



merlin standard

2018

G4S GAOS Ltd

COMPACT REPORT

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1. KEY INFORMATION

Assessment Type	ACCREDITATION REVIEW
Assessor's Decision	STANDARD MET
Anniversary Date	18/07/2020
Assessment Dates	16/07/2018 – 18/07/2018
Lead Assessor's Name	SUSAN SMITH
Customer ID	C16286
Assessment Reference	PN103362

2. ASSESSMENT OUTCOME

OVERALL OUTCOME	88% Excellent
1. Design	87% Excellent
2. Procure	85% Excellent
3. Contract	100% Excellent
4. Fund	87% Excellent
5. Develop	87% Excellent
6. Performance Manage	89% Excellent
7. Quality Assurance and Compliance	92% Excellent
8. Review and Close	80% Good

3. METHODOLOGY

G4S GAOS (Government and Outsourcing) Ltd (hereafter known as G4S GAOS) continues to be mandated by the Department for Work and Pensions (DWP) to be accredited against the Merlin Standard due to being a Prime delivery partner for the Work Programme. G4S GAOS also has European Social Fund (ESF) contracts and these are included in the scope of the Merlin assessment. Organisations that hold the Merlin Standard are required to be re-accredited every two years and consequently, G4S GAOS came forward for a reaccreditation review in line with the anniversary date.

The assessment team comprised of Susan Smith (Lead Assessor) and Neil Potentier (Team Assessor) supported by a coordinator from within G4S GAOS. The Lead Assessor started to work with the coordinator in March 2018 to establish the scope and discuss the logistics of the assessment. The dates for the onsite were identified, and a plan of action agreed.

A booking form was submitted to Assessment Services Limited along with a spreadsheet indicating a full list of Supply Chain Partners - past, present and potential - delivering an end-to-end service or specialist intervention activity.

In advance of the reaccreditation review a survey was carried out of the Supply Chain Partners, with all 100 being invited to participate. Responses were received from present, past and potential Supply Chain Partners, which represented 26% of the total. The results of the survey informed the focus of interviews for the assessment team and contributed to the overall scoring.

The Lead Assessor was in regular contact with the coordinator before the on-site activity to review the schedule and logistics. All documentation required for the assessment - Self-Assessment Questionnaire (SAQ), Pre-Assessment Notes (PAN) and interview schedule - were shared to enable the reaccreditation review to take place as planned.

The assessment team spent a total of two days each reviewing documentary evidence and undertaking interviews with G4S GAOS staff involved in the strategic and day-to-day management of the supply chains. Some 20% of the Supply Chain Partners were interviewed in line with the published Merlin scoping framework. Interviews were conducted with a wide range of Partners - end-to-end, specialist intervention, as well as present, past and potential across all contracts.

The following report provides an indication of the findings against key criteria within the Merlin Standard, which was evidenced across all the supply chains referenced below, as well as areas of strength and areas to consider for development over the forthcoming two years.

4. ABOUT THE ORGANISATION

G4S plc is one of the world's leading supply chain managers and is the largest integrated security and outsourcing company in the UK and Ireland, with a turnover of more than £1.7 billion and over 55,000 employees managed from over 100 offices. G4S GOAS Ltd is a legal entity which is part of G4S plc.

Operating as prime contractor since 2011, it currently delivers three Work Programme (WP) contracts and five ESF14-20 contracts on behalf of the Department for Work and Pensions (DWP). It has previously delivered six Community Work Placement (CWP) contracts: the ESF Family Support Programme and Supervised Job Search Pilot. It has not been successful in the recent DWP Work and Health Programme.

G4S GAOS operates a 100% Supply Chain Partners subcontracted delivery model, with services provided by a range of organisations, representing private, public and third sectors. The subcontracted delivery model enables the creation of diverse Supply Chains.

G4S GOAS values are to act with integrity and respect, being passionate about safety, security and service excellence which will be achieved through innovation and team work. It has built a supply chain on this basis and continues to lead partnership bids for new opportunities.

