



merlin

promoting supply chain excellence

THE GROWTH COMPANY LTD

Assessment Dates: 18/09/2017 to 21/09/2017

ASSESSMENT SERVICES
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1. About the Organisation

The Growth Company Ltd (GC) is a private not-for-profit company based in Manchester, providing a range of solutions in the employment and education market. GC changed its name from Economic Solutions Ltd in July 2017. There are approximately 1,200 employees in the organisation, which has an annual turnover of £100m. A rebranding process is underway (but still incomplete), with legacy trading names and brands including The Skills Company and The Work Company being replaced by The Growth Company. Established in 1989, the company has historically delivered and managed relatively large-scale provision in the Greater Manchester area, including vocational training and Next Steps (the predecessor programme to the National Careers Service), and in the last four years has begun to more significantly diversify. In 2013, it began the delivery of National Careers Service provision, as a Prime Contractor in Staffordshire and the North West, and in 2015 there was rapid expansion into pre-employment contracting.

The company is currently a Prime Contractor for the following programmes, which form the scope of this Assessment:

- **National Careers Service**, funded by the Education and Skills Funding Agency (ESFA), of which 61% is sub-contracted within the Supply Chain, and 39% delivered directly.
- **Skills for Employment (SFE)**, a pre-employment programme commissioned by the Greater Manchester Combined Authority (GMCA) of which 77% is sub-contracted.
- **Apprenticeships**, funded on a rolling programme basis by ESFA with Supply Chain Partners covering much of England. GC sub-contract 18% of this contract.
- **Study Programme and Traineeships**, a rolling programme funded by ESFA, targeting young people who are not ready for Apprenticeships. 4% of this is delivered by Supply Chain Partners.
- **Working Well Expansion (WWE)**, a “welfare to work” programme commissioned by GMCA, of which 6% is sub-contracted.
- **Positive Directions (PD)**, a DWP programme in Liverpool City Region targeting out of work customers who are far from the labour market, often with complex needs. 27% of this is sub-contracted.
- **Raise**, an ESFA-funded intensive advice and guidance service for unemployed residents of Greater Manchester. This programme is divided into two streams - Adult provision is delivered directly delivered, and 90% of Young People’s provision is sub-contracted.

In addition, GC also deliver skills and welfare to work provision including Work Programme in the capacity of a sub-contractor, and a range of commercial business development and support solutions; such provision was not in scope for this assessment.

GC has refreshed its purpose and values in the last two years, and now describes its purpose as to *Enable Growth, Create Jobs, Improve Lives*. Internally, Supply Chain performance is managed within two business areas, which are Education & Skills (covering Apprenticeships and Study Programme); and Employment (covering National Careers Service, WWE, SFE, PD and Raise).

2. Assessment Methodology

This was GC's first assessment against the Merlin Standard, the scope of which covers the seven contracts as described earlier, and in which some 81 Supply Chain Partners are active.

The assessment was based at the company's Manchester Headquarters in September 2017, and a Team comprising of Lead Assessor Lorna Bainbridge, and two Team Assessors Sally-Ann Harding and Paul Hesp conducted the on-site activity. Planning began in June 2017 when the Lead Assessor and a coordinator appointed by GC agreed the scope and the logistics of the assessment. A survey of Supply Chain Partners was carried out remotely in advance, with Supply Chain Partners being invited to participate by Assessment Services and 16 responses (19%) being received. The Lead Assessor was in regular contact with the assessment Coordinator at GC prior to the on-site assessment to develop the schedule and logistics of the on-site activity. Prior to the on-site activity all documentation required for the assessment; Self-Assessment Questionnaire (SAQ), Pre-Assessment Notes (PAN) and schedules were shared within the agreed time-scale.

The assessment team spent a combined total of 9 days on-site conducting interviews with key staff of the Prime contractor and the Supply Chains, and reviewing documentary evidence. 75% of (end-to-end) Tier 1, 29% of Tier 2 and 25% of Tier 3 / potential Supply Chain Partners were interviewed. In addition, four unsuccessful Supply Chain Partners were included.

GC staff who are involved in the strategic and day-to-day management of the Supply Chains were interviewed to enable the assessment team to gain a full understanding of the delivery models, including the systems and processes implemented, which were fully tested throughout the interviews with Supply Chain Partners.

This Report provides detailed findings against the Merlin Standard criteria.

3. Assessment Outcome

Overall	Good
Overall Outcome	70%
Supply Chain Design	60%
Commitment	80%
Conduct	75%
Review	63%

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.

(2a.4, 2a.5, 3a.3) The values and ethical business practices demonstrated by GC staff in all areas are fundamental to the strength and collective performance of their Supply Chains. The fact that staff changes in key positions have not negatively impacted on relationships or changed the effectiveness of communications is testament to excellent practice. The assessment team was struck by the openness and honesty at all levels of communication and management, including the honesty with which GC prepared their SAQ. Supply Chain Partners particularly praise the integrity shown during performance improvement processes, when staff remain supportive, cooperative and honest on both sides.

