



merlin standard

2018

BUSINESS SENSE ASSOCIATES LTD

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1. KEY INFORMATION

Assessment Type	INITIAL ASSESSMENT
Assessor's Decision	STANDARD MET
Anniversary Date	06/06/2020
Assessment Dates	05/06/2018 – 06/06/2018
Lead Assessor's Name	PAUL HESP
Customer ID	C23368
Assessment Reference	PN103599

2. ASSESSMENT OUTCOME

OVERALL OUTCOME	71% Good
1. Design	70% Good
2. Procure	85% Excellent
3. Contract	70% Good
4. Fund	80% Good
5. Develop	67% Satisfactory
6. Performance Manage	66% Satisfactory
7. Quality Assurance and Compliance	72% Good
8. Review and Close	56% Satisfactory

3. METHODOLOGY

Business Sense Associates Ltd (BSA) nominated a Coordinator to support the planning and scheduling of the Assessment. The Coordinator submitted a Self-Assessment Questionnaire, and Pre-Assessment Notes based on this were shared before the Assessment by the Lead Assessor. The Lead Assessor prepared an Assessment Plan, and the Coordinator created a Timetable for interviews in line with this.

100% of Supply Chain Partners were interviewed during the Assessment, including two present Tier 2 Supply Chain Partner and one present Tier 3 Supply Chain Partner.

The Assessment was undertaken by two Assessors (Paul Hesp and Ruth Regan) and evidence was gathered by both over a period of ¾ day. Reviews of documentary evidence were included, and interim feedback was provided during the Assessment.

The Assessment launched with an Opening Presentation given by the Senior Management Team, and concluded with verbal feedback being given by the Assessment Team, and discussed with members of senior management.

Interview sessions were held with Staff, and with Supply Chain Partners as follows:

- 5 Face to face interview sessions with staff (2 individual, 3 groups)
- 3 Remote Interview Sessions with Supply Chain Partners staff
- 1 Face to face Interview Session with Supply Chain Partner staff
- 2 Remote Interview Sessions with supply chain staff affected by TUPE¹.

¹ Transfer of Undertakings (Protection of Employment) Regulations

4. ABOUT THE ORGANISATION

Business Sense Associates Limited is a private independent business established in 2004 to support enterprise start-up and growth and was incorporated in 2013. This is a small organisation with a four-strong management team, an administration team and a workforce of employed and freelance business advisers. Based in Swansea, BSA is the Prime Contractor for the New Enterprise Allowance (NEA2) programme in CPA14 (Wales), commissioned by DWP².

The business has experience in supporting business start-ups, and immediately before taking on the role of Prime for NEA2 was an active Supply Chain Partner in the preceding programme, NEA1.

BSA has maintained the same supply chain members, and interestingly, also has an ongoing relationship with the former Prime Contractor as a Supply Chain Partner for NEA1 which is still live. The NEA2 supply chain is small, comprising two Tier 2 Supply Chain Partners and one Tier 3 partner. The scope of this assessment is the NEA2 supply chain only, as this is the only supply chain operated by BSA.

In the BSA delivery model, 70% of the contract is delivered directly, and the remainder allocated to the two Tier 2 partners, 25% and 5% respectively. The contract launched in April 2017.

² Department for Work and Pensions

5. AREAS OF SIGNIFICANT STRENGTH

A number of significant strengths were identified during the Assessment and these are described below. The numbers in brackets refer to the criteria of the Standard:

Market share allocation and negotiations over volumes and funding are particularly strong. Supply Chain Partners have been allocated appropriate and fair market share within restrictions imposed by DWP, and these were based around an open exploration of each Supply Chain Partner's capability, and their requests to be attached to particular Jobcentre Plus offices in their local areas. The supply chain was satisfied by their allocation. Negotiations over funding and volumes were positive, and it was noted that BSA have reduced the management fee across the supply chain from a higher level in the preceding contract. Supply Chain Partners have absolute clarity over their performance expectations. (2.3, 2.4, 4.3)

