



merlin

promoting supply chain excellence

Assessment Report
For

REED IN PARTNERSHIP

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On behalf of emqc Ltd

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About the Organisation

Reed in Partnership (Reed) exists to change people's lives for the better, and as a public service provider its mission is to be the partner of choice for developing people and their communities.

Part of the **Reed Group**, it was launched as one of the first private welfare-to-work providers in the UK, delivering a 'New Deal' contract to support local jobseekers in Hackney. It now supports people and their communities across the UK - from Bournemouth to Glasgow.

Supply Chain Partners supporting Reed in the delivery of the following contracts were deemed as being 'in-scope' for this Merlin assessment and accreditation:

- ▲ **Work Programme**
Commissioned by the Department for Work & Pensions (DWP). Reed is a Prime Provider in the Contract Package Area (CPA) for West London. Supply Chain Partners deliver 19% of this contract.
- ▲ **The ESF Families Programme (ESFF)**
Commenced in February 2012 and delivered by Reed across 4 Contract Package Areas – CPAs 1, 3, 4 and 7. Supply Chain Partners deliver 53% of this contract.
- ▲ **Right Futures**
Funded by the Skills Funding Agency (SFA), Reed has two training contracts to deliver in South and West London and one Pan-London Volunteering contract. Supply Chain Partners deliver 53% of these contracts.
- ▲ **Work Place Learning**
This contract helps employees in the East of England gain qualifications. 90% of this contract is delivered by Supply Chain Partners.
- ▲ **Work Routes**
Commencing in May 2014 and funded by the SFA, the Supply Chain Partners deliver 26% of this contract in West London.

Reed in Partnership is an Investor in People organisation, holds the **matrix** Standard (for SFA contracts), has achieved an Ofsted Grade 2 and the Green Mark Level 1 and is an ISO 9001 and 27001 registered company.

Assessment Methodology

The Merlin assessment plan agreed between Reed and the lead Assessor ensured that a representative sample of the supply chain – delivering all 6 contracts and across the CPAs/locations – was invited to be involved in the assessment.

Prior to the on-site activity all documentation required for the assessment – such as the Self Assessment Questionnaire, Pre-Assessment Notes and schedules – was shared within the agreed time-scale.

The assessment team – consisting of Ruth Regan (Lead Assessor) and two team Assessors, Kim Howard and John Taylor – spent a total of 12 days on-site, reviewing documentary evidence and undertaking interviews with a representative sample of 21 end-to-end, 5 specialist and 5 complementary Supply Chain Partners engaged in delivering all 6 contracts. In addition 2 organisations who had not formally joined the supply chain and 3 who had withdrawn from the delivery of the Families Programme were also spoken with.

A range of Reed personnel engaged in supporting and managing the supply chain, some 25 in total, were also interviewed.

As well as the interviews, the team was able to review a range of written documents and gain an understanding of the systems and processes used by Reed and its supply chain.

Assessment Outcome

Overall %	88%
Overall Outcome	Excellent
Supply Chain Design	Excellent
Commitment	Excellent
Conduct	Excellent
Review	Good

Strengths

A number of key strengths were identified during this Merlin assessment and summaries of these are given below. The numbers in brackets refer to the criteria of the Standard to which the areas relate.

- ▲ The approach taken to the development and subsequent delivery of a supply chain management strategy ensures the objectives of the commissioner and their contractual requirements are met. (1a.1 & 1a.2)
- ▲ Communications at all stages of the procurement activity and following contract award remain a key strength. Both oral and written communications were acknowledged as being clear, robust, honest, open, timely, straightforward, two-way and appropriate. (2a.1, 2a.4, 2a.5 & 2c.6)

- ▲ Collaboration within the individual contracts is extremely strong – with a ‘one team’ ethos being robustly applied. This includes the Supply Chain Partners collaborating with each other and the Reed delivery team. (2a.2 & 3d.1)
- ▲ The role Reed plays in actively supporting the growth and improvement of Supply Chain Partners is recognised and appreciated. The number of partners who are now delivering on more than one of the contracts is testimony to this. (2b.1 & 2b.2)
- ▲ Supply Chain Partners affirmed that the recent procurement activities were managed extremely effectively. The time and effort taken by Reed staff to ensure finance models, volumes, market share, flows etc., were understood, appropriate and did not cause undue financial risk was clearly appreciated. (2c.1, 2c.2, 2c.4, & 2c.6)
- ▲ The open and honest approach to communication flows through into negotiations with Supply Chain Partners. (2c.5 & 3c.1)
- ▲ Reed was described by a number of Supply Chain Partners as being ‘risk averse’. This is seen as a strength as it provides assurance that any outcome claims made are most likely to be accepted by the commissioner(s). (2c.7)
- ▲ The core principles and values, which underpin how Reed operates as a business, were acknowledged by its Supply Chain Partners as being consistently and overtly applied– resulting in a positive and supportive relationship. (3a)
- ▲ The strategy for the security of data and assets – based around ISO 27001 – is understood by the supply chain and robustly supported and monitored by Reed. (3b.4)
- ▲ The clarity and regularity of management information has ensured that all performance expectations are clearly understood. Performance review is carried out in a supportive and developmental manner, ensuring Supply Chain Partners are given every opportunity to succeed, highlight innovation and demonstrate progression. (3d)

Areas for Improvement

Whilst Reed demonstrated that it met the Merlin Standard the following areas could be considered for review and improvement based on feedback from Reed staff and/or Supply Chain Partners. The number in brackets cross-references the findings to the element and criteria of the Merlin Standard.

