

Subcontracting Supply Chain Fees and Charges Policy

Purpose

The Subcontracting Supply Chain Fees and Charges Policy forms part of the Inspire Education Group's (IEG) internal control and Corporate Governance arrangements, to ensure compliance with DfE/ Education and Skills Funding Agency (ESFA) and Cambridge and Peterborough Combined Authority (CPCA) funding rules for all Lead Providers.

The Policy broadly outlines the Group's subcontracting supply chain fees and charges policy. More specific contractual obligations will be embedded in each subcontractor's agreement.

Scope

The Policy applies to all supply chain activity funded through the DfE/ESFA and/or CPCA whereby IEG enters into a subcontracting agreement with a supplier for 16-18 study programmes, Adult Skills, or Apprenticeship recruitment and delivery.

The Policy Statement

IEG is committed to working with subcontract partner organisations who provide specialist/niche training and education to a range of learners, which will support the regional and local economic skills development, meet the needs of employers and fill skills gaps in the area.

The Group will adhere to DfE/ESFA & CPCA funding guidance to be transparent to current and prospective subcontractor partner organisations. Relevant funding rules and regulations will be shared with our partners to ensure compliance.

The policy will be reviewed annually and approved by the IEG Board. To ensure the Group complies with subcontracting rules and regulations, the policy will be published on the Group website.

This policy applies to the following funding streams:

- DfE/ESFA 16-18 study programmes
- DfE/ESFA & CPCA Adult Skills Fund
- Apprenticeships

Responsibilities

The IEG Corporation is responsible for receiving and endorsing the policy annually.

The Group Partnerships Manager is responsible for:

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Policy Author: Group Partnership Manager

Issue: July 2025

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Approved by: Policy Approval Group

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Site: Inspire Insights, IEG Website

- Contract managing the Group's partners and partnership provision
- Maintaining a due diligence review of partners, which informs the selection of partners and the exposure/risk each partner has
- Reviewing management information to agree on payments to partners

The Group Director of MIS is responsible for:

- Timely data entry, ILR returns, funding audits and reporting partner outturns to the DfE/ESFA and CPCA

The Group Director of Finance is responsible for:

- Agreeing on a payment timetable with partners
- Making accurate payments to partners that are timely in accordance with the funding rules

Related Documentation

- PAR001 - IEG Partnership Policy and Appendix
- IEG Partner Handbook
- Rationale for Subcontracting
- DfE/ESFA & CPCA funding rules

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Fees and Charges

The Group retains fees for facilitating education and training to the provider's students. These retained fees reflect the level of risk and account for the support the Group determines is necessary to ensure contract compliance and maintain the quality of teaching, learning and assessment. We commit to retaining no more than 20% of the funding earned (DfE/ESFA) and no more than 15% of the funding earned (CPCA).

Each partner may require different levels of risk management and support, leading to variable management fees based on the services provided by IEG (see IEG Partnership Policy Appendix 1). Payment structures can be tailored to the subcontractor's delivery, provided there is no adverse financial impact on IEG. Additionally, 10% of funds are withheld until R14 to ensure contract terms, conditions, and KPIs are met at the final ILR submission.

Delivery by partners and contract values will be negotiated prior to the start of the academic year and prior to contract commencement. All costs associated with the delivery will be met by partners, including registration fees with awarding bodies and examination fees.

The management and quality costs are calculated below. These rates ensure the effective management of subcontracted provision.

Category	*Percentage of Management Fees Total
MIS Services	30%
Annual Due Diligence	3%
Quality	10%
Student Welfare	3%
Contract Monitoring	30%
Contract Meetings	15%
General (inc. any mandatory staff training)	9%

**May differ subject to funding stream*

Payment Terms

The Group will calculate monthly payments to the subcontractor after validating ILR evidence. The subcontractor does not need to claim funding from the lead provider. IEG ensures quality teaching and learning and reserves the right to conduct unannounced visits for spot checks on provision quality.

Provider Funding Reports (PFRs) will be issued to each subcontractor by the Group for accuracy and data reconciliation. The Group will make payments based on income received, the agreed management fee, and retention rates. Subcontractors will be notified monthly,

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with payments issued on the 28th. If a learner withdraws before completing their programme, payments may be clawed back by the Group in accordance with the funding rules and PFR. Retention payments will be made subject to contract and submission of completed learning paperwork to IEG by 31st August.

The Group reserves the right to claw back or adjust learner starts if actual delivery falls short of the required profile.