



merlin standard

THE GROWTH COMPANY LTD

CONTENTS

1. KEY INFORMATION	3
2. ASSESSMENT OUTCOME.....	3
3. METHODOLOGY.....	4
4. ABOUT THE ORGANISATION	5
5. AREAS OF SIGNIFICANT STRENGTH.....	7
6. AREAS FOR DEVELOPMENT	8
7. AREAS REQUIRING SIGNIFICANT IMPROVEMENT	11
8. FINDINGS	12
9. CONCLUSION AND CONDITIONS OF ACCREDITATION.....	26

1. KEY INFORMATION

Assessment Type	ACCREDITATION REVIEW
Assessor's Decision	STANDARD MET
Anniversary Date	21/09/2021
Assessment Dates	17/09/2019 – 19/09/2019
Lead Assessor's Name	PAUL HESP
Customer ID	C14061
Assessment Reference	PN104456

2. ASSESSMENT OUTCOME

OVERALL OUTCOME	75% Good
1. Design	80% Good
2. Procure	80% Good
3. Contract	80% Good
4. Fund	80% Good
5. Develop	60% Satisfactory
6. Performance Manage	74% Good
7. Quality Assurance and Compliance	76% Good
8. Review and Close	72% Good

3. METHODOLOGY

This was second assessment against the Merlin Standard for The Growth Company Ltd (GC), the scope of which covers the contracts as described later, and in which some 103 Supply Chain Partners were engaged. Since the last assessment in 2017 the Merlin Standard has been refreshed, and this assessment was carried out against the 2018 version.

The assessment was based at the company's Manchester Headquarters in September 2019, and a Team comprising of Lead Assessor Paul Hesp, and Team Assessor Sonia Renzo conducted the assessment. Paul Hesp was based on site throughout, and Sonia Renzo worked remotely on the first two days, and was based on site for the final day. Planning began in June 2019. 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 in advance of the assessment, with Supply Chain Partners being invited to participate by Assessment Services and 30 responses (29%) being received. The Lead Assessor was in regular contact with the assessment coordinator and her deputy 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 timescales.

The assessment team spent a total of 2.25 days each gathering evidence against the Standard, conducting interviews with key staff of GC and the Supply Chain Partners, and reviewing documentary evidence. In addition, three supply chain staff who had been affected by TUPE¹ were interviewed. 21 interviews were held with Supply Chain Partners, representing a sample size of 20%. Of these, 12 were present, four past and five potential Supply Chain Partners.

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.

¹ Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014

4. ABOUT THE ORGANISATION

The Growth Company Ltd is a private not-for-profit company based in Manchester, providing a range of solutions in the employment and education market. There are approximately 1,200 employees in the organisation, which has an annual turnover of £105m. Staff numbers remain similar to that at the time of the last assessment, although the value, breadth and volume of services has increased. 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). In 2013, it began the delivery of National Careers Service provision, as a Prime Contractor in Staffordshire and the North West, and since 2015 there has been rapid growth and expansion, which leaders and managers describe as significant.

The company is currently a Prime Contractor for the following programmes, the delivery of which involves a supply chain:

National Careers Service, funded by the Education and Skills Funding Agency (ESFA), of which 48% is sub-contracted within the Supply Chain, and 52% delivered directly.

Apprenticeships, funded on a rolling programme basis by ESFA or via the Apprenticeship Levy, with Supply Chain Partners covering much of England. GC sub-contracts a variable proportion of these contracts, with Supply Chain Partners typically delivering technical and functional skills elements rather than end to end services. The volume of sub-contracted delivery has significantly reduced.

Working Well Expansion (WWE), a “welfare to work” programme commissioned by GMCA, is nearing completion and 4% is sub-contracted.

National Citizen Service. This is a recently awarded contract with the NCS Trust, in which GC are managing a supply chain delivering the personal and social development programme to 16- and 17-year-olds across the North West Region. The programme was being launched at the time of assessment, with 91% of delivery planned to be sub-contracted.

Skills Support for the Unemployed (SSU) is an ESFA-funded programme to upskill unemployed learners in Greater Manchester and Sheffield City Region in readiness for employment, branded by GC as “Skills Support for Employment”. Between 46% and 100% of two lots is delivered by a supply chain. This programme is seen as a successor to the recently completed Skills for Employment programme, and the volume of sub-contracted activity is subject to monthly review.

Skills Support for the Workforce (SSW) is an ESFA-funded programme to upskill the workforces of SMEs based in Greater Manchester, Sheffield City Region and Lancashire, approximately 50% is delivered by a supply chain.

Skills Support for Growth (SSG), a NEET (Not in Employment, Education or Training) contract to support people under 19 in Greater Manchester, funded by ESF (European Social Fund). 25% is sub-contracted.

Adult Education Budget (AEB) contract co-financed by the ESFA and combined authorities, is delivered across Greater Manchester (GM) and Liverpool City Region (LCR). 17% is sub-contracted in GM, and 40% in LCR.