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:

There are robust strategies in place that review the design and make-up of the supply chains. New Supply Chain Partners have been engaged in the ESF supply chain to meet changing customer and commissioner needs. The design for the Work and Health Programme included wider potential Supply Chain Partners offering services that have been determined through consultation with customers and through lessons learned on previous programmes. (1.6)

There is a clear procurement process that many Supply Chain Partners describe as being simple and effective. Communications are clear and transparent throughout and more recent Supply Chain Partners spoke highly of the collaborative communications during procurement. Due diligence activities are fair and proportionate with Supply Chain Partners reporting being supported to become part of the supply chain. Comments included: *"We went through everything. It was very thorough and transparent"*; *"They are extremely thorough"*; *"They made us do things which actually helped us"*; *"It was fair. We got we bid for"*; and *"A completely transparent process. It's all about integrity"*. (2.1)

The vast majority of Supply Chain Partners spoke highly of the clarity in regards to contractual documentation and an effective change control process for any contract variations. Contract drafts are shared as soon as possible within the design phase and any requests for contract flexibility are given due regard. One Supply Chain Partner on seeking external legal advice noted that the contract had *"no trick clauses"*. (3.1)

Supply Chain Managers are the first point of contact for Supply Chain Partners and there is strong and consistent testimony from Supply Chain Partners about their effectiveness. The culture of communications is cited by Supply Chain Partners as matching the G4S GAOS values. Personal interactions between staff and the clear majority of Supply Chain Partners is consistently positive and supportive. Performance review processes are proportionate and effective and strongly recognise innovation. Where there is underperformance, the Performance Improvement Process is managed sensitively, and Supply Chain Partners describe how they are worked alongside to bring their delivery back on track. (6.1 / 6.2 / 6.3)

There is a robust quality assurance and compliance framework in place. Supply Chain Partners spoke of the detailed nature of the approach that helps them minimise their risk and maximise the opportunities in the contract. Audits and observations give supportive feedback to Supply Chain Partners and enable them to improve their services and performance as a result. An illustrative comment from a Supply Chain Partner was that quality assurance *"helped in professionalising us"*. (7.2)

The workbooks produced to re-emphasise health and safety and information security are well received by Supply Chain Partners. In addition to regular policy updating through annual due diligence and site visits and audits, the workbooks provide the opportunity for Supply Chain Partners to assure themselves of their effectiveness in these key areas. Comments included *"We don't just tick boxes. We compare and contrast policies"* and *"Workbooks are a fantastic refresher"*. (7.4)

6. AREAS FOR DEVELOPMENT

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

Whilst supply chain design and procurement are strengths, the assessors found some variation within Supply Chain Partners' own staff about the feasibility of contract delivery. At the design and pre-contract stage, it is often business development or senior staff involved in the negotiations, however it may be useful for G4S GAOS to consider how it can also engage with delivery staff to inform design and mobilisation. (1.3)

G4S GOAS and its Supply Chain Partners align their values at the design stage. There is clear research that indicates where the 'fit' is in terms of core principles, and partnerships are developed on this basis. In order to truly mutually agree core principles and behaviours from the start and throughout the life of the contract, it is suggested that G4S GAOS may wish to consider the development of a partnership charter or similar with Supply Chain Partners that can be used to ascertain how well all parties live up to the values in practice. (1.5)

Whilst there have been no formal disputes raised by Supply Chain Partners over the last two years, G4S GAOS is encouraged to update its website with details of the Merlin Mediation Service. Currently the information is missing, however this can be found on the Merlin Standard website. (3.3)

It is a known factor that the iSET management information system is not able to provide live reporting for Supply Chain Partners. Testimony from Supply Chain Partners indicates that they would very much value the facility however the solutions put in place to work around the issue are found to be more than satisfactory in the main. Should G4S GOAS secure further large contracts, it is suggested that due consideration be given to the provision of a live reporting system. (6.4)

As the ESF contracts commenced delivery 18 months ago, there has been a necessary focus on the implementation and successful initial delivery phase. It is therefore recognised that issues such as measuring the impact of service delivery in equality and diversity and environmental sustainability has not necessarily been brought to the fore of activity. However, the introduction of processes to monitor equality and diversity and environmental sustainability are recognised and G4S GOAS is encouraged with the planned actions in this regard. (7.4 / 8.4)

Compliance and awareness of the Modern Slavery Act is now embedded as part of the onboarding process for new partners. Whilst this has been raised within legacy contracts, work can still be done to ensure Supply Chain Partners are meeting the principles of the Act despite not being legally bound to it. (7.5)

7. FINDINGS

The feedback below is reported against key criteria of the Merlin Standard, aligned with the "Plan-Do-Review" business cycle.