BSA have been very successful in creating a particularly open and positive culture across the supply chain, building on the positive relationships that were forged over the previous six years. Interpersonal relationships between the organisations are very strong and transparent, and communications are positive at all times. Supply Chain Partners and BSA see the relationship as open, honest and cooperative, and Supply Chain Partners and their delivery staff are impressed by the fast responses they get from BSA to any queries or requests. (6.1, 6.2)

6. AREAS FOR DEVELOPMENT

A number of areas where further development would be beneficial were identified during the Assessment. These are for BSA to consider as a contribution to continuous improvement. The numbers in brackets refer to the criteria of the Standard:

BSA is well-connected with other organisations that provide support services typically of value to novice and growing small businesses, such as payroll, office space, marketing and HR support. It appears that the engagement of customers with services of this nature might be somewhat suppressed because of concerns over perceived impartiality, because BSA is part of an informal group of businesses also providing this type of support. BSA should consider exploring this further, challenging perceptions if necessary, and to develop a means by which they could assure and demonstrate impartiality in the signposting and referral of customers to such complimentary services. This might include the adoption of an independent Standard to accredit the quality of impartial information, advice and guidance, the monitoring of referral sources, or other appropriate steps to assure impartiality. (1.2)

There was inconsistency in the way Supply Chain Partners described the shared values and core principles of the supply chain. To fully embed the desired principles and behaviours, the organisation could consider clearly defining them, perhaps within a supplier handbook, so as to be readily referenced by Supply Chain Partners. It may also be useful to reflect on how Supply Chain Partners have applied the principles and behaviours, perhaps taking opportunities to explore specific examples during contract performance review meetings. There are also other advantages to producing a supplier handbook described in other development areas below. (1.5)

Procurement practice generally is good, and would be further improved if a clear scoring and weighting framework was developed and published. This would reduce any risk of subjectivity or potential perceptions of lack of transparency if and when future procurement becomes relevant. (2.1)

Contractual documentation tends to be highly legalistic in its nature, due to the mirroring approach that cascades the commissioner's Prime Contract to Supply Chain Partners. It is acknowledged that this is common practice, however, the style and readability of the contract document could be overwhelming and difficult to comprehend for some small and inexperienced businesses. It is probable that as the business grows and seeks additional contracting opportunities it would engage with such organisations, and hence management may wish to consider how they could simplify and improve readability and interpretation of contractual documentation. One approach to consider may be to produce a contract guide and/or a key points summary for future use. (3.1)

The current approach to management information is through a spreadsheet tracker, and is acknowledged as being fit for purpose. It is probable however that if and when the supply chain and volumes grow, the system would become stressed. The quality of management information would be improved if the organisation were to implement a robust proprietary CRM³ system. This is already an aspiration of the management team. In addition, it would be advantageous to Supply Chain Partners if management information systems were able to provide real-time "on demand" performance data, enabling more rapid identification of trends and potentially earlier adjustments. (6.4, 6.5)

The sharing of information that demonstrates the positive impact of the supply chain activities on customers, external stakeholders and the wider community was fragmented, and not readily recognised by some staff and Supply Chain Partners. Recognition of impact would be strengthened if for example an annual report or review document were produced, that could be shared internally, across the supply chain and externally. (8.3)

Whilst contractual documentation includes termination clauses, and staff were confident of how they would handle a partner exiting the supply chain, their preparedness for early or forced exit could be improved. This is untested ground for BSA, and it would be beneficial to have conversations with senior staff of the Supply Chain Partner organisations early in the contractual relationship, so that there can be broad agreement on principles of process. By doing so, it is more likely that any potential conflict or tension would be avoided or minimised. (8.5)

³ Customer Relationship Management

7. AREAS REQUIRING SIGNIFICANT IMPROVEMENT

The following area was identified as needing improvement as there was limited or insufficient evidence found during the assessment (a score of less than 3). The numbers in brackets refer to the criterion of the Standard:

The approach to supply chain review and evolution is responsive rather than proactive. Management should consider a more formalised, timebound approach to reviewing supply chain design to ensure the process does take place, even if no apparent changes in the contract or operating environment have taken place. This is more likely to ensure evolution of the supply chain. (1.6)

