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promoting supply chain excellence

## **GATESHEAD TRADING COMPANY**

Assessment Dates: 25/09/2017 to 27/09/2017

**ASSESSMENT SERVICES**  
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## 1. About the Organisations

Gateshead Trading Company (hereby referred to as GTC or the Organisation) is a company limited by guarantee, established in 2009 and owned by Gateshead Council (the Council). The Council is part of a combined authority (seven councils in total) that covers a large part of the North East of England. The Organisation has projects across the North East of England. It develops and delivers services to meet the needs of the local people and communities it works with and works in partnership with public, private and third sector organisations to meet shared goals and make a positive impact on society. The New Enterprise Allowance (NEA) programme is its main activity. GTC is the prime provider for Phase 2 delivery of the Department for Work & Pensions (DWP) NEA scheme in contract package area 7 North East England from April 2017 to the end of March 2019. This is building on the success of the Phase 1 delivery and continues with the strong theme of partnership working and collaboration across the supply chain.

Gateshead Council has developed the following vision statement: *"Local people realising their full potential, enjoying the best quality of life in a healthy, safe, prosperous and sustainable Gateshead."* GTC has adopted this statement and expanded it to apply to the whole of its geographic reach.

For context, since the last Merlin assessment, from January 2015 to end of July 2016 there were 6,092 referrals from Job Centre Plus Work Coaches with 54% of starts commencing trading and 33% still in business after 26 weeks trading, and the supply chain was increased to incorporate new Supply Chain Partners for customers furthest away from the job market.

Formal agreements were made between the North East Enterprise Agency Limited (NEEAL) and GTC to incorporate the new Supply Chain Partners and a different delivery model for the supply chain. GTC and NEEAL agreed in advance of NEA Phase 2 to continue to work in partnership with GTC as the lead, due to the success made on NEA Phase 1 and this was supported by Supply Chain Partners. A delivery model was created through co-working with NEEAL and Supply Chain Partners to ensure all elements of the contract are met, with customers receiving high standards of service to be able to sustain in self-employment to 52 weeks, in line with the new DWP requirements. Working groups have been created to review and establish that all possible outcomes (positive and negative) are supported effectively.

There are currently 10 Supply Chain Partners delivering on NEA Phase 2 with no potential and one past Partner. The Prime Provider Delivery (GTC) is 7% direct and supply chain delivery is 93%. The supply chain is based on Jobcentre Plus locations and Supply Chain Partners are locally placed to meet the needs of the centres and the customers referred to the programme. There is only one Supply Chain Partner in each of the geographic areas of delivery and one Supply Chain Partner who operates across the whole region supporting customers furthest away from the market.

## 2. Assessment Methodology

Initial planning conversations took place in early summer 2017 where the scope of the Merlin Standard was discussed and agreed in accordance with the guidelines. All Supply Chain Partners involved in supporting GTC to deliver its services were informed of the assessment via email and all received an invitation to take part in the Assessment Services online Merlin survey.

The assessment team (Lead Assessor Susan Smith and Team Assessor Andy Richardson) interviewed representatives from Supply Chain Partner organisations, including past partners.

The 60% sample included representatives of organisations who deliver services on behalf of GTC on an end-to-end basis. Supply Chain Partners interviewed were at various stages of their working relationship with GTC. As part of the assessment, GTC staff were interviewed, including those involved in the strategic and day-to-day development and management of the Supply Chain Partners.

During the assessment, a significant number of written documents were made available, including those relating to supply chain design, improvement plans, contracts, Supply Chain Framework, Financial Management Handbook, quality, communications and contract and performance/quality management.

### 3. Assessment Outcome

Overall	%
Overall Outcome	80% Good
Supply Chain Design	93% Excellent
Commitment	81% Good
Conduct	74% Good
Review	70% Good

## 4. Areas of Significant Strength

A number of significant strengths and areas of excellence in practice 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.

- Supply chain design remains a strength of GTC. There is good scope and variety of Supply Chain Partners that meets the needs of clients and supports their holistic needs when moving towards self-employment. There is good access to wider support through a comprehensive referral toolkit. Supply Chain Partners feel that they are part of a strong partnership that has the client at the heart of its activities. (1a.2, 1a.3)
- Supply Chain Partners are actively consulted about decisions as part of the GTC approach in developing new systems and processes. Examples of consultation opportunities include Partner Meetings and Task and Finish Groups, Project Board meetings and ongoing dialogue with the GTC staff. Supply Chain Partners interviewed confirmed their full involvement. (2a.2)
- There is excellent collaboration between individual Supply Chain Partners that assists in improving the performance of both partners and the network as a whole. The evidence of the GTC networks performance as leading the NEA performance tables supports this. (2a.3, 3d.1)
- Interactions between GTC and Supply Chain Partners are found to be very positive and supportive. Supply Chain Partners cite numerous examples of where GTC staff have helped and supported them and relationships are described by many as “excellent”. (3a.3)
- Pre- and post-contract negotiations are clear and all agreements and arrangements have been upheld by all parties. This consistency means that promises are honoured and expectations are met. There is transparency about what needs to be achieved and how the partnership will achieve this. (3c.1, 3c.4)
- Performance expectations are clearly defined and understood by all parties. There is effective performance management that builds on Supply Chain Partner strengths and provides supportive challenge for any deviation from performance expectations. (3d.3)

## 5. Areas for Improvement

The following areas for improvement could be considered for review and improvement. The numbers in brackets cross-reference the findings to the relevant element and criteria of the Merlin Standard.