PLAN
<p>Through planning an effective supply chain, the range of Partners and how they are engaged ensures there is a group of organisations that cover a diverse range of providers that all understand the requirements of the contract and their contributions to achieving the desired outcomes.</p>
<p>Supply Chain Partners are procured through competitive tendering processes and assessed against competence to deliver the Commissioner/Procurer's objectives, infrastructure, and prior experience. For example, as part of supply chain design for DWP ESF, G4S's Partnership Managers advertised through voluntary sector networks, sent out direct invitation to known local voluntary and community groups and directly approached specialist organisations, including those recommended by stakeholders. Expressions of Interest are scored against predetermined criteria, job outcome achievement and contract terms. Meetings are held to enable potential Supply Chain Partners to raise any concerns. G4S GAOS maintains a varied supply chain to enable customers to access the best local Work Programme/ESF support. Supply Chain Partners were found to be from all sectors and in all sizes and legal status. Supply Chain Partner comments included:</p> <p><i>"There is nice variety and a nice balance."</i></p> <p><i>"All the Supply Chain Partners have their own strengths and weaknesses and bring something to the table."</i></p> <p><i>"Good design. Lots of different organisations. We were the smallest."</i></p> <p><i>"We are all pretty much alike but Partner X complimented us all."</i></p> <p><i>"We are a niche provider. That's why we were taken on. They needed to cover a wide spectrum with the Troubled Families agenda."</i></p> <p>The supply chains are reviewed and developed to meet changing requirements. Regional staff teams meet regularly to analyse performance, operational trends, compliance and quality audit results, and best practice from within the supply chain. Emerging trends and areas for development are communicated to existing Supply Chain Partners via the review process or as part of regular supply chain meetings. Examples of improvement strategies to aid supply chain design and performance include: forums to support upturn in Employment Support Allowance (ESA) referrals to Work Programme (WP); employment of a Cognitive Behavioural Therapist to support ESA WP customers; implementation of a telephone-based occupational health service; and recruitment of G4S GAOS Engagement Officers to maximise referrals to the contract. Supply Chain Partner comments were <i>"We have evolved to where we are now. There is less need for collaboration as we all know our stuff"</i> and <i>"All performing now which shows how the supply chain has evolved"</i>.</p>

G4S GAOS has transferred staff via TUPE and uses the vast experience of the parent organisation G4S plc to understand and fully comply with all relevant TUPE legislation. G4S GOAS contractually obliges all Supply Chain Partners to comply with all legal requirements, including Regulation 13 of the TUPE regulations, and supports them in doing so. Cases of TUPE transfer in the last two years were found to have been well managed and staff transfers effectively supported. Supply Chain Partners confirmed that *"We all just wanted the best for the people effected"* and *"They were excellent at mediating on TUPE"*.

Supply Chain Partners are managed across a variety of measures designed to ensure that they comply with the contractual requirements, maximise performance and ensure customers receive a high-quality service. The guide to Contract Assurance Management documents the process and frameworks for performance management. This includes targets, minimum service levels and operational requirements, and Performance Improvement Plans. The Performance Management framework can be found in the appendices of each contract. Performance is monitored daily, and reported on weekly, covering the whole of the supply chain. Reviews are undertaken on a weekly, monthly and quarterly basis. Additional governance and performance management within G4S takes the form of a monthly Senior Management Team review that monitors financial and contractual performance. An illustrative Supply Chain Partner comment was that *"There is a constant adjustment and clarification of performance targets. They combined targets to make it easier for us."* Other views expressed included *"Performance has been clearly defined throughout"* and *"Clear targets are set and reviewed regularly"*.

Supply Chain Partners are paid for services predominantly on a 'payments-by-results' basis with terms varying depending on the type of contract. For ESF, Supply Chain Partners also receive a monthly delivery fee payment which reflects DWP's payment terms. Contracts reflect the terms from the DWP and G4S GAOS operates all financial arrangements with the supply chain on a self-billing basis. Payments to Supply Chain Partners are triggered by a successful claim and payment from DWP, thus minimising the risk of overpayment, or payment of invalid outcomes. This has helped to foster positive and sustainable relationships with Work Programme and ESF Subcontractors. Where required, G4S has flexed payment terms to support those which have escalated cash flow concerns, for example 14-day payment terms to support cash-flow. Another example is on the Work Programme, where two payment mechanisms have operated. One is the mainstream mechanism where G4S GOAS pays 80% of all income straight to the Supply Chain Partner and the second is a small organisation/charity mechanism whereby 100% of the Attachment Fee is paid to the Supply Chain Partner and then 60% of the Continual Sustainment Fees. Daily processes enable prompt payment and ensures adequate cash flow for Supply Chain Partners.

