

Subcontractor Policy_v2.0

Employment, Skills and Training (EST)

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Change Control

Any requested changes to this document should be emailed to: robert.taylor3@serco.com

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1. Acronyms & Definitions

Acronym/Term	Definition
EST	Employment, Skills and Training

2. Introduction

2.1 Purpose

Serco Employment Skills and Training (EST) is committed to providing a high-quality standard of delivery and recognises the value that subcontracting can add to service users and funders, when managed properly and when used to complement Serco EST expertise. Serco EST is committed to developing a sustainable and reliable supply chain to proactively plan for and enable a timely response to, the commissioning of specific projects and contracts. The purpose of this policy is to ensure the effective management of sub-contractors to reduce and mitigate potential risks to Serco EST and its funders, whilst ensuring transparency and equitability around subcontracting and the associated management fee.

The policy sets out the rationale for subcontracting, the framework for managing subcontractors (including due diligence, and quality monitoring), the fees charged of subcontractors (and the services covered by the fees), and how subcontractors are paid.

2.2 Scope

The policy relates to activity funded through the Department for Education (DfE), Education & Skills, Devolved Combined Authorities (CA) and Local Authorities (LAs) whereby Serco EST enters into a subcontracting agreement with a supplier to deliver some, or all the participant journeys. It covers the subcontracted provision of adult education, apprenticeships, and related services.

3. Implementation

The Serco EST Senior Leadership Team is responsible for the implementation of this policy, and for ensuring staff have the relevant knowledge, skills, and experience to successfully select and manage subcontractors, in line with the relevant funding rules.

4. Rationale for Subcontracting

Serco EST will only enter into subcontracting agreements where it enhances the quality of the learner offer by meeting one or more of the criteria below:

- Enhancing the opportunities available to learners.
- Filling gaps in niche or expert provision or providing better access to facilities.
- Supporting better geographical access for learners.
- Supporting an entry point for disadvantaged groups.
- Supporting individuals who share protected characteristics, where there might otherwise be gaps.

5. Fees and Charges

The fees charged by Serco EST of its subcontractors cover a range of activities as listed below:

- Quality assurance and oversight of subcontracted delivery, including quality improvement support.
- Audit and compliance checking on subcontractors' claims.
- Data validation and submission.
- Development of reporting and provision of management information to support subcontractors' performance and quality.
- Design, development, and management of case management systems for subcontractors to track participant progress.
- Performance Management of subcontractors against KPIs, including reallocation of funding allocations across subcontractors (offering opportunity for growth).
- Mandatory training delivered to subcontractor staff.
- Marketing and communications to raise awareness of the services provided by subcontractors.
- Stakeholder engagement to develop participant referral and progression routes that benefit subcontractors' delivery.
- Partnership meetings/events to build networking and sharing of ideas across supply chains.
- Capacity building support.

Serco EST's fees for managing subcontracted activity will typically range between 15-20%. The level will be decided by the Senior Leadership Team based on any specific contract requirements. An additional fee may be charged for 'additional services' such as the recruitment, onboarding and initial assessment of learners trained by subcontractors. These fees are agreed by both parties prior to the commencement of delivery. Furthermore, where elements of an apprenticeship programme are subcontracted, the service delivery elements are agreed with the subcontractor and costed separately to ensure fairness and transparency. These fees are agreed by both parties prior to the commencement of delivery. Any changes to agreed charges will be reflected in contract variations, signed by both parties.

6. Agreeing the Use of Subcontractors

Before making the decision to subcontract, Serco EST will ensure there is a clear rationale to do so, as well as ensuring there is the relevant expertise and capacity within Serco to manage/support the proposed subcontractor(s).

The Senior Leadership Team is responsible for agreeing the use of subcontractors, following the appropriate internal governance procedures, and following the appropriate selection and due diligence processes outlined below, to ensure the subcontractors are of high quality and low risk to public funds.

Subcontracting is agreed with the relevant funding body through the relevant contracting and change control processes. For apprenticeship subcontracting, Serco EST will also agree the use of subcontractors with the employer.

7. Selection and Procurement

Serco EST will ensure that subcontractor(s) are selected fairly, transparently and without discrimination, and will ensure that potential subcontractors have sufficient capacity, quality and business standing to deliver the provision that is being subcontracted.

Once a clear educational rationale for using subcontractors has been established, subcontractors are identified and selected via a process that is fair, open and competitive. An initial Expression of Interest (EOI) is launched, which is promoted through multiple external channels to reach a wide and diverse network of providers.