- GTC might consider sharing the scores from procurement activities to improve transparency yet further and also routinely provide feedback to successful Supply Chain Partners highlighting what they can develop in the future to strengthen their organisation and their approach. Additionally, more could be done to support the business development of Supply Chain Partners' approach to innovation, diversity and equality and impact measurement. (2a.1, 2b.1)
- GTC is encouraged to identify and provide more ongoing training for Supply Chain Partner staff. This could build on the Train the Trainer approach and deployment of key developments in this way would ensure a consistent approach to Supply Chain Partner staff delivery. The ongoing checking of understanding of key developments with Supply Chain Partner staff also remains important. (2b.3)
- Whilst it is understood that GTC is required to flow down contractual terms to all Supply Chain Partners, the document is in no way clear or concise. GTC may wish to consider providing a contract summary of key terms to Supply Chain Partners. Additionally, promptness in issuing contracts is important. (2c.3)
- GTC is encouraged in its plans to draw out more clearly the mutually agreed core principles and it is suggested that these be used in conjunction with performance and quality management processes. This will help Supply Chain Partners gain feedback on how they are performing in relation to the principles they have agreed to. (3a.1)
- A central repository for key documents, legislative updates and communications may be beneficial for streamlining information sharing. It would also ensure that version controlling is in place in Supply Chain Partners. (3a.4)
- GTC might look to establish more *measurable* data on the impact that supply chain activities are having on wider social objectives, in particular Environmental Sustainability. Impact could also be clearer around impact on criminality and homelessness, for example. This will help all members of any supply chains to identify their own contributions, as well as allowing GTC and the Council to create a corporate view of how its social agenda is making a difference. (4a.4)
- The Organisation could consider ways of defining and presenting good and excellent practice and monitor the impact of any changes as a result. Clarity on what constitutes 'good' and 'excellent' will help Supply Chain Partners to develop systems, process and staff to achieve these and to improve the effectiveness of the supply chain overall. (3b.8)
- GTC could ensure that the Merlin Mediation Service is communicated to staff and Supply Chain Partners in order to be able to respects its decisions. (3c.3)

- It could also consider working with Supply Chain Partners to assess the distance travelled of clients, especially those who don't progress into self-employment as this will show the impact of support beyond the contract outputs and help define the social return on investment. (3d.6)

## 6. Areas Requiring Significant Development

Although the Merlin Standard overall has been achieved with a 'Good' outcome, there are a number of criteria within the requirements of the Standard where limited evidence was presented and which requires significant development in order to support the organisation to achieve excellence in supply chain partnership working. The numbers in brackets cross-reference the findings to the relevant element and criteria of the Merlin Standard.

There is very limited evidence of environmental sustainability targets being agreed with each Supply Chain Partner. GTC is strongly encouraged in its plans to agree environmental sustainability targets and provide awareness training for staff, including the staff of Supply Chain Partners. It is proposed that these will be reviewed on a quarterly basis and form part of an annual environmental sustainability plan. (3b.7, 4a.6)

GTC is encouraged in its plans to address the collection of diversity and equality data, assess the impact on supply chain activities and make any necessary service improvements, linked to demographic data. (3e.3)

## Findings Against the Merlin Standard

### 1) Supply Chain Design

#### 1a) Supply Chain Design

As prime provider for Phase 1 of NEA, GTC ensured that procurement for Phase 2 was in the public domain in order to engage providers outside of the Phase 1 supply chain. The opportunity was advertised on the North East Purchasing Organisation portal and invited expressions of interest from prospective supply chain partners. GTC used the learning from Phase 1 delivery to help inform what it is looking for in a supply chain, for example in relation to capacity and quality. Expressions of interest were submitted and these were scored against a matrix of key criteria in order to ensure that full geographical coverage across the Contract Package Area (CPA) was achieved and that organisations pursuing an opportunity to join the supply chain were able to demonstrate experience and track record. The scope and variety of the supply chain at the Review Assessment was found to be of a good standard with representation of public, private and third sector organisations forming the network used to deliver and support services. This use of a diverse range of delivery partners enables the Commissioner's objectives to be addressed effectively. The inclusion of certain Supply Chain Partners has enabled GTC to provide support for people with additional needs, reduce barriers to self-employment and to address health conditions. GTC continues to provide Supply Chain Partners with access to a "toolkit" of referral agencies that can provide additional "wrap around" support to customers.

There is clear evidence that GTC undertook effective research and consultation regarding local demographics and existing supply chains and delivery models, as well as employer and customer needs for Phase 2. In an ongoing way, research consists of discussions with various other Local Authorities, existing enterprise agencies, Local Enterprise Partnerships (LEPs) and other key players in the areas covered by the various contracts. The supply chain builds upon the Gateshead Council and NEEAL partnership-based management approach which has developed through collaboration on previous NEA and Rural Growth Network delivery.