(2b1, 2b3) Partner organisations and their staff benefit greatly from support and development, and they become more sustainable organisations and more knowledgeable and competent people as a result. In situations where Supply Chain Partners exit, they typically exit as stronger organisations than when they join. Examples included one Supply Chain Partner who described how the knowledge of managing funded delivery had enabled them to engage with other funding partners, at a time when they would soon be exiting the GC Supply Chain. Another explained that they had developed their skills by adding assessment activities to their initial training-only offer, and this has made their offer stronger, not only in this Supply Chain, but will carry forward into others. Another has been able to access a direct funding contract with ESFA, having learned about contract management and gained insights into commissioners' objectives and management style.

(2c.2, 2c.3, 2c.7) The care and attention to detail in contracting is a strength. Expectations are unambiguous, and the use of back to back contracts with minimal redaction promotes clarity. Supply Chain Partners enjoy fair and relatively favourable payment terms, and there is genuine care on the part of GC in transferring funds that no Supply Chain Partner is put under financial pressure.

(3a.2) There is excellent practice in the approach to TUPE and this is evident in the currency of legislative awareness and constant monitoring of business practice and case law. GC demonstrate a near perfect balance of oversight and support, without interfering with or prejudicing an individual Supply Chain Partner or their own legal responsibilities. The TUPE strategy has been mobilised successfully to support staff transfer employment, which was confirmed by two interviewees that had experienced the process in the past year.

(3b.3) Arrangements for the provision of effective information, advice and guidance are excellent, with all end to end, and a high proportion of the Supply Chain Partners holding **matrix** accreditation. This is supplemented by GC staff conducting site observations of delivery, and reviewing and feeding back to Supply Chain Partners their findings from audits of delivery records.

5. Areas for Improvement

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

(1a.1, 1a.2, 1a.3) Contract design and the systems and processes in use to support engagement with and mobilisation of Supply Chains are not yet consistent across different contract areas. There has been considerable evolution, and the most recently applied arrangements represent best practices that have been developed over years. Steps should be taken to capture and formalise the current approaches to research, bidding, contract design, Supply Chain Partner inclusivity and planning the use of external networks.

(2a.2, 2a.3, 3d.1) Collaboration between Supply Chain Partners can be strengthened, and it is likely that more consultation within Supply Chains will identify the most effective means through which this can be achieved. Competitive “protectionist” attitudes are stifling relationships in some areas, and it may be that developing and agreeing any constraints in collaboration early on will help develop more positive behaviours. GC itself has a very positive ethos to collaboration, but needs to become more challenging and find ways of breaking down visible and invisible barriers.

(2c.1, 2c.4) Contracting and funding arrangements are good overall, and can become excellent if procurement processes and market share allocations are seen by all to be fair and transparent. Too many Supply Chain Partners work in relative ignorance of how market share or allocations are made, focussing only on their individual share of funding. In some cases, they may only selectively take notice of information that is made available to them, and it is probable that some incorrect assumptions are being made. To become excellent, GC need to become more consistent in their procurement and contracting processes, and educate and engage all Supply Chain Partners.

(3a.1) Core principles of commercial and business integrity are recognisable across the Supply Chains, but to some extent may have come about simply as a consequence of selecting reputable and ethical organisations. Given the set of five key values that have been adopted by GC and are embedded in staff behaviour, there is an opportunity to promote them more enthusiastically and more prominently across the Supply Chain, and indeed to reference them discreetly in performance management and during development sessions. Consideration should also be given to consulting Supply Chain Partners within the respective Supply Chain to proactively agree a set of core principles by which they will conduct business.

(3a.4) Some groups of Supply Chain Partners are omitted from mainstream communication channels which are used to advise of legislative, contractual or regulatory changes. A review or possibly a survey of the Supply Chain may help to establish where the Prime could add value in relation to this criterion of the Merlin Standard, rather than the alternative of simply including everyone regardless of their interest or need.

(3b.1, 3b.5) It would be advantageous for similar arrangements for quality and compliance to be adopted in all contract areas, not least because this offers greater scope for mobility of staff between contracts. GC could also take a more proactive approach to monitoring the reporting of accidents and incidents by Supply Chain Partners: For example, some Supply Chain Partners only report within their own systems, and do not report all incidents to the Prime, although that is a contractual obligation.

(3c.3) GC were aware of the Merlin Mediation Service and confirmed that they would honour any decisions made via this route. However, those Supply Chain Partners delivering the DWP contract (PD) were not aware of the service, and therefore consideration could be made to raising their awareness throughout the contracting stage.

(3d.5) Whilst the GC made reference to providing value for money across the contracts held, Supply Chain Partners had less clarity. As a result, consideration could be made to clearly defining value for money and monitoring the impact on the supply chain and service users to enable both parties to provide specific examples whereby value for money has been provided within the respective Supply Chain.

(3e.1, 3e.2, 3e.3) The collection and monitoring of diversity and equality data is sound, but it appears to be done with little intent to change or impact on any imbalances, other than complying with commissioners' specific requirements. There is an absence of an overall Supply Chain plan to deliver a positive impact on equal opportunities for service users. However, it is noted that the Supply Chain is heavily engaged in some sectors that are under performing with regard to diversity and equality. By incorporating clear commitments to influence and achieve inclusivity practices and lead change, the Supply Chain can become an exemplar of diversity and equality practice.

