



merlin

promoting supply chain excellence

Assessment Report

For

PARAGON CONCORD FAMILIES LTD

By Andy Richardson

On behalf of emqc Ltd

Assessment Dates: 2/3/15 – 5/3/15

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About the Organisation

Paragon Concord Families Ltd (PCFL) is a Special Purpose Vehicle (SPV) and the company comprises two shareholders: Ixion Holdings and Pinnacle People Limited. The consortium has been formed with the purpose of providing a service that will move people and families away from poverty and into a working career and prosperity.

Whilst PCFL's headquarters are located in The City of London, the Organisation provides its services through a small network of subcontractors and specialist providers who themselves are based in Cornwall. Over the last 18 months, PCFL has also established its own delivery centre in the town of St. Austell in order to provide a locally based resource.

Originally a consortium of five partners, two have since withdrawn from the consortium, leaving a core of just three, these being Ixion Holdings Ltd, Pinnacle People Ltd. and Community Systems. PCFL was first assessed in January 2013 at which time a number of areas for improvement were identified before the Merlin Standard could be deemed to be fully met. A subsequent assessment was carried out in September 2013 and the Organisation was then found to be fully compliant. An extension to the ESF Families contract into August 2015 has now resulted in PCFL being assessed against the Merlin Standard for the third time.

Assessment Methodology

As previously, the scope of the assessment was focused on PCL's operation of the ESF Families contract within Cornwall and the Scilly Isles as delivered by Paragon Concord Families Ltd. It should be noted that it is the organisation that is assessed and not the contract.

The assessment team comprised of Andy Richardson (Lead Assessor) and two team assessors: Christine James and Alice Grove.

At an initial planning discussion between the Lead Assessor and the National ESF Performance Manager, who was to act as the Coordinator for this Merlin assessment, a sample of Supply Chain Partners (SCPs) and Paragon's wider network and stakeholders were identified that suitably reflected the make-up of PCFL's supply chain and its support mechanism. From this sample, the Coordinator created schedules for each of the assessors, modified marginally over subsequent weeks to accommodate the availability of individuals within the supply chain and wider network.

During the assessment, assessors reviewed a diverse and substantial range of evidence, including written documentation and electronic systems. This was supported by face-to-face and telephone interviews with representatives of PCFL, Supply Chain Partners (SCPs) and stakeholders throughout Cornwall.

Each assessor completed the schedule of interviews over the first three days of this assessment, convening on day four to share findings and agree scorings for each criterion within the Merlin standard. These detailed findings were provided to the ESF Performance Director and National ESF (PP) Performance Manager, at a feedback session on the morning

of the fourth day. This feedback included the final outcome of the assessment and an overview of the key areas of strength and areas for consideration; as these could be used when it comes to continuous improvement moving forward; see below.

Assessment Outcome

Overall %	68%
Overall Outcome	Satisfactory
Supply Chain Design	Good
Commitment	Good
Conduct	Satisfactory
Review	Satisfactory

Strengths

A number of 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.

Networks and Partnerships

- ▲ There is clear evidence that PCFL has worked hard to establish some good relationships with members of the wider network beyond the supply chain. In particular, some of the Job Centre Plus offices report a highly collegiate approach to supporting service users who are experiencing significant barriers in entering the jobs market or achieving their personal goals.
- ▲ From a position at the previous assessment of requiring further development to be fully effective, these approaches have equally been instrumental in building truly collaborative approaches and in supporting SCPs themselves to work together to the benefit of service users, to a point where this is now a strength of the Organisation (1a.3, 2a.3, & 3d.1)

Communication & Commercial Integrity

- ▲ All the SCPs were clear that communications have improved over the last 18 months or so, with regular meetings and supportive approaches to tackling problems and addressing questions in a timely and appropriate fashion. This included helping SCPs to understand the processes, payments mechanisms and reporting lines throughout the supply chain. There was strong evidence of PCFL working sensitively with the capacity and capabilities of each individual SCP to help them further develop their own performance. All the SCPs interviewed commented that they have found there to be a much more open and flexible approach to the relationships over the last couple of years or so, giving rise to a partnership-orientated culture that better addresses the needs of

individual SCPs.

- ▲ This, in turn, has led to some highly effective relationships at all levels across the whole of the Supply Chain. All SCPs commented that they have found staff at all levels to be both helpful and supportive, with many examples of people 'going the extra mile'. (2a.5, 3a.3 & 3d.2)

Performance Management

- ▲ Effective communications and positive relationships also allow for effective mechanisms with which to support clear performance expectations and all SCPs are clear as to the expectations that PCFL and their particular contracts have of them and that they can reasonably expect from PCFL in turn. The result has been to see PCFL rising from 11th position two years ago, to the top in performance terms when compared to other providers of the ESF Families contract in which PCFL are engaged.
- ▲ Many SCPs interviewed were able to describe how additional support and the partnership approach taken by PCFL had helped them to improve their performance to a point where value for money is evident for the SCPs themselves. (3d.2 & 3d.3).