- ▲ Continue to review the holistic needs of customer groups and ensure the supply chains – including specialist and complementary partners – meet identified needs and are therefore utilised effectively. (1a.3 & 4a.1)
- ▲ While consultation with Supply Chain Partners takes place, revisit how consultation with and feedback to the range of supply chains now established can be enhanced across the network as a whole. (2a.2)
- ▲ Revisit how appropriate development needs of staff within the supply chains can be identified and how learning activities are then promoted, and facilitated. (2b.3)

- ▲ Continue to review the range of processes relating to the monitoring of quality and ensure the findings are proactively used to improve the service delivery across the network as a whole. (3b.1 & 3b.2)
- ▲ Ensure methods are in place to ensure that health and safety, safeguarding, environmental suitability, and equality and diversity are kept high on the agenda in all discussions with Supply Chain Partners. (3b.5, 3b.6, 3b.7 & 3e)
- ▲ Develop the work already undertaken on embedding environmental sustainability across the supply chain and support partners in developing, setting and monitoring more effective targets. (3b.7)
- ▲ Ensure the concept of 'value for money' is understood, promoted and shared across the supply chain. (3d.5)
- ▲ Continue to review how equality and diversity data is collected, analysed and used to inform improvements to service delivery and supply chain design. (3e.2 & 3e.3)
- ▲ Continue to ensure the annual self-assessment report is developed with input from all Supply Chain Partners and stakeholders, and that any subsequent action/development plan is shared across the supply chain. (4a.2)
- ▲ Ensure Supply Chain Partners develop their own impact measures to support the wider objectives of the commissioner, and that successes are shared. (4a.3 & 4a.6)

Areas Requiring Further Development

Reed has successfully met all the requirements of the Merlin Standard, as described in the assessment outcome. As a result, there are no areas requiring further development identified throughout this assessment.

Assessment Findings

1 Supply Chain Design

1a) Supply chain design

Reed exists to ***change people's lives for the better*** and its mission is to ***be the partner of choice for developing people and their communities***. Consequently, it has worked with different organisations and commissioners who contribute to these aspirations and has developed a robust strategy to ensure that commissioner, customer and community needs are met when contracting. While Reed has an internal delivery model which can be developed to deliver on a range of contractual requirements, its strategy for achievement is one of working in partnership with individuals, organisations and communities who have expertise which adds value to all stakeholders.

The supply chain design strategy is underpinned by a formal process, which has been formally documented. For each tender round this process can be broken down into three stages: Identify, Develop and Review.

The identify stage clearly identifies commissioner objectives and contractual requirements which directly impact on the design of the supply chain provision. Thorough research is carried out to help Reed develop its own delivery and supply chain models for each contract. This research includes local demographics, socio-economic factors, local transport infrastructure, best practice and lessons learnt from the review of previous delivery of similar contracts by Reed and other organisations, and existing provision in the localities.

- ▲ *"...we look at the commissioner needs, the scope, the infrastructure, who is best to deliver in the locality – Reed or Supply Chain Partners."* – Reed
- ▲ *"...they spent a great deal of time trying to find out about the geography in which we operate, the demographics and challenges of the area – all so they could prepare a really relevant tender."* – Supply Chain Partner

Supply Chain Partners reported that Reed maintains continuous relationships with the key stakeholders within their delivery areas, and kept them up to date with thinking on their economic strategy for regeneration etc. so that they are able to flex the supply chain delivery to meet changing needs of the job market.

Since the previous Merlin assessment, Reed has considerably broadened its supply chain, and now support 36 Supply Chain Partners across 6 programmes, with 22% of partners delivering on more than one contract. Across the end-to-end provider network 39% of Supply Chain Partners are private companies, however the majority are public (18%) or third sector (43%).

- ▲ *"...we believe our mix of providers enhances the offer to the commissioner."* – Reed
- ▲ *"...we have introduced a number of new providers based on feedback from the existing provision."* – Reed

- ▲ *"...unlike some Primes, Reed have definitely decided that local authorities have something to bring to the table; i.e. they respect that we are a democratically-mandated organisation with responsibility for, and accountability to, our communities."* – Supply Chain Partner

As well as having a mix of sectors, Reed also ensures that the network is made up of Supply Chain Partners of varying sizes. For example from local charities with a specific geographical focus to large local authorities, regional housing providers and private generic training providers, all working together to meet customer needs – giving comprehensive coverage without duplication/competition.

There are just under 400 organisations from across the country registered on the Reed Partner Network, offering a broad range of specialist and complimentary provision. Whilst there is some utilisation of specialist provision, Reed is fully aware that the services available through this network have not been used as expected to support the provision, as many end-to-end Supply Chain Partners have the skills and expertise to facilitate and meet the extended needs of customers. However, Reed is taking a proactive approach to reviewing needs. For example a recent gap analysis was undertaken with Work Programme Supply Chain Partners, identifying the barriers identified by customers prohibiting them moving closer to employment. From the detailed findings, a small selection of additional specialist provider organisations were selected which enabled the identified specialist interventions to be delivered to help overcome the identified barriers.

- ▲ *"...we have a range of diverse organisations on our Provider Network – more can be done with this group."* – Reed
- ▲ *"...our complementary and specialist provision needs to be re-engaged and refreshed."* – Reed
- ▲ *"...we don't actually need to use the specialist providers."* – Supply Chain Partner

2 Commitment

2a) Collaboration, Cooperation and Communication

The three-stage procurement process of Identify, Develop and Review provides structure and clarity to the communications underpinning the procurement process. Once the scope of the supply chain has been identified Reed then effectively communicates with the market regarding the contract and how it will be delivered. On more complex programmes, Reed may seek to consult with delivery partners and local stakeholders, experienced in delivering particular provision or working with a particular priority group, to inform the design of the programme. Supply Chain Partners confirmed that Reed communicates effectively and efficiently at all stages of the procurement process and provides all the information they need to make informed decisions about their engagement with the contract. This includes reference documents such as the Expression of Interest (EoI) form, details of the service being procured (including context and aims and objectives of the Commissioner), and an overview of the delivery model. Reed sets clear criteria for the features and expertise that it is looking for in its supply chain and select from the EOIs against these.

Drawing on its experience, Reed confirmed that it is now introducing operational expertise earlier into its own bid process, and using this to inform the EOI selection criteria. Throughout the procurement process Reed provides a dedicated point of contact to ensure that information has been received and understood, and to address/refer any questions that may arise from potential Supply Chain Partners. Any changes/updates throughout the procurement process are communicated to all via email to ensure equitableness, with complex issues being communicated through conference calls to allow opportunities for questions. Face-to-face meetings are used to discuss specific organisational requirements/contracts followed by a start-up meeting of all delivery teams.