(4a.1, 4a.2) Supply Chain review is an evolving process, and more consistency is needed in the approaches used across different contracts: Whilst a plan-do-review approach is evident in all areas, the lack of consistency denies opportunities to share good practice across different areas where it is identified, and also misses the opportunity to consider if improvements planned in one area may be of benefit in others. A Quality Improvement Plan (QIP) has yet to be embedded for Apprenticeship delivery, although is planned for introduction soon; QIPs ideally should be shared with, and owned by the Supply Chains, and so there is more work to be done to embed these key plans in Supply Chains.

6. Areas Requiring Significant Development

Although the Merlin Standard has been achieved with a **Good** overall outcome, there were two criteria within the requirements of the Standard where limited evidence was presented and 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 criterion of the Merlin Standard.

(3b.7, 4a.6) Policies and processes relating to environmental sustainability are not yet embedded in the Supply Chain. Not only should policies be strengthened, but they need to be extended to encompass the whole Supply Chain. It is realistic for GC, or a representative committee drawn from Supply Chain Partners, to develop a range of practical, measurable targets that would be meaningful to and measurable by each Supply Chain and to which every Supply Chain Partner could contribute. In this way, environmental sustainability should become more than 'lip service', taking the Supply Chain way beyond legislative compliance in the eyes of internal and external stakeholders.

7. Findings Against the Merlin Standard

1) Supply Chain Design

1a) Supply Chain Design

GC makes use of the combined knowledge of its management team in supporting employment to work and skills development historically, and considers the types of organisations that are appropriate to deliver the various programmes. There is a good understanding of the needs of the commissioners, which often comes from experience and is updated through detailed analysis of the commissioners' tender and contract specifications, dialogue with the commissioners' representatives, and relevant research into the issues to be addressed through the contracts. Supply Chain Partners additionally contribute to the Supply Chain's overall perspective and understanding of target markets and issues, through dialogue with GC and sharing of information before and during the contract.

Where GC has good local knowledge of provider infrastructure, they have approached and opened dialogue directly with prospective partners, and historically has engaged following individual negotiation and due diligence to result in individual supplier contracts. Practice in tendering and contracting has evolved, and policy now is that all potential partners are required to submit an Expression of Interest (EOI). To engage relatively small and specialist Supply Chain Partners, GC have adopted a strategy of sub-contracting both end-to-end and partial delivery; for example, in Apprenticeships the majority of the 52 Supply Chain Partners deliver specific services such as NVQ Assessments or Technical Certificates. This approach, across most contracts, has enabled specialist and small providers with particular expertise or resources but without the capability to deliver end-to-end provision to enter the Supply Chain.

The variety and diversity of Supply Chain Partners is proportionate and appropriate to specific contracts. Private, public and third sectors are all represented, which is demonstrated across the Supply Chains. Some examples include; within the SFE Supply Chain a group of housing associations have been brought together as a Supply Chain Partner, operating with a single contract. Raise has a Supply Chain comprised of Local Authorities and private providers, whilst the WWE Supply Chain includes a Charity. The Apprenticeship Supply Chain is made up of a mix of Colleges and private Training Providers, and specialist provision in particular has been sought in order to satisfy needs of nationally-based employer organisations.

Supply Chain Partners are encouraged to identify and work with organisations and agencies within the local community. Those based in Greater Manchester are actively involved in a number of wider networks which were mutually respected and contribute to establishing the current and future needs of customers. Similarly, those outside the Greater Manchester area are encouraged to work with wider networks to gain referrals and identify the current and future needs of customers. Engagement with wider networks outside the Supply Chain is typically managed by Supply Chain Partners, rather than holistically by GC.

2) Commitment

2a) Collaboration, Cooperation and Communication

The procurement process varies across contracts. GC staff are generally open to dialogue before, during and after their procurement of services. In some cases, GC managers are proactive in approaching prospective partners, in others, they have been approached by prospective partners seeking inclusion in Supply Chains. Increasingly GC are making use of open online tendering, conducted through the well-known *In-Tend* portal and through use of a Survey Monkey questionnaire for National Careers Service. The *In-Tend* solution is now being adopted as a cross-programme approach, but is not yet fully rolled out. The way in which *In-Tend* has been used allows for questions and dialogue between prospective partners and the Prime, and includes two stages; an EOI, then a formal Tender. Briefing / specifications documents are prepared and shared, either directly or on *In-Tend*.

"We submitted an ITT as a skills provider and the process quickly progressed." – Supply Chain Partner

More recently for future contracts, once preferred Supply Chain Partners have been identified, workshops have been held to help shape the Prime's tender submission. GC managers outline their expectations and ideas, and Supply Chain Partners discuss and have opportunities to challenge and put forward their own ideas. Due diligence is reported by Supply Chain Partners to be thorough and robust, and in most cases, it runs smoothly. Evidence was found of effective pre-contract meetings where for example the PD Supply Chain met and designed the systems and procedures to be used, and all SFE partners met and were able to contribute to reviewing practices, systems and procedures. A Supply Chain Partner involved in Apprenticeships, explained how at their suggestion drop-down fields, pre-generated codes and other adjustments had been developed for online Learner Starter Packs, and this had been useful to minimise any disadvantage to learners and Supply Chain staff with dyslexia. For rolling contracts, the opportunity for consultation and system design is inappropriate, since the systems and processes are established.