G4S GAOS aims to be open and transparent about payment mechanisms and the majority of Supply Chain Partners interviewed confirmed prior to service delivery that payment mechanisms, and proposed funding structures, were sufficient to allow for full cost recovery. Supply Chain Partner comments included:

"They showed empathy in allowing us to use one advisor on both programmes."

"They expressed concern and showed they cared about us (reduced numbers)."

"They respected our need to be an autonomous stand-alone business and financial talks were geared to this."

"We call these sense check - are we financially viable?"

"Because we are small they agreed dates for payment in advance and stuck to these. Cash flow is critical for us."

DO

Supply Chain Partners are supported to develop their services to meet or exceed expected performance and quality assurance requirements.

To support, develop and encourage Supply Chain Partners to fulfil their contractual obligations there are detailed guides outlining contractual and evidence requirements for financial and milestone claims. These guides are reviewed and updated regularly to ensure any changes to Provider Guidance or areas of good practice are incorporated. From contract award, the Supply Chain Manager is the single point of contact and is the link to all other functions to ensure contractual obligations are met. Throughout the contract implementation phase, joint meetings are held in order to ensure awareness of contractual obligations and the key deliverables. These sessions facilitate open dialogue and concerns to be raised. They allow managers to have input on the development of contractual documentation and operating procedures. Supply Chain Partners commented as follows:

"They are supportive when and where we need them to be supportive."

"They helped us be more professional and pushed us up the curve so we can fulfill this contract."

"Everything is geared towards supporting us through the life of this contract."

"We are delighted with the foothold they helped us get in Manchester."

"They have supported us to be a proper part of the supply chain."

Based on its values, G4S GAOS has aimed to create effective relationships built on openness and transparency. Underpinning this are a number of policies which have helped to create and embed an open and honest culture including an ethics code, business ethics and whistleblowing policies. This supports a culture of open and honest communication. Staff in all areas felt that their role is to support the supply chain as *"we are all one team"* and the majority of Supply Chain Partners are in agreement with this Supply Chain Partners comments included:

"Open and honest- she {Performance Improvement Officer} would come in every day if necessary."

"They are quick to act."

"It was a very honest conversation."

"It might be communications overload but this is better than none at all."

"They acknowledged what we had done by nominating us for ERSA Award."

"It always feels very mutual."

"Very good, there is always an open dialogue."

Innovation is actively encouraged and promoted within the supply chain. There are generally open and transparent relationships built between Supply Chain Partners and G4S GAOS staff which support clear discussions aimed at improving service delivery. As detailed in the appendices of the contract and in the Contract Assurance Management guide, performance reviews take place on a weekly, monthly and quarterly basis. At the weekly review, Supply Chain Managers are responsible for reviewing forecasts and performance against targets with Supply Chain Partners. They discuss concerns and agree support where issues are raised. The weekly reviews are also a platform for innovative service improvements to be discussed. Monthly reviews take place to review performance, contract compliance and quality assurance levels achieved within the month.

During quarterly reviews, Supply Chain Partners present to the Supply Chain Manager and Regional Contract Director (where required) on their performance for the quarter against all key targets and their plans for the following quarter. To support best practice and innovation, G4S GAOS facilitates regular best practice sessions and supply chain meetings across all areas. To support the sharing of best practice and the consistency of management of the contract across all areas, there are representatives from each team/business area on the G4S Business Improvement Group (BIG). This group meets monthly to review processes, share best practice and review the Business Improvement Action Plan (BIAP). Supply Chain Partners confirmed that Performance Review processes are "always 2-way" and "transparent".

All Supply Chain Partners use the iSET system which is a workflow tool that guides its users through the customer journey, enabling accurate tracking. All fields are reportable, with in-built validation to ensure accuracy; incorrect or incomplete data is not accepted by the system. Management Information (MI) reports are produced using this data. G4S GAOS produces a Trend Analysis and a pipeline to forecast performance and identify peaks and troughs in caseload sizes. These enable delivery teams in Supply Chain Partners to clearly understand where a participant is in their journey as well as being able to identify and manage effectively any areas of under/over performance. The single most bemoaned factor however about the iSET system is the lack of Supply Chain Partners' ability to run live reports themselves. To mitigate this, G4S GAOS takes responsibility for providing MI to the supply chain. Whilst this is not seen as ideal by Supply Chain Partners, most have accepted it and reconciled themselves with it. More positive comments included:

"It's easy to use. It has evolved with bits and pieces added on from us."