The partners within the supply chain are able to deliver services to a wide range of customer groups with varying needs. Supply Chain Partners were initially, and continue to be, selected based on pre-existing arrangements that take account of geographical coverage, experience and track record, as well as for their specialisms. GTC has a two-tier strategy operating at both CPA and local levels to access wider networks to support the supply chain in order to deliver support to customers and stakeholders. Examples of this include: usage of the NEA Enterprise Insight Lab virtual network to gather and interpret local business intelligence and labour market information; collaboration with other Enterprise Agencies to support customers such as The Princes Trust, NE Social Enterprise Partnership and the Materials Processing Institute; and the North East Growth Hub - used to signpost higher growth businesses for additional support. One Supply Chain Partner provides one-to-one support for 150 individuals with complex physical and mental disabilities, ill health or social circumstance across the North East and another supports young people disengaged from education or training by working with Talent Match Youth Coaches to capture and progress enterprising ideas through mentoring support.

## 2) Commitment

### 2a) Collaboration, Cooperation and Communication

GTC demonstrated that it managed communications effectively with the supply chain at all stages of the procurement (assisted by Gateshead Council). One Supply Chain Partner commented *"We were made very clear on the requirements of the contract. Questions posed by GTC including capability and capacity we thought we were able to deliver."* This includes single points of contact nominated to act on behalf of the supply chain and feedback information to Gateshead Council within the tender submission. Meetings were held to appraise and review DWP requirements in order to help Supply Chain Partners understand them and how they could be met. Information sharing protocols are in place with communications by email through the Supply Chain Partner nominated single point of contact. Following procurement, communications have continued to be good with Supply Chain Partners outlining the effectiveness of discussions within the 'task and finish' groups set up, as well as ongoing emails and networking/partnership events. Quarterly partner meetings in particular received positive comments, with Supply Chain Partners positing that they found them to be open, honest and effective at challenging processes and identifying good practice currently in effect.

Examples of consultation opportunities include Partner Meetings and Task and Finish Groups, Project Board meetings and ongoing dialogue with the GTC staff. There are informal Keeping in Touch meetings between the Contract Director and the NEEAL Chairman where emerging issues are discussed before they are presented to the full supply chain. Implementation meetings to involve Supply Chain Partners in the design and implementation of new systems are taking place, such as new marketing approaches. Working groups have developed formats for seminars and the content design of 'Link up-Start up' workshops. Comments from Supply Chain Partners included *"We have provider meetings where we can raise issues and concerns. We have also discussed the content and format for the client workshops we provide"* and *"We've also discussed as a group our approaches to rurality in Northumberland and safeguarding issues in Sunderland."* Supply chain partners were consulted on the production of a 'Business Development Growth Plan' for Universal Credit customers who needed to achieve the minimum income floor level as part of the programme: *"We were involved in creating the business plan for GTC when it was first set up. We've since then been involved in some of the project (Task and Finish) groups to help develop the delivery model."*

GTC promotes collaboration amongst the supply chain in order to provide an opportunity for partners to share successes, best practice and challenges to stimulate the formation of joint solutions. Examples include: promoting access to skills provision for unemployed people; providing references to support a successful bid by the Durham cluster of Supply Chain Partners for an over 50's programme to support skills development; and one Supply Chain Partner developed outreach activity in rural Northumberland to stimulate demand for the programme which was a success and the approach was shared with supply chain partners in order to expand rural engagement across the CPA. There were several examples cited by Supply Chain Partners of working together to manage caseloads, especially where a partner is underperforming and participants needs to be transferred to another partner until performance improves.

All Supply Chain Partners remain clear as to the business relationships underpinning supply chain arrangements now in place and there was no ambiguity evident. As there are close working relationships between Prime and Supply Chain Partners, this enables good communications and this was reported by all interviewed. The business relationship which underpins the supply chain arrangements is set out in formal contracts between GTC and each subcontractor. A Contract Management Framework sets out the roles and responsibilities of GTC, the Contract Board, Gateshead Council, NEEAL and Supply Chain Partners. Comments from Supply Chain Partners included *"We've always found communications to be open and transparent. We know who does what and have had good relationships with everyone we work with from the start"* and *"We feed any issues in to NEEAL at the KIT meetings and they take them to GTC where appropriate."*

GTC's approach to creating a culture of open and honest communication is built on: mutual principles of integrity, demonstrating fairness and respect; inclusive, working together and ensuring equality of opportunity; and is inspirational by thinking creatively and empowering Supply Chain Partners. Supply Chain Partners corroborated this at interview during the Review Assessment. The assessment team found a strong sense of collaboration which enables openness and clarity in communications. Concerns are freely expressed and Supply Chain Partners believe that these are considered, addressed and communicated as appropriate. An illustrative comment demonstrates this *"The funding and payment structure is a good example of how we were openly communicated with. You never feel like they are withholding any information from you."*