It is the responsibility of the Senior Leadership Team to decide the most appropriate EOI questions, which will consider the specific contract requirements and priorities. Consideration will be given to the organisation's capacity to deliver, its track record and quality, its ability to deliver the priorities identified in the EOI, its geographical coverage, value for money, and the impact on participants/learners.

Subcontractor's expressions of interest are subject to a rigorous selection process to ensure the highest standards are met for all Serco EST' learners. EOIs are scored against the same criteria, by at least two evaluators who then moderate scores and put forward proposals to the Senior Leadership Team to review. Unsuccessful providers are offered feedback as to why their EOI was not successful.

Serco will always comply with current and relevant procurement regulations when procuring subcontractors and will comply with relevant funding bodies' caps on subcontracting (where applicable).

8. Procurement and Due Diligence

Serco EST operates thorough due diligence checks on all potential subcontractors before entering a contractual relationship. Organisations are assessed against a range of criteria including:

- Consideration as to whether the organisation is deemed to be high risk as defined by the
- DfE's ['funding higher risk organisations and subcontractors' policy](#).
- Consulting the ['List of Declared Subcontractors'](#) to verify the aggregate value of subcontracts the organisation holds, to determine the level of risk an additional subcontract would pose.
- Reviewing Ofsted reports for the organisation (where applicable).
- Reviewing the organisation's track record (performance and quality).
- Reviewing the organisation's policies and controls for managing learner safety and welfare (including safeguarding)
- Determining whether the organisation has robust procedures in place to ensure subcontracting does not lead to the inadvertent funding of extremist organisations.
- Undertaking credit checks to assess the financial health of the organisation, and the level of risk this would present.
- Undertaking ethical due diligence.
- Undertaking Companies House checks for registered companies.
- Checking the UK Register of Learning Providers (UKRLP) to ensure the organisation holds a valid UK Provider Reference Number (UKPRN) – for funded provision of training.
- For apprenticeship subcontractors, checking the organisation can evidence one of the criteria below:
- They are on the published Apprenticeship Provider Assessment Register (APAR) and have applied by the main provider or supporting provider application routes.
- They are the apprentice's employer, or a connected company or charity as defined by HMRC, and are on the published APAR, having applied through the employer- provided application route.
- They have applied to the APAR subcontracting exception process and have been approved to be exempt from the requirement to be on this register and can produce written approval from the department confirming that this exception applies to them, including its duration.

Due diligence is completed on subcontractors before entering a subcontract, and annually thereafter. Serco will only enter a subcontract where the Due Diligence and financial health checks identified no concerns, and there is clear evidence that the subcontractor has the capacity and specialism to deliver the contract to the highest standards.

9. Subcontractor Claims and Payments

Serco EST will conduct 100% checks on all claims for funding submitted by subcontractors, to ensure claims are:

- Reasonable.
- Eligible.
- Compliant with the relevant funding rules and the requirements Serco has set off its subcontractors.
- Proportionate to the delivery of teaching, learning, assessment, or interventions delivered by the subcontractor.
- Payments for subcontracted provision will be agreed at the outset and will be detailed in the subcontract. This will usually mirror the relevant DfE/CA/LA payment mechanism for the relevant funding stream.
- Payments will be made in accordance with the following process:
- All learner data requiring processing for payment must be submitted by the monthly deadline set by Serco EST.
- Any data received after the submission deadline will be processed and reconciled the following month.
- Data submitted on time will be submitted to the relevant funding body for the month to be reported following funding body's data collections timetable.
- Funding body validation reports will be used to confirm actual values earned by subcontractor, by month.
- Purchase orders will be raised for subcontractors to invoice against. These will be paid as detailed in the subcontract.
- All payments will be made 30 days following invoice based on Serco's standard terms, unless agreed otherwise.

10. Subcontractor Monitoring

Serco EST will manage and monitor all subcontractors to ensure that high-quality delivery is taking place, that meets the requirements of the contracts it has entered with funding bodies, for the provision of funded delivery (including compliance with funding rules). This includes safeguarding of learners/participants. Serco will implement a regular and substantial programme of performance management and quality assurance checks on the services delivered by subcontractors, including:

- Implementing Performance and Quality KPIs, included within the subcontract.
- As a minimum, Quarterly performance reviews to monitor performance against contractual KPIs, with support for performance improvement.
- As a minimum, Quarterly quality reviews to discuss and monitor progress against a range of quality indicators, with opportunities to share best practice
- Co-observations of teaching and learning, inductions and progress reviews, including feedback and action planning to support improvement.