Since the last assessment, the ESFA contracts for **Skills for Employment** (SFE) and **Raise** have been closed. **Study Programme** and **Traineeships** are no longer delivered by Supply Chain Partners.

In addition, GC also deliver **Work & Health 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.

Supply chains are managed within two business areas of GC, which are Education & Skills, which includes Apprenticeships, ESF, SSG and ESFA contracts; and Employment, which covers National Careers Service, National Citizen Service, WWE, SSU, SSE and Work & Health Programme. These business areas are supported by centralised Quality & Compliance and Finance functions within the Business Support and Business Finance area, and by HR² support staff, managed within the Organisation Development area.

² Human Resources

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:

The organisation has been particularly proactive in ensuring the diversity of the supply chains. Leaders and managers thoroughly understand the expectations of Local Enterprise Partnerships, commissioners and other stakeholders, and have been able to reflect this in their design of supply chains. The range of specialist knowledge, services and experience is therefore enhanced. (1.1)

There has been significant experience of handling TUPE situations as new contracts have been gained, and GC have been very sensitive to the potential pressures this could place on smaller organisations and on staff within the affected supply chains. Expertise from the organisation's HR team is made available to contract managers and to Supply Chain Partners to provide valuable and timely guidance, without prejudicing legal risk. The transfer of staff within the supply chain has as a result been expedient and effective. (2.2)

Arrangements for transferring payments to Supply Chain Partners are not only timely and accurate, but contract managers have been able to make early payments on occasion to ease cashflow pressures for some Supply Chain Partners. These goodwill gestures have not been made flippantly but are offered only after due consideration of a business case and scrutiny to ensure that no underlying financial problems would be exacerbated by such transactions. This arrangement has helped small organisations to cope with the demands of funding sometimes considerable periods of activity from their own resources before funding becomes contractually available. (4.2)

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:

There was a degree of inconsistency among staff and Supply Chain Partners as to the agreed principles and behaviours. Whilst GC values and social values were included in the procurement and contracting processes, with the exception of a commitment to equality and diversity, the understanding of the agreed principles was varied within the supply chain. Some Supply Chain Partners recalled a set of social objectives as referenced in the pre-assessment SAQ, and others the values of GC itself. It appeared unclear to some if the principles and behaviours that had been agreed were the GC values, the social objectives, or both. GC may wish to consider an approach that would enable staff to consistently describe the principles and behaviours, and as part of this, it may be that condensing the language used to shorter phrases could be useful. If staff were more consistent in their recognition of the agreed principles and behaviours, that should enable more effective embedding of them throughout the supply chain. (1.5)

Whilst the procurement process generally has significantly improved, there remains one criterion in which there is room for further development. Some Supply Chain Partners felt the feedback they had received lacked detail, and they had been unable to learn from the process. This was the case whether successful or unsuccessful in their tendering. It may now be feasible to develop a standard response to post-procurement feedback, which could for example include an indication of how well each question was scored by comparison to the best, average or lowest-scoring successful tender. Combined with a short narrative, and the opportunity for clarification through dialogue, this could readily become an area of strength. (2.1)

Supply Chain Partners were clear about the agreed payments and considered the approach of GC to be transparent and fair in their application of unit cost reductions. Management of funding and finance is generally good, but one anomaly was found in the way that the policy on fees (or unit cost reductions) is communicated. Current practice is that 19% of commissioners funding is retained by GC in recognition of the support and administration provided, regardless of the levels of support different Supply Chain Partners may need in fulfilling their contractual obligations. The Sub-Contracting and Supply Chain Fees Policy (version 3.1) as published on the company website does not align with this practice, instead stating that organisations that require more intensive support or resources would pay a premium during any such period. It would be a simple matter to correct this, and to bring the published Policy in line with the current good practice. (4.3)

There was some frustration and disappointment within the supply chain and among staff that more progress had not been made in developing the in-house *ESyNCS* management information system. This system has not been able to fully keep pace with the rate of change experienced in reporting and management information requirements in some contracts, and the merging of other disparate systems into *ESyNCS* may have further complicated progress. As leaders and managers anticipate that further change rather than stability is likely in future, a thorough evaluation of the resource needed to enable rapid response and agile system development may be warranted. (5.1, 6.4)

Opportunities for Supply Chain Partners to access funding other than through GC or the group procurement are recognised by some staff, but no evidence of this being communicated to the supply chains was found. GC are better resourced and better positioned through their networking activities than many Supply Chain Partners to identify such opportunities, and sharing of this information would be beneficial to some Supply Chain Partners and the supply chains as a whole. This development applies to accessing external funding opportunities only: There was good communication and uptake of opportunities within GC and its wider group. (5.2)

GC identify and facilitate development opportunities for the supply chain workforce. The proficiency of this could be improved by addressing the reported navigability issues (“clunkiness”) described by some Supply Chain Partners in relation to the Learning & Information Portal. In addition, a stronger focus on monitoring the impact of training and development interventions would enable GC to better understand the value of the resource they provide. (5.3)