## **2b) Developing Supply Chain Partners**

With a high level of pre-existing providers in the supply chain, many Supply Chain Partners are already well established and at an advanced state of organisational development, requiring little in the way of further development by GTC. However, examples cited during the Review Assessment included the provision of annual health checks which examine liquidity ratios, provide business planning support and assistance in developing policies such as health and safety. One member of GTC staff commented *"Supply Chain Partner x is a good example – we provided close support to them to help them to tackle their poor performance, due to them operating a weak engagement strategy. They were coached and guided and we acted as an intermediary for them with Job Centre staff to help them build their relationships."* This was corroborated by the relevant Supply Chain Partner during the assessment. Within the bi-monthly meetings Supply Chain Partners are encouraged to collaboratively identify and develop innovative and cost-effective solutions to meet customer needs. The highest performing Supply Chain Partner on the 'Commenced Trade' and '26 weeks Trade' measures has shared its delivery experiences and practices with the wider supply chain. This was shared within the bi-monthly partner meeting and was specifically undertaken to help support Supply Chain Partners with performance challenges. Other examples shared by Supply Chain Partners included *"We were asked to take on provision from another provider – GTC supported a formal handover plan with good close out instructions that we could all follow"* and *"Providing 'Commence Trade' forms have been a challenge for us. Some of the Job Centres are not particularly good at supplying the NEAL7 Forms. GTC negotiated on our behalf to get other evidence accepted and this has helped us to improve our relationships with certain JCPs."*

GTC identifies additional funding/finance streams and support services for Supply Chain Partners. This includes alerts circulated within the supply chain through the NEEAL partnership network, and monitoring of ESIF opportunities. GTC helps the supply chain access opportunities by bidding collectively for opportunities, offering bid writing support, facilitating the formation of bid-writing teams and the provision of references for funding applications. Several Supply Chain Partners commented that they had been able to identify alternative bid opportunities as a result of advice and information from GTC and other members of the supply chain; *"We've been included in bids for ERDF in Tees Valley, SSI in Redcar and we're part of a strong LEP in Tees Valley."*

In regard to developing the staff within the Supply Chain Partners, there were examples shared during the Review Assessment of development opportunities being offered such as training on workshop and seminar materials and training and information sessions about the NEA loan facility. Additionally there has been a range of capacity building and development activities provided; such as 'Train the Trainer' training provided to Supply Chain Partners for usage of the YETI CRM system; encouragement for each member of the supply chain to lead on sharing its best practice on a particular topic to become a "coach"; and all members of the supply chain become "learners", for example Business Advisers shadowing other supply chain advisers to understand 'what works' and how to apply it.

## 2c) Contracting and Funding

From a thorough review of the processes and discussions with Supply Chain Partners, the contracting processes were found to be effective, fair and equitable by all those interviewed and, as identified above, communications are good throughout the process. *"All has been clear from the outset"* commented one Supply Chain Partner. Application to join the supply chain is by the submission of an informal Expression of Interest (EoI) and the Contract Director in association with the operations staff considers these. For those selected to become part of the supply chain, applicants were put through a standard due diligence process that included financial stability, health and safety and other policy and resource checks.

Transparent and open communication with supply chain partners ensure that appraisal of risk associated with payment by results is undertaken and understood by potential subcontractors before they are contractually bound. A member of GTC staff commented *"Financial risk for each partner was discussed as part of due diligence at the outset and this is reviewed on an annual basis."* Partners commented favourably on the fact that the communications and consultation had made the funding arrangements and payment structure clear from the very start. Whilst just one funding model has been applied, this had been designed and agreed in consultation with key Supply Chain Partners. *"We don't make any money from the contract, but it doesn't pose any significant financial risk for us"* commented one Supply Chain Partner. Payment arrangements are designed to minimise risk for Supply Chain Partners whilst ensuring that DWP can be provided with assurance that claims have been validated and evidence is robust. GTC on the whole makes payments within 10 working days of receipt of the correct invoice being received.

Supply Chain Partners confirmed that GTC has devised and distributed effective and robust contract and guidance documents that clearly define the obligations of both the Organisation and its partners. GTC has also been delayed in the formal issuing of the contract document in Phase 2. Issues as a result of this have been mitigated through sharing proposed contract documentation

from the early bid stage. A Supply Chain Partner commented *"It helps that we're all integral and fully transparent; if it wasn't, we'd raise this and get it sorted."*

The contract is a 'flow down' from DWP and the addition of ESF required clauses has increased scale of contract which is recognised to be quite cumbersome now. *"The contract has been impacted by the introduction of ESF money and it is now quite overly complicated."*

GTC allocated market share within the supply chain by analysing NEA Phase 1 delivery across CPA 7. Market share was allocated based upon forecasted flows across the geographical spread. Recognition of specialisms enables one Supply Chain Partner to provide its services across the CPA. As a result of the presentations and up-front discussions in advance of contracts being issued, in which the delivery model was outlined, Supply Chain Partners are generally aware of how market share was allocated. Awareness of market share is reinforced through the regular performance statistics that are published and accessible to all Supply Chain Partners at the Partner Meetings. Supply Chain Partners confirmed this - *"We all know what slice of the cake we have been allocated and we can see from the performance figures we share across the partners just what others (partners) have got."*

Consultation with Supply Chain Partners regarding the allocation of volumes, funding/finance and performance expectations took place during pre-contract award, post-contract award and the mobilisation/implementation phases. Supply Chain Partners confirm that proactive negotiation/consultation took place regarding volumes and expectations. *"We had open discussions as a group during the pre-start phase. This included how we would share the places out, the fee and payment structures and most of the processes we would be using."* The design of claim and payments processes has reflected an intention to minimise risk for Supply Chain Partners whilst satisfying DWP compliance requirements.

