

Subcontractor Management Fee Policy

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Version No	2
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Policy prepared by	SLT
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1. Purpose

This policy explains how Educationwise applies management fees to subcontracting arrangements for DfE-funded provision. It ensures transparency in how fees are calculated, how retained funding is used and how subcontractors benefit from the support provided.

2. Scope

This policy applies to all subcontracting agreements where Educationwise is the prime contractor. It should be read alongside the **Subcontracting Policy** and **Subcontractor Contingency Plan**.

3. Principles

- **Transparency:** Fees are applied openly and are clearly communicated to subcontractors before contracts are signed.
- **Proportionality:** Fees reflect the level of oversight, support and assurance required, based on risk.
- **Quality:** Retained fees fund a robust programme of monitoring, support and continuous improvement.
- **Compliance:** All fees align with DfE rules and guidance on subcontracting.

4. Management Fee Range

Educationwise applies a management fee of between 20% and 25% of the funding drawn down for each subcontracted learner.

- The exact percentage is agreed during due diligence and contract negotiation.
- The decision is based on the subcontractor's risk rating, capacity, systems and level of support required.
- 25% is the maximum retained; lower fees (e.g. 20%) are applied where subcontractors demonstrate strong quality and compliance capacity.

5. What the Fee Covers

The retained management fee funds essential oversight and support services, including:

- **Contract Management (up to 10%)**
Oversight of contractual compliance, monthly performance reviews and relationship management.
- **Learner and Employer Surveys (up to 2.5%)**
Independent feedback collection and analysis to identify improvements.
- **MIS, Audit and ILR Services (up to 10%)**
Full data management, monthly ILR submissions, funding compliance checks, audit preparation and reconciliation.
- **Quality Assurance and Development (up to 2.5%)**
Tutor observations, IQA sampling, standardisation, safeguarding checks and CPD for subcontractor staff.

6. Additional Support Provided



All subcontractors benefit from:

- Access to Educationwise’s safeguarding, Prevent, EDI and data protection frameworks.
- Training and CPD opportunities for delivery staff.
- Ongoing risk rating and performance monitoring through audits, desk reviews and sampling.
- Support with Ofsted preparation, DfE compliance and funding assurance.
- Use of Educationwise learner management systems, where applicable.

7. Rationale for Differentiated Fees

The level of management fee retained reflects:

- The subcontractor’s experience and track record.
- Results of due diligence and financial health checks.
- Findings from initial and ongoing risk assessments.
- The amount of support, training and intervention required to meet DfE and awarding body standards.

This ensures smaller or higher-risk subcontractors receive the necessary support, while more established providers are charged at the lower end of the range.

8. Payments to Subcontractors

- Payments are made monthly in arrears, subject to Educationwise receiving funds from the DfE.
- Payments are conditional on subcontractors:
 - Meeting contractual and funding compliance requirements.
 - Submitting accurate and timely learner data.
 - Achieving agreed quality and performance standards.
- Statements will clearly show gross funding earned, management fees retained and net payment due.

9. Monitoring and Review of Fees

- All management fees and subcontractor arrangements are reviewed annually by the Board to ensure proportionality and value for money.
- A full report of subcontractor arrangements and fees will be published annually on Educationwise’s website, in line with DfE requirements.
- Fees may be adjusted year-on-year based on subcontractor performance, risk profile and changing DfE guidance.

10. Policy Review

This policy will be reviewed annually or earlier if required by changes in DfE subcontracting guidance or audit findings. Updates will be approved by the Board of Directors and communicated to all subcontractors