

## **BCT Subcontracting Rationale and Fees Policy**

This policy can be found at <http://www.bcepolicies.com/public/>

Agreed at the BCT management committee meeting on 17<sup>th</sup> July 2025

### **Scope**

The policy applies to all subcontracted activity supported with funds supplied by the Education and Skills Funding Agency (ESFA) or any successor organisations. It does not apply to the delivery of a service as part of the delivery of a programme (for example, buying the delivery of part of an apprenticeship framework, enrichment or outreach support).

### **Overarching principles**

All subcontracting provision will be contracted and delivered in line with the ESFA [Funding guidance for young people: subcontracting controls](#)

Big Creative Training (BCT) will optimise the impact and effectiveness of service delivery to the learner. BCT will therefore ensure that:

- Management activities comply with the principles of best practice in the sector.
- BCT will at all times undertake robust due diligence procedures on potential subcontractors to ensure compliance and to ensure the highest quality of learning delivery is made available, demonstrating value for money and a positive impact on learners' lives.
- The funding that is retained by BCT will be related to the costs of the services provided. These services, and the levels of funding being retained for them, will be clearly documented and agreed by all parties. The rates of such retained funding will be commercially viable for both sides and will be negotiated and agreed in a fair and transparent manner. They will be proportionate to the actual services being provided.
- Where disputes between partners cannot be resolved through mutually agreed internal resolution procedures, BCT will submit to independent outside arbitration or mediation and abide by its findings.

### **Rationale for subcontracting**

Big Creative Training (BCT) was established in 1999 with the aim of engaging young people from disadvantaged communities using creative industry education as a tool.

The [Big Creative group](#) now encompasses 600 full time study programme learners across our Training and Academy sites. We also offer apprenticeships, adult education and our independent school for alternative provision. We opened a [creative industry coworking space](#) in Dec 2018.

The organisation still has engagement at its heart and although we now offer programmes at all levels to learners of all ages from all backgrounds, it is embedded in our DNA to create new access opportunities for young people to an excellent creative industry education offer local to them.

Part of our strategy to increase engagement over recent years has been to work with subcontracting partners in different geographical areas to expand access for young people. We actively look for partners who operate excellent provision in the creative industries that meet the elements of our education rationale below.

## Educational rationale

When assessing whether to take on a potential subcontractor BCT will ensure the following criteria are used to assess the application:

- The provision must enhance the opportunities available to young people in the geographic area proposed
- The education offer will fill gaps in niche or expert provision, or provide better access to training facilities than currently exist in the area
- Subcontracted provision will support better geographical access for learners and offer an entry point for disadvantaged groups
- All provision will be in the creative industries or related areas
- It is likely that the subcontractor will be small, finding it difficult to receive funding, with excellent capacity for growth and development
- Potential partners will need to be able to benefit from the enhanced lead contractor services on offer from BCT as detailed in the SLA
- In addition we will ensure consideration of the impact on individuals who share protected characteristics is included in any subcontracting arrangement

## Quality assurance

Subcontracted provision is an important part of BCT activity. The quality of all subcontracted provision is monitored and managed through the existing BCT Quality Improvement (QI) processes and procedures, as amended in order to fully encompass all subcontracted activity.

To enable continuous improvements in the quality of teaching and learning for both BCT and its subcontractors, BCT will seek to promote the sharing of effective practice across the supply chain, for example through the self assessment report process, quality cycle including OTLA and the quality improvement plan.

## Fees retained by BCT

The associated costs are determined by the risk rating given to each delivery partner. Delivery partners are risk rated during a due diligence exercise that is undertaken when contracts commence, and also refreshed each academic year.

The standard BCT management fee for a low risk delivery partner is 20% of all funding drawn down against the provision to be delivered. This figure represents the total cost that BCT incurs in including the commissioning and procurement process, capacity development, quality support and administration and management of the subcontracts including the monitoring of learner progress, collecting and updating due diligence, ensuring audit compliance, dealing with partner queries, coordinating self-assessment processes, quality and compliance monitoring, as well as other similar services as needed. The 20% includes the minimum amount of services and activity that BCT would attach to the lowest possible risk subcontractor. An outline of services provided by BCT that are included in fees are provided in Appendix 1.

Further charges may be added to the base 20% fee to cover any additional services and further support that BCT deems necessary to ensure the quality of provision, teaching and learning, and the success rates of any subcontracted provision. This will be captured in an annual cycle specific to that subcontractor on an assessed needs basis.

BCT aims to work with providers that are rated low risk, however they reserve the right to work with medium and high risk providers that bring a specific strategic alignment and charge above the stipulated 20% if there is a clear rationale for this additional charge.