Areas for Improvement

The following areas have been identified as opportunities for Paragon Concord Families Ltd to improve and develop its approach to supply chain management. The comments should be seen as recommendations only and are not to be considered as 'mandated' in any way. It should be noted that the next Merlin assessment will review the Organisation's approach to these areas in order to establish progress as appropriate.

Commitment

Contracting and Funding

There appears to be a wide range of views when it comes to describing the level of the management fee retained by PCFL in order to support the Organisation's infrastructure. It is therefore recommended that PCFL looks to clearly communicate the level and purpose of the retained fee in order to create a common understanding across the supply chain. (2c.8)

Conduct

Quality Assurance and Compliance

- ▲ Whilst PCFL look to check and confirm that each SCP has a policy in place that covers Environmental Sustainability, there are currently no clear targets and objectives agreed for each SCP in this regard. It is therefore recommended that suitable metrics, including

carbon emissions, waste to landfill, business mileage and energy consumption, for example, be rolled out across the supply chain in the form of specific targets to be achieved. These simple measures will help PCFL to describe in real terms the impact that the supply chain in all its forms is having on environmental sustainability and allow for ongoing monitoring to take place.

(3b.7)

- ▲ Many examples of 'good' and 'excellent' practice were related to the assessment team throughout this assessment, and it is recommended that the SMT look to define, more clearly, what it means by these terms. This will help SCPs to understanding why they are being kept up to date with certain aspects, as well as helping them to manage expectations by knowing what 'good' and 'excellent' practice looks like.

(3b.8)

Performance

- ▲ Merlin is keen for organisations to be clear about the Value For Money (VFM) that Supply Chains are delivering from the perspectives of both the commissioners and the primes. At present PCFL has left it up to the SCPs to determine exactly what they are generating in terms of VFM. In reality, this forms a key part of the 'decision to engage' and it is recommended that PCFL set out to more clearly define what it sees as VFM for all principle stakeholders, including the commissioner, the service user and the SCP, as well as for PCFL. This clear picture should then be communicated to the supply chain in a consistent fashion and again this could help inform decisions going forward. There would then be a clear message on how the contracts and the options represent VFM would also help to attract new SCPs as additional supply chains are assembled for any future contracts awarded. It would also help to identify where 'added value' plays a part and could be factored in to the Management Fee for new contracts.

(3d.5)

- ▲ It is recognised that use of reporting from the PICS Management Information System (MIS) in relation to Equality and Diversity data has in the past been provided by PCFL to SCPs however; this appears to have ceased around six months ago. It is therefore recommended that the SMT reviews the way Equal Opportunities data is collected, collated and analysed and then shared across the supply chain. This then will help SCPs put together a progressive plan as well as understand how they compare to the local, regional and national picture so as to identify where changes need to be made, e.g. in the engagement strategies used to attract participation from minority groups.

(3e.3)

Supply Chain Review

- ▲ Recognising that PCFL produce an annual Self-Assessment Report (SAR), discussions with SCPs would indicate that the process for generating the SAR is not inclusive in a fashion that is evident to the SCPs. It is therefore recommended that a process be introduced that more overtly secures input from SCPs into the production of the SAR, and that the ensuing SAR and associated Quality Improvement Plan (QIP), targeted specifically at the supply chain, be produced and shared with SCPs in order to create an effective understanding of the common areas planned for development over the course of the coming year and that will impact on SCPs directly.
(4a.2)

- ▲ In order to design and develop a supply chain to meet, and have proof of meeting, the wider needs of the commissioners, it is strongly recommended that PCFL look to establish more *measurable* data on the impact activities are having on these social objectives, in particular Environmental Sustainability (see above). Driving these down to all SCPs will help them to identify their own contributions, as well as allowing PCFL to create a corporate view. It would also be prudent to look to other wider stakeholders to gain impact data, for example the National Housing Federation and local housing associations for homelessness data, NHS trusts for data on the impact on health and wellbeing and the judicial system for data on criminality, etc.
(4a.3 & 4a.6)

Areas Requiring Further Development

As PCFL has met the Standard, as described in the Section 'Assessment Outcome', there have been no areas for development identified as requiring immediate action in order to gain accreditation. However, the application of Merlin is very much seen by Commissioners as an on-going journey and PCFL should consider the above Section 'Areas for Improvement', in order to continue to seek excellence in all their supply chain management activities.

Assessment Findings

1 Supply Chain Design

1a) Supply chain design

With little change being required within the terms of this contract, the scope and variety of the supply chain was found to be of a good standard with some developed representation from wider network organisations, such as Job Centre Plus. This use of a diverse range of delivery partners enables the commissioner's objectives to be addressed effectively, particularly in relation to employability, though it is also recognised that individual SCPs contribute to their own specialist areas, for example in supporting drug rehabilitation and mental health.

The organisations within the supply chain are able to deliver services to a range of customer groups with varying educational, social and economic needs. Supply Chain Partners (SCPs) were initially, and continue to be, selected based on geographical coverage, experience and track record, as well as for their specialisms.