"We had to have face to face contact with customers every month, which proved to be difficult, so we worked together to come up with an alternative way of contacting them to meet the requirements." - Supply Chain Partner

Each Supply Chain Partner has a named manager as their operational contact point, and they are well known, as are other relevant contacts, for example in the Apprenticeship Sector Teams. During delivery, communication is prolific between Supply Chain Partners and their manager within GC. There is frequent, planned contact in the form of Monthly or Quarterly Performance Review Meetings. This is supplemented by frequent email and telephone contact to check progress, discuss any issues and monitor trends and developments - this can be daily in some cases. SFE, WWE and Raise projects hold regular monthly Supply Chain Meetings, facilitated by GC. Competitive considerations restrict collaboration in some cases: Among National Careers Service Supply Chain Partners there is some concern as to future competition, although the contract is delivered exclusively through end-to-end provision with separation of territorial activities; the scope for collaboration in delivery is minimal. Elsewhere, geographic allocation of market share and/or different areas of specialism are effective in dispelling such concerns, and

there is evidence of collaboration. The latter is the case with some Apprenticeship providers, albeit the opportunities for collaboration are not evident in all areas of the Supply Chain. Some specialists who deliver part of a framework are working collaboratively with the Prime and with other Supply Chain Partners who deliver other components; this appears to be effective. An example of Supply Chain Partners sharing marketing materials was found in the WWE contract.

"The Growth Company brokered a meeting where we all met the end-to-end providers. We wouldn't have made these connections otherwise" - Supply Chain Partner

"We are a competitor (to GC) but it's win-win" - Supply Chain Partner

"It is a bit of a delicate area. We want to collaborate but we all know we may be in competition" - Supply Chain Partner

In the SFE Supply Chain there is dissatisfaction among some Tier 2 partners around their collaboration with end-to-end providers in the network. Some feel that when they introduce service users to the Supply Chain following the agreed protocols, they lose the opportunity to support a significant proportion of those individuals because they are subsequently supported directly by the end-to-end providers, and this is not being recognised. It may be that GC could have identified this issue and investigated earlier, before Supply Chain Partners needed to raise it themselves. The Supply Chain Partners feel comfortable to progress this matter through open dialogue.

"It is a mature, grown up approach to doing business." - Supply Chain Partner

There is a very clear culture of open, honest communication throughout the Supply Chains, and at all stages; before and during the life of the contract. On occasion Partners experience issues, and they feel comfortable to have dialogue with their managers (within the Prime), who they consider to be approachable and supportive. In most cases a solution is reached, but where it cannot a rational explanation is given. Partners feel fairly treated, and say their ideas are listened to, and often acted on.

2b) Developing Supply Chain Partners

Most Supply Chain Partners, particularly the relatively smaller organisations, benefit not only from their involvement in delivery of activities but in other ways because of the support and involvement they have. Some have valued the ability to develop their own policies and processes, adapting and implementing those which were shared by the Prime contractor during due diligence. This was encouraged by GC. Similarly, others have developed and strengthened their quality assurance processes, and implemented audit and sampling strategies that improve their management teams' visibility of quality and performance. One Supply Chain Partner that was directly involved in a TUPE transfer had little expertise and no prior experience of TUPE, and received help and support from the Prime to develop their knowledge and processes for redundancy and staff transfers. In National Careers Service, staff retention across the Supply Chain was explored and it was found that the Supply Chain Partner that paid lowest salaries had high staff turnover. This has instigated a salary review and brought salaries across the Supply Chain in line with each other.

"Had we not had their support and the contract experience in MI and Ofsted framework we wouldn't now be on the Register (RoATP)" - Supply Chain Partner

There are good opportunities to become involved in additional funded work, which are promoted proactively by GC through their use of the *In-Tend* platform to most Supply Chain Partners. For some this has resulted in sub-contracting to GC in other programmes: One has extended their geographical area, extending delivery into a neighbouring borough. Another was enabled to access Traineeship funding from GC which provided them with a valuable recruitment channel for their Apprenticeship provision.

"They are really helpful, they believe we want to improve and they support us." - Supply Chain Partner

Staff of Supply Chain Partners have substantial development opportunities provided within the Supply Chain, in the form of shadowing of peers in other delivery areas, attending development workshops, and accessing e-Learning resources. Opportunities are promoted by GC through Emails, bulletins and network meetings. Whilst not all Supply Chain Partners' staff engage in development, those who do report significant benefits, often being able to access activities and resources without cost, which they would not otherwise participate in. GC have procured subscriptions to a number of e-Learning resources and shared access to Supply Chain Partners, including Prevent, Safeguarding, British Values and Equality and Diversity. There is also activity relevant to specific contracts, which has been facilitated by the Prime and delivered at monthly meetings, including "Strengthening Action Plans". A "Key Worker Academy" is held every quarter for WWE, and has covered topics such as Universal Credits, Benefits, Motivational Interviewing and Behavioural Change. Workshops are also held for Apprenticeship delivery staff, attended by the Prime's own delivery team with open invitations to all Supply Chain Partners' staff. These workshops cover topical themes identified by the managers, such as "Conducting and Recording Learner Reviews", Safeguarding and "Embedding Maths and English". One Supply Chain Partner was particularly enthused about an Equality and Diversity training course, which had been delivered by blind and deaf trainers, and made a significant impact on staff. In addition, GC have actively provided support to Supply Chain Partners to gain a full understanding of the Local Growth Fund, which is the next phase of delivery for SFE. This will ensure a smooth transition.