Only limited evidence was found of staff development across the supply chain. BSA need to introduce a structured approach to developing the skills of staff within the supply chain, including a training needs analysis and method for evaluating effectiveness. It may be that some of the Supply Chain Partners would be prepared to become involved with BSA in co-delivery of learning interventions, but this remains the responsibility of BSA as the Prime. (5.3)

The sharing of good practice within the supply chain is restricted by the perceptions of competitive attitudes among the Supply Chain Partners, and some are concerned that their good practices may advantage their competitors. BSA need to candidly explore the reality of this perception, and find ways of overcoming it so that more practice can be overtly identified and shared to the benefit of the supply chain as a whole. (6.6)

There was insufficient evidence of an effective annual quality planning process. BSA should instigate a process rapidly to collect the input of Supply Chain Partners into a robust quality improvement plan, which generates and monitors actions to be taken across the supply chain. (6.7)

There is insufficient knowledge within BSA about the legal application of the Modern Slavery Act to be able to ensure the supply chain either adhere to the principles of the regulation, or comply with it as appropriate. A more detailed understanding of the regulation and its application needs to be developed, and then a competent approach to monitoring compliance or adherence can be implemented. (7.5)

Limited evidence was found in respect of the supply chain's impact on wider social objectives or policy intent of the commissioner. It would be appropriate for BSA to clearly define what it considers the wider social objectives and policy intent of the commissioner to be, and this may well necessitate some research. It will then be in a stronger position to be able to assess how their activities make a positive impact in that context, and develop a means of recording or reporting this. In respect of monitoring and promoting equality and diversity across the supply chain there was also limited evidence. Each Supply Chain Partner appears to report and monitor their data independently, but as the Prime, BSA should collate Supply Chain Partners' data, and use the data to inform improvements across the supply chain. A process for this needs to be developed. These might well be aspects that could be incorporated in an annual report (see also criterion 8.3 in Areas for Development above). (8.2, 8.4)

8. FINDINGS

PRINCIPLE 1: Design

A seamless transition was required by DWP in the supersession of NEA1 with NEA2, and BSA had this firmly in mind when they became the Prime contractor before the launch of the current contract. In designing their supply chain their objective was to retain the incumbent Supply Chain Partners from NEA1 in order that established relationships between the referring Jobcentre Plus offices and Supply Chain Partners could be maintained. There were no additional or new contractual requirements that would require any change, and so that was the plan that was executed. The supply chain is small, but relatively diverse in that it includes a large privately-owned public service provider and three small, specialist organisations.

There is a network of agencies and organisations outside the formal supply chain with which the Supply Chain Partners interact. This network has been modestly expanded since the start of the current contract, and includes HR advice specialists, small business loan brokers, bank managers, Business Wales and disability support specialists. Information on the capability of these organisations and their contact details are shared with the supply chain, and individual Supply Chain Partners supplement this with their own local networks of specialist services. In most cases, appropriate customers who are likely to be planning or in the early stages of self-employment for the first time, are signposted or referred to these agencies and organisations by local delivery staff of the supply chain.

"We are encouraged to use local support mechanisms – Business Wales, loan application organisations etc." -Supply Chain Partner

There was limited scope for consultation on the initial supply chain design, although a series of conversations did take place to establish each Supply Chain Partner's appetite for ongoing involvement; the contractual requirements are relatively prescriptive, and there was a desire from the commissioner to maintain as far as was practical the existing supply chain. There has been ongoing consultation about process and systems, which have resulted in change in, for example, templates for customer communications, and in the design and roll-out of "link-up workshops", a new requirement of NEA2.

Evidence was found of collaboration between Supply Chain Partners, most often between BSA and each of the Supply Chain Partners. For instance, the previous Prime contractor shared documentation and process design, and encouraged it to be taken on board; some was, and other aspects were done differently. Presentation slides and materials are also shared collaboratively across the supply chain, and Supply Chain Partners sometimes make suggestions to improve and adapt presentations; this provides ongoing design critique as well as consistency in local delivery of workshops.