With this contract now coming to the end of its term, what has become evident in these latter stages is the increasingly challenging nature of the barriers that many service users now bring with them. In addition to an analysis of their own experiences in delivering a range of contracts nationally through their parent organisations, PCFL maintain regular discussions with various Local Authorities, Housing Associations, government departments and other key players in the areas covered by the various contracts. This research has enabled PCFL to evolve the capability of the supply chain in order to better meet these needs.

These other partners are also used to provide further support of a more specialist nature and this was confirmed in some of the discussions with SCPs. Examples here include: Job Centre Plus, debt management advice organisations, housing associations, borough and district councils, various health support groups, other charities with social agendas and the Cornwall Hub.

2 Commitment

2a) Collaboration, cooperation and communication

Whilst no new SCPs have been introduced since the last assessment in September 2013, the procurement processes for SCPs within PCFL were found to be both effective and transparent. SCPs commented that they had found the communications throughout the procurement process to be effective and that pre-existing relationships were put to good use, for example in the identification of potential partners from outside the supply chain. The communication processes used pre-contract included presentations and meetings for all interested parties, together with emails, face-to-face discussions with existing networks and individual organisations.

The 'typical' process for procurement has been described in previous reports and remains unchanged.

Following procurement, communications continue to be good, with SCPs citing the effectiveness of discussions with the ESF Performance Director and Quality and Compliance Team members during frequent visits (typically monthly), as well as ongoing emails and networking events. SCP quarterly meetings in particular received very positive comments, with SCPs commenting that they found them to be open, honest and effective at challenging processes and identifying good practice currently in effect, though these have now been replaced by more individual approaches to performance development and the sharing of effective/best practice.

PCFL has certainly proved to the satisfaction of its SCPs that they have improved in how they listen and act on what they hear through the range of feedback opportunities and the 'strengths' section of this report identifies a more partnership based approach to managing relationships that has evolved over the last couple of years. A critical route to consultation

with SCPs comes in the form of the monthly meetings that are held with each SCP by the ESF Performance Director. Regular telephone calls and emails equally support this partnership approach to delivering services.

“Communication is good at all stages – I get to know what’s happened to the clients (JCP) - lots of them have talked about increased confidence. Referrals work well”. (SCP)

Examples of consultation opportunities include the monthly performance meetings and the compliance audit feedback. This consultation has impacted on many aspects, including the development of processes, but primarily the significant improvements in performance..

“Consultation of the Progress Measures enabled us to better meet the needs of our customers”. (SCP)

“From my point of view, not only do they ask our opinions, they’re also quick to take action”. (SCP)

“A workshop was put on where providers from the north shared what they were doing – we now rate clients as ‘life, learning & work’ instead of RAG rating – its given us a different focus on them and helped us to support them more effectively, there’s no reason why anyone would be left behind or ‘parked’”. (SCP)

There are now clear examples of SCPs working and collaborating for mutual benefit and the comments above are a clear indication of this. Quarterly Meetings have been well received by SCPs in the past as a vehicle to collaborate and have open participation and many commented on the recent participative efforts taken to develop the various processes.

“We developed the Compliant Job Start to Job Outcome Guide in consultation and collaboration following feedback and comment from SCPs”. (Staff)

All those SCPs interviewed within this assessment were relatively clear as to the business relationships underpinning supply chain arrangements now in place and there was no ambiguity evident. All SCPs operate under a comprehensive contract that clearly defines these relationships and SCPs confirmed that there is no ambiguity.

All SCPs questioned commented that they found the communications to be open and honest, with some commenting on the ‘partnership focused’ approach taken by PCFL. Many SCPs commented that communications have improved over the last couple of years or so, citing the new management structure, the work of the ESF Performance Director and Manager and the introduction of various new processes as major contributory factors.

“Communications have been the area of biggest improvement I think. We can now ask questions and get a quick response, whereas before we would often ask questions and then never heard anything back”. (SCP)

“I think we have an honest and open relationship with PCFL – they’re very supportive and the relationship is of mutual benefit. They are tried, tested and trusted” (SCP)

2b) Developing supply chain partners

With pre-existing providers in the supply chain, many SCPs were already well-established and at an advanced state of organisational development, requiring little in the way of further development at the time PCFL commenced the contract. That said, PCFL did provide many examples of working with SCPs in order to help build capacity, develop strategically and improve performance. In one case, an SCP improved performance to a point where they were able to transition from a Tier 2 specialist to a full end-to-end provider. Others cited workshops, contract site audits and performance management amongst other aspects.

“I liked the way they had faith in us and encouraged us to become an end-to-end provider”. (SCP)

“We tackle contracting and performance measures differently now and that’s come with both experience and support”. (SCP)

“Paragon have helped to raise the bar as far as performance is concerned and I’ve got to give them credit for that”. (SCP)

There is good evidence to show that additional funding streams have been brought to the attention of SCPs, e.g. through the various communication channels described earlier and that carry contact details and links to major funding streams. ‘Newsflash’ emails from Cornwall Development Company, aimed at voluntary / charitable organisations supporting vulnerable people, are circulated regularly, together with emails from the Cornwall Hub notifying of local funding opportunities.