Few Supply Chain Partners were able to confidently describe the arrangements for producing an annual improvement plan, although most understood that they made an input into it by providing a copy of their own plans, typically those produced as part of their CIF³-related SAR⁴ and QIP⁵. GC managers may wish to consider how they could more fully engage the supply chain in creating and implementing an annual improvement plan, and engender a feeling of involvement or ownership if considered appropriate. (6.7)

In relation to the Modern Slavery Act 2015 the organisation has improved its leadership of good practice within its supply chains since the last Assessment and become more proactive in raising awareness and promoting good practice. It has published, in line with its statutory responsibility, an annual statement on its website which refers to a “Modern Slavery Procedure for Suppliers” but this could not be located by some staff during the assessment, and appeared not to be familiar to some staff or to Supply Chain Partners. The organisation should develop, and/or should familiarise staff with the Procedure in order to fully embed appropriate practices within the supply chain. Although the Procedure was designed for reference during the due diligence process, there would be value in spreading awareness and engagement with this across all supply chain facing roles, in order that the principles underpinning the due diligence process can be continued throughout the life of the supply chain. (7.5)

³ Common Inspection Framework

⁴ Self-Assessment Report

⁵ Quality Improvement Plan

There are opportunities to strengthen the way in which the organisation evaluates the impacts of the supply chains' activities upon the intended customer groups, wider communities, wider social objectives of commissioners and wider stakeholders. In some contracts, end of contract reports are produced, and shared to a varying degree with commissioners and with some other stakeholders and with staff. If GC were to extend the end of contract evaluation reporting process to cover all supply chain activities, and to more widely communicate those evaluation reports to the Supply Chain Partners and all relevant stakeholders, it would generate greater awareness of its successful work. (8.2, 8.3)

7. AREAS REQUIRING SIGNIFICANT IMPROVEMENT

No areas were identified as needing improvement where was limited or insufficient evidence found during the assessment (a score of less than 3).

8. FINDINGS

PRINCIPLE 1: Design

Leaders and managers of GC are well positioned in their knowledge of and collaboration with some key stakeholders including Local Enterprise Partnerships (LEPs) and Local/ Combined Authorities. Close links enable a clear understanding of the expectations of these stakeholders, and this feeds into supply chain design, for example, by seeking Supply Chain Partners that have a physical presence in a particular LEP area. This knowledge, combined with a thorough understanding of specific contractual requirements, client needs and commissioners' objectives is fed into contract working groups which include a supply chain workstream to identify the scale and composition of the desired supply chains, consideration being given to capability, size and legal structure of Supply Chain Partners. The output of this working group process feeds into the procurement process.

"LEPs have a big influence on our supply chain selection" -Staff

Supply Chain Partners are encouraged to optimise the contacts and relationships they may already have established outside of the formal supply chain to provide specialist support or services where appropriate. In addition, GC introduce organisations and agencies from their own research and experience, typically including housing, debt management and mental health providers. Boost Lancashire Business Growth Hub and the Institute of Employability Professionals are examples of employer led networks which Supply Chain Partners are encouraged to attend, and GC have been strengthening links with Local Authorities and engaging "Pledge Partners" for the newly-launched National Citizen Service.

The Assessment Team heard from Supply Chain Partners who said they had made an input into the design of supply chains, and had been consulted on changes required when supply chains were active. These Supply Chain Partners included some who had been recognised by GC as having significant experience in a particular sector or contract, including National Citizen Service and National Careers Service. Supply Chain Partners had also been encouraged to make suggestions as to how gaps in geography and in specific skills provision could be filled in AEB and SSG delivery.

In skills delivery there were many examples of programme delivery being split between GC and Supply Chain Partners, with GC staff carrying out Assessments and Supply Chain Partners delivering the skills training and functional skills elements of Apprenticeship provision. Elsewhere, an example of a minibus being provided by one Supply Chain Partner to transport participants locally to attend the delivery of another, was found.

'They've been a really good partner to work with, very collaborative approach' -Supply Chain Partner

The core principles and behaviours for the supply chain are built around a defined set of social objectives/ values, but these were less well known among staff and Supply Chain Partners than the organisation's own internal values. The internal values (Make a Positive Difference, Stronger Together, Empower People, Do the Right Thing, Build On Success) were familiar, particularly to GC staff. However, fewer staff and Supply Chain Partners were readily able to describe the social values of:

- promote employment and economic sustainability – tackle unemployment and facilitate the development of skills;
- raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare
- promote participation and citizen engagement - encourage resident participation and promote active citizenship;
- build the capacity and sustainability of the voluntary and community sector– practical support for local voluntary and community groups;
- promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough;
- promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources.

"We procure around social values" -Staff

These principles although recognised could not be said to be fully embedded across the supply chain, and in practice they are guiding principles for managers. Supply Chain Partners typically approved of the objectives when asked in interviews, and consider that GC and the supply chains were demonstrating such values in the way they operate, but some did not recall or assert them specifically as being the discreet or common principles or behaviours that had been agreed.