- ▲ *"...we want to make sure we have a robust process but that it isn't over-burdensome for organisations to join the network."* – Reed
- ▲ *"...we have just recently submitted an EoI – template isn't lengthy – straightforward – we know the timescales for what happens next."* – Supply Chain Partner
- ▲ *"...Reed were very good at communicating and managing the timescales."* – Supply Chain Partner
- ▲ *"...Reed were extremely professional in the way they approach inviting you to join their delivery; they explain the 'nuts and bolts' of the programme in a commercial rather than a 'selling fashion'. This emphasised the deliverables but also the potential risks from our investment if numbers are not met."* – Supply Chain Partner
- ▲ *"...we had several meetings with Reed about the ESFF programme and eventually were convinced that it could fit with and support our own community objectives. We were then invited (12 months in) to join their supply chain of delivery."* – Supply Chain Partner

Supply Chain Partners were able to describe various examples of where Reed has consulted with them, particularly over the design and improvements to systems and processes.

A primary example of where successful consultation has informed decision is on the ESFF Programme, which has undergone a significant amount of change since contract award. The 'Same Day' attachment process was based on suggestions and examples from Supply Chain Partners, following discussions at Service Delivery Boards (SDBs).

- ▲ *"...it is largely because of the Reed support and willingness to adopt a flexible approach that we finally figured out how we could deliver the programme and gain some real benefit for our clients from it."* – Supply Chain Partner

Collaboration across the supply chain was confirmed as being an important aspect and feature which Reed supports and fosters. Quarterly SDBs are a core fundamental element of the supply chain management operating methodology and they create a culture of collaboration and open participation to ensure the commissioner and customer requirements are being addressed in a holistic manner. For example, Reed has encouraged members of the supply chain to have one-to-one discussions about how to work together, such as discussing economies of scale on topics such as vacancy sharing, resources and joint partnership working for new tenders. As well as encouraging collaboration across the supply chain, Reed has a commitment to learn from its Supply Chain Partners, and this is clearly evident on the Right Futures Programme where senior managers observed training delivery and one-to-one support to better understand how best to engage hardest to help groups. This has led to increased positive outcomes for the young people on Right Futures. Interview testimony from the supply chain was unilateral in demonstrating that Reed's approach to supply chain management is truly a seamless 'whole team' comprehensive approach, with their own direct delivery and their external supply chain working in collaboration.

- ▲ *"...we ask providers to come to the Service Delivery Boards with 3 challenges and 3 actions for the month, which they share with each other."* – Reed
- ▲ *"...we now have one senior person responsible for the delivery of a contract – regardless of who is delivering."* – Reed
- ▲ *"...we certainly feel that we have been treated as part of Reed, with all their support infrastructure being shared, but perhaps most important has been access to some high quality Reed people who were really willing to help you overcome difficulties and collaborate."* – Supply Chain Partner
- ▲ *"...we were all treated as equals at the Service Board meetings and we definitely felt that our contributions were valued".* – Supply Chain Partner

It was evidenced by discussions with Supply Chain Partners that Reed is committed to open and transparent relationships. For example all Supply Chain Partners receive an 'Introductory letter' which outlines the service offer being delivered by Reed to the partner, and the service requirements expected of the partner during the contract life-time. Post-contract award, partners have a dedicated Supply Chain Manager (SCM) who is responsible for all aspects of the operational and contractual relationship, and this allows for queries and issues to be highlighted quickly, and resolved efficiently and effectively.

Supply Chain Partners described an effective mixture of formal and informal continuous communications to and from SCMs: daily catch up phone calls, start-of-week performance forecasts and end-of-week reviews, newsletters, bi-monthly SDBs, 6-monthly and 12-monthly contract reviews together with some examples of single issue, 'special dial-in meetings' when there had been changes to processes were all given as examples.

- ▲ *"...when DWP changed the performance metrics we met with a number of senior people within the supply chain to talk it through so that we were clear about the impact on the business relationship."* – Reed
- ▲ *"...business relationship based on mutual trust and understanding."* – Supply Chain Partner
- ▲ *"...we feel that we have worked with Reed completely as an 'open book' partner and that there have been no secrets."* – Supply Chain Partner
- ▲ *"...quite informal – can pick up the phone – prompt at getting back to you."* – Supply Chain Partner

2b) Developing Supply Chain Partners

Reed supports and encourages the development of its partners, and the openness with which information is exchanged and the way Supply Chain Partners are encouraged to learn from each other and from Reed act as drivers for this. There was very strong testimony from the network about Reed's concern for the development of the supply chain as a whole, not just working with Supply Chain Partners as individual organisations. However, through the one-to-one support provided by the SCMs and access to other support functions within Reed (such as Internal Audit, Continuous Improvement and Marketing), partners are encouraged to reflect on their own practices and determine what could be undertaken to improve them.

- ▲ *"...it's important to us that we support our partners to develop in a way that they are comfortable with and fits in with their own business ethos."* - Reed
- ▲ *"...it is our first payment by results contract. Reed were very supportive to help us develop to deliver."* – Supply Chain Partner
- ▲ *"...we have gained much from working with Reed; they are a professional outfit, who although commercial and private sector, do have values - many of which are not too dissimilar from our own."* - Supply Chain Partner

Reed is strongly committed to ensuring that the supply chain is well equipped to access additional funding streams, and business development-related discussions take place at SDB meetings. Specific examples were cited by Supply Chain Partners of them being proactively engaged by Reed in additional funding bids for a wide range of commissioners. Although Supply Chain Partners believe they are being adequately supported, Reed has begun to take a more proactive approach to analysing, scoping and disseminating information about funding opportunities to partners. In addition, a series of capacity building workshops/sessions are being developed and delivered by Reed to further support the network's organisational development skills in areas such as digital marketing, bid writing, etc.

- ▲ *"...we share new business opportunities with partners at our delivery boards."* – Reed

- ▲ *"...the inclusion of a business development item at the SDB has made us aware of the scope of other Government contracts and encouraged us to look at other work."* – Supply Chain Partner

All new Supply Chain Partners undertake a thorough and extensive induction process which includes detailed process/risk training, operational delivery support, management information/systems training and ongoing bespoke training courses based on needs assessments.

Development of staff is also demonstrated through a wider range of activities such as observation frameworks, safeguarding support, audit templates, job descriptions, health and safety support, caseload management tools and managed vacancy guidelines. Some Supply Chain Partners described how they had been given access to the very comprehensive Reed 'virtual learning environment', which contains *"...high quality material in a short and sharp modular format"*, which they were able to adapt for their own situations or upon other programmes.