With regard to developing the staff within the SCPs, there are various examples of training being offered, in the main associated with systems and processes. Key Worker workshops appear well received and the monthly performance meetings carry with them an element of staff development.

“We had 2 or 3 days training on PICs with Paragon staff and PICS themselves. It was effective even though it took a while to get started. Can’t think that it needed anything else”. (SCP)

The training offered thus far has been without cost to the SCPs and SCPs are actively encouraged by PCFL to raise topics where they considered that their staff would benefit from training or development activity, though some commented that they had not felt this to be necessary.

2c) Contracting and funding

Whilst no additional suppliers have been engaged since the previous assessment, the contracting processes are considered to be fair and equitable by all those SCPs interviewed

and, as identified above, communications are good throughout the process of recruitment and contracting.

SCPs commented on the fact that the communications had made the funding arrangements and payment structure clear from the very start. Negotiations and variations have seen several changes to the Progress Measures agreed with SCPs, to a point where they now see the contract as viable financially – a long way from where they were two years ago. This viability is supported by a 7 day payment turnaround for all validated outcomes processed by DWP, thereby minimising financial risk for the SCPs.

“Seems to be paid a fair price for what we do – it allows us to support our own clients with other services anyway” (SCP).

“The weekly payments make a big difference and we’re now on top of the claims and payment processes, so we have very few errors and can plan accordingly”. (SCP)

SCPs confirmed that PCFL has devised and distributed detailed and effective contract documents that set out to define the obligations of both PCFL and its SCPs. These contracts by and large reflect the level of detail in PCFL’s own contract with DWP/ESF, which some SCPs found initially to be complex, though experience and guidance from the Prime has greatly improved their level of understanding.

“The contract has a schedule which outlines expectations timescales targets etc. its easy to understand and it sets out what each of us needs to do”. (SCP)

Market share was originally defined based on an equitable division of the total number of places across each of the SCPs. In reality this was quickly recognised as untenable as referrals varied greatly across the Contract Package Area (CPA) and over time contracts have been varied to better suit the capacity and capabilities of each SCP. SCPs confirmed that they are now aware of their own market share and several were able to provide a breakdown across all SCPs in the CPA.

“In the early days there were unrealistic expectations about how many people there were in each area – the total of ‘x’ was simply shared between 5 SCPs and it wasn’t realistic – we didn’t have that many people that could have been referred to us or even knew that many people we could help – there were no real negotiations about it, though that was probably more about the people in the supply chain than it was about Paragon, in reality there probably wasn’t the knowledge within the supply chain to see the bigger picture.” (SCP)

“I think we are all clear now on what our share of the pot is and that’s evolved over time. It’s always a challenge when you’re dealing with a voluntary programme, as you simply don’t know who will come forward for support”. (SCP)

There is also further evidence to show that proactive negotiation have taken place over the last two years regarding volumes and expectations, with examples being provided where numbers have been adjusted under contract variations to better reflect demand and capacities/capabilities.

“Paragon have done a lot to help make sure the Progress Measures actually meet the needs of our customers and we’ve had many discussions about which ones we could use to get the most from the contract”. (SCP)

The transfer of funds throughout the supply chain is working effectively and weekly payments help to mitigate financial risk for the SCPs. In a small number of cases, SCPs reported late payments, although they also confirmed that they had received prompt communications to inform them of the fact, with an accurate indication of when payment could be expected.

“We get an email each week saying how much and what we’re going to be paid for. Very rarely is it wrong and we get paid the following week - if its ever going to be late I get an email from Paragon telling me that it will and the reason why”. (SCP)

“They pay on time and if there are any discrepancies, then they are explained to our satisfaction”. (SCP)

The initial presentations and discussions around procurement and onboarding processes included reference to the fact that PCFL applies a management fee. Many SCPs when pressed could identify the purpose of the management fee in general terms, citing the management information system, staff training, PCFL’s infrastructure, the development of systems and processes, communication tools and PCFL support generally. Several SCPs had varying views as to the actual level of the Management Fee, though some were not. That said, SCPs commented that they were satisfied that PCFL retained a reasonable amount for the services they provide and this was not an area of concern for them. That said, this may be an area that the SMT may wish to clarify going forward, especially as further contracts are secured.

“The contract is worth £’y’M and I know £’z’M is in fees – that pays for the IT system, performance management the support processes and staffing – it seems fair and proportionate”. (SCP)

“I know there is a fee but I wouldn’t know what it is – it pays for contact management, performance management staff and IT.” (SCP)

3 Conduct

3a) Demonstrating commercial and business integrity

The working relationships between PCFL and its SCPs have developed significantly over the course of the contract and are now clearly effective at all levels. Comments from the SCPs would suggest that this has been down to improved communications and greater support from Paragon. The core principles and operating philosophy of PCFL basically mirrors the ethos and values of the supply chain; indeed, it was this match of cultures that brought PCFL and the SCPs together initially.

