

# Serco Management System

## UK&Europe/Citizen Services: ESE Local Operating Procedure

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Contract/Dept: Employment Skills & Enterprise

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## I INTRODUCTION

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Serco Employment Skills & Enterprise (ESE) is committed to developing a sustainable and reliable supply chain to enable proactive planning and response to manage funding and specific project contracts. This document will set out how ESE will respond to the changes and effectively manage its supply chain.

The policy relates to activity funded through the Education & Skills Funding Agency (ESFA) European Social Fund (ESF) and West Midlands Combined Authority (WMCA) whereby ESE enters into a subcontracting agreement with a supplier to deliver activity.

### I.1 Reason for Subcontracting

It is recognised that working with sub-contractors can present a potential risk to ESFA, ESF and WMCA funded programmes. However, ESE may need to work with sub-contractors from time-to-time.

ESE may require the support of a sub-contractor if:

- the current ESE team do not possess the necessary skills and/or knowledge
- ESE have insufficient human or learning resources to meet the needs of the learners and/or their programme
- the programme requires infrequently needed or specialist resources to deliver the training and/or complete assessments
- the learners and their work sites are in a part of the UK which is inaccessible to the ESE team available at the time
- the learner's employer is part of a potential Serco contract
- potential learners are employed by organisations that form part of the Serco supply chain
- potential learners are from groups identified as being in need [as part of Serco Corporate Social Responsibility]
- required on ESF and AEB programmes to support Local Enterprise Partnership Priorities and Combined Local Authority.

## 2 OBJECTIVE

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The purpose of the policy is to ensure the effective management of sub-contractors and partners to reduce and mitigate potential risks to ESE. It will also set out a framework for improving the quality of Teaching and Learning for both ESE and the sub-contractor. The policy and processes will also adhere to the following underlying principles:

- To ensure compliance with all legal and contractual requirements
- To achieve value for money
- To conduct all activities in a collaborative manner with integrity always
- To apply open, fair, transparent and non-discriminatory practices
- To undertake a thorough risk assessment of the full supply chain and manage any risks accordingly

## 3 SCOPE

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The implementation of this policy will be managed by the Senior Management Team (SMT) that will consist of the following: Head of Employment Skills and Enterprise, Head of Apprenticeships, Head of Skills Support for the Workforce, Head of Quality & Continuous Improvement, MIS & ESFA Funding Compliance Manager, Finance & Commercial Manager and Head of Serco Education.

The SMT will also call in relevant specialist and support staff to support specific activities as required. Any SMT meetings and decisions will require a minimum of 3 members to ensure that the process remains open, transparent and fair.

## 4 SUBCONTRACTOR PROCEDURE

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### 4.1 Sub-contractor Approval and Due Diligence

A two-stage application process will be implemented that all sub-contractors will need to successfully pass in order to be offered a contract.

Stage One: Organisational Approval. All applicants must successfully pass this stage of the process to be considered for the second stage or to be offered a contract. All organisations will complete ESE's Bid Partner Expression of interest Form. Passing this stage will not guarantee an offer of a contract.

The Stage Two: Contract Level Approval. The application process relates to a specific application or request to deliver a sub contract. It will be the responsibility of the SMT to decide the most appropriate method of procurement which will consider the specific contract requirements and timescales.

The SMT will also ensure that the process complies with any legal requirements. This process will consider the organisational level due diligence that must take place which will include specific organisational details and a review of financial health, policies and overall quality including the following: capacity to deliver, ability to deliver including technical ability and geographical coverage.

Appropriate due diligence will always be completed for all sub-contractors; however, the Stage Two process may not be necessary in the following instances: a) Where a sub-contractor has been specifically named within a successful application or contract. This is because the partnership provided as part of an application is often considered intrinsic to the approval of a project. b) Where an existing sub-contractor has a proven track record delivering within the context of the contract on offer with ESE.