"We are all one team – working to maximise the performance of the contract." -Supply Chain Partner

The principles and behaviours expected across the supply chain have not been formally defined, and there was inconsistency in the way these were described by staff and by Supply Chain Partners. Keeping Promises, Openness, Passion, Respect and Professionalism were defined as the business values of BSA, but had not been shared formally with the supply chain. Senior staff described essential principles of doing business as customer focus, honesty, professionalism and ethical behaviour, and whilst individual Supply Chain Partners related strongly to some of these, they each have their own interpretation of the principles and values that are expected in the supply chain. There has not been a discreet agreement or consultation over shared principles and behaviours, and this has resulted in differences across the supply chain, albeit the spirit and general intent are reasonably well aligned.

"We want our partners to observe our values" -BSA

The assessment found limited evidence of strategies that would ensure the supply chain would evolve to meet changing needs. Staff were aware the roll-out of Universal Credit in Wales is likely to impact on customers, and there was some consideration currently being given to how the supply chain should respond to this. It is anticipated that some staff development may be provided by way of briefings, although the design of the supply chain will not be affected. This is a responsive rather than strategic action, and it is possible that other changes in the economic situations locally, in the business regulatory landscape and in market trading conditions, particularly if small and cumulative, may not be recognised without a clear strategic review process.

"UC⁴ full service roll out is impacting on the number of referrals – we discuss it with BSA at our meetings as the impact is beginning to be felt." -Supply Chain Partner

⁴ Universal Credit

PRINCIPLE 2: Procure

Promoting the opportunity to join the supply chain and administering a procurement process was not a necessity, but BSA proactively began this process in order to consider wider options, having in mind that a contingency might be required should they not be able to contract appropriately with the existing supply chain. EOIs⁵ were received from two interested parties and reviewed, but due to limited time available and the willingness of the legacy supply chain to re-engage it was not necessary to complete that process. The EOI process itself was somewhat subjective, and management recognise that it would be better if they developed a robust and transparent scoring framework. Due diligence was carried out, with appropriate policies being collected and reviewed prior to contracting.

Despite some delays on the part of the transferring employer, BSA handled the transfer of some staff into their workforce well, and overall the staff affected confirmed the experience had been reasonably smooth despite some natural anxiety and uncertainty. Staff who have transferred have been integrated into the business successfully, and all legal obligations appear to have been dealt with. This was the first experience BSA have had of managing a transfer under TUPE, so they made use of an external legal adviser to guide them through their obligations. All staff who were transferred are still employed by BSA.

The allocation of market share among the two Tier 2 Supply Chain Partners was very well prepared for and well handled by BSA. They clarified what the commissioner's requirements and expectations were, and this established some fundamental principles that needed to be observed, such as ensuring BSA directly delivered 70% of volume. The allocations and volumes of referrals from the predecessor programme were obtained from the previous Prime contractor, and were analysed to give a clear picture of the track record of each Supply Chain Partner, and to identify which Jobcentre Plus offices each were previously allocated. This preparatory work led to rapid and successful negotiations, the result of which was that the geographical and volume requests made by each were largely respected.

Excellent practice is demonstrated in the funding and finance arrangements, and BSA decided they would apply a lower management fee than had been applied in the previous contract. This was much appreciated by the Supply Chain Partners, and was made clear to them from the outset of discussions during due diligence. The conditions around capped contractual volumes and having no guarantees of volumes were made clear, and the payment arrangements which were based on outputs were clearly explained. Funding and finance was considered carefully by BSA, with particular sensitivity to impact of performance-related payments on small businesses. Rather than pass on a direct flow-down model, it was agreed that BSA would voluntarily introduce an additional payment stage for production of a Business Plan, for which they would not themselves receive payment from DWP. This has the effect of smoothing cashflow for the Supply Chain Partners.

⁵ Expression of Interest

PRINCIPLE 3: Contract

Contractual documentation is thorough and detailed, and the Supply Chain Partners say that it covers every aspect of activity and management. The contracts for Supply Chain Partners are mirrored from the Prime contract with the commissioner, and as such contain much complicated language, often phrased with a legalistic slant. Whilst the present Supply Chain Partners were not deterred by this (of course they had similar documentation in the previous contract), it could be of concern to future Supply Chain Partners if and when BSA acquire other contracts, or introduce new Supply Chain Partners. There has been no requirement for any change in the contract to date, but staff were able to explain that they would do this through a formal contract variation notice if required in future.