“Paragon have talked in the past about ‘business protocols’ and, although I can’t remember what they, are I know we wouldn’t’ have got involved with them if they didn’t match ours.” (SCP)

“Paragon talked about what theirs are and we took them to a team meeting – we discussed how they fit naturally with ours and we’re happy with that.” (SCP)

With access to HR support from Pinnacle People (key partners in the joint venture) Paragon are able to demonstrate a good understanding of the TUPE processes and requirements. PCFL has demonstrated that it has the wherewithal with which to manage the transfer of staff between organisations should this be required in the future, though at the time of this Merlin assessment, there have been no requirements for TUPE to be applied. The Pinnacle People resource will act as the focal point for any enquiries and provide one-to-one support, in order to assist any TUPE’d staff to make the transition effectively and allay any concerns they might otherwise have.

“We take the view that we will look at how TUPE can be applied in a particular situation, rather than look at how we can avoid TUPE.” (SMT Member)

As identified earlier in this report, the relationships and interactions between PCFL and its SCPs are wholly positive. Pivotal to these effective relationships are the ESF Performance Director and Manager and the Quality and Compliance team, supported by the coordinators and support staff within Head Office.

“They’ve gone from ‘master’ to a more collaborative relationship; it feels more like a supply chain now.” (SCP)

“*** does what he says he’s going to do”** (SCP)

“ There are now clear lines and straight communications – this makes a big difference.” (SCP)

“The background support is great.” (SCP)

These interactions are supported by the monthly and other periodic reviews for performance and compliance purposes.

Changes in legislation and statutory requirements are notified effectively through discussions and emails and these are again reinforced within the regular performance and compliance reviews. The Compass data management system used across the supply chain also carries regular updates and the network of specialists and other stakeholders, ensures a steady stream of reliable and up to date information coming in to Paragon for distribution to the supply chain.

The effective relationships and open dialogue provide for a high degree of understanding amongst SCPs regarding interpretation and implications of funding, regulatory and legislative changes.

"I Like Compass, we had a questionnaire re what training we thought we needed – we didn't need anything but I can see how it helps. Updates are provided through that as well". (SCP)

3b) Quality Assurance and Compliance

From discussion with PCFL and SCPs, Quality Assurance (QA) and compliance processes and practices appear satisfactory. The QA and Compliance Team through the Contract Level Site Audits, followed up within regular meetings and monitoring activity, largely drive quality assurance. Significant investment was made in the first part of 2014 to improve the quality of provision and a dedicated member of PCFL staff worked closely with SCPs, carrying out observations and providing feedback. The effect was a significant improvement in the quality of provision to a point where PCFL took the strategic decision that this level of investment was no longer required to maintain the quality standard going forward and quality assurance then became more of a feature within the compliance checks from a documentary point of view.

The written feedback of contract level site audits is in the form of a RAG rated report covering 4 basic areas and a comprehensive action plan is designed to manage contract risk and assure compliance. The service delivery area considers quality assurance, confirms QA activities by the SCP and identifies areas for improvement. This has supported the SCPs in putting more formal business practices in place.

"For example, they picked up during a site audit that we weren't displaying the ESF logo and that we needed to raise compliance in team meetings as well as taking minutes and action points." (SCP)

"Client files are looked at during audits and any areas missing are discussed". (SCP)

"** (SCP) had a good site audit but we made a recommendation that they keep records of errors made in order to identify trends. They did this almost straight away and fed back to me that they had found this very useful". (Staff)**

Customer/end user progression and feedback is also considered as part of the assessment to determine whether or not a quality service is being delivered and throughout these methodologies, the SCP has the opportunity to provide additional material for consideration and to suggest opportunities to improve performance where appropriate. Customers are

also provided with the opportunity to have their say and many SCPs have suggestion boxes and feedback sheets. Whilst these processes are proving effective for SCPs, it is recommended that the approach to quality assuring SCPs is reviewed by PCFL with a view to improving robustness and consistency in the actual delivery of services.

With well established supply chain partners, many of whom having a long history in the field of Information, Advice and Guidance (IAG), PCFL is able to demonstrate that access to good quality provision is made available and promoted to customers at the point of delivery. Pinnacle People (from whom PCFL's systems and processes are drawn) itself has been assessed and accredited against the **matrix** Standard and all SCPs are being encouraged to hold this accreditation, though this is not mandatory at this present time. Some of the larger proactive SCPs, especially those working with health initiatives, have already achieved **matrix** Standard accreditation themselves to cover their own work with their end users.

Through the various communication channels, networking approaches and one-to-one dialogue, all SCPs are aware of the IAG services available in their geographic areas, often providing this information to PCFL as part of the developing relationships. A small number of SCPs commented that they would like to see some form of 'directory' of providers, in order to ensure they are fully aware of the local provision, and this may be worth consideration by the SMT at PCFL. With SCPs themselves offering a large part of the information, advice and guidance available, it is also recommended that the SMT consider how the quality of IAG can be more robustly and comprehensively assured at this level across all SCPs.