- Learner and employer surveys, and face to face forums.
- Funding and quality audits, including feedback and action planning to support improvement.
- CPD monitoring.
- Audit of BPSS/DBS checks on subcontractor staff. All subcontractor staff must have a valid BPSS/DBS check in place. Any staff without a valid BPSS/DBS check will not be permitted to work on the contract until it has been completed and approved.
- Activities as laid out in the Serco EST Continuous Improvement and Quality Strategy.
- Safeguarding reporting: It is important that Sub-Contractors and Partner Organisations follow the Serco EST reporting procedure detailed in the Serco EST Safeguarding Policy in that all incidents are reported to the Serco EST Safeguarding team using the reporting process detailed and that the Serco EST Safeguarding team will investigate and or follow up all incidents connected to Serco EST learners.

Serco EST will provide support to subcontractors to support performance improvement, quality improvement, and capacity building. Examples of support are shown below (not exhaustive):

- CPD opportunities.
- Experienced staff available to offer advice and support, for example data, funding, performance management, safeguarding.
- Supply chain events.
- Feedback and support on own Quality Improvement Plans (QIP) and Self-Assessment Reports (SAR), as well as the opportunity to input into Serco report(s).

Whilst Serco EST will strive to support its subcontractors, subcontractors must actively engage with any activities and requests from Serco EST in a timely manner. Failure to co-operate, and continued failure to deliver against performance and quality KPIs may result in further action being taken, which ultimately may lead to claims being withheld and/or termination of contracts.

Serco also maintains a register of its Business-Critical Suppliers (BCS). These are defined as suppliers that, "Serco depends on to deliver essential operations", where essential operations are any aspects of a contracts or function's service that are essential and must be delivered such as contractual, financial, legal, regulatory, or statutory requirements as identified in a local Business Impact Analysis (BIA). These are identified annually by the Serco Business Units and will be subject to Serco Supplier Relationship Management.

11. Second Level Subcontracting

For DfE funded provision, Serco EST will not agree the use of any subcontractor where this would require subcontracting funding to a second level of subcontractor. All subcontractors will have a direct subcontract with Serco EST, and learners supported through subcontracting arrangements are made aware of both Serco EST and its subcontractors' roles and responsibilities in providing the learning.

For provision funded by other bodies outside of DfE, Serco would not normally use second level subcontracting unless the following criteria are met:

- It is specifically allowed within the funding contract,
- There is a clear rationale to do so which meets the needs of participants/learners
- It has approval from the relevant funder to do so

12. Contingency Planning

Serco will have a documented Contingency Plan in place in case of:

- Subcontractors' failure to deliver.
- Serco withdrawing from any contract.
- Serco withdrawing/terminating a contract with any subcontractor.
- Any subcontractor withdrawing/terminating their contract with Serco (including for reasons such as liquidation/administration).

Serco EST will ensure that the Contingency Plan offers the best possible outcome for learners. The Contingency Plan will be created and maintained by the Head of Funding, Registry and Governance.

13. Conflict of Interest

In line with the Conflict-of-Interest Policy:

- All subcontractors must complete a COI at the onboarding stage into Serco.
- All subcontractors must read, understand and sign up to the Serco Supplier Code of Conduct.
- All subcontractors have their own COI policy/processes in place for any staff involved with any Serco run contracts.

14. Policies

This policy must be read in conjunction with:

- Safeguarding Policy
- Prevent Policy
- OTLA Policy
- Attendance and Punctuality Policy
- Health and Safety Policy (Serco Group)
- Conflict of Interest Policy (Serco Group)
- Complaints, Whistleblowing and Appeals Policy
- Online Safety Statement
- Equality, Diversity and Inclusivity Policy (Serco Group)
- Behaviours, Disciplinary and Expectations Policy
- Data Protection Policy (Serco Group)
- CEIAG Policy
- Extension, BIL, Withdrawal and Deferral Policy
- Learner Support Policy
- Assessment, Marking and Invigilation Policy
- Admissions Policy
- Continuous Improvement and Quality Assurance Strategy and Framework
- Plagiarism and Cheating Policy
- Programme Changes and Course Closure Policy
- Fraud and Malpractice Policy (Serco Group)
- CPD Policy
- RPL Policy

Subcontractors must have their own policies and processes in place, which will be requested and reviewed by Serco. Subcontractors must read all the Serco policies (as appropriate) and provide written confirmation that they, and their team, have read and understood the Serco policies and processes.