- ▲ *"...I've delivered sessions on how to use Excel and how to use it to support the performance management."* – Reed
- ▲ *"...we are happy to share our lesson plans with providers."* – Reed
- ▲ *"...we have a range of e-learning modules which are shared – business ethics, data protection, think-green."* - Reed
- ▲ *"...we have been able to use the Reed training materials with some of our clients on other Government programmes and it has been helpful to be able to lock into some of their thinking on how to overcome the barriers to employability."* – Supply Chain Partner
- ▲ *"...I have learned so much from x (SCM). He's not our boss but gives us advice without dictating. He's incredibly supportive."* – Supply Chain Partner

2c) Contracting and Funding

Supply Chain Partners confirmed the procurement processes used by Reed were fair and transparent, underpinned by a flexible and effective approach to communication. (See 2.a above). Members of the Partner Network receive prompt e-mails regarding all opportunities to join Reed's supply chain and all opportunities are also available on the Reed website where non-members are encouraged to join. All procurement processes are underpinned by transparency and always follow a standardised procurement process, with Eols being submitted, scored, summarised and moderated. Potential partners are also asked to inform Reed of their expectations so that agreements and sign up are a collaborative process and that negotiation can then be open. Once negotiation is complete, offers, including volume, performance expectations, payment points and fees for service are confirmed via email. While longer-established partners were a little reserved about the strengths of the procurement process they experienced due to the timelines since procurement, discussions with partners new to the supply chain, and those new to specific contracts, confirmed exemplary procurement processes.

- ▲ *"...each procurement opportunity is signed off by the Board – they check the robustness of our decision-making process."* – Reed

- ▲ *"...our initial Eol is quite basic – then we get specific once we know we want to pursue the relationship."* – Reed
- ▲ *"...we give each organisation a subcontractor declaration which tells them our offer – it's important to us that we are clear and open about what we are hoping to procure."* - Reed
- ▲ *"...if a provider identifies an organisation they want to work with we will do a short due diligence with them – they sign a Provider Declaration."* - Reed
- ▲ *"...after we completed our Eol we talked at length to Reed about the contract – all very open."* – Supply Chain Partner
- ▲ *"...we are a small organisation and they (Reed) understood our challenges and timescales."* – Supply Chain Partner
- ▲ *"...now a well-established Reed process for Supply Chain setup - EOIs, scoring against criteria, feedback to potential SCPs, SCP welcome and induction."* – Supply Chain Partner

Partners are encouraged to tell Reed what financial remuneration they would expect for the service they are being asked to deliver, and then they work with them to ensure that funding arrangements are fair, proportionate and do not cause undue financial risk. Whilst an example was shared of a 3rd sector organisation withdrawing from the supply chain due to significant financial loss, a range of examples were also shared by Supply Chain Partners of how Reed had successfully worked with them to increase unit costs so that their financial risk was reduced. It is worthy of note that Reed withdrew from a major contract as it was concerned that the financial model available would cause undue financial risk to itself and its Supply Chain Partners. A member of that potential supply chain described how this decision was fully discussed and agreed and has, if anything, strengthened the trust Supply Chain Partners have in Reed.

- ▲ *"...there's nothing bad about Reed. It's up the chain (where the financial issues are). Reed are in the middle."* – Supply Chain Partner
- ▲ *"...we worked on our bid figures together."* – Supply Chain Partner
- ▲ *"...the unit price was the unit price – but it wasn't a take it or leave it discussion – it was then negotiated in terms of volumes and locations."* – Supply Chain Partner

Reed has devised contractual documentation which clearly defines both its own and its partners' obligations with robust efforts and rigour being taken to ensure that contracts are back to back with those supplied by the commissioner. Partners described the contract documentation provided by Reed as being *"...refreshingly clear and easy to understand"*, and commented on the helpfulness of the glossary of contracts terms with plain English interpretations provided. Additionally all contracts outline additional requirements for partners, including marketing protocols, reporting and managing risk, quality and performance management and the minimum service requirements for customers. Where variations have been introduced, Supply Chain Partners confirmed they were notified and given an opportunity to raise queries and request further information before signing.

- ▲ *"...x contract was 112 pages – it's now down to less than 50 pages."* - Reed
- ▲ *"...where our legal people had queries with the contract, these were discussed fully and adjustments made that suited both parties."* – Supply Chain Partner

Market share is clearly understood, with allocation being based on a number of factors, including demographics, Supply Chain Partner infrastructure, capacity, track record, areas of specialism, geography, etc. Allocations agreed are as expected by partners, who seem to fully understand how they contribute to the overall performance and success of the contract(s). Where market share has undergone changes, Reed has consulted with their partners to determine the most appropriate reallocation.

- ▲ *"...we make a judgment call on each partner and the risk our contracts will bring to them and us by giving them too much or too little market share – we have a duty to get the balance right."* – Reed
- ▲ *"...geography makes it clear – we all know each other's areas and share."* – Supply Chain Partner

Supply Chain Partners confirmed that negotiations regarding delivery volumes are openly discussed and agreed, and confirmed that they felt more than able to re-negotiate if and when necessary. A number of Supply Chain Partners described how Reed had negotiated funding and finance to allow them time to build capability and performance in their contract delivery. In particular, representatives of the ESFF supply chain were able to give examples of volumes being re-negotiated down from the initial projected profiles to take account of the challenges faced with referrals.

- ▲ *"...we told Reed what we thought we could achieve and then talked it through – growth on the programme has been achieved."* – Supply Chain Partner
- ▲ *"...Reed negotiated with us very well."* – Supply Chain Partner
- ▲ *"...we negotiated the volumes, geography etc. that would make it viable for us."* – Supply Chain Partner

Reed considers the requirements of its Supply Chain Partners on an individual basis and has, over the last 12 months, taken a proactive approach to revising and re-defining its contracting methodology. This is to ensure that the requirements of Supply Chain Partners are taken into account in pre- and post- contract award process and payment structures. Partners evidenced robust and open negotiations taking place, including, for example, full and robust explanations of extrapolation processes on the Work Programme

- ▲ *"...good, open relationship – they have been very accommodating to our requests."* – Supply Chain Partner

There is a successful strategy to manage the transfer of funds within the supply chain. A strong and systematic process is in place, which clearly outlines finance procedures and processes for claiming. The model of 'self-billing' is used and this was reported by Supply Chain Partners to work well, with very few queries raised, and payments being made promptly. The Reed finance/claims team has a range of key performance indicators, linked for example to payment days following invoice, which demonstrates their commitment to ensuring partners are paid on time.