2c) Contracting and Funding

Partners report clear and effective communications during procurement activities, and nothing was considered unfair. Some expressed some disappointment at not securing the extent of provision they had hoped for, for example being contracted to provide partial or specialist provision rather than end-to-end; but appropriate feedback was received, and rational explanations given. Similarly, prospective partners who had been unsuccessful in tendering stages reported that although they were not successful, they did receive feedback; in some cases, the feedback itself was developmental, and this experience does not deter organisations from applying for other opportunities with GC.

There is a high degree of transparency over fees and price. Supply Chain Partners are aware of either the overall contract value or the unit price paid to the Prime, and they are satisfied that pricing is fair. Some were particularly complimentary that compared to other organisations they contract with, they are able to agree better terms. During the contracting stage, GC prepare

back-to-back contracts for Supply Chain Partners, with nominal redactions to ensure the open sharing of contractual terms.

"We would like the fee to be less of course but can see where the money goes" - Supply Chain Partner

Supply Chain Partners are clear about not only the requirements of the Prime, but also of the commissioner. There is no ambiguity over the scope of delivery, for example in terms of geographical area, range of qualifications, eligibility of service users and priority groups. Where volumes are shared across a defined area, the market share is apportioned logically and fairly, typically according to demographics of Local Authority areas in which Supply Chain Partners are delivering. Most Supply Chain Partners say they were able to negotiate on volumes, and some examples were found where that had resulted in increases in volumes during the contract period. Supply Chain Partners in Raise reported that they had monthly profiles and key performance indicators (KPIs) right from the outset, but these were not achievable due to delay in contract start. Several meetings were held in the Supply Chain, and KPIs were adjusted accordingly.

"The door is always open and we have gone back to re-negotiate and increased our volumes." - Supply Chain Partner

Payment terms are set fairly, and GC senior managers recognise that particularly for small organisations, rapid cashflow is important. For this reason, GC payment terms are 30 days from invoice date. There are different arrangements for claims according to the contract; both approaches share a common principle, which is that GC proactively propose to the Supply Chain Partner what activities are due to be paid for at what unit prices, and this is agreed by the partner, or challenged and resolved where necessary. Mistakes do happen, but Supply Chain Partners say they are promptly resolved and agreed without dispute, and this is more the case with manually-raised spreadsheets used by the tier 2 partners than with system-generated claims advice reports. Partners are very satisfied by the actual payment performance, and on the few occasions where funds have not been transferred within terms, the Prime has contacted partners to advise, and to ensure no undue financial pressure is caused. In some cases, it was reported that when payments to GC from their commissioner have been late, GC have honoured their payment terms to the Supply Chain Partners, supporting the additional cashflow from their own funds.

"There was a delay at the start, but they kept us fully informed." - Supply Chain Partner

Supply Chain Partners are made aware of the management fee, what it includes, and they are able to negotiate or renegotiate this during the life of the contract in light of performance. The opportunity was described by some as being pro-active, for example in the case of Apprenticeship delivery partners; managers described a sliding scale fee arrangement; one Supply Chain Partner described how they were approached by their Contract Manager and informed that they had reached a point where the fee could be reduced. Some Supply Chain Partners (in SFE and Raise Supply Chains) could not explain what the management fees were, but this may be attributable to their positions within the Supply Chain Partner organisations.

"We've had our management fee reduced, and that was even at their suggestion" - Supply Chain Partner

3) Conduct

3a) Demonstrating Commercial and Business Integrity

GC have made presentations to Supply Chains communally when projects have launched, or on rolling contracts such as Apprenticeships when individual Supply Chain Partners have been briefed individually on the principles that should be applied; these have been based on GCs own, refreshed values, which have been developed in the last two years. This refresh of company values has enabled managers and all other staff to communicate and reinforce the five key values, which are: *Make a positive difference; Stronger together; Empower people; Do the right thing; Build on success.*

"The principles of doing business are similar, and that why we were happy to enter the Supply Chain." - Supply Chain Partner

GC have sound expertise available in-house around the regulatory and governance issues that surround TUPE, and there have been scenarios in the Supply Chain where transfers of contracts have resulted in transfers of undertakings. The approach of GC is clear, in that it endeavours not to impinge on the legal rights and responsibilities of individual employer organisations, but honours its' own legal obligations in all cases. GC have encouraged or facilitated the production of ELI (Employers Liability Information) on behalf of Supply Chain Partners. Where there may be complexities involving provision by one of its Supply Chain Partners GC does not directly intervene, asserting that it would be potentially prejudicial to do so, however it may offer informal guidance to Supply Chain Partners as required. Some staff who had been directly affected when contracts changed hands were included in the assessment interviews, and in these cases a positive outcome was reported ultimately, although as might be expected the process of transfer was at times uncomfortable.