Data security within PCFL is of a high standard and has been designed to meet the requirements of ISO 27001. Encryption software meets Federal Information Processing Standard (FIPS) for all emails and the Compass data management system provides for a secure portal) for information exchange. All SCPs are required to submit weekly statements regarding their data and information security activities and these are reviewed at a central point within PCFL in order to identify any patterns or trends that may lead to a breach.

Data Security policies are checked during the due diligence process at the outset and at annual intervals thereafter as part of the performance, QA and contract renewal processes.

"We have to provide evidence that we have reviewed and revised all our policies each year and this includes Data security. We have to produce a weekly report and Paragon do visit us quite regularly and I'm sure they would identify and mention if any of our practices were not meeting their standards". (SCP)

Health and Safety policies are equally assessed at the initial stages as part of the procurement process and again reviewed as part of the monthly performance discussions between the SCPs and the ESF Performance Director. In the event of any shortfall, or corrective action being required, an action plan is drawn up by the Director and agreed with the SCP, supported by PCFL's specialist H&S advisors (part of the support services provided by Pinnacle People).

"An annual on-line test, facilitated by Paragon covers H&S, data protection, drug & alcohol awareness – everyone is expected to and does pass." (SCP)

Again, a similar situation exists for safeguarding, with initial checks on policies in place through the procurement processes and ongoing monitoring of SCPs for effective practices during the reviews and inspections by PCFL staff. SCPs confirmed that risk assessments are undertaken and safeguarding measures put in place, eg. lone worker policies and out of hours travel, etc.

With safeguarding having a high profile, many SCPs have developed their own approach and policies and many have undergone specific training in this regard.

Monthly management information returns capture related data, although there have been no reported, or identified incidents since contract start.

An aspect on the onboarding process also includes requesting sight of the SCPs' environmental policies and providing SCPs with template policies if required. Environmental requirements are built in to the contracting documentation and include minimising travel, energy consumption and recycling. Whilst some SCPs have their own KPIs related to Environmental Sustainability, there are currently no targets defined for the supply chain as a whole by PCFL to improve performance against common metrics. The collation and analysis of any related data is also left to SCPs themselves and this then is an area that requires some improvement by PCFL.

"We have our own Environmental Policy and we got asked to show it to Paragon as part of our initial contracting." (SCP)

"We do a lot but its not really looked at or mentioned much by Paragon. We recycle teabags, have minimal travel, clients are brought in in groups to minimise travel, recycle paper – as a company we're all about reusing and recycling is seen as a next best thing." (SCP)

Throughout this assessment, there are various examples of 'good practice' being demonstrated, e.g. within the themed workshops, the partnership working with other stakeholders and the monthly reviews with the ESF Performance Director. In this latter case, the Director looks to identify where good practice is being demonstrated and where other organisations have embedded good practice that may benefit a particular SCP, or SCPs. PCFL at this time has not however, set out to define what the term actually means and consequently has not communicated with the supply chain in this respect. This leaves supply chain partners themselves identifying what they believe to be good practice and sharing the same, often through various informal networking opportunities and day-to-day communications.

"As partners, we do have get togethers over coffee and that's really useful". (SCP)

"** (PCFL Director) does share with us things that he feels might help us that he's come across in other parts of the country." (SCP)**

3c) Honouring Commitments

PCFL has managed SCP expectations well with effective communication throughout the procurement phase and during live running. Expectations have been clearly defined from the outset and these have been communicated in both written format within the contracts and variations and verbally through discussions. Within this assessment, SCPs confirmed their understanding of these expectations and that post-contract arrangements reflect pre-contract agreements in all cases. All parties agreed that there is an open culture for communication that encourages and allows both PCFL and SCPs to voice their opinions and/or seek clarification where required. Any changes to the original agreements are covered diligently by variations to contracts, for example where original targets have been reduced subsequently to reflect the difficulties of recruiting customers with significant barriers.

“I’ve always found Paragon to be very supportive and more than willing to make reasonable changes” (SCP)

“We’ve made some changes to the post-contract arrangements as a result of changes to the Progress Measures and these have always been to our benefit, as we are now better able to match our provision to the needs of our customers”. (SCP)

At the time of this assessment, there have been no formal disputes registered through PCFL’s dispute resolution process and this process is clearly defined within the contracts. Only informal concerns have been raised by the SCPs at the time of this assessment and discussions with the SCPs concerned indicated that the issues did not require the need to escalate it to a higher authority. Otherwise, SCPs were generally aware of the dispute resolution processes and how to access it through the PCFL ESF Director, or directly to the CEO where this relationship exists, should the need arise.

The lack of formal complaints is due largely to the positive relationships existing between PCFL and its supply chain partners, with any concerns being addressed as they occur by the staff at PCFL, drawing in senior staff as appropriate, where the issue determined that it be escalated to a more senior level, for example related to contracting or funding issues. Again, all the SCPs interviewed indicated a good level of satisfaction with regards to concerns being quickly addressed and in a positive manner.