The Reed approach to claim validation was described as "...*educational and consultative*", and where issues had been raised, Reed was said to have positively helped the Supply Chain Partner to strengthen its claim process. Examples were shared of where Reed has utilised alternative arrangements when paying partners who fall outside of a self-billing arrangement and/or where partners, often smaller organisations and charities, are not VAT registered. Whilst the transfer of funds is working well, the 13 period calendar used seems to give some partners extra work as records are out of synch with their own internal 12 month reporting mechanisms.

- ▲ "...we are very proud to say we have an x% extrapolation rate." – Reed
- ▲ "...yearly self-billing agreement signed." – Reed
- ▲ "...we have trebled the risk resource – we provide training to ensure as far as we can that payable outcomes are correct – we do 100% check." – Reed
- ▲ "...self-billing on a monthly basis - it's quite a difficult process to keep on track with payments and to cross reference back to our records – but we do get paid." – Supply Chain Partner
- ▲ "...Reed have a risk team for each programme – they check payments to ensure it will get paid by DWP so there is no claw back." – Supply Chain Partner
- ▲ "...Reed is process-driven which can be frustrating at times but they pay out quick." – Supply Chain Partner

Reed outlines its management fees on its external website to avoid ambiguity. At the initial implementation meeting guidance is offered to Supply Chain Partners on the services which they can expect from Reed for these fees, and this is reiterated within the introductory letter. When discussing the management fee with Supply Chain Partners, the majority of partners described how the level of support received from Reed exceeded their expectations.

- ▲ "...they are publicised on the website – it's all very transparent." – Supply Chain Partner

3 Conduct

3a) Demonstrating Commercial and Business Integrity

The Supply Chain Management function has continued to grow at a significant rate since the initial Merlin assessment, with the volume of Supply Chain Partners doubling during this time. To ensure that the core principles agreed and embedded within the original supply chain were not lost during this – and future – growth, the Reed Supply Chain Charter was introduced in Spring 2014. Supply Chain Partners described how a series of workshops and focus groups were undertaken to identify the key themes and values that they would expect from a Prime organisation. Reed's organisational values of *'We are fair, open and honest, We take ownership, and We work together'* are at the heart of this Charter and the network described the culture across the supply chain as very much aligning to these.

- ▲ *"...we have our Reed values which do represent how we operate."* – Reed
- ▲ *"...our Supply Chain Charter is binding."* – Reed
- ▲ *"...Supply Chain Charter – consulted on it and it sets out rules and ethics of working together."* – Supply Chain Partner
- ▲ *"...we had several sessions at the SDB to discuss and produce a Charter that made sense to us all."* – Supply Chain Partner
- ▲ *"...we have found that values are not hollow words at Reed; their staff actually do behave in accordance with these."* – Supply Chain Partner
- ▲ *"...no lack of authenticity with values."* – Supply Chain Partner

As identified during their last assessment in 2012, Reed uses a very open and transparent approach to the management of TUPE, and significant work has been undertaken to develop and implement a clear and effective strategy which is supportive of organisations joining and/or leaving the supply chain. Supply Chain Partners who were involved in the initial TUPE transfer of staff confirmed that compared with other Prime organisations, Reed was proactive and took responsibility for consultation with the designated staff, and effectively managed 'their half' of the process.

- ▲ *"...TUPE is a standard HR process which we do well."* – Reed

Interactions between Reed and Supply Chain Partner staff are very strong. Positive and supportive relationships exist between staff at all levels; this has matured over the last two years, and is particularly strong where SCMs provide professional and credible support. Frequent unsolicited praise about Reed staff was received from all the Supply Chain Partners, their helpfulness and behaviour being universally in line with the Reed values and the Supply Chain Charter. Partners believe that because Reed are also delivering front line services they therefore have a good understanding of the operational challenges faced, with many specific references by Supply Chain Partners about them being *"...treated exactly the same as the Reed internal delivery teams."*

- ▲ *"...providers have a single point of contact within Reed – but they have all manner of opportunities to talk to us."* – Reed

- ▲ *"...they are very transparent in what they do and are very approachable."* – Supply Chain Partner

Supply Chain Partners described Reed as having a structured process culture which gave them reassurances that they were being kept up to date on legislative, regulatory and contractual/statutory requirements. SDBs are the main vehicles for ensuring that any key updates from the control/risk team are disseminated verbally from the appropriate subject matter expert, with understanding checked effectively and followed up with the distribution of minutes. In addition, newsletters, emails and telekits are used to educate Supply Chain Partners on legislative changes they need to be aware of. Reed was praised by the supply chain for its expertise at *"...translating DWP contracts and policy changes into intelligible form."*

- ▲ *"...weekly email to all providers includes legal updates and also information on any contract changes."* – Reed
- ▲ *"...we have subject matter experts – health and safety, safeguarding, E&D – and they advise on the implications of changes to policies and procedures."* - Reed

3b) Quality Assurance and Compliance

Quality Assurance processes and practices are good, with all Supply Chain Partners with whom Reed has an end-to-end type contract describing a strong focus and rigorous approach being taken to quality, assurance, control, risk and compliance – all linked to improving the level of service and outputs to customers. Monitoring takes place by a combination of the SCM, the Risk Management team, the Internal Audit team and the Finance Claims team, with any concerns either addressed with the Supply Chain Partners during the CPR, raised with the whole supply chain as an area for programme improvement during the SDB, or where necessary through investigation from Internal Audit specific investigations. Supply Chain Partners confirmed that to support and supplement the Reed QA processes they have been encouraged to develop their own QA activities, such as file sampling and observations. For each contract Reed has a dedicated Risk Executive who acts as the main subject matter expert and creates and communicates clear and robust manuals for processes that set out how to deliver, monitor and capture the customer journey. Staff observations are being rolled out across all the contracts and will be conducted every quarter by SCMs, who have been trained by the Reed curriculum team. File checks to review the quality of interventions and file reporting take place within a number of contracts, and again, in a move towards consistency of approach, this is being introduced across the supply chain – regardless of contract.