Pre-contract award processes and payment structures took the requirements of Supply Chain Partners into account by providing them with the opportunity to input into and co-design delivery processes. Post-contract award processes and payment structures took the requirements of Supply Chain Partners into account by seeking their ongoing views and requirements during the bi-monthly meetings or via NEEAL facilitated through the regular Keep In Touch (KIT) Meetings. One Supply Chain Partner shared its positive experience of post-contract action - *"We were struggling with our engagement figures and so one of the other partners took some of our participants, with our agreement."*

The transfer of funds throughout the supply chain continues to work effectively for the vast majority of Supply Chain Partners. Only one reported delays in payments which was closer to 45 day terms rather than 30 day. The occasions where payments have been delayed can often be due to inaccurate or incomplete paperwork. GTC has worked with partners to help them understand the very specific requirements of the procurers, including the need for accurate records with which to substantiate claims.

The majority of Supply Chain Partners are aware of the general level of management fee and its purpose, citing the management information system, staff training, GTC's infrastructure, the development of systems and processes, communication tools and the Organisation's support generally. *"The fee pays for the Gateshead (Council) staff and management systems and allows us to focus on delivering the enterprise support."*

### 3) Conduct

#### 3a) Demonstrating Commercial and Business Integrity

The cooperative working relationships between GTC and its Supply Chain Partners remain generally at a high level and feedback from Supply Chain Partners suggests that these relationships are fundamental to the effective working of the supply chain going forward. A more formal code of conduct will be developed by GTC in consultation with Supply Chain Partners. Core principles and expectations will be agreed and reviewed at Supply Chain Partnership Meetings. This remains an Area for Development as it could provide a behavioural framework that can be drawn upon in cases of challenge - *"The contract can throw us into conflict sometimes, for example where we are being constantly required to provide more MI. This is where a more directive approach is required."*

There have been no cases requiring TUPE support since the last Merlin Assessment. In-house expertise remains available through Gateshead Council.

As identified earlier in this report, the relationships and interactions between GTC and its Supply Chain Partners are positive. Supply Chain Partners commented that they have found the Organisation's staff to be helpful, approachable, trusting and trustworthy. The roles and responsibilities of the Prime and the Supply Chain Partners are clearly defined which results in positive and supportive interactions between all parties. Comments included *"I've never found the relationship to be anything other than open and transparent – it's a genuine partnership"* and *"The workshops have always posed us problems – the relationship we have with Gateshead helped us to gain their support to introduce 1:1s."*

Changes and updates to guidance relating to legislation and statutory change requirements are notified effectively through discussions and emails and these are again reinforced within the Partner Meetings and KIT discussions. The effective relationships and open dialogue continue to provide for a good degree of understanding amongst Supply Chain Partners regarding interpretation and implications of funding, regulatory and legislative changes. *"We always seem to be talking about some new change at the partner meetings – they do a good job at keeping us up to date with things."* A central repository of such communications may be a useful development - *"there's no central record of legislation that Gateshead have as far as I know"* commented one Supply Chain Partner.

#### 3b) Quality Assurance and Compliance

A Quality and Performance Framework forms part of the Standard Operating Procedures and includes procedures associated with quality audits and feedback. Supply Chain Partners work towards a consistent approach to understanding the customer experience and analysis of feedback forms part of the Gateshead Trading Company quality assurance and monitoring role. *"The quality audits look at everything, not just to do with NEA – they also pick up on data security"*, commented one Supply Chain Partner. An example of a change made as a result of customer feedback is that they are now notified of meetings via text message (rather than phone call as this

relies on phone credit) and a communications module on the YETI system due for imminent installation will facilitate this in a more automated way.

The results of quality assurance are used to inform the delivery of the supply chain. Examples cited by Supply Chain Partners included *"We created an NEA 'inbox' to help capture and monitor NEA related emails from participants, as some emails were getting lost in our general email traffic"* and *"We adopted a checklist approach to help us make sure we were covering everything we needed to and GTC's Quality Officer is going to share this with other partners."* Supply Chain Partners again commented that they have found the Partner Meetings to be useful for discussing quality issues which have then been picked up in the discussions with the Quality/Performance team at GTC and with the Contract Director at their monthly KIT discussions.