Regular contract reporting and monitoring processes, established by the commissioners, ensure that GC contract managers are alerted to situations where the supply chain required modification. Contract managers review the volumes and geographic penetration of delivery as part of their routine management process, and in some cases, there has been consequential evolution of supply chain design. As an example, at the time of assessment there was a search underway for a provider with low carbon specialism. The creation of frameworks in future is expected to increase the responsiveness of GC to change in supply chain requirements. Supply Chain Partners in some cases had been aware of changes, and the reasons behind them, and some had been instrumental in suggesting solutions that were taken on board.

"The framework approach is future-proofing us" -Staff

"We were encouraged to make suggestions from our grass roots level" -Supply Chain Partner

PRINCIPLE 2: Procure

GC have adopted the use of the *In-Tend* online tendering portal, and this has been well received by Supply Chain Partners. The procurement process is informed by the working groups established at the time of bid-writing (a centralised group resource) at which time consideration is given to promoting opportunities using media that is likely to be found by target groups. A one-stage or two-stage process may be applied. Scoring criteria are established at the time of designing the Expression of Interest questionnaire. Supply Chain Partners said they had understood the scoring and selection processes and considered it to be fair and transparent. There was some inconsistency found in the detail of feedback provided after procurement, with some saying they had received only a very brief outline in a letter, and others saying they had been given valuable, detailed feedback from which they could learn. A significant development in relation to procurement is the recent pilot of establishing a framework of potential Supply Chain Partners, from which future needs can be procured. The intention is that this would enable more rapid responses by virtue of having pre-approved, or pre-qualified, some basic and common requirements, and then completing a more detailed, contract-specific procurement exercise. This had recently been applied to AEB and National Citizens Service supply chains.

"The tender process was very transparent; the Growth Company process more robust in terms of due diligence that others worked with" -Supply Chain Partner

GC continue to demonstrate excellent practice in relation to TUPE matters across the supply chains, with contract managers and as appropriate individual Supply Chain Partners accessing expert advice and guidance from the group HR Business Partners. In some cases where significant support is required, and in at least one case an external consultant was appointed by GC; to support Supply Chain Partners in mobilising the National Citizens Service contract. This additional support was welcomed by the supply chain. In other cases, GC were found to have directly employed staff from a past Supply Chain Partner that had ceased trading, and the staff affected had explained how well managed the process had been.

"It all became clear when Growth Company took the reins. Comms were good and it was quickly expedited" -Transferred staff

Allocation of market share is according to geographical placement, capacity and sectoral experience/competence of Supply Chain Partners. Supply Chain Partners say the process is fair and transparent. In some contracts a specific methodology is implemented, for example in SSW sector coverage of defined priority sectors was applied; in National Citizens Service a system of "clusters" was applied to address geographic overlap of some Supply Chain Partners; in SSE an end-to-end provider was allocated per Local authority area, and in National Careers Service a combination of geographic location and access to priority groups was applied.

The funding apportioned per output is fixed and non-negotiable, in order that there is equity among Supply Chain Partners. This is made clear at the beginning of the procurement process in all cases, and Supply Chain Partners understood and accepted the position, considering it a fair and equitable approach. Volumes are proactively negotiated between GC and the Supply Chain Partners, and in some cases Supply Chain Partners that had previously delivered similar services and performed well had been given opportunities to increase their volumes, as was the case within the National Careers Service supply chain. Performance expectations are made clear during the procurement phase, when documentation is made available on the *In-Tend* portal, and Supply Chain Partners are able to post questions.

PRINCIPLE 3: Contract

In some older contracts, documentation was seen to be relatively complex and lengthy. More recently however, some care has been taken to minimise the voluminous nature of documentation often associated with public sector contracting, and in general Supply Chain Partners feel that documentation is as simple as they could reasonably expect. The use of Schedules helps the supply chain to understand the contractual obligations. GC staff have been responsive to some Supply Chain Partners by spending time explaining specific details on request. Documentation is made available on the portal during the procurement process, and upon contracting, sessions are held at which the contract is reviewed and explained, with ample opportunity for questions and answers. In one instance explained by a Supply Chain Partner, a request for a notice period to be extended from one month to three was agreed. Contract Variations are formally documented, and in cases where variations have been required it was confirmed by Supply Chain Partners that this was a clear and well-managed process.

At the contracting stage, meetings are held with Supply Chain Partners to clarify performance expectations, referencing the contract documentation. In some contracts monthly contracts or profiles are in use, and these, or the overall performance KPIs⁶ are talked through. GC use a 'black box' contract approach so that Supply Chain Partners have freedom around delivery models and can introduce innovative approaches. All Supply Chain Partners interviewed were clear about the performance expected of them throughout the relationship. It was found that there is some concern within the National Careers Service supply chain that due to contracts being set up very quickly relevant staffing and systems were not in place to start meeting agreed monthly profiles from the start. This led to agreed monthly profiles being increased significantly to ensure the overall profile was achieved, which was felt made the numbers less realistic.