- ▲ *"...our quality improvement process is relevant across the contracts regardless of who is delivering."* – Reed
- ▲ *"...quarterly observations and file checks are the starting point for quality."* – Reed
- ▲ *"...Reed could take their foot off the risk a bit."* – Supply Chain Partner
- ▲ *"...quality assurance is dealt with professionally and supportively, with the result trust is built."* – Supply Chain Partner

Described as *'rhythm and routine'*, quality assurance activity is becoming an embedded aspect of supply chain management and is acknowledged as bringing improvements to delivery across the network by the development of common approaches and standards.

- ▲ *"...following a mock Ofsted we identified that Action Plans were not as SMART as they should be so we developed and delivered an Action Planning training session for providers and internal staff."* – Reed
- ▲ *"...the Skills Management Board meets to discuss issues cross-contract, and they will be actioned through the QIP."* – Reed

SCMs have worked with Supply Chain Partners (at SDBs and in training sessions) to improve relevant aspects of service delivery including IAG. Observations of practice have also been used to ensure that effective IAG is provided to customers. Reed in Partnership is accredited with the **matrix** Standard for its SFA provision, and a high proportion of their Supply Chain Partners have also achieved accreditation.

Supply Chain Partners confirmed that policies pertaining to the security of data, a healthy and safe working environment and the safeguarding of people at risk were all submitted to and scrutinised by Reed as part of the initial due diligence process, and then annually throughout the lifetime of the contract.

Reed has a robust and inclusive approach to ensuring that Supply Chain Partners implement their policies and processes to protect all data and assets. For example, as part of due diligence checks Supply Chain Partners are required to answer questions on their approach to zero-fraud tolerance and submit data security information and documentation (security plans), and these are reviewed yearly as part of the annual Risk Assessment. Supply Chain Partners commented on the effectiveness of the secure Citrix systems used and how Reed's Subject Matter Expert was on hand to support them with any technical issues they may have regarding data security. Some Supply Chain Partners did highlight that issues regarding systems required to transfer client data had been raised, discussed and a compromise reached, while with others the issue remains unresolved.

- ▲ *"...provider staff log on remotely – they see Orion on their screen – but it's not on their computer."* – Reed
- ▲ *"...no one has access to the network unless they have been DBS checked."* – Reed
- ▲ *"...Reed desktop is very secure – it sends your log in details to your phone."* – Supply Chain Partner
- ▲ *"...there is no login until you have a DBS check in place and completed the security training module."* – Supply Chain Partner
- ▲ *"...we irritated Reed to a certain extent when we suggested they buy the Genifax system on our behalf. The status quo remains unresolved."* – Supply Chain Partner

Processes are in place to ensure that all Supply Chain Partners maintain a healthy and safe working environment. For example, post due diligence SCMs carry out an on-site Health and Safety inspection and Reed will also review Supply Chain Partners' Remote Working policies to ensure staff working on the contract are kept safe.

When visiting partner premises, SCMs flag any potential issues and any breaches or best practice are discussed and noted as part of the CPR. Where customers are undertaking training at an outreach venue with an employer or a work placement, Supply Chain Partners confirmed that they are required to complete and submit a Health and Safety assessment.

People at risk and vulnerable groups are appropriately safeguarded, through processes carried out during the partner due diligence process and annual risk assessment. All Supply Chain Partners are vetted and monitored to ensure that they meet the Baseline Personnel Security Standard (BPSS) in accordance with contractual provider guidance – and staff cannot access Reed's Citrix system until these checks have been verified. Should any changes occur to personnel, Reed requires partners to inform them of the changes to ensure the continued adherence to the security standard.

Supply Chain Partners provide Reed with details of their commitment to supporting environmental sustainability, and through this process Reed has identified that Supply Chain Partners are at different stages of their development against this area. Consequently they work with partners to ensure that appropriate and proportionate targets relevant to the level of delivery are set. However, improvements have been made in this area with, for example, factsheets about environmental sustainability being provided, information being shared with all Supply Chain Partners about the Green Mark and the Reed 'Think Green' e-learning module being made available.

- ▲ *"...we have been talking about the Green Mark for the last 18 months."* – Reed
- ▲ *"...providers can have access to the Reed 'Think-Green' e-learning module."* – Reed
- ▲ *"...they (Reed) are helping us with environmental sustainability – there is free support available for social enterprises."* – Supply Chain Partner
- ▲ *"...Reed presented information at the SDB on the Green Mark ISO 14001 and we did look into this, but it turned out that, although this was being funded in London (by the Mayor of London's fund), in the NW we would have to pay for consultancy and assessment – and so for the moment we have decided not to go ahead."* – Supply Chain Partner
- ▲ *"...we have our own ES Plan in place and therefore follow this."* – Supply Chain Partner

Excellent practice is currently identified, monitored and shared with the supply chain through a variety of methods, but in the main through the SDBs. For example, CPRs are used to highlight key strengths within an individual partner organisation and SCMs will feed these through to the Continuous Improvement Manager for sharing at the next SDB. All Supply Chain Partners confirmed that the network openly exchanged ideas about how their own approaches to the delivery (both internal and external) of the various programmes had evolved, and that good practice is shared openly and readily within a culture which is focused on improving performance.

- ▲ *"...there has been no reluctance to openly share how we were coping with some of the difficulties."* – Supply Chain Partner
- ▲ *"...the Reed Continuous Improvement Manager attends Service Delivery Boards to identify and share best practice."* – Supply Chain Partner
- ▲ *"...they could do more to follow-up on best practice and ensure it's implanted – it's getting better but more to do."* – Supply Chain Partner

3c) Honouring Commitments

Reed has a diverse supply chain which has grown extensively and now has over 50% of Supply Chain Partners coming from either the third or public sector. This has presented a range of different challenges when negotiating due to the diversity of needs; however, Supply Chain Partners confirm that contract negotiations were clear and open, and that their expectations have been managed very effectively. Where changes to contracts have had to be made, for example following the introduction of prison leavers as a new customer group, a contract variation is made following detailed discussions and negotiations with individual partner organisations.