All Supply Chain Partners have a continued long history in the field of Information, Advice and Guidance (IAG) and GTC is able to demonstrate that access to suitable provision is made available and promoted to customers of NEA. GTC itself is accredited with the **matrix** Standard. Through the various communication channels, networking approaches and one-to-one dialogue, all Supply Chain Partners are aware of the IAG available in their geographic areas and commented that the IAG they receive from GTC is of a good quality. Comments included *"We also use Yeti to ensure that QA processes are being applied and Gateshead check on this as part of their quality audits"* and *"The partner meetings are useful to share information and help us to keep up to date with the latest news so that we can support participants effectively."*

Supply chain data security is examined as part of the due diligence process and during the quarterly quality audits. A Data Security Plan was developed for DWP initially and remains in place. Data security is governed by this plan and is communicated via a data security policy outlined in the Standard Operating Procedures. All data sent electronically between GTC and Supply Chain Partners is sent by Egress email, a secure, encrypted email system which is password protected for each user. A member of Prime staff commented *"I also do physical site visits to make sure that data security is being maintained. This includes making sure people have clear desks and that (PC) screens are locked when the user is absent"* and a Supply Chain Partner commented *"We moved filing cabinets from one of the meeting rooms to a separate lockable room and we started to password protect USB sticks."*

Due diligence processes check that Supply Chain Partners have the relevant policies and procedures in place to ensure work environments are safe and healthy. This includes health and safety policies, risk assessments of fixed premises and outreach sites and lone worker policy. Quarterly quality audits include highlighting health and safety concerns and ensuring that they are resolved. At each audit a premises check is carried out by the Quality Assurance and Monitoring Officer at the fixed site. Outreach sites are checked by Supply Chain Partners using the 'Premises Check – Self Assessment' within the Standard Operating Procedures. These self-assessments are subject to annual review by the Quality Assurance and Monitoring Officer - *"As part of my quarterly audits I visit sites according to a visit schedule. For those partners not visited at each round of audits, I ask them to self-assess. I also do spot checks and ensure everything is in line with DWP requirements."* Supply Chain Partner comments included *"I think we're all keen to ensure nothing untoward happens to participants. We take our health and safety responsibilities very seriously, some of the NEA participants can be quite a handful."*

GTC checks that safeguarding policies are in place for Supply Chain Partners during the due diligence process. All employees are subject to checks in accordance with the Government's Baseline Personal Security Standard (BPSS) requirements. In instances of recruitment, Supply Chain Partners are required to inform the Quality Assurance and Monitoring Officer of appointments.

A BPSS form is completed to confirm all checks have been undertaken before access to DWP data is granted. *"We monitor things internally and then Gateshead come and confirm that the monitoring is taking place. We've had no safeguarding issues."* The Human Resources Team within the Council effectively acts as the 'Designated Safeguarding Officer' (DSO) for GTC, providing advice and support as required.

There is very limited evidence of environmental sustainability targets being agreed with each Supply Chain Partner. *"It's not a primary topic, though it is covered in contracting. The general drive seems to be to reduce paperwork and use electronic systems more"*, commented one Supply Chain Partner. GTC is strongly encouraged in its plans to agree environmental sustainability targets and provide awareness training for staff. It is proposed that these will be reviewed on a quarterly basis and form part of an annual environmental sustainability plan.

Good practice is identified by Supply Chain Partners and by GTC. It is shared in bi-monthly meetings to help drive continuous improvement and is included in the annual Self-Assessment Report. Supply Chain Partner comments are variable on this topic as follows: *"There's something of a feeling that we get left to our own devices by and large. Things might get discussed at partner meetings..."*, *"Some partners do share things, e.g. how they use the SIFT meeting to determine the client suitability for the programme. This has helped to maximize retention"* and *"There was also a fact sheet developed by a partner that helped to manage early engagement and interactions."* More could be done to define and present good and excellent practice and monitor the impact of any changes as a result. Clarity on what constitutes 'good' and 'excellent' will help Supply Chain Partners to develop systems, process and staff to achieve these and to improve the effectiveness of the supply chain overall.

### 3c) Honouring Commitments

GTC has continued to manage Supply Chain Partner expectations well with effective and improving communications throughout the procurement phase and during live running. Expectations have been clearly defined from the outset and communicated in both written format through the contracts and variations and verbally through discussions and consultation. Within this assessment, partners confirmed their understanding of these expectations and that post-contract arrangements reflect pre-contract agreements. Supply Chain Partner comments included *"We discuss performance as a group at the partner meetings and there's the league table where you can see how people are performing against their MPLs"* and *"I'm not aware of any of the partners having any issues with this – everything is really open. Volumes are a bit of a disappointment, but I know it's the same for everyone."*

In discussing the complaints procedure within the GTC supply chain, partners were generally aware of the dispute resolution processes and how to access this through the Contract Director within GTC should the need arise. As at the initial Merlin assessment, the majority of Supply Chain Partners interviewed indicated a good level of satisfaction with regards to concerns being quickly addressed and in a positive manner. *"I'd have no hesitation in raising a complaint, or*

*challenging things if I felt there was the need – I just haven't had to do that in all the time I've worked with Gateshead.*" There have been no formal complaints since the last Merlin assessment.