Performance expectations in this contract exclude volume obligations, because all referrals are from Jobcentre Plus offices and as such the supply chain is obliged to respond to demand. Performance expectations are to progress customers in a specified, timely manner through the prescribed stages of business start up to the final payment stage at 26 weeks' trading, and providing subsequent support to sustain the business until 52 weeks' trading, for which there is no further payment. This was as expected by the Supply Chain Partners, formalising their prior discussions. These expectations are detailed in a series of Schedules to the Contract.

Clear processes are in place to deal with disputes and challenges, and these are formally documented, and the Supply Chain Partners are aware of them. Because the dispute resolution process has not been used, this criterion was not scored.

PRINCIPLE 4: Fund

BSA demonstrate good practice in mitigating financial risk for their Supply Chain Partners. The funding model has been designed to ensure Supply Chain Partners are reimbursed for activity as rapidly as possible, and to this end they introduced an additional payment stage early in the customer journey, thereby cutting the time Supply Chain Partners have to wait for their first payment. This is balanced by the requirement to demonstrate valuable outputs (i.e. production of a viable Business Plan), so limiting the exposure of BSA. Supply Chain Partners say the arrangement is fair.

The transfer of funds within the supply chain is efficient, timely and accurate. BSA manage a tracker spreadsheet that triggers the payment cycle at each of three payment stages. Supply Chain Partners raise invoices monthly after agreeing the claim to be made, and these are paid by electronic transfer on 15th of following month. The data on the tracker spreadsheet is seen as accurate by BSA and by Supply Chain Partners, and is generally only a day or two out of date, this being a consequence of a paper-based records of activity being input into the tracker by BSA staff.

There is clear agreement on fees and on exactly what activities trigger fees. All Supply Chain Partners know the level of management fee, and recognise that this has been reduced at BSA's instigation. None of the Supply Chain Partners have experienced any unexpected fees in this contract. Awareness among the Supply Chain Partners as to what the management fee covers is good, and this was explained during pre-contract discussions. One of the Supply Chain Partners gave their view of what they receive for the management fee, saying it covers contract management, administration, processing and support as and when needed.

PRINCIPLE 5: Develop

BSA considered the systems and administrative processes in use in the previous contract, and made some changes to these, in their view *"to keep it simple"*. Adaptations they have made include the introduction of the tracker spreadsheet; this records milestone activities completed by each Supply Chain Partner, and includes the source of referral and reference to the customer identity. A paper-based process is now used for recording and evidencing activities, and whilst this has introduced an inherent short delay in processing, delivery staff have found it positive. Paper records are scanned and emailed to BSA or physically delivered. The *Egress* secure email system is in use to protect personal and sensitive data when communicating in the supply chain. All referrals are processed by BSA on receipt from Jobcentre Plus, and the allocation process is efficient, specifically the administrative team have access to Calendars of all delivery staff, which have been populated with available appointment blocks and can immediately book in a first appointment. Progress in adapting processes and systems to a style that suited BSAs resources has been good, and the supply chain has effective business planning and marketing processes.

"The systems we are using shared by Business Sense are simple but effective." - Supply Chain Partner

BSA are attentive to giving the Supply Chain Partners tips and introductions that may lead to business development opportunities. One has been introduced to a start-up loan franchisor, and appears likely to pursue the opportunity in the next year. Another confirmed that they had been given information on a skills training contract. These opportunities are external to the supply chain, and demonstrate a sense of responsibility. The opportunities are meaningful, and this is considered by BSA management as a natural extension of their healthy and supportive relationship.

There is a nominal focus on providing learning interventions for supply chain staff, but only limited evidence was found and significant improvement is required. Whilst the Supply Chain Partners say that there is no need for staff development, and are confident that it would be provided if there was a need, BSA do need to become more proactive in order to avoid complacency or lack of visibility of staff development needs. Presently, limited training has been provided in completion of paperwork, for example, which is a procedural necessity rather than a form of skills development. It is also acknowledged that recently BSA have extended an offer of NVQ qualification training to the Supply Chain Partners, and it appears at least one may engage in that. No training needs analysis has been carried out by BSA.