No formal challenges or complaints had been made by Supply Chain Partners, although those who were asked said that GC would be open to challenge. Documentation and process relating to formal disputes was accessible to Supply Chain Partners. As no formal process has been invoked, this criterion could not be assessed.

⁶ Key Performance Indicators

PRINCIPLE 4: Fund

GC consider the financial capability of Supply Chain Partners during due diligence as part of the procurement process. An internal financial manager reviews the tender submissions and gives feedback to contract managers on each submission, and this takes into account the potential risk of “payment on results” contracts. Unit cost values are published on the GC website, and are made clear to Supply Chain Partners during procurement. Design of funding takes into account these factors as well as potential risk to GC.

The payment experience of Supply Chain Partners is positive, and there was consensus among those interviewed that payments are generally accurate and on time. Most payments are claimed and managed through the *ESyNCS* system, and Supply Chain Partners are prompted by GC when claims are due. Similar positive experiences were reported by Supply Chain Partners who use the *YETI* skills and employment case management system. In cases where claims included errors, payments have been delayed until these are rectified or omitted, and Supply Chain Partners understood on these occasions the reason for delay and consider the approach to be fair and appropriate. On a small number of occasions Supply Chain Partners have requested payments earlier than was contractually entitled, and GC have considered the requests and in some cases agreed and made early payments. This was after satisfying themselves that there was no underlying or longer-term financial problem, and that the business case for exceptional circumstances had been made.

“Paid exactly when they said, on time, no complaints” -Supply Chain Partner

Supply Chain Partners confirmed that they were clear about the fees and unit cost reductions applied by GC. The 19% standard reduction compared to commissioner’s payment to the Prime Contractor was seen as fair, and for some Supply Chain Partners was considered better than other Prime organisations they were working with. This was despite a previous policy of a 15% unit cost reduction being superseded. All Supply Chain Partners are expected to engage on the same terms, and this was highlighted by managers as being a particularly inclusive policy. They emphasised that this unit cost reduction applied regardless of the amount of support a particular Supply Chain Partner may need, and this had been designed specifically to enable smaller or less developed Supply Chain Partners to enter the marketplace. Supply Chain Partners interviewed had no concerns about the policy, which they understood would not detract from robust performance management. Most Supply Chain Partners recognise that GC provide systems infrastructure, support in contract management and networking, quality assurance and compliance inputs, and consider the 19% cost reduction policy to be fair and transparent. It was noted during document reviews that the information published in the GC website was inaccurate in relation to the application of the 19% unit cost reduction, indicating that this would be varied in cases where additional support was required.

“One price fits all, regardless of support needs” -Staff

PRINCIPLE 5: Develop

GC provides generally good support to its supply chains to enable them to deliver contractual requirements. This support ranges from the provision of marketing materials and in one case support in recruiting Advisers for National Careers Service delivery, to another case where support in recruiting a specialist Tutor was provided. One Supply Chain Partner described how GC had temporarily supported them by covering an IQA⁷ post that had become vacant. Another Supply Chain Partner who had been under financial pressure to maximise income toward the end of a contract was supported through a suggestion of innovative practice, successfully, that led to them making use of group delivery sessions rather than one to one. It was noted that temporary absence of a contract manager caused delay in support when launching the SSE and SSW contracts, resulting in some activity being later deemed ineligible and causing an initial under-performance within the supply chain. Some Supply Chain Partners were critical of the frustrations they have encountered in the development of the *ESyNCS* system, albeit they have been provided with temporary work-arounds.

"We are only small but they have invested a lot of time in us" -Supply Chain Partner

GC's contract managers proactively promote GC and group opportunities across the supply chain, promoted via *In-Tend* and often issuing email alerts to Supply Chain Partners. Mini-competitions have been held to give options for increasing existing provision. Advice on observations has proved valuable to one Supply Chain Partner on other work they have been developing. However it was found that GC have access to opportunities outside of their group that are not seen by some Supply Chain Partners, and introducing such external opportunities is likely to be valued by the supply chains, in that it would supplement their own business development channels.

Training is provided for SCP teams on *ESyNCS*, *Salesforce* and *YETI*, either at GC offices or at the Supply Chain Partner's venue. Compliance training sessions have also taken place. "Compliance Champions" appointed by Supply Chain Partners at the request of GC play a role in identifying training needs, being a conduit to feed this back to GC. Audits of documentation conducted by GC compliance teams sometimes reveal training needs, as was the case when some SFE Action Plans were found to be inconsistent; training sessions were arranged and delivered. Supply Chain Partners have access to some online training modules, and to much information relevant to delivery methods, and themed workshops are put on from time to time; these are promoted via an online Learning and Information Portal. Some Supply Chain Partners felt this system could be improved in its navigability.

⁷ Internal Quality Assurance

PRINCIPLE 6: Performance Manage

Communication channels are clear to Supply Chain Partners and appear independent of staffing changes. Supply Chain Partners were complimentary about scenarios where the main contacts at GC had changed, describing a straight-forward experience. In addition to regular face to face or telephone meetings with individual Supply Chain Partners, there are good communications between compliance staff and the "Compliance Champions" across the supply chain. Use is made of emails, particularly in updating relevant changes or communicating news to supply chains, and this is complemented by the use of a generic Inbox at GC with a rota for monitoring to ensure follow-up. Some contracts have established supply chain meetings, and others are making use of a weekly update newsletter. For some Supply Chain Partners, the use of *Skype for Business* has added a further dimension to a telephone call, enabling live document sharing, although this doesn't appeal to all.