Relationships between the Prime and its Supply Chain Partners range from cordial to always positive. In some areas remote from the Head Office of GC some Supply Chain Partners would like to see more local presence, and one Supply Chain Partner wanted to see more proactive support. Generally, Supply Chain Partners are very satisfied with the interactions they have with GC. There are also strong lines of communication including emails, newsletters, which are used to alert Supply Chain Partners to changes in regulation and legislation that may be relevant, which may be reinforced through Supply Chain meetings, where appropriate. Some Supply Chain Partners felt this was unnecessary, and indeed it is not consistent across all Supply Chain Partners; established Apprenticeship Supply Chain Partners for example, are deemed to be self-sufficient by GC in this respect.

"The relationship is very, very good, we have everything we need, help to market ourselves, they want us to be successful." - Supply Chain Partner

3b) Quality Assurance and Compliance

There is good awareness across the Supply Chains of the difference between quality and compliance, the Prime's management of which in most contract areas have been separated from performance management. Routine audits of documentation are carried out by GC staff, and this

process has prompted some Supply Chain Partners to increase their own internal compliance checks, some with the support of the Prime, reducing the number of queries and errors. A range of compliance guides have been produced by GC Compliance Teams and are referenced by Supply Chain Partners, having been backed up by staff training to familiarise Supply Chain Partners with the required workflows. Quality workbooks are submitted quarterly by partners delivering Raise, and monthly by National Careers Service partners. This received some criticism for the time they take to complete, and are thought to be somewhat onerous although the principle is accepted.

Observations of delivery are carried out by GC, and feedback is provided to Supply Chain Partners. Feedback from end users is collected and evaluated, and reviewed by GC. Where qualifications are delivered, Supply Chain Partners are monitored on their performance data for achievement, pass rates and retention as indicators of quality. Supply Chain Partners produce annual Self-Assessment Reports (SAR) and these are shared with and reviewed by the Prime.

matrix Quality Standard accreditation is held by GC and a high proportion of its Supply Chain Partners, and observations of delivery which are conducted by Supply Chain Partners internally and by GC are inclusive of IAG delivery. These arrangements assure the quality of information, advice and guidance.

All Supply Chain Partners are required to hold policies covering data security, health and safety, diversity and equality, safeguarding and environmental sustainability, and these are reviewed during due diligence, with feedback being given when required. Unannounced visits are made on National Careers Service providers by GC to check compliance with policies and procedures.

GC are themselves certificated against the ISO27001 standard for information security management systems. Compliance audits and performance management meetings when held on Supply Chain Partners' sites cover discussions of data and system security. Due diligence checks are carried out by the Prime to ensure all Supply Chain Partners have sound data protection and security policies in place, and these are reviewed prior to contract award, with advice and feedback being given to some. Some Supply Chain Partners commented that they had adopted GCs own policies where their own were considered lacking.

Health and safety arrangements include audits of delivery premises recorded by Supply Chain Partners, and subject to audit by the Prime. All partners are required to report any accidents to the Prime under these arrangements, but none have been reported. GC assume some will have occurred, but no action is planned to tighten up in this area.

Safeguarding is robustly addressed; all Supply Chain Partners have a safeguarding policy and training and updates are provided across the Supply Chain by the Prime. Delivery staff are checked through the Disclosure and Barring Service. One safeguarding incident was recorded and dealt with, resulting in the dismissal of a Supply Chain Partner staff member. This had been discussed between the Supply Chain Partner and the Prime, and policy and procedures were followed.

Environmental sustainability is an area for which there was limited evidence. Beyond the initial submission of policies during due diligence there appears to be minimal dialogue or overview of performance in this area, even though some Supply Chain Partners explained that environmental

sustainability was an agenda item for Supply Chain meetings. The Prime may be assured through reviews of policies that legislative considerations are satisfied, but evidence could not be found of the use of targets or proactive actions having a positive impact across the Supply Chain.

Good practice is shared and increasingly being identified in Supply Chain meetings, but these meetings are not as effective in some areas as others. Managers are now beginning to proactively highlight good practice and share among their Supply Chains, but this is not yet fully embedded.

3c) Honouring Commitments

Monthly profiles for delivery activities are produced for each Supply Chain Partner from the beginning of their contract activity, and this is the means by which pre-contract agreements are carried through to delivery. In some cases, delays to contract start dates have meant those profiles were renegotiated, but this has been satisfactorily resolved. On occasion, contracts have been varied and such changes, for instance in scenarios where volumes have been increased, are formalised with a contract variation notice.

There is clarity and open negotiation in all Supply Chains. There is no ambiguity among the Supply Chain as to the expectations of partners or the Prime. Supply Chain Partners are briefed pre-contract on the claims processes, and guides and training are provided to reinforce this for specific systems once the contracts are live. A dispute resolution process is incorporated within contracts but Supply Chain Partners say they are confident of being able to resolve any disputes informally. Because the process hasn't been used it could not be assessed.

The Merlin Mediation Service which is relevant only to PD, was not widely recognised by Supply Chain Partners, and as it has not been used access to it has not been tested in the assessment.

