) current/ latest financial health position
 - c) review of learning activity delivered, including compliance with the relevant funding rules for each programme³, and
 - d) business continuity / contingency plan remains relevant or has been updated appropriately.
2. The contract manager has clear visibility of the roles and responsibilities of staff on the subcontractor side.
3. The respective responsibilities of the contract manager and the subcontractor are clear and potentially defined in a 'joint statement of intent' or similar document.
4. Continuity of key subcontractor staff is desirable (ideally through involvement during the sales process). Where this cannot be achieved, there must be a handover from the staff responsible for the tendering process.
5. Both regular structured and informal communication routes between the contract manager and subcontractor are open and used; customer and subcontractor staff are co-located where appropriate.
6. Communications between the contract manager, subcontractor, and other stakeholders are effective; and stakeholders are involved in contract management processes, where appropriate.
7. Problem resolution processes are well defined and used; and are designed to ensure minor problems do not escalate and cause relationship issues; a 'blame culture' is avoided.

³ For apprenticeship provision the lead provider must ensure that the subcontractor does not deliver the entirety of the programme. In addition, the lead provider must take regard to substance, leading the relationship, and the subcontracted delivery complimenting their main programme. Furthermore, the lead provider should utilise the funding rules monitoring reports to ensure that their subcontractors are not claiming funding for the same learners through a direct contract with DfE or another subcontracting relationship with another lead provider.

6. Managing performance

The provider must have procedures and processes to effectively manage subcontracted provision. The provider must be able to demonstrate that, as a minimum:

1. Service management is well structured; baselines are understood by both parties, and subcontractors understand the service they are required to deliver. The contract manager ensures that the lead provider furnishes the subcontractor with the information and contacts needed to deliver the service.
2. Subcontractor performance is assessed using clear, objective, and meaningful metrics, linked, where appropriate, to DfE's funding rules and/or guidance and to business needs.
3. There are regular formal performance reviews with subcontractors, with documented improvement plans agreed, where necessary, covering both operational issues and adherence to key contractual requirements, for example, on data security. Feedback is collated from the users e.g. the learners.
4. There are clear contact points both within the subcontractor organisation and with the contract manager. All stakeholders understand escalation routes where issues arise.
5. Changes to requirements are captured and considered as part of formal change and contract management processes.

7. Payments and incentives

The provider must have procedures and processes to properly monitor the financial payments in relation to their subcontracted provision. The provider will be required to demonstrate that, as a minimum:

1. Payment mechanisms are documented and are clear and well understood by all parties (including incentives, penalties, and non-standard charges).
2. Payment processes are well defined and efficient; there are appropriate checks and authorisation processes for paying invoices.
3. The costs of the services delivered, and contract management costs are mapped against budgets and allocated appropriately.
4. Payment changes after the contract is let, for example from contract variations or benchmarking/ market testing, are made using contractual provisions and demonstrated to provide value for money.
5. Payments are not made in advance of evidence to demonstrate learning activity has occurred.

8. Risk management

The provider must have effective risk management procedures to effectively manage the public money which is paid to subcontractors. The provider must be able to demonstrate that, as a minimum:

1. There are contract/subcontractor risk management arrangements with clear responsibilities and processes, identification of who is best placed to manage risk, and subcontractor involvement, where appropriate.
2. Risks are formally identified and monitored regularly, with mitigating actions developed and implemented, where possible, and 'obsolete' risks removed from consideration where appropriate.
3. There are escalation and reporting routes for risk governance.
4. Contingency plans are developed to handle subcontractor failure (temporary or long-term failure/default); exit strategies are developed and updated through the life of the contract.
5. Contractual terms are understood and monitored by the contract manager in relation to:
 - termination,
 - warranties, indemnities and insurance
 - security and confidentiality
6. The contract manager monitors the subcontractor's financial health and business performance (including using credit rating agencies).

9. Contract development and/or termination

The provider must ensure that changes to the contract or termination are handled appropriately and efficiently. The provider must be able to demonstrate that, as a minimum:

1. Analysis of subcontracted activity is performed each year to inform the progress made in their plans for a reduction across the 3-year period.
2. The subcontract is reviewed regularly (with a view to updating, where necessary) to ensure it meets evolving business and educational needs.
3. There are processes that clearly lay out the governance of contractual change for both minor and major changes – who needs to approve what and how it will happen – with a focus on effective and prompt change implementation.
4. Where appropriate, there is value for money testing of existing services through benchmarking or other processes.
5. There are processes to cover the introduction of new services under the contract, including market testing where necessary.
6. There are processes to handle commercial (financial) changes to the contract in a fair and structured manner.

10. Provider development

Improving provider performance and capability is key to developing the relationship with subcontractors. The provider must be able to demonstrate that, as a minimum:

1. There are processes that clearly set out how provider development activities will be planned, managed, and governed.
2. There are clear processes for benefits measurement and capture to ensure that provider development is focused on continuous improvement and achieving value for the lead provider.
3. The lead provider understands what motivates and drives the subcontractor and how provider development fits with the provider's goals.
4. Provider operational performance improvement activities (for example, 'Lean' and '6-sigma') are performed, with potential input or assistance provided by the lead provider.
5. There are joint working or shared activities between the two parties for the benefit of both the provider and subcontractor (for example, process improvement, shared training, task forces or joint project teams).
6. There are provider improvement activities relating to wider government initiatives, with input or assistance provided by the lead provider (for example, on sustainability, disability employment issues, use of SMEs (Small and Medium Sized Enterprises) and BMEs (Black Minority Ethnic suppliers)).
7. Shared risk reduction programmes or activities are developed.
8. Shared management activities (for example, provider boards) to drive performance improvement are carried out.



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