Additional cost is determined using a weighted table of risk factors which would put a partner in one of 3 risk bands with associated fees as captured in the table below.

Subcontractors are not able to claim costs, as they are paid their earnings minus percentage amount (as detailed below as per their risk assessment) and any other charges detailed in this policy. The charges are reasonable and proportionate as they are based on actual learner numbers delivered.

Of the management fees deducted the following is the approximate breakdown

1. Funding retained for quality assurance and oversight – 50%
2. Funding retained for administrative functions such as data returns 50%
3. Funding retained for mandatory training delivered to subcontractor staff by the directly funded provider – 0% as this is charged separately

Risk Band	% To Delivery Partner	% Retained by BCT
HIGH	70%	30%
MEDIUM	75%	25%
LOW	80%	20%

The weighted table of risk factors (below) shows the 8 risk considerations, weightings of each and risk rating score (1 to 3) and associated criteria. The risk band of a partner is determined by multiplying the risk rating score with the weighting of each risk consideration and adding the results together.

Performance indicator / Risk consideration	Weighting - Low to High 1-4	Risk Rating Score			
		LOW	MEDIUM	HIGH	Not Measurable
		1	2	3	3
1. Teaching Learning Assessing	4	85% or more teaching G/O	70% to 85% teaching G/O	Less than 70% G/O	
2. Previous year's main aim success rate	4	3% or more above benchmark	Within 3% of benchmark	More than 3% below benchmark	No previous delivery records
3. BCT SAR grade / Ofsted	4	Grade 1 or 2		Grade 3 or 4	No Ofsted grading
4. Delivery experience of partner with BCT	3	More than 5 full years	2 to 5 full years	Less than 2 full years	
5. BCT audit and QA	4	Compliant and no actions or	Mainly compliant but	Not compliant and actions required to	No previous audit as new

measures		recommendation s	recommendation s to improve	improve	provision
6. IQA	3	Compliant and no actions or recommendation s	Mainly compliant but recommendation s to improve	Not compliant and actions required to improve	No previous IQA visits as new provision
7. Contract size	2	<£150k	£150k to £300k	>£300k	
8. Contract manager overview	4	Contract support is light touch and the provider needs minimal additional input	Contract support is regular with occasional periods of additional support	Contract support is frequent with regular interventions and periods of intensive support needed	No previous delivery record

If for example the total score is 35 then the partner would be in the low risk band. If the score is 51 the risk band medium as detailed in the table below.

Score	Risk Band	Percentage retained
28 - 43	Low	20%
44 - 59	Medium	25%
60 - 75	High	30%
76+	Very High	Don't contract / consider termination

The weighting table with score criteria is designed to ensure transparency and that the cost of any additional support provided to a sub-contractor is covered through funding retained. Additional costs will be recalculated and discussed each year at contract renewal, giving delivery partners the opportunity to reduce their lead fees through continuous improvement. This approach will allow the BCT to focus support where and when it is needed.

The guiding principle for the operation of BCT subcontracted provision is that all services are provided on an 'at cost' basis.

### Additional support for delivery partners

The precise additional support given to each delivery partner will be based on the 'risk band' approach described above and may include but is not limited to services in Appendix 1 such as:

- Additional lesson observations
- Additional tutor support
- Additional managerial support
- Additional site visits
- More rigorous IV
- Additional audit visits
- Additional funding, safeguarding and compliance support

## Additional services / recharges to subcontractors

BCT may also retain funding to cover the cost of any funded activity that it might undertake on behalf of the subcontractor such as:

- SEN / high needs coordination / support
  - Learners with SEN and HN will be supported by the SENDco at BCT, who will advise on strategies as well as providing training and working with subcontractors to complete high needs funding requests (HNRF) for specific students
- Internal verification
  - Internal verification (IV) and awarding organisation (AO) registrations
  - All work at subcontracted provision is subject to the BCT internal IV process to ensure quality and AO compliance. All AO registrations are managed and completed by BCT
- Provision of Maths and English
- Awarding organisation fees and charges
- MIS systems – Arbor, PICS
- External CPD and professional services
- Hiring of facilities / equipment

Cost rationale:

- SEN / High needs co-ordination cost based on salary recharge of staff involved in securing support funds, coordination and direct provision of 1-1 support high needs students with an EHCP plan for each sub-contractor
- IV: Costs based on salary recharge of proportion of time BCT IV staff allocated to individual subcontracted provision
- Maths & English - Recharge of tuition cost including planning & marking time
- Awarding organisation costs: Costs based on direct recharge of awarding body costs by individual sub-contractor
- MIS systems: Costs based on direct recharge by individual sub-contractor based on proportion of additional learners
- External CPD and professional services: Costs based on direct recharge by individual subcontractor

Additional charges will be outlined / projected at the start of the academic year depending which additional services are required by the given subcontractor.