"It's good communication, I can't fault it" -Supply Chain Partner

Supply Chain Partners say there is an open and honest culture in all their dealings with GC, albeit that this was somewhat tempered by a small number when considering the relationships between themselves and other Supply Chain Partners; there is a competitive relationship between some, particularly evident among skills providers, and this is recognised and accepted by GC managers. This is mitigated by GC by avoiding geographic overlaps and direct competition in skills sectors where practicable. Supply Chain Partners who have had challenges in performance said they felt they were being supported at all times.

"A good organisation to work with. They get down with you to deliver and staff are always helpful" -Supply Chain Partner

"We have worked with primes where it hasn't been partnership, with GC it does feel like a partnership" -Supply Chain Partner

Arrangements for performance review differ between contracts but are consistent within specific supply chains. Supply Chain Partners expect a level of intensity in the Performance Management Process (PMP), appropriate to the tier at which they operate and the recent performance levels. Contract managers vary the frequency dynamically, with a typical "business as usual" review period being once a quarter face to face, with monthly PMP telephone calls. This is in addition to interactions for other purposes such as quality and compliance. The PMP process is supported by data sourced from the appropriate system, which is considered robust and reliable by all parties. In the case of forecasting, some Supply Chain Partners expressed frustration that the *ESyNCS* system does not currently provide good quality data for forecasting purposes, but in respect of their reflective performance reviews there are no concerns.

Supply Chain Partners that are under-performing are provided with support via a member of staff other than their regular contract manager at GC, and this has included for example weekly telephone sessions to micro-review progress until performance is restored. Supply Chain meetings also form part of the PMP and are a forum in which overall supply chain data, as well as "league tables" on individual Supply Chain Partner performance is shared. Such meetings may be planned quarterly or six-monthly depending on the scale and scope of contracts. An example of innovation being supported and recognised was the introduction of the 'Self Efficacy' text message to encourage clients to take more ownership of their Careers appointments which led to a reduction in Do Not Attends (DNAs).

"They understand practicalities and issues in the real world because they deliver themselves" - Supply Chain Partner

Management information is provided either by an in-house system (*ESyNCS*), or by proprietary systems which in some cases are specified by commissioners and operated nationally (*YETI, Maytas, Salesforce*). Some Supply Chain Partners confirmed that they were engaged in more than one system, but that suitable user training had been provided by GC for all systems. On the National Careers Service, the supply chain has recently migrated from *ESyNCS* to *YETI* in order to improve the quality of management information. A "YETI Champions Group" has been assembled from the supply chain, and GC is working closely with the *YETI* supplier (Cognisoft) to implement and test changes. Data is shared at supply chain meetings to demonstrate the relative performance of individual Supply Chain Partners and the overall performance of the supply chain as a whole. The ability of *ESyNCS* to generate useful forecasting data is currently an issue and is relevant to performance management in that adjustments to future profiles or targets are an intrinsic part of a PMP intervention. Supply Chain Partners who use *ESyNCS* have a degree of frustration but accept that work-arounds are in place. Some say that the system is particularly well adapted to use by Advisers, but less competent in some other respects.

"We know that data or reports are not always there, but we get there in the end" - Supply Chain Partner

Performance data is used to encourage supply chains to reflect on their practices and adopt change where improvements are sought. In addition, supply chain meetings proactively encourage collaboration among Supply Chain Partners, including the sharing of practice and delivery models. Examples of mutual shadowing and support were found in the SSU and SSG supply chains whereby as a result of seeing league table data, some Supply Chain Partners sought out others and agreed local arrangements to visit each other and share practice. It was noted that GC staff assert that *ESyNCS* is being developed to record and report on softer skills, and although this was not mentioned by any Supply Chain Partners in their interviews, it is a development that would add value to encouraging and supporting performance improvement, and should contribute to the quality of delivery in skills provision.

Best practice sessions are facilitated by GC in some contracts, such as National Careers Service, SSU and SSG, and these have been most valuable in the early stages of delivery according to some Supply Chain Partners. In other contracts where there may be no formal facilitated sharing sessions, Supply Chain Partners are encouraged to identify and share among themselves, and an example of this provided by staff is the coming together of Supply Chain Partners in Engineering apprenticeships to consider how they may be able to collaborate in the delivery of Standards. A Supply Chain Partner described how they had been invited to attend a compliance meeting of another Supply Chain Partner for the purpose of sharing practice. In National Careers Service, a refreshed approach including standardisation of Action Plans and roll-out of 'Self Efficacy' text messages had the effect of reducing non-attendance levels of clients from 20% to 15%.