3d) Performance

As described earlier, competitive considerations restrict collaboration in some cases: In the National Careers Service, Supply Chain Partners say the scope for collaboration in delivery is minimal. Elsewhere, there is some evidence of collaboration. This is the case with some Apprenticeship providers, where specialists who deliver part of a framework are working collaboratively with the Prime and with other Supply Chain Partners who deliver other components; this appears to be effective. These collaborative practices have been achieved by GC as a result of Supply Chain Design and promotion through meetings and briefings.

Monthly and quarterly performance management meetings take place between GC managers and their Supply Chain Partners, when a running dialogue comparing performance to agreed profiles and a short-term forecasting discussion is held. There is a standardised and clear process across the Supply Chain for managing under-performance, and some Supply Chain Partners have experienced the formal Performance Improvement Process. Supply Chain Partners and managers say the approach is supportive, that clear improvement targets are set and formalised through a Performance Improvement Notice.

Management Information (MI) Systems are robust. For the SFE, National Careers Service, PD and WWE Supply Chains, *ESyNCS* is in use, this being a proprietary solution originally developed by GC for National Careers Service delivery, and to which Supply Chain Partners have their own log-

ins. In Apprenticeships provision the outsourced *Maytas* FE learning management system is used, and in all cases Supply Chain Partners confirmed that MI was readily available and was current and accurate upon receipt. The choice of MI System reflects the nature of delivery, and GC took into account the commissioners' and their own reporting requirements when selecting appropriate systems.

Some Supply Chain Partners say they would benefit from further development of *ESyNCS*. In general, the Supply Chain is satisfied with reporting systems and the data, and the commissioners' needs are being met consistently. Both *ESyNCS* and *Maytas* enable customer progress to be tracked and reported on.

There is inconsistency in the extent to which Supply Chain Partner individual performance is shared across the Supply Chains. In SFE, all partners' performance is shared across the Supply Chain which develops a healthy, competitive edge and in some cases, this facilitates the sharing of best practice. Elsewhere, Supply Chain Partner performance is presented in an anonymised manner, although some Supply Chain Partners say it is straight-forward to identify which is which. In Apprenticeships, most Supply Chain Partners were unaware, and expressed no interest in knowing the performance of other Supply Chain Partners, and they were also unaware of the overall contract performance. An exception is in the Hairdressing Supply Chain, where Supply Chain Partners have good awareness of each other's performance; this is as a consequence of them having regular Supply Chain meetings.

"We use .GOV to see national benchmarks, but would like to benchmark ourselves against the contract as a whole too" – Supply Chain Partner

3e) Promoting Diversity and Equality

Diversity and equality policies of Supply Chain Partners are reviewed during due diligence, and this is carried out with a good understanding of GC's own policy. Where it is judged, possibly arbitrarily, that a Supply Chain Partner policy falls short of what GC would expect feedback has been given, and Supply Chain Partners are encouraged to adopt the GC Policy.

The Supply Chain is heavily engaged in some sectors that are under performing with regard to diversity and equality. Obvious examples are the "hair and beauty" and "industrial" sectors, which are empirically thought to be under-represented in terms of male and female participation respectively. These are examples of where the GC Supply Chain may consider itself large enough and capable of influencing change in the sectors through proactive promotion and exemplifying best practice among its' Supply Chain Partners.

Across the Supply Chains sufficient is being done to satisfy legislative requirements and commissioners' expectations in respect of the promotion of diversity and equality. Diversity and equality is promoted by the requirement placed on Supply Chain Partners to collect and report data, through the feedback that is provided on policies during due diligence, through the provision of training opportunities and during Supply Chain Partner Meetings and performance management discussions. In Raise and National Careers Service contracts there are planned discussions of inclusivity data in Team Meetings, and Supply Chain Partners spoke about impact on priority groups and their targeting for example of teen parents and certain ethnic groups.

Customer diversity data is collected and monitored using effective systems, and reports are prepared as part of the external reporting requirement. At Supply Chain Partner level, local managers review data to compare their intakes with specific profiles where they exist, for example in the Raise project where there is specific focus on engaging specified target groups.

"We go to the jobs and skills fairs and sit in the wellbeing zone to gain the right customer." – Supply Chain Partner

4. Review

4a) Supply Chain Review

Stakeholders of the Supply Chains are identified as DWP, ESF, ESFA, Local Authorities in all areas of delivery, service users, Local Enterprise Partnerships and the Local Growth Fund.

Customer and Supply Chain Partner surveys are embedded across all Supply Chains and contribute to the annual Self-Assessment Review, which is the overarching mechanism for collating quality and performance results, and identifying improvement areas. Each Supply Chain Partner produces a SAR and supplies this to GC, who challenge and validate it. Managers, assisted by the centralised Quality and Compliance Team, collate and aggregate results. SARs are maintained at programme level, and some areas are more advanced than others in their management of associated Quality Improvement Plans. Feedback from external inspection and assessment Reports including Ofsted, Investors in People and **matrix** are considered by managers and Quality Teams, as are customer surveys which may be conducted by Supply Chain Partners, GC and some commissioners. Managers seek and receive feedback from their commissioners, during formal Contract Meetings and informal progress discussions.