- ▲ *"...we don't want people committing to work that they cannot afford to run so it's important to us to negotiate and re-negotiate when necessary."* - Reed

Supply Chain Partners are aware of Reed's formal dispute resolution process, however at the time of this assessment there had been no formal written complaints from the supply chain. Indications are that the strong communication channels which exist between Reed and Supply Chain Partners allow for issues to be discussed and addressed honestly and openly without the need for any 'formal' procedure.

Reed's senior managers have stated they would fully respect decisions made as a result of the Merlin Mediation Service, if Reed had been deemed to have not acted in accordance with the principles of the Merlin Standard. Supply Chain Partners generally thought the Merlin Mediation Service was a good idea in principle, but did not foresee the need to use the service based on the receptive nature of Reed to resolving issues promptly as and when raised. The Merlin Mediation Service has been publicised to Supply Chain Partners on a number of occasions, for example in the weekly communications, through SCMs' e-mail signatures and at SDBs.

Processes and good communication at every level across the supply chain ensure that the expectations of all parties are clear, honest and understood. For example, before contract award, new Supply Chain Partners are involved in structured and comprehensive introductions to their new contract, which ensures that all parties have clarity on a wide range of expectations. Contractual documentation is clear, drawn up and agreed through negotiated discussions. Throughout the lifetime of the contract there is plenty of opportunity for partners to discuss with Reed and seek clarification if required. SDBs ensure that partners are aware of each other's roles, responsibilities, expectations, etc. Additionally, on Work Programme Supply Chain Partners are invited to attend a strategic meeting with representatives from Reed to outline their strategic objectives for the upcoming year and so that they can explain their expectations of the support required to deliver.

3d) Performance

It is very clear that the supply chains have been established in a manner which encourages partners to work collaboratively, for example in sharing job vacancies and working together on joint recruitment drives.

The regular email and phone contacts, CPR meetings and SDBs evidence Reed's approach to working in partnership and collaboration with its Supply Chain Partners. Undoubtedly, Reed has adopted a 'one team' approach which does not distinguish in any way between the Reed internal delivery and the external supply chain.

- ▲ *"...we openly exchanged ideas about the channels we were using to make contacts with relevant clients, and it was different depending on whether we were using 'Provision Awareness' or JCP secondary referral, and through this we all learned to broaden our approach."* – Supply Chain Partner

The performance expectations are very clear to all within the supply chain. Minimum service levels and key performance indicators are in place and understood and performance is shared across the relevant supply chains daily and discussed at every opportunity. Partners lead on reporting back their performance at Service Delivery Boards which confirms to Reed personnel that they understand their position in terms of performance. The CPR process for each contract is established and proactively used to manage and support performance. The standardised templates clearly reference information relating to the core metric for performance achievement, which includes but is not limited to attachment volumes, conversion rates for job entry performance, quality standards and contract specific compliance measures. Supply Chain Partners provided examples of how underperformance had been managed effectively by Reed – with some now in a position to expand their delivery due to the support.

- ▲ *"...if underperforming we agree a flight path which the provider thinks is achievable to get them back on track."* – Reed
- ▲ *"...we know our performance can improve and we are working with the providers to ensure we deliver for DWP."* – Reed
- ▲ *"...we work with providers and will agree a performance improvement plan and a number of these are in place."* – Reed
- ▲ *"...contract performance reviews are the rhythm and routine of how we work with our providers."* - Reed
- ▲ *"...we have monthly telekits with Reed and all the other partners – no one challenges each other's figures even if they are underperforming – we should challenge more."* – Supply Chain Partner
- ▲ *"...there has been support and 'what to do' ideas from the Reed SCMs when you have not been reaching targets."* – Supply Chain Partner
- ▲ *"...we have had 'walk-throughs' of the CPR documentation at the SDB meetings so we all understood it."* – Supply Chain Partner

Supply Chain Partners confirmed that transparent management information (MI) is supplied daily, weekly, and four-weekly through a range of documents – daily performance flash, cumulative attachment summary, executive KPI summary, etc.

Supply Chain Partners who had experience of other Primes, cited the Reed MI as being simpler, and producing information that genuinely helped them in their own operational management rather than *"...being a burden to complete with no useful outcomes."*

- ▲ *"...the Reed staff are all 'information-savvy' and were excellent at helping you understand what, at first, seemed to be an enormous amount of spreadsheet information."* – Supply Chain Partner
- ▲ *"...Reed were good at explaining exactly how the KPIs were arrived at and what information sources were used to put these together."* – Supply Chain Partner
- ▲ *"...the Reed MI system is actually 'nice to use', which, after experience with other Primes, came as quite a surprise to us."* – Supply Chain Partner

When asked to describe value for money across the contracts held, mixed and varied responses were given – by both Reed and Supply Chain Partners. Some aligned value for money to economy, efficiency and effectiveness measures, others to the increase in the quality of provision, others to "...delivering the contract outcomes." Further work is needed to define how Reed and its supply chain define value for money so that relevant and consistent examples can be identified and shared.

- ▲ *"...quality of delivery and enhancing performance is where we demonstrate value for money."* – Reed
- ▲ *"...quality – it's all down to our approach to ensuring providers are delivering a quality service."* – Reed
- ▲ *"...what we provide for Reed delivery teams we provide for the supply chain - we provide marketing materials, leaflets etc. – that brings value for money."* - Reed

There are a number of established processes in place to measure distance travelled by customers, across the different contracts. For example, formally measuring distance travelled is now fully embedded in the skills contracts, with partners being required to ask customers to complete defined self-assessment questions at regular intervals. On the ESFF programme Reed has established KPIs for the critical areas of the programmes including progress measures. Although all methods used are 'fit for purpose', further work on developing a more consistent and robust approach to measuring distance travelled would be beneficial.

- ▲ *"...Orion is used to manage customer progress measures, guided learning hours."* – Supply Chain Partner

3e) Promoting Diversity and Equality

When identifying potential Supply Chain Partners, Reed engages with a diverse range of organisations, with policies and approaches to supporting diversity and equality which are aligned to their own commitment and culture. Reed's own Diversity and Equality (D&E) policy is shared and available, should partners wish to compare and contrast their own policy to one which has been scrutinised and accepted by external bodies such as Ofsted and DWP.

There are mixed approaches to how D&E is monitored across the supply chains. For example established and thorough processes are in place in the SFA contracts, where quarterly observations and file checks take place that determine how well D&E is embedded into delivery.