"Everyone has their own way of working, as long as everyone's happy, why change?" –Supply Chain Partner

PRINCIPLE 6: Performance Manage

Communications are particularly effective, and there is complete clarity in who is responsible for what, both within BSA and the Supply Chain Partner organisations. There is frequent and constructive communication at all levels across the supply chain, and delivery staff are comfortable having contact with BSA managers as well as with their own. BSA have set out to handle communications with staff within the supply chain as though they were part of their own organisation, and this is proving highly engaging. There is a very good understanding of relevant process flows, and all aspects of communications and systems are working well.

The supply chain enjoys a very positive, open and supportive culture and this was evident at all levels. All staff within the supply chain feel they can have unrestricted conversations with any other staff, and everyone is encouraged to be open and honest. The combination of this positive culture and effective communications means people raise queries, suggestions and concerns promptly, and responses are equally prompt. Thus underlying culture supports efficiency and effectiveness, and is a strength of this supply chain.

"The relationship was tense at first following BSA moving from Supply Chain Partner to Prime – but communications and the relationship are excellent now." -Supply Chain Partner

"It's a very open relationship – I can and do talk to BSA about concerns and we will have a good discussion and agree a way forward together." -Supply Chain Partner

Monthly partner performance reviews (MPPR) are held between BSA and each of the Supply Chain Partners, and this is the means through which performance is monitored and managed. The tracker spreadsheet is an essential reference point for these meetings, which are carried out face to face. The tracker spreadsheet contains key data that highlights for each Supply Chain Partner and for each individual start-up customer, the milestones reached, deadlines ahead, and uses a RAG⁶-rating system to highlight those off-track or at risk. This guides MPPRs, and there is a high degree of consistency in the approach between different Supply Chain Partners. Supply Chain Partners confirmed that conversations around actions required to prevent slippage or to recover cases that were behind target were constructive and professional. The MPPRs cover both overall performance and the performance of individual Business Advisers, so representing a holistic review. These are also opportunities for Supply Chain Partners to raise any concerns they may have.

Management information is collected, analysed and reported using a customer Excel spreadsheet- the tracker spreadsheet. This is stored in a BSA shared folder, accessible to staff but not to Supply Chain Partners. Supply Chain Partners are provided with extracted reports on a regular basis, including in advance of MPPRs and monthly claims. The volume and complexity of data currently used is relatively simple, and to date the tracker spreadsheet has proved fit for purpose.

⁶ Red Amber Green

It does however have certain restrictions- for instance, in that Supply Chain Partners cannot access MI⁷ in real-time nor can they input data directly into the spreadsheet; there is a nominal amount of administrative time therefore required, involving a degree of double-handling of data. That aside, BSA and Supply Chain Partners agree the data is accurate and fit for purpose. BSA have a strong appetite for comparing their performance with other supply chains, and this benchmarking is carried out regularly against DWP-provided data and shared with Supply Chain Partners. The supply chain was proud to have been ranked third in the most recent performance reports for NEA nationally.

Performance improvement is informed not only by the MI generated from the tracker spreadsheet, but also from inputs such as compliance audits and customer feedback, captured by BSA through telephone surveys following Adviser appointments. Whilst these sources do highlight where there is opportunity for improvement, particularly when considering timelines, there is not an overt process through which improvements are monitored or measured. According to Supply Chain Partners, they are encouraged to improve, but there is a sense that this is implicit. It was challenging during the assessment to find many examples of specific improvements that had been measured either by BSA or by the Supply Chain Partners. There is a view amongst BSA managers and to a lesser degree the Supply Chain Partners that due to the length of time the Supply Chain Partners have been working together to deliver the contract, there is little if any opportunity for further enhancements to the customer journey processes.