With the exception of Apprenticeship provision, an annual QIP is in place and shared with Supply Chain Partners. Managers monitor progress throughout the year in implementing the actions, and Supply Chain Partners confirmed that they feel involved in the process. The Apprenticeship Contract Management Team produce an annual SAR, but have not yet shared this with the Supply Chain Partners, although there is an intention to do so in the near future. They aim to introduce similar monitoring arrangements as for other areas.

"I guess there's a QIP, but I haven't seen one" - SFE Supply Chain Partner

Supply Chain Partners are advised by emails, updates on the network portal, newsletters and Supply Chain meetings of wider policy information, although this does not extend to all Apprenticeship Supply Chain Partners, due to the assumption by GC managers that they are independently kept up to date through their own established channels.

There is a reasonable level of awareness across the Supply Chains of the impact their services have, albeit this is at local Supply Chain Partner level, rather than being facilitated or promoted by the Prime. Raise and National Careers Service partners spoke about impact on priority groups and their targeting for example of teen parents and certain ethnic groups. Some also promote the uptake of STEM subjects among their customers. Supply Chain Partners cited job creation in the GM area due to working with GC as an impact that would be valued by commissioners, and this is supplemented by the number of people being upskilled and entering into work placements as this moves people closer to paid employment. Among the Supply Chain for SFE are partners with expertise in application of Social Accounts / SROI (Social Return on Investment) models for measuring impact, and one has calculated for every £1 spent there is a social value of £9.33. GC have recently responded to GMCA launching a Social Value Policy by producing their own Sustainability Plan, but this is not yet embedded or applied across the Supply Chains.

"The organisation was short listed for two awards, which had a positive impact on the staff." – Supply Chain Partner

"We've taken on two work placements from the scheme, which has had an impact on their wellbeing and happiness." – Supply Chain Partner

Reviews of Supply Chains lead to evolution and improvement. An annual review of National Careers Service delivery staff is carried out to make sure it meets the demographics of customers in receipt of the service. In Apprenticeship provision, additional Supply Chain Partners have been sourced in particular geographic areas to respond to the needs of large national employers. The Supply Chain for SFE had some gaps identified, and consequently GC sought to increase the Supply Chain with specific skill sets and as a result opened up a tendering process.

8. Conclusion

The Growth Company is well placed to build on solid foundations. Fundamentally it is clear that their staff have a strong sense of business ethics, and the five key values (*Make a positive difference; Stronger together; Empower people; Do the right thing; Build on success*) are particularly appropriate in underpinning good practice in Supply Chain Management. The values are strongly embedded among the Prime's own staff, and no doubt will become more embedded across the Supply Chain as a whole over the next two years. GC are preparing to launch a revised Procurement Strategy, and it would be timely and valuable to create a Supply Chain Management Framework against which the new Strategy could be mapped, which starts at designing a Supply Chain and includes each stage; procurement, contracting, quality and compliance, performance management, etc. This would create the visibility across all contract areas of inconsistencies or gaps, and encourage standardisation and adoption of best practice.

In September 2019, The Growth Company will be expected to be re-accredited with the Merlin Standard, and as a result consideration could be made to building upon its current strengths identified throughout this assessment and make improvements as recommended. The organisation may benefit from undertaking a health check in September 2018 with the aim of establishing the impact of the planned improvements on the management of the supply chain in preparation for the re-accreditation in 2019.

Whilst the accreditation is for a two-year period, if additional contracts are awarded to The Growth Company of a substantial size, which requires a Supply Chain to deliver the service it may be deemed necessary to undertake a strategic review, or a full assessment. This would be to ensure the organisation continues to behave in line with the principles of the Standard.

Assessment Type	INITIAL ASSESSMENT
Assessor's Decision	STANDARD MET
Lead Assessor's Name	LORNA BAINBRIDGE
Visit Date	18/09/2017 – 21/09/2017
Client ID	C14061
Assessment Reference	PN102973

Conditions of Accreditation

Holders of the Merlin Standard Accreditation must:

- Maintain and continually improve upon their approach to Supply Chain Management.
- Inform Assessment Services Ltd or their Lead Assessor if the key contact name/contact details change.
- Inform Assessment Services Ltd of any significant changes made to the organisational structure, senior management or systems that may impact on their accreditation; email: merlin@assessmentservices.com.
- Inform Assessment Services Ltd immediately if they gain additional contracts.
- Inform Assessment Services Ltd of any serious complaint or rise in numbers of complaints received from Supply Chain Partners.
- Not undertake or omit to undertake any activity that may be misleading and/or may cause Assessment Services Ltd and/or the Merlin Standard to be brought into disrepute.
- Only use the Merlin Standard Quality Mark for the areas within the scope of the accreditation and in accordance with the guidelines.
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- Submit their Booking Form for re-accreditation to the Merlin Standard at least 4 months prior to the accreditation anniversary date ensuring all pre on-site activity is completed in a timely way including planning, payment, completion of the Self-Assessment Questionnaire (SAQ), Pre-Assessment Notes (PAN) and interview scheduling. Accreditation Reviews are due 2 years from the anniversary accreditation date; it is expected that organisations will be assessed by this date or will risk being de-accredited.

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