### 4.2 Sub-contractor Management and Monitoring

Each sub-contractor will have an identified main point of contact for a) Administration, b) Quality and c) Management which is specific to the contract being delivered. An agreed reporting structure for each contract will be developed and based on contract requirements and partner risk assessment.

As a minimum each sub-contractor will be subject to annual formal reviews and unannounced spot checks and audits during the life of the contract. ESE will manage and monitor sub-contractors to ensure that the following standards are met:

- The sub-contractor is demonstrating value for money and is compliant with all contract requirements.
- The sub-contractor is delivering a quality programme.
- The sub-contractor continues to meet the minimum requirements to pass the Stage One application process.
- The sub-contractor is achieving the minimum standards of performance

Second level sub-contracting will not be permissible without the approval from the SMT which will give due consideration to any specific contract requirements and final approval from the ESFA and WMCA.

### 4.3 ESE contribution to improving quality of teaching and learning

- ESE carry out joint observation of teaching, learning and assessment (TLA) with Subcontractors Quality Team/staff to help support and identify areas for improvement, this also incorporates observation of Induction, TLA and Reviews.
- Subcontractors get support from the ESE data team in respect of document completion.
- The ESE Quality team support the subcontractors to develop a robust Quality Strategy and processes where these are not present, including support of learner file audits and observation of key learning processes.
- Support will be relative to the size of the contract and the risk to ESE.

### 4.4 Fees and Charges

The Management Fees charged by ESE cover all activity undertaken by ESE in support of the sub-contractor except for services listed under 'Additional Services'. The management fee that will apply to sub contracted activity will typically range between 15-20%. The level will be decided by the SMT based on any specific contract requirements. Activities undertaken by ESE as part of the management fees include: Due Diligence Support, Risk Management, Contract Compliance Advice and Guidance on Funding Audit Compliance.

A further enforced management charge may be applied where a sub-contractor has a high-risk score and additional controls are required to manage and monitor the sub contractor's performance. Further management charges may be mutually agreed between ESE and the Sub-contractor.

### 4.5 Payment terms; timing of payments in relation to delivering provision and timescale for paying invoices and claims for funding received.

Payment of services will be made 30 days following invoice based on Serco's standard terms. Under the agreement of the subcontract Serco will pay the Contractor the agreed amount of the ESFA or ESF funding received, all payments will be made in line with ESE receipts from the ESFA and WMCA. Payment to be made in accordance with the following process:

- All learner data requiring processing for payment must be submitted by the last working day of the month
- Any data received after the submission deadline will be processed and reconciled the following month
- Data submitted on time will be uploaded to the ESFA Hub for the month to be reported following ESFA data collections timetable
- ESFA PFR/Occupancy Reports returned following data upload and used to confirm actual delivery amount by month
- PO raised including reconciliation of previous POs to date due to data changes

## 5 COMMUNICATION

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This policy will be published on the ESE website and is available publicly:

<https://www.serco-ease.com/adult-skills-for-work/supply-chain-fees-and-charges>

The policy will also be publicised to all sub-contractors through contract negotiations and specific agreements. ESE will also publish an annual summary of sub-contractors to show the actual level of funding paid and the amounts retained per partner per contract within 30 days of a final ILR submission for any given contractual year.

## 6 POLICY MONITORING AND REVIEW

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The SMT will be responsible for management of the Policy and all staff involved in the administration or management of sub-contractors will be responsible for the implementation. The policy will be monitored and reviewed operationally by the SMT. The policy will be formally reviewed annually by the SMT or when a new contract is awarded to ensure the policy does not prohibit specific contract requirements or compliance.

## 7 DEFINITIONS

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Document Definitions	
Term	Definition
ESE	Employment Skills & Enterprise
ESFA	Education & Skills Funding Agency
ESF	European Social Fund
PFR	Provider Funding Report
PO	Purchase Order
SMT	Senior Management Team
TLA	Teaching, Learning and Assessment
WMCA	West Midlands Combined Authority

## 8 ASSOCIATED DOCUMENTS

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Document title	Reference
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