

Leicester City Council Adult Skills Fund (ASF) Subcontracting Policy

Policy Owner: Adult Education Service

Approval: Director of Tourism, Culture and Economy

Effective Date: 1st April 2026

Review Date: 30th March 2027

1. Introduction

Leicester City Council (“the Council”) delivers Adult Skills Fund (ASF) provision under the authority of the Department for Education (DfE) / Department of Work and Pensions (DWP). The Council has taken the strategic decision to subcontract elements of its provision to high quality partners, where this supports learner access, quality, and local skills priorities.

The Council remains fully accountable for all ASF-funded delivery, including classroom provision and/or support services delivered by subcontractors.

2. Policy Objectives

This policy ensures that subcontracting:

- Adds clear value to learners and employers
- Supports Leicester’s economic and social inclusion priorities
- Delivers value for public money
- Meets all DfE / DWP funding, audit, and assurance requirements

3. Rationale for Subcontracting

Subcontracting may be used to:

- Widen participation in priority neighbourhoods and marginalised communities
- Deliver specialist or sector-specific provision to respond flexibly and solve local skills issues
- Address high demand in a specific curriculum area that the Adult Education service doesn’t have the capacity to meet.
- Engage local voluntary, community, and employer-led providers

Subcontracting may not be used for:

- Duplication of existing provision

4. Subcontracting Arrangements

The Council may enter into:

- **Delivery subcontracting** (teaching, learning, assessment)
- **Support-only arrangements** (where permitted by funding rules)

All arrangements must be supported by a written contract before delivery begins.

5. Selection and Due Diligence

Subcontractors are selected through a transparent and proportionate process that assesses:

- Alignment with Leicester's skills priorities and Adult Learning principles
- Financial stability
- Strategic and operational alignment
- Quality assurance, track record and outcomes
- Compliance with legislation including Safeguarding and Prevent
- Capacity and capability for delivery
- Appropriate policies and procedures

The assessment panel will comprise a minimum of 3 officers and/or stakeholders. The decisions will be moderated by the Head of Adult Education prior to approval by the Assistant Mayor.

All decisions are documented and retained for audit.

All sub-contracting will be declared to the funding body in line with the [contractual requirements](#)

6. Fees and Charges

- Management fees are reasonable, transparent, and justified
- Fees reflect actual costs of oversight, compliance, and quality assurance

Management Fees for **Delivery subcontracting** will be 20% of the funding rate for the qualification (s) delivered. The management fees will cover the Council's costs for

- Needs analysis and stakeholder consultation
- Contract Awards and administration
- Quality Assurance and performance management
- Learner evidence and data processing

- Payment management
- Senior Management contractual support including management of procurement, financial due diligence, funding rule adherence, audit preparation and general support and advice to the training provider

Where a performance improvement plan is required to ensure the provider meets the expected standards, additional charges will be made to cover any additional costs to the Council, including additional officer time.

Support-only arrangements will be based on payment for the services provided (e.g. Room Hire, Learner Recruitment) at a reasonable market rate and will not incur a management fee. These rates will be reviewed annually.

7. Contract Management

All subcontracted delivery must comply with the [Adult Skills Fund: Funding and Performance Management rules](#). Any claims for learners or learning that does not comply with these rules will not be funded. It is the subcontractors' responsibility to ensure that participants and programmes are fundable.

All subcontracts include:

- Scope of delivery and funding values
- A timeline of key dates and performance management points.
- Delivery plan including qualification aims to be delivered
- Performance and quality expectations
- Payment and evidence requirements
- Audit and inspection rights
- Safeguarding, Prevent, and Equality duties
- Termination and clawback provisions

Staff managing the contract will follow the Contract Management Plan and receive regular training and will be supported by the Council Procurement and Legal teams. The plan focusses on outputs and a 'whole life' approach to performance. The Contract Management Plan has clear escalation and reporting routes for the management of risks.

Delivery must not commence prior to a signed contract being in place between the two parties.

Contract Amendments: The contract will be reviewed and may be amended in-year when there are changes to the overall contract and/or funding rules and regulations. All changes will be handled in a fair, transparent manner.

Changes to contract values may be proposed by the Curriculum Manager following monthly Performance Review meeting with a provider. Contract changes must be authorised by the Head of Adult Education, recorded with a rationale in the Contract Management Plan and confirmed in writing to the provider.