There was some evidence of sharing of practice within the supply chain, but this is limited, and suppressed by a sense of competitive risk. Some of the supply chain members commented that others are reluctant to share their best practice, because it may advantage another in other competitive delivery outside of this supply chain. There is inconsistency in this view within the supply chain, but that, or other factors, are suppressing the identification and sharing of practice. Among the limited evidence found was a crib sheet that had been documented to help manage and improve conversion rates between the link-up workshop and sign-up stage, which had been shared by one Supply Chain Partner and is now used by all delivery partners. Another practice that had been shared was about how diaries can be managed to prompt the collection of 26-week trading evidence. Significant improvement is needed in this area to overcome real or perceived barriers to more open sharing of practice.

"I imagine we all do things differently" –Supply Chain Partner

The assessment found insufficient evidence of a process to generate an annual quality improvement plan. Presently, annual quality planning is fragmented, with the two Supply Chain Partners sending their independent quality improvement plans to BSA. BSA have produced a Self-Assessment Report relating to this supply chain, and say they shared this with the Supply Chain Partners. However, this in no way constitutes an improvement plan, and was not inclusive of Supply Chain Partner input. No evidence was found of any planned actions that would lead to improvement.

⁷ Management Information

PRINCIPLE 7: Quality Assurance and Compliance

Practice in relation to updating the supply chain on legislative and regulatory change is appropriate and effective. BSA's Contract Manager takes responsibility for alerting the Supply Chain Partners on relevant change, and typically does this via an email alert. A recent example has been the introduction of the GDPR, which was communicated in good time. BSA are also proactive in communicating any change relevant to this specific contract, and do so by copying notes from meetings they have with DWP to their Tier 2 Supply Chain Partners.

Quality assurance is efficient and proportionate. This is a small supply chain delivering small volumes of activity. The arrangements for monitoring the quality of delivery include: File audits, whereby BSA sample documentation to ensure it is complete and of good quality; observations at point of delivery, which involves each delivery organisation carrying out observations of their staff; customer feedback, gathered through evaluation sheets following workshops and telephone surveys conducted by BSA, who sample 25% of customers. Supply Chain Partners discuss the findings of these processes during their MPPR and, although it has not happened so far, there is an "escalation" process which would involve BSA observing Supply Chain Partner delivery staff if findings were negative.

Information, advice and guidance (IAG) is provided to customers, and this is done primarily through face to face meetings, supplemented with telephone and email correspondence as appropriate. The supply chain makes use of "How To" documents, which are made available to Business Advisers to guide their delivery; they also have access to an online library which contains reference documents and publications. The "How To" documents are version-controlled. There is no requirement for any particular Standard to be held by Supply Chain Partners in relation to IAG, and no evidence was found of encouragement or support for Supply Chain Partners to achieve a relevant Standard.

Appropriate policies and procedures are in place to maintain effective information security, health and safety, safeguarding, and environmental sustainability. The contractual documentation imposes specific requirements on the Supply Chain Partners in respect of these arrangements, and in some cases there are supply chain-wide arrangements in place, including the use of an encrypted email software (Egress). BSA monitor and review Supply Chain Partners' policies annually, and these had been reviewed during the pre-contract due diligence process. All delivery staff are required to be DBS⁸ Enhanced Checked, and certificates must be dated within 3 years. This is monitored by BSA, who maintain copies of all supply chain staff certificates and Curricula Vitae. It was noted that BSA are certified against the Cyber Essentials Plus scheme, and that they encouraged their Supply Chain Partners to gain certification. BSA and one of their Supply Chain Partners are working toward ISO27001 certification; another Supply Chain Partner already holds this certification.

⁸ Disclosure and Barring Service

The Modern Slavery Act has not been sufficiently embraced by BSA, and whilst they have a transparency statement covering their position on this, they are not yet in a position of sufficient knowledge about its scope and practical application to be able to effectively monitor the supply chain's adherence. Staff were able to demonstrate a level of awareness and basic knowledge of the Modern Slavery Act, but possibly because BSA themselves are below the £36m threshold and hence are not required to fully comply, they had limited understanding of the implications of the Act on organisations above that threshold. The assessment found that compliance with this criterion was nominal, and that the review it carried out of one Supply Chain Partner's policy was cursory.