## Payment terms

Full details of payments are included within the contract between BCT and subcontractors. These are summarised below:

BCT and the subcontractor will agree a maximum contract value based on projected starts and a profile of payments running from R03 to R12. The payments will follow the percentages in the table below in order to provide financial certainty across the contract year.

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
10%	10%	10%	10%	10%	10%	10%	10%	10%	10%

Payments will be reconciled quarterly (R03, R06, R09, R12) in order to ensure profile payments do not exceed actual. If actual performance is under profile an in-year reconciliation / claw back will be required.

Invoices are payable on 18th of each month in line with the annual profile.

Details of any rights by BCT to withdraw, reduce or withhold funding are published in the subcontract and relate to the protection of ESFA funds and not to the benefit of BCT.

BCT expects subcontractors to fully assess the accuracy of payments and to have a responsibility to review their quarterly financial reports to identify any inaccuracies.

### **Publication and communication**

BCT will ensure all actual and potential subcontractors have sight of this policy. It will be published on BCT website during the July prior to the start of the academic year in which it will be applied and potential subcontractors will be directed to it as the starting point in any relationship. Alongside this policy, BCT will also publish the actual level of funding paid and retained for each of its subcontractors.

## APPENDIX 1 - Services / Description

### BCT will be responsible for:

- Strategic planning including financial
  - All subcontractors will receive business support to ensure the viability and growth of their organisation
- Contract management
  - A designated partnership lead
  - Due diligence, regular reporting and accountability will be in place to ensure subcontracting organisations are audit compliant
  - Regular contract review meetings
  - Safeguarding guidance and support
  - Updates regarding funding and policy guidance
- Quality improvement including maths and English, and vocational
  - Subcontracted provision will have support to ensure the continuous improvement of teaching, learning and assessment in all areas
  - Additional support will be given with regards to M&E registrations and exams
  - Regular performance and quality visits including OTLAs and associated feedback
  - Audits of paperwork, processes and procedures
  - Ongoing support to address areas for improvement
  - Support on key quality processes such as self-assessment report (SAR) writing
  - CPD opportunities which may be face-to-face or digital
  - Prevent and safeguarding CPD and updates
- Management information systems (MIS)
  - Access to systems to support the subcontracted provision will be provided e.g. enrolment, registration, student support. The MIS team will ensure that enrolled learners are eligible
  - Inputting of submitted paperwork
  - Data checks and support to resolve data queries
  - MIS returns completed in a timely manner
  - Reporting of any errors to partnership team
  - Provide appropriate updates to colleagues of any changes to processes, procedures and documentation that impact funding
- Student services including safeguarding
  - Learners at subcontractors are supported by student services with bursary and free applications, access to counselling and careers. All subcontractors have their own DSL and are also supported with expert DSL support from BCT
- Internal audit to ensure funding compliance, during which BCT staff will:
  - Evaluate objectively, be impartial and inspect without fear or favor.
  - Evaluate provision in line with published ESFA requirements
  - Base all evaluations on clear and rigorous evidence.
  - Have no connection with the provider that could undermine their objectivity.
  - Report honestly and clearly, ensuring that judgments are fair and reliable.
  - Carry out work with integrity, treating all those they meet with courtesy, respect and sensitivity.
  - Try to minimise the stress on those involved in the audit.
  - Act in the best interests and well-being of service users.
  - Maintain purposeful and productive dialogue with those being audited, and communicate judgments clearly and frankly.
  - Respect the confidentiality of information, particularly about individuals and their work

- Respond appropriately to reasonable requests.
- Take prompt and appropriate action on any safeguarding or health and safety issues in accordance with BCT policies.
- When conducting interviews, internal auditors must explain that, if requested, they will make every effort to protect the origin of the individual's comments when using them to form judgments.
- However, internal auditors should also make clear that in some circumstances, it may not be possible to guarantee the interviewee's anonymity. For example, other factors may make it easy to identify which individual has shared particular evidence
- Internal auditors also have a duty to pass on disclosures that raise safeguarding issues, and/or circumstances where serious misconduct or potential criminal activity or fraud may be involved.
- Therefore, internal auditors should make it clear that it may not be possible to guarantee confidentiality if an interviewee raises an issue that internal audit are obliged to report

Cost rationale: BCT support for subcontractors are provided 'at cost'. Funding retained is evidenced through a clear audit trail of salary costs and overheads apportioned to direct support for BCT subcontracted provision.

Date Updated	To Review	Responsibility
July 2025	Jul 2027	BJ