"It produces data which mirrors the customer's journey."

"Supply Chain reports are very useful and helpful. They help us manage our provision effectively."

The G4S GAOS Quality Management Framework contains a calendar of quality activities which are consistently applied across all Supply Chain Partners. These are monitored and reviewed monthly and quarterly with all improvement activities captured in the Supply Chain Partner's quality improvement plans. Activities include observations, file checks and advisor/manager interviews. Key themes are identified and fed into quarterly Supply Chain Partner best practice workshops which are facilitated to share and embed best practice across the contracts. Both G4S GAOS and Supply Chain Partners seek and share customer feedback pertaining to their experiences on programme. There is a robust complaints policy in place which is mirrored by Supply Chain Partners should any customer wish to raise a concern. Supply Chain Partner views included:

"I get everything I need in terms of quality."

"Their approach helped in professionalizing us."

"They do checks that help us to improve customer experiences."

"QA helps us improve through regularly reviewing what we are doing."

"We are not being told off. Quality and compliance checks really help us improve."

REVIEW

Review and evaluation is used to demonstrate the impact of the services delivered and continuously improve service delivery.

Since the previous Merlin assessment, work has taken place to ensure the collection and sharing of information and data with supply chains, commissioners and relevant stakeholders. For all new provision information, the MI system can now capture information regarding the demographics of customers which is reported on and shared in supply chains and with the commissioner. This is then used to inform delivery to ensure parity of progress and outcomes in full consultation with the supply chains. G4S GAOS is also fully integrated, along with the supply chain, in various strategic relationships and partnerships, where the wider social impact of services is assessed. An example of this is the Lancashire Local Enterprise Partnership Skills and Employment Hub where the effect of delivery is assessed in relation to employment rates, skill levels, benefit claim levels and many other areas. G4S GAOS and its supply chain for the Work Programme has achieved a total of 91,097 job starts as of the end of June 2018 and of this, 42,979 customers have achieved a outcome for retaining a prolonged period of employment; for ESF there are currently achieved 1372 job starts and 858 sustainability achievements. All of these individual customers helped have a significant impact on the individual, their family and friends, the wider community and immediate support network. Some 23,568 of these jobs were delivered to customers aged 18-24 which are a priority group both in terms of the contracts and the wider government agenda and there have been special initiatives implemented across supply chains to support this - for example customer route-way events when large employers are recruiting. Additionally, 4401 of the Work Programme jobs were undertaken by customers with long-term health conditions which are often debilitating. Additional support has been provided for these customers in the form of occupational health guidance which has addressed not only work but wider health and wellbeing concerns. Supply Chain Partners were able to discuss impact in terms of reducing offending, improving social skills, reducing poverty, reducing worklessness, and facilitating independence.

DWP's priorities relate to the wider social objectives of 'providing security, extending opportunity, and giving people the support they need to transform their lives'. The G4S GAOS supply chain has supported long-term unemployed people, many of whom have disabilities and health conditions, to secure financial independence through employment. Additionally, families are supported who are have had a relationship breakdown and help is provided for effective child maintenance arrangements thus reducing the numbers of children living in poverty. G4S GAOS and its Supply Chain Partners regularly produce and share good news stories and case studies. These include customer successes as a result of retraining, confidence building, health condition management, financial and personal management. Supply Chain Partner comments included: "*We have discussed clients, their barriers and how wider support has helped them*"; "*We are about socialization for young people*" and "*The Twist pilot really focused on the customer journey and made us realise it is not just about the job.*"

8. CONCLUSION AND CONDITIONS OF ACCREDITATION

In conclusion, this Assessment provided the opportunity to review the practices of G4S GAOS for the current contracts against the Merlin Standard. The senior leadership team should be mindful that any significant organisational or senior staff changes, and / or being awarded additional contracts using a significantly different supply chain may require a strategic review. Similarly, any decisions reached by the Independent Complaints Examiner may also result in a strategic review being required to ensure the Organisation continues to operate in line with the Merlin principles.

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@assessmentservices.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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