PRINCIPLE 8: Review and Close

Working relationships with DWP are strong and include regular dialogue with operational staff at Jobcentre Plus offices, including monitoring and prompting around the PRaP⁹ system. It was found that BSA management highly value the feedback they received in their PAT¹⁰ reviews, and from their Cyber Essentials Scheme certification. BSA are also currently working towards ISO27001, and that is expected to generate additional actionable feedback both during the preparation and upon certification. To supplement this, feedback is also sought from customers through a telephone survey conducted by BSA, and from Supply Chain Partners during the course of their normal business review activities. BSA make use of a proportionately good range of feedback mechanisms to ensure they identify improvement areas.

Evidence of impact on social objectives was anecdotal and limited. BSA have not clearly defined their understanding of any wider social objectives or policy intent the commissioner may have, but some staff referenced an assumed objective of reducing the number of people out of work, or breaking the cycle of unemployment in families. This might be considered an explicit objective of the NEA2 contract more so than a wider objective. The evidence found against this criterion appeared to be reflective and came to mind among BSA staff and Supply Chain Partners during the assessment interviews, rather than drawing on an established process that collects and assesses relevant information. One of the Supply Chain Partners made reference to case studies they had produced that demonstrated self-employed customers can act as role models, and testify to the additional benefits of coming off benefits and improved health and wellbeing.

There is some evidence of a process by which the supply chain assesses impact on the intended customers, and this was found primarily in MPPRs where there is discussion that recognises successes both at individual customer level, and in aggregated results. The supply chain recognises that sustaining self-employment has a positive impact on customers, in particular the work life balance and mental health benefits feature strongly in discussions. Assumptions were made by some interviewees during the assessment that this also contributes to community impacts, although no method of capturing or formalising those thoughts has yet been adopted. The beginnings of a process are in place, but need to be built on by BSA.

"Nothing formal is gathered but we know we help clients long after the contract with them has finished." – BSA Staff

"More ESA¹¹ customers with mental and physical health issues are coming through and we know that self-employment options are helping this group overcome some of their issues." -Supply Chain Partner

⁹ Provider Referral and Payments

¹⁰ Provider Assurance Team

¹¹ Employment and Support Allowance

Significant improvement is needed to make a formal connection between monitoring of equality and diversity data and using that data to inform improvements. There was a sense that this was not exclusively a matter for BSA, in that it is Jobcentre Plus who introduce referrals to the programme. However, there is no doubt that actions or conduct of the supply chain could influence the intake of customers in terms of their protected characteristic profiles, albeit that would always be via Jobcentre Plus. Equality and diversity data is collected and recorded, but it appears no analysis or evaluation of that data is carried out.

A process for handling the end of a relationship is covered in contractual documentation, but has not yet been proactively discussed with Supply Chain Partners. All parties understand when the current contract will end, and what their responsibilities are regarding handling of data and supporting customers beyond the final payment stage. Scenario planning by BSA management shows that if Supply Chain Partners do not wish to complete the final 26 week support period, those customers could be supported in-house by BSA. The supply chain are also aware that a contract extension is possible, and would expect more detailed discussion at the point the position on that is announced.

"Discussions between the leadership teams will take place but not until after the announcement of the extension in September." -Supply Chain Partner

9. CONCLUSION AND CONDITIONS OF ACCREDITATION

This assessment has confirmed that Business Sense Associates is meeting the Merlin Standard and has identified a number of areas where significant improvement is needed. BSA are keen to learn and develop their strengths, and are now encouraged to prioritise the recommended improvement and development areas. This was a Good outcome at the Initial Assessment, and we look forward to seeing increases in the scoring in two years' time.

Holders of the Merlin Standard Accreditation must:

- Maintain and continually improve upon their approach to Supply Chain Management.
- Cooperate with annual Reviews as required by Assessment Services Ltd
- Inform Assessment Services Ltd (merlin@assessmentsservices.com) or their Lead Assessor if the key contact name or 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:
- 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.
- Ensure in cases where accreditation is withdrawn or where they do not come forward for Accreditation Review, remove from display any certificates or plaques issued by Assessment Services Ltd and do not display the Merlin Standard Quality Mark, nor refer to being a former holder of the Merlin Standard.
- Be aware that Assessment Services Ltd reserves the right to remove any accreditation and/or certification previously applied if payment is not received for services provided.
- 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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