8. Quality Assurance

Regular quality provider reviews covering the following aspects:

- Monitoring of performance (including progress against profile; recruitment, pass rates, retention rates, attendance and achievement rates, progression and destination where applicable).
- Records of Classroom Visits
- Quality improvement recommendations
- Contractual changes since the last review.
- Organisational and delivery arrangement changes since the last review.
- Finance – monitoring of payments.
- Advertising and marketing activity.
- Completion of programme tracking documents and required evidence.
- Safeguarding and Prevent concerns
- Short notice or unannounced visits.
- Equal Opportunities
- Health & Safety

All subcontractors are required to engage with Leicester Adult Education's Observation of Teaching, Learning and Assessment and other quality assurance processes including standardisation, internal/external verification/ moderation, self-assessment and quality improvement plans. All subcontractors will also be invited to participate in continuing professional development opportunities.

9. Safeguarding, Prevent, and Equality

Subcontractors must:

- Maintain effective safeguarding arrangements
- Comply with Prevent duty and ensure extremist organisations are not funded through their activity.
- Promote equality, diversity, and inclusion
- Escalate concerns immediately to the Council

10. Financial & Data Assurance

Data and finance support is provided including paperwork briefings, production of management information reports, generation of purchase order, payment of invoices, submission of funding claims and preparation for any external audits.

- Payments are performance-based and validated in line with Adult Skills Fund: Funding and Performance Management rules
- Payments are made monthly in arrears following validation of activity
- Subcontractors must retain auditable records

- Unannounced visits may be undertaken to validate data.
- Funds may be recovered for non-compliance with the funding rules

Payments will be made based on the following criteria:

- The delivery of a qualification aim, as detailed on the agreed delivery plan, which is listed on the Find a Learning Aim Government portal and subsequently included in the potential provider's contract profile of delivery.
- Payments will be based on the tariffed price per qualification as listed on the Find a Learning Aim Government portal <https://findalearningaimbeta.fasst.org.uk> / Adult Skills Fund funding rates and formula 2026-27 – minus the 20% management fee.
 - Payments will be based on actual submission of accurately completed course paperwork, including learner enrolment forms, course registers, qualification achievement evidence, and where applicable learner fee remission evidence.
 - Payments will be made on the actual recruitment, learner funding eligibility, learner employment status and learner paperwork submissions. Payments will not be based on profiled starts shown in contract and delivery plan.
 - Learners will only become eligible for funding after they have been retained on programme for the minimum qualifying period and this is predicated by the length of the learning programme.
 - Potential providers should note that 80% of learner Adult Skills Fund earnings are secured through learner retention on programme and the remaining 20% is secured through the achievement of the qualification aim.
 - Payments for Adult Skills Fund (ASF) delivery are made 30 days after the receipt of an accurate invoice supported by the required evidence. All payments to sub-contractors are made in line with Leicester City Council payment procedures.
 - All course paperwork and learner evidence must be submitted by the end of September following the end of the academic year.
 - Potential providers should note that all funding is subject to both internal and external audit. Any overpayments identified due to non-compliance will be subject to financial claw back or a reconciliation of outstanding due payments.

Budgets are monitored monthly as part of the Council's budget monitoring process and reported to senior management and elected members as required by the Council's financial regulations.

11. Contract Termination

Contracts may be terminated for reasons including, but not limited to the following circumstances

- Serious underperformance against KPIs
- Financial or legal irregularities
- Serious issue of safeguarding that have not been identified or addressed by the Sub-Contractor

- Serious allegations made by learners or employers. For the avoidance of doubt, termination will only be considered where any such serious allegations are substantiated.
- Failure to meet due diligence requirements or to produce evidence as requested by the deadlines required
- Where the Sub-Contractor is not able to deliver the learning agreed or does not have appropriate capacity, resources or infrastructure and is demonstrably affecting the progress and achievement of learners
- The performance of the Sub-Contractor is significantly below the national average for their sector.
- The Sub-Contractor consistently fails to address issues that have been identified (including by external organisations such as Ofsted and Awarding Bodies), and/or does not engage in communication, and/or QPRs and/or does not attend events or complete required documentation on time.
- The DWP or DfE instruct the Purchaser to cease contracting with the Training Sub-Contractor.

12. Transparency

This policy is reviewed annually when the final versions of the ASF funding rules and guidance are issued to Leicester City Council.

The Council publishes:

- This subcontracting policy on the Adult Education website by the 31st October of the relevant academic year.
- Subcontractor information is declared twice per year and published on the gov.uk website
- Subcontracting arrangements are subject to annual external audit.

For reference:

[Adult skills fund: funding and performance management rules 2026 to 2027 - GOV.UK](#)

[Subcontracting funding rules for post-16 education and training - GOV.UK](#)