The PCFL senior staff also indicated that they would abide by any decision made by the Merlin Mediation Service (MMS), though the MMS was generally unknown to the SCPs, as in reality, these options have not been required to this point in time by any SCP. The contract does however reference the Independent Case Examiner should a formal dispute be raised.

“I doubt it would ever get to a situation where something couldn’t be resolved with a call to ** (PCFL ESF Director) but if it happened I’d look in the contract to see what it said”.**

As identified earlier in this report, expectations regarding processes, practices and standards formed part of the pre-contract presentations and dialogues with SCPs and these have been built into the contracts as minimum service and performance levels. These expectations are regularly reinforced during dialogue and continue to drive the performance and compliance reviews and are a key feature of the monthly ESF Director’s reviews and compliance meetings and informal reviews carried out periodically by PCFL staff.

“I think we are all very clear on expectations, both in terms of the numbers we have to achieve and what the outcomes should be for the people on our programmes” (SCP)

3d) Performance

It is clear that the supply chain has been working collaboratively for some time, e.g. in the various partnership approaches and in the sharing of best practice through the mechanisms mentioned earlier. Regular email and phone contacts, monthly review meetings and attendance at SCP meetings also provided sound evidence of PCFL’s approach to working in partnership and collaboration with its SCPs. These effective relationships provide for SCPs to review and discuss developments and requirements across the network. All SCPs talked about the ‘uniqueness’ of how organisations work together in Cornwall and all commented on how they already knew of each other before Paragon came on board. Their feeling is that they already collaborate therefore there was little need to be encouraged to do so from Paragon.

PCFL has demonstrated a robust and highly effective approach to performance management processes and practices, primarily through the monthly reviews with PCFL’s ESF Performance Director and other key staff. These reviews are used to determine progress against contracted service and performance levels, as specified in the contracts. PCFL collects ongoing participation data from the programmes through the ‘PICS’ software and SCPs explained that the use of forecast and target figures provide for more realistic expectations to be agreed and this helps them in managing their team. Opportunities exist for SCPs to raise issues and discuss concerns at these meetings and these are shared across the operational teams within PCFL in order to resolve them effectively. Lessons learned are also noted and shared across the network through weekly emails, ongoing discussions and the monthly performance meetings; though at this time there is no central log of lessons learned in this fashion.

“We know what we’re expected to achieve and the performance management process keeps us updated and on track. We’re on or over target anyway”. (SCP)

Any under-performance identified within an SCP results in an action plan being drawn up and agreed between the SCP and the PCFL ESF Director and this drives any subsequent reviews until such time as the shortfall is addressed. Innovation is discussed where it occurs, for example in the choice of certain Progress Measures. As with “good practice” identified above, the clarification of just what ‘innovation’ is within the contracts offered could well help PCFL to raise SCPs perceptions and understanding, leading to greater dialogue in this regard.

“The PICS system is really good at helping you to monitor your own performance and we get regular reports from Paragon.” (SCP)

With the focus of the payment system being focused on meeting agreed Progress Measures, those SCPs questioned were very clear that this is how they calculate value for money in their own minds, when compared to the cost of achieving these key performance indicators. SCPs recognise that bids are submitted in a competitive manner to win contracts and to optimise

revenue. There were also many discussions with SCPs around what can better be described as 'added value', rather than 'value for money'. Here SCPs talked amongst other things about the support gained from the Head Office staff at PCFL, the funding opportunities identified and the strategic level support identified earlier in this report.

"It's certainly better now that in the early days. I think we recognise the part Paragon has played in changing the Progress Measures to ones that better meet what we do and what our services users require". (SCP)

"We've never actually discussed value for money as such with Paragon, but we believe it's down to 3 things: getting the right person on the right programme, Paragon's audits make sure we're doing the right things in the right way and being able to signpost / refer clients to others such as housing/benefits etc. that we couldn't without this contract". (SCP)

In looking to measure and encourage demonstrable outcomes and performance improvements, the main criteria are the various Progress Measures. Through the performance monitoring system, it is possible to identify how each individual has progressed and some of the SCPs also have their own distance travelled models, that look to map each individuals 'softer' outcomes, such as increased confidence and self-esteem.

Some SCPs are also aware of the importance of measuring Social Return on Investment (SROI) and have used these calculations to determine their own impact and performance improvements.

3e) Promoting Diversity and Equality

Diversity and Equality (D&E) is seen as a key issue for all customers and stakeholders aligned to PCFL. Contracts require that all those within the supply chain are required to have and maintain a D&E policy that at least matches that of PCFL and compliance with this requirement is confirmed during the procurement process and is subject to the SCPs' annual audit of policies. Thereafter, performance management reviews and ongoing dialogue have helped to define expectations all round.

As stated previously, in designing the supply chain, PCFL were able to contract with SCPs that share its own beliefs and values, including those related to diversity and equality. The large stakeholders of PCFL have very clear guidelines and requirements in this respect leading to a high degree of visibility for this issue and all SCPs are clear as to expectations.