Observations and file checks have recently been introduced to the Work Programme, however at the time of this assessment it is too early to determine the full impact. Ongoing discussions of how proactive the partners are at promoting D&E are carried out during CPRs.

Across all programmes there are strong processes in place to collect Equal Opportunities (EO) data, however the analysis of it varies. For SFA contracts there are comprehensive processes in place to analyse the success rates of different user groups (such as gender, ethnicity and disability or health conditions). Examples of the active use of D&E data within the ESFF programme were limited, however there were examples of the supply chain working collectively on plugging client diversity gaps.

4 Review

4a) Supply Chain Review

Feedback continues to be gained from Supply Chain Partners through the SDBs, CPRs, quality assurance and compliance audits, and daily discussions, which inform and improve practices within each contract. In addition, feedback is gained from external stakeholders including ERSA, Local Employer Partnerships, National Housing Association, London Councils, local authorities, JCP, etc. In addition, customer focus groups take place to enable Reed to hear first hand how customers judge the effectiveness of the supply chains' practices. Reference was also made to external assessments and inspections, such as Ofsted, **matrix**, Investors in People, ISO9001, ISO14001, and Contract Monitoring Officer visits and audits undertaken by the respective commissioner/funder, DWP, SFA, ESF, etc. Feedback gained through this diverse range of activities forms part of the Reed Quality Improvement Plans, which are also utilised to inform and improve the supply chain.

- ▲ *"...ERSA were a great support in working with us on the Families Programme to revise the payment model."* – Reed
- ▲ *"...they have changed the supply chain – new people are being brought in to refresh delivery."* – Supply Chain Partner
- ▲ *"...Reed send a questionnaire to us asking for our feedback."* – Supply Chain Partner

A robust quality improvement framework is in place within Reed and is underpinned by a fully embedded Quality Improvement Policy. The Policy includes details of the annual self-assessment (SAR) and quality improvement planning (QIP) processes. While this policy is fully embedded within Reed and across certain contracts, it is still underdeveloped in others and further work is required to ensure all contracts are up to the high standard set by Reed, which has robust and effective SAR and QIP processes in place.

- ▲ *"...skills provider SWOT or SAR is shared and feeds into the Reed SAR."* – Reed
- ▲ *"...Reed QIP is two-fold, it shows the actions required and progress made – very active document – it's reviewed at director level every month."* – Reed

Supply Chain Partners described Reed as very active in keeping them up to date with the wider policy of commissioners – especially those of DWP; this is done using all the established communications channels. These include dissemination of DWP's Live Running Memo, DWP and Jobcentre Plus newsletters and bulletins, information in the weekly communications about any relevant process changes or updates from the commissioner, and a standing item on the agenda at SDB is 'news from the funder'. Supply Chain Partners also shared examples of specific 'dial in telekits' being called to disseminate information and a webinar to explain the Social Value Act.

- ▲ *"...we shared information on the Social Value Act."* – Reed
- ▲ *"...we send information on a weekly update email – it's an ongoing communication."* – Reed

A sufficient number of partners were able to share examples of how what they are delivering – supported by Reed – is having an impact on the wider social objectives of the commissioners. Partners delivering on the ESFF programme were more than able to link their actions to the positive impact on local authorities, troubled families and local communities. Partners delivering the Work Programme made links directly to reducing worklessness, fewer people claiming benefits, etc. Right Futures partners linked their activities to the reduction of young people becoming NEET. All Supply Chain Partners highlighted that the 'soft' outcomes and achievements of customers such as motivation, confidence building, etc. are not always recognised or measured. Some partners provided evidence regarding the impact their organisation had on environmental sustainability, however there was minimal understanding regarding the impact on the supply chain.

Whilst evidence indicated a general understanding of supply chains having an impact on the wider social objectives/policy intent, consideration could be made to encouraging partners to share their successes and achievements to increase awareness and recognise the impact across the supply chains.

- ▲ *"...we look for more than just the outcomes within the contract."* – Reed
- ▲ *"...commissioner objectives are our objectives."* – Supply Chain Partner

The supply chains are reviewed on a regular basis to ensure they are fit for purpose and contribute to the objectives, which has resulted in changes in the make-up of supply chains. For example, when DWP changed the focus of payment groups to Employment Support Allowance (ESA) claimants Reed worked with partners to update their delivery model, where relevant. New Supply Chain Partners have been introduced to address specific issues/barriers that had arisen whilst running various contracts.

"...we did a gap analysis on what was needed to support this particular client group, so procured a self-employment provider to join the network – now 18% of job outcomes are aligned to self-employment." - Reed

"...we were approached by Reed who were struggling to place ex-offenders into employment. We offer a specific employment service and have had a throughput of 59 ex-offenders during 13/14." – Specialist Supply Chain Partner

Conclusion

Reed in Partnership has demonstrated a continued and enhanced commitment to meeting the requirements of the Merlin Standard – in particular, the focus on the quality of delivery and building and maintaining positive and supportive relationships with its Supply Chain Partners is to be applauded.

Acknowledging the growth in the number and breadth of commissioners and Supply Chain Partners Reed has undertaken a strategic review and subsequently restructured its approach to supply chain management. This aims to ensure that Reed and its partners are in a strong position to continue to develop and grow their delivery and quality, to meet and exceed commissioner and customer expectations.

Whilst a number of areas of excellent/good practice have been demonstrated, consistent application of systems and processes across the supply chains will be required to contribute to continuous improvement of the supply chain performance.

It was very evident through conversations with Supply Chain Partners that the lessons learnt from establishing the Work Programme and ESF Families Programme have been applied to excellent effect.

In summary, Supply Chain Partners commented:

- ▲ *"...partnership working is central to the strategic direction of Reed."*
- ▲ *"...Reed are probably the best Prime to work with – supportive but performance driven."*
- ▲ *"...we would welcome the opportunity to work with Reed again."*
- ▲ *"...ESFF been a difficult one to deliver; and now that we have sorted it, it is coming to an end! Would we work with Reed again? The answer is that without hesitation, we would. They give you an honest answer (even if it isn't what you want to hear) and it is without any flannel. Our experience is that they have treated us as a true Partner and always done what they say they would do. In fact we are already discussing another contract with them."*