In services that are inspected by Ofsted, the CIF⁸ (which has recently been replaced by the EIF⁹) provided the key driver for production of an annual Quality Improvement Plan, and Supply Chain Partners with Careers Service and AEB contracts are required to submit their own SARs to GC. Staff at GC review and collate the submitted SARs, and as well as providing specific feedback to individual Supply Chain Partners, use this input to help formulate an improvement plan for these contracts. The implementation of the plans is monitored by GC staff, but it was found that Supply Chain Partners did not feel ownership or specific involvement in this. For ESF contracts, there is currently no requirement for Supply Chain Partners to submit a SAR or QIP, therefore evidence of an annual improvement plan in this area was weak, and this presented an inconsistent picture of the management of quality improvement across the whole of the supply chain.

⁸ Common Inspection Framework

⁹ Education Inspection Framework

PRINCIPLE 7: Quality Assurance and Compliance

Supply Chain Partners assert that GC is effective in keeping them abreast of changes in legislative and regulatory requirements. During procurement and contracting stages, all relevant regulations are referenced in tender and contract documentation, and all documents are made available via an online portal. In National Careers Service and other contracts where a supplier handbook is in use, this includes references to latest relevant key policies of the commissioner. A Q&A Log is being maintained and circulated to all Supply Chain Partners involved in ESF¹⁰ provision. Established emailing protocols are used by contract managers to alert supply chains to any significant changes, and discussions between GC staff and the Compliance Champions monitor the acknowledgement and responses to changes.

Each Supply Chain Partner is required to nominate a Quality and Compliance Lead or Champion, and this contact is used for relevant communications during delivery. The quality assurance approach varies per contract, but in all cases the findings from 100% audits of delivery paperwork, from observations of delivery practice, from internal and external surveys of clients (end users) and from data are evaluated and fed back to the Supply Chain Partners. It was apparent from interviews with Supply Chain Partners that there was less quality assurance and compliance activity where volumes are low, and this correlates with GC's stated policy that their arrangements are proportionate, and risk based. Some Supply Chain Partners felt that the arrangements for quality and compliance were overly onerous, but these were not widely held views. As many others had the view that processes were very robust, and they were reassured by this. Among the examples of improvements resulting from quality processes and customer experience monitoring was that customer experience surveys led to information provided prior to National Careers Service appointments being improved. GC worked with Jobcentre Plus to explain the information the customer needed along with providing leaflets for them to hand to the customer. On the SFE contract an audit of Skills Action Plans identified a general training need across the supply chain, and workshops were laid on resulting in improved levels of detail being provided, and these documents becoming more useful to the customer. Customer feedback also led to a change in the use of an online *bksb* product in the SSW contract, with that being considered too onerous and replaced by a less intense paper-based questionnaire.

"Compliance checks are not onerous. It's good for all our paperwork to be checked, we can have no excuses for errors" -Supply Chain Partner

¹⁰ European Social Fund

Methods for providing information, advice and guidance across the supply chain are effective and diverse, including much information provision in the early stages of relationships through *In-Tend*, then the use of the Learning & Information Portal as an accessible, online repository of a wide range of relevant information, and established email alerts and conversations during the PMP and quality and compliance monitoring processes. Recently, workshops have been devised (the first of which was delivered in June) to provide specific information and guidance to smaller Supply Chain Partners on the implications of the Modern Slavery Act. Methods for assuring the quality of delivery of information advice and guidance to the end user include requirements for organisations to hold the **matrix** Standard, where stipulated by commissioners, and observations of delivery.

Strategies, policies and processes are in place throughout the supply chain to maintain effective information security, health and safety, safeguarding, and environmental sustainability. GC itself has a comprehensive range of policies and processes and makes these available as models to any Supply Chain Partner that may be lacking, as well as publishing the majority via its website. Environmental sustainability was highlighted by one Supply Chain Partner who thought there was too much importance attached to this; another confirmed that they had recently completed their Cyber Essentials certification, which was an obligation for them within six months of contracting. Annual checks are made on policies following an initial due diligence during procurement, with feedback provided as appropriate by internal specialists. Supply Chain Partners have been required to undertake GDPR¹¹ training (Provided by GC) before being given access to systems. Supply Chain Partners said they had been made aware by GC of "*Going for Growth*¹²" a recently launched environmental sustainability programme and had been told that GC would offer support if they wished to pursue it.

GC and some of its Supply Chain Partners are in scope for the Modern Slavery Act. GC have a good understanding of the requirements and their ethical responsibilities under the Act, and as one measure of compliance publish their annual statement on their website. A review of historic annual statements during the assessment showed that the quality and scope of the statement has been developed in recent years. GC became aware from monitoring the knowledge and understanding of Supply Chain Partners (through due diligence in procurement, at which stage Supply Chain Partners are required to declare if they are in scope and subsequently to commit to the GC labour principles as part of the contracting process) that smaller Supply Chain Partners had limited awareness of the Act. In response, GC have designed and are currently delivering workshop sessions on this for the supply chains. Awareness was also found to be low among staff generally and they too have been able to attend sessions. It was found during the assessment that a Modern Slavery Procedure for Suppliers referenced in the Modern Slavery Statement could not be located by some staff, although this was provided in the pre-assessment SAQ. This procedure was unfamiliar to some staff and to Supply Chain Partners, and further development is required to embed this.