GTC senior staff also indicated that the Organisation would abide by any decision made by the Merlin Mediation Service (MMS), though this service was relatively unknown to the Supply Chain Partners. This is due in the main to the fact that it has not been required to this point in time by any Supply Chain Partner. More action could be taken to ensure that the Merlin Mediation Service is communicated to staff and Supply Chain Partners in order to be able to respects its decisions.

All expectations regarding processes, practices and standards formed part of the pre-contract discussions with the supply chain and these have been built into the contract and associated Standard Operating Procedures as minimum service levels, minimum performance levels, key performance indicators and code of conduct. One Supply Chain Partner commented *"It's not a name and shame session, but we do look at who's performing well in a particular area and what others might learn from them, e.g. regarding engagement."* These expectations are reiterated at both bi-monthly meetings where they are reviewed in full at a programme level and during individual contract management meetings at Supply Chain Partner level.

### 3d) Performance

Due to the long-standing history of collaboration amongst Supply Chain Partners there is a solid foundation on which GTC can utilise collaborative practices to promote performance. The regular email and phone contacts, KIT and performance review discussions and attendance at Partner Meetings also evidence GTC's approach to working in partnership and collaboration with its Supply Chain Partners on an ongoing basis. This communications infrastructure provides for partners to review and discuss developments and requirements across the network. *"Collaboration is perhaps most clear when looking at underperformance – two EAs met to get the stronger one to share how they were achieving good participant engagement"* and *"As a result of working with GTC, four of the EAs got together to submit joint bids and so far, they've been successful in two of them"*. National performance data shows that GTC and the collaboration across the supply chain is resulting in starts in self-employment at 60% of starts to the NEA programme, whereas the national average is 57%.

GTC continues to demonstrate effective performance management processes and practices, primarily through the Provider Referrals and Payments system (PRaP) monitoring, the check on business plans and during the bi-monthly Partner Meetings, where performance data for the whole supply chain is shared and discussed. There are regular performance reviews which include examining contract performance data, reviewing good practice, addressing underperformance, recording issues and risks and quality and audit processes.

Performance expectations are clearly defined by DWP and are outlined within the Supply Chain Partner contracts. To ensure continued understanding of performance expectations these are discussed in reviews between the Performance Manager and Supply Chain Partners. Bi-monthly supply chain meetings enable Partners to fully understand the requirements of the contracts, the outputs needed by themselves and the impact they are having upon the region. Any under-performance identified within a Supply Chain Partner results in targeted discussions as to how this will be addressed and this drives more frequent reviews, until such time as the shortfall is addressed. A performance league table is created and shared by the Performance Manager on a

monthly basis. Supply Chain Partner comments included *"I think the performance expectations are really clear and we review against them almost daily"* and *"It would be impossible not to know what the performance expectations of you are, we're always talking about them."*

There is a robust Management Information (MI) system that produces consistent, accurate and appropriate performance information that is shared across the supply chain. The YETI CRM System holds details of each customer supported by Supply Chain Partners and details of the interactions between them. Reports have been developed to record MI for performance. A member of GTC staff commented that *"Yeti is continually evolving as we try and maximize its capabilities."* Supply Chain Partners reported that the system is robust.

GTC has built the concept of Value for Money (VFM) into some aspects of their negotiations and contracting processes and the general feeling amongst Supply Chain Partners across the range of contracts is that VFM is discussed effectively. Examples of value for money come from the fact that Supply Chain Partners access a range of other funding to support self-employment and so can support customers either not yet ready for NEA or who are not NEA eligible to meet their objectives. NEEAL is very active in this space. One Supply Chain Partner commented *"We do share resources and there have been cases where participants have been moved from one partner to another and that's helped to improve viability."*

In looking to measure and encourage demonstrable outcomes and performance improvements, for NEA, the main drivers are the contractual customer journey milestones. This is monitored for all contracts through the MI system and, as such, GTC has established effective processes to determine 'distance travelled' of NEA customers. Further consideration could be given to working with Supply Chain Partners to assess the 'distance travelled' of customers who don't progress into self-employment as this will show the impact of support beyond the contract outputs and help define the social return on investment.

### 3e) Promoting Diversity and Equality

Diversity and Equality (D&E) remains a key issue for all service users and stakeholders aligned to the basic principles and ethos of GTC and in keeping with Gateshead Council. All those within the supply chain continue to be required to have and maintain a D&E policy that at least matches that of GTC and compliance with this requirement is confirmed during the procurement process. Supply Chain Partner comments included *"Demographic data is available (from Sunderland Council) if required and performance data is shared across the partners"* and *"The whole enterprise agency network is geared up to deliver equality and diversity."*

In collaborating and designing the supply chains, GTC was able to contract with Supply Chain Partners that share its own beliefs and values, including those related to diversity and equality. The promotion of D&E is therefore good, however the MI system is currently not designed to capture D&E data and any data on take up of provision compared to its own demographic data is currently being undertaken by Supply Chain Partners themselves, though this is equally inconsistent. Supply Chain Partners commented *"I can't say that I'm aware of any activities to monitor or measure impact on E&D if I'm honest"* and *"The only monitoring done is at due diligence – though any significant misalignment against other partners will be picked up through Yeti."* GTC is encouraged in its plans to address the collection of D&E data, assess the impact on supply chain activities and make any necessary service improvements, linked to demographic data.