PCFL's PICS system is designed to capture diversity and equality data, though there were no examples of this data being reviewed by PCFL staff since September 2014, however a couple of SCPs did comment that they could pull their own reports off their own system should they require any additional data, for example in demonstrating how they are mirroring the demands of the local demographics. Many SCPs are presently unaware as to how PCFL will analyse this data to inform future service delivery, or how it links to the wider policy and objectives of the commissioner and this should become a priority for the future.

4 Review

4a) Supply chain review

Feedback has been collected from a wide range of stakeholders such as customers, SCPs, wider stakeholders, such as Job Centre Plus and the local authorities, through day-to-day dealings and through periodic review meetings. These feedback mechanisms are further supported by the concerns, complaints and compliments processes and survey results, to good effect. Effective relationships with these stakeholders all provide for a rich vein of information and feedback and there were several examples of this information giving rise to improvements being made to both practices and processes throughout the supply chain.

“The improvements to communications and the improved relationships are examples of how our feedback has been responded to by Paragon.” (SCP)

“The performance of the supply chain now is far different to what it was at the start and this to me says that Paragon have listened to what we’ve had to say” (SCP).

In looking to adopt effective continuous improvement principles, PCFL produces a Self-Assessment Report (SAR) and a subsequent Quality Improvement Plan (QIP). Contributing to this process are the discussions held with SCPs during the performance reviews, compliance audits and general discussions. The overarching report and plan are not currently shared across the supply chain network however and some SCPs were unclear as to the specifics on how they actually contribute to the SAR process.

“Paragon ask us for a lot of information over the course of a year, though I’m not aware of what gets produced”. (SCP)

“I think I might have completed a questionnaire last year, but I’m not sure if this went towards the annual report (SAR).” (SCP)

Adopting a more inclusive approach to the production of the Self-Assessment Report and Quality Improvement Plan and publishing them for access by SCPs could help to further the transparency of PCFL’s approach to continuous improvement. Providing an opportunity to include more stakeholders in the process could also effectively support this ‘bottom up’ approach, in order to increase the diversity and richness of the information collected.

There is a clear commitment within PCFL to the wider policy and objectives of the commissioner. This is evident in the design of the supply chain and the use of external specialist providers that are brought on board to support the ESF Families contract.

Many of those SCPs interviewed showed a good understanding of the commissioner’s wider objectives as they relate to them specifically, as well as the part they will be playing in contributing towards them. They talked about good news stories being shared across the supply chain that exemplify the wider social objectives and of previous updates and emails (though these seem to have lapsed over the last year or so).

“We used to get regular emails and Paragon used these to keep us up to date with wider issues”. (SCP)

“The funder’s social objectives basically become our objectives, as we get measured on these, for example mental health and employability”. (SCP)

All SCPs interviewed were clear on how they contribute to these wider objectives as they apply to their own organisation and were able to give specific individual examples of impact, including the effects on mental health and wellbeing, environmental sustainability and employment skills. In at least one case, an SCP was using a “Wheel of Life” (a derivative of an outcomes wheel) to map impact on wider social objectives. With the contacts and connections across a wide range of stakeholders, PCFL is now well placed to further develop this understanding of impact across the supply chain, possibly through the use of a regular bulletin.

As identified earlier in this report, the design of the PCFL supply chain has changed little over the time since the previous assessment in September 2013. Where evolution is evident however, is in how the SCPs themselves now conduct themselves and have moved to a much more performance and outcomes orientated state. Whilst the SCPs themselves identified that they had seen little in the way of changing needs of customers, they did accept that those coming onto the programme in the later stages had brought with them the greatest barriers to progression and personal success. This then had led to some of the changes to the Progress Measures previously described. Again SCPs cited improved communications and relationships as indicators of supply chain evolution.

The activities of the supply chain have without doubt had a positive impact on such aspects as customer health and wellbeing, employability and homelessness, with some good statistical data to demonstrate local impact by specific SCPs. Opportunities therefore now exist to extend the range of data collection to other stakeholders, e.g. the NHS, the National Housing Federation, environmental groups (for environmental sustainability) and the various Police Authorities, in order to better understand the wider impact of the supply chain on these key social objectives on a more consistent basis.

Conclusion

Paragon Concord Families Ltd. has exhibited behaviours that fully meet the requirements of the Merlin Supply Chain Standard and a number of areas of good practice have been demonstrated and were evidenced to the Assessors.

It was evident to the assessment team that PCFL has, over the last 12 to 18 months, developed a much more partnership-based approach to managing its supply chain and that this has resulted in improved working relationships at all levels. These improved relationships have been accompanied by ever-evolving systems and processes, all developed with good consultation with SCPs; and this has led to improved performance all round.

Supply Chain Partners confirmed that PCFL has established and developed the positive behaviours that are expected of a Prime contractor organisation that is managing a productive and progressively improving Supply Chain - and that the strategies, policies and

processes deployed since the previous assessment have resulted in a supply chain that can better meet the needs of the various stakeholders.

Performance against contract is high on the agenda for PCFL and it is clear that the Organisation performs well when compared to the commissioners' objectives, currently placing the Organisation at the top of DWP's cohort performance tables on a consistent basis.