¹¹ General Data Protection Regulation

¹² The Organisation for Economic and Co-operative Development publication "*Going for Growth 2019*"

PRINCIPLE 8: Review and Close

GC make use of external assurance reports wherever available, including Ofsted Inspection and Monitoring Reports for skills providers and National Careers Service providers, **matrix** Assessment Reports where available for organisations providing information, advice and guidance, and the external Advisory Audit Report in relation to sub-contracting of ESFA contracts. A competent dialogue was provided by staff on how these sources are used, and on the contributions made to overall improvement plans. Feedback from past Supply Chain Partners engaged in SFE was negative around the challenges of managing all provision within a specific Local Authority area, and as a result, GC moved to a call-off model whereby the skills providers were able to work across all areas. GC conducts or reviews feedback from customers (end users) through online surveys and evaluates the results in conjunction with their Supply Chain Partners. Supply Chain Partners say that GC are interested to hear their feedback, and to gain feedback on them.

"One of the benefits of working with the Growth Company is they have taken on some direct delivery, so they are seeing some of the challenges experienced by the supply chain – so you feel listened to" -Supply Chain Partner

There was inconsistency in the extent to which the impact of supply chains on wider objectives or policy intent of commissioners is evaluated. In some contracts, the commissioner had specified that an evaluation report is required, and in these cases (Raise and SFE contracts which closed in March 2019) well-written reports have been produced, and were shared with commissioners and staff. They were not however familiar to Supply Chain Partners, although some, particularly those who are social enterprises, would like to have seen them. Some Supply Chain Partners gave examples of how activities had made measurable impacts on wider social objectives, such as reducing levels of NEET, improving job security and strengthening the overall performance of businesses. Staff made reference to the reports, which had been produced using ESFA-supplied templates, providing narratives and data that demonstrate impacts, not only on the target customer groups or contractual outputs, but include monitoring data against LEP priorities. GC is well positioned and acutely aware of external stakeholders' and commissioners' policy agendas.

"The Raise close out report was especially useful" -Supply Chain Partner

As with the impact upon the commissioners wider social objectives or policy intent above GC is under-achieving with respect to the impact of their supply chain activities on wider communities. Impact on the target groups is well covered in end of contract reports for Raise and SFE, but this does not extend to wider communities. Supply Chain Partners were able to give plentiful examples of the positive impacts their activities have on the target customer groups, including helping people to sustain their jobs, which otherwise may have been lost due to health issues, and building self-confidence and motivation to seek and secure employment. Others described how their delivery resulted in additional qualifications, which had or would lead to job progression, and feeling more secure at work. In some cases, there have been case studies produced and circulated for example within the GMCA stakeholder network and these have referred to community benefits.

However, they do not appear to be backed up by robust data. Currently, GC are working with an external organisation to conduct an holistic review and impact assessment on some contracts where there is no contractual obligation to report such impacts, and whilst the results of this were not yet available, it appears to be a positive step, and one which could become a default future scenario for the assessment and reporting of impacts relating to Criteria 8.2 and 8.3.

The policies and practices of Supply Chain Partners are scrutinised during due diligence to ensure not only that they are legally compliant but that they are aligned with GCs own values. Annual reviews are used (in common with other policy areas) to monitor development and ongoing compliance. Support is offered to any Supply Chain Partners where it is considered they fall short of expectations at due diligence and throughout the relationship, and GC's own processes and including their "Safe, Well and Equal" strategy are shared as models. Supply Chain Partners were aware of the support available and were able to confirm that GC have a proactive interest in equality and diversity performance, although no examples of support from GC were found within the sample. A broad range of appropriate equality and diversity data is reported by Supply Chain Partners and reviewed and aggregated by GC in the delivery of the supply chain contracts. Targets or KPIs relating to equality and diversity among participants / service end users are included within some contracts and reviewed as part of the PMP.

Arrangements for exit of a Supply Chain Partner, and indeed the planned closure of contracts, are formalised and well-known to staff and to Supply Chain Partners. In cases where individual Supply Chain Partners have exited early, the assessment found that appropriate procedures including the return of contract delivery papers to GC premises, withdrawal of systems access, reconciliation of a final payment and the transfer of customers to new Supply Chain Partners had been well managed and was effective.

9. CONCLUSION AND CONDITIONS OF ACCREDITATION

Improvements have been made by The Growth Company since the last assessment, and it was particularly noted that significant progress has been made in the principles of Design and Quality Assurance and Compliance. This contributed to an overall increase in the organisation's score, resulting in 75% overall, compared with 70% two years ago.

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: (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.
- 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.

	
PO Box 14, Grantham, Lincolnshire NG31 0EL	T: 0044 (0) 2038805059 E: merlin@assessmentservices.com https://twitter.com/merlin_standard