## 4. Review

### 4a) Supply Chain Review

Feedback continues to be collected from a wide range of stakeholders such as service users, Supply Chain Partners, staff, other local authorities, Chambers of Commerce, Local Enterprise Partnerships (LEPs), third sector organisations as well as DWP and central government. This is sought through formal processes such as performance review meetings, national and local networking and through informal meetings and discussions. Customer complaints and compliments and survey results (where Supply Chain Partners carry out such activities) also feed in to the supply of review data to good effect. DWP Provider Assurance Testing (PAT) interviews and substantive testing confirmed staff awareness of robust processes being in place which also means that customers can feed back any observations or concerns. GTC's Senior Support Team is responsible for collating all completed feedback which is in turn analysed and a report is presented to the Contract Board with a view to improving the service provided to NEA customers.

A Self-Assessment Review (SAR) has been conducted with a subsequent Quality Improvement Plan to cover a number of key areas detailing strengths, areas for improvement and associated actions to ensure effective programme delivery which is monitored and updated on a quarterly basis with the SAR being re-visited on an annual basis. A SAR review with the supply chain took place in October 2017 and the final SAR submitted to DWP. Most Supply Chain Partners interviewed confirmed they fed into the SAR as follows: *"We do get to see the final SAR and quality plan, from which our own quality manager develops an action plan for our own organisation."*

Supply Chain Partners are kept informed of the wider policy of the Commissioner and strategy information through a range of methods including emails, meetings and training events. Supply Chain Partners described how their knowledge of DWP and other commissioners has come through a number of sources including emails and updates from GTC and NEEAL, information directly from the commissioners, and their own interest in the wider policy and strategy of organisations from whom they might receive funding. Supply Chain Partners interviewed were aware of the wider policy and strategies of commissioners. Supply Chain Partner comments included *"We do tend to focus on the enterprise side of the government objectives, though this does have an impact on things like health and wellbeing and poverty."*

Both GTC and Supply Chain Partners were able to share some examples of how the work they are delivering is having a measurable impact on the Commissioner's wider social objectives. This included sustaining self-employment, improvements in skills and qualifications, unemployment reduction, addressing poverty and reducing potential for crime. Additionally, Supply Chain Partners have an impact on the wider social objectives around health and wellbeing through the delivery of a holistic service to customers who are supported in their self-employment, post the end of the contract activity. In SMT delivery board meetings, consideration is given as to how the success of the NEA contract contributes to the wider council objectives, in particular the financial plan. The Council's strategy is to focus on maximising growth through various opportunities including trading in order to redirect resources to support those most in need. One Supply Chain Partner commented *"There's nothing that really moves beyond enterprise support. This does however, involve working with people affected by health, violence and imprisonment issues. I'm not sure how much Gateshead have done to raise awareness or measure impact though."* GTC might

look to establish more *measurable* data on the impact that supply chain activities are having on wider social objectives.

The outcomes of the mechanisms to review and develop the supply chain have given rise to changes in NEA Phase 2 with one new Supply Chain Partner. A GTC member of staff noted "*Our improved performance is testament to how we are evolving.*" The successful evolution from Phase 1 to Phase 2 can be demonstrated through 187% of participants commencing trade against a national average of 112%. Regular reviews of working with key partners are carried out. Services are developed and enhanced based on the feedback received to ensure the service is meeting the needs of the various local communities.

The activities of Supply Chain Partners are positively impacting on external stakeholders, such as the way in which customers have been encouraged to develop themselves and their wellbeing. Supply Chain Partners confirmed that their contact with stakeholder groups showed that the programmes were having a positive impact. Examples shared included job creation, wealth and financial stability, improved wellbeing and family cohesion. This is illustrated by Supply Chain Partner comments: "*By helping people to set up their own enterprises, we're actually changing lives – not just the participants, but often also their families and friends*" and "*By working in flexible ways, we can support participants with significant health issues – in some cases helping them establish their business without having to set foot outside their own home.*"

## 7. Conclusion

This assessment provided the opportunity to consider the practices of Gateshead Trading Company against the Merlin Standard. The organisation continues to meet the requirements of the Merlin Standard, having demonstrated that its behaviours are positive and supportive, and communication is open and honest, and a true working partnership has been maintained with the Supply Chain Partners.

Whilst no significant organisational or senior staff changes or additional contracts are envisaged in the short term, should any occur then this may require a strategic review to ensure this limited life organisation continues to operate in line with the Merlin principles.

In September 2019 Gateshead Trading Company Trust will be required to undertake a further assessment against the Merlin Standard in order to retain the accreditation. Consideration could be made to a continuous improvement review being undertaken in September 2018. The purpose of the review would be to establish progress made against the areas recommended for further improvement following this assessment.

Assessment Type	REVIEW
Assessor's Decision	STANDARD MET
Lead Assessor's Name	SUSAN SMITH
Visit Date	25/09/2017 – 27/09/2017
Client ID	C18517
Assessment Reference	PN102795