



merlin standard

**THIRD SECTOR CONSORTIA  
MANAGEMENT LLP**

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## 1. KEY INFORMATION

Assessment Type	INITIAL ASSESSMENT
Assessor's Decision	STANDARD MET
Anniversary Date	18/11/2022
Assessment Dates	16/11/2020 – 18/11/2020
Lead Assessor's Name	LORNA BAINBRIDGE
Customer ID	C29624
Assessment Reference	PN104882

## 2. ASSESSMENT OUTCOME

<b>OVERALL OUTCOME</b>	<b>85% Excellent</b>
1. Design	87% Excellent
2. Procure	87% Excellent
3. Contract	80% Good
4. Funding	87% Excellent
5. Develop	87% Excellent
6. Performance Manage	86% Excellent
7. Quality Assurance and Compliance	92% Excellent
8. Review and Close	76% Good

### 3. METHODOLOGY

Third Sector Consortia Management LLP (referred to as 3SC or the Organisation throughout the report) voluntarily opted to be assessed against the Merlin Standard. The purpose of the assessment was to gain objective feedback from a third party regarding their supply chain management practices; to clearly understand what is working well; and to establish areas for further development/improvement.

The assessment team comprised of Lorna Bainbridge (Lead Assessor) and Susan Smith (Team Assessor) supported by a coordinator from within 3SC. The Lead Assessor started to work with the coordinator in July 2020 to establish the scope and discuss the logistics of the assessment. The dates for the remote evidence collection 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 (referred to as Delivery Partners by 3SC). The on-line survey was sent to the Delivery Partners prior to the evidence collection, which provided the opportunity for 100% participation in the assessment. Overall, 43% of the Delivery Partners returned the survey, and the results indicated that a majority were highly satisfied with the relationship and support gained from 3SC.

The Lead Assessor liaised with the coordinator prior to the evidence collection activity to review the schedule and logistics. All documentation required for the assessment; Self-Assessment Questionnaire (SAQ), Pre-Assessment Notes (PAN) and schedule were shared in line with the agreed timescales to enable the assessment to take place as planned.

The assessment team spent a total of 2 days each reviewing documentary evidence and undertaking interviews with 3SC staff involved in the strategic and day-to-day management of the supply chain. In addition, 24% of the Delivery Partners were interviewed, which included potential, present and past, delivering specialist services (tier 3). A representative sample of Prime Organisations were also interviewed.

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

## 4. ABOUT THE ORGANISATION

3SC is a social enterprise that builds and manages supply chains of, primarily, third sector organisations across the UK to deliver public services. 3SC's vision is of the third sector delivering an ever-increasing share of public services and a greater amount of social impact. To realise the achievement of our vision, 3SC win contracts on behalf of consortia of charities, social enterprises, voluntary and community organisations of all sizes but mostly small to medium enterprises using a mutually beneficial collaborative and partnership-based business model. All have a vital role to play in the delivery of public services, but the size and complexity of the tendering process and increasingly demanding contracts can make it difficult for them to compete on their own. 3SC gives third sector organisations a chance to compete for, and ultimately deliver, such contracts.

3SC was formed some 11 years ago and has supported and enabled the third sector to access over £84.5 million in public funding. In 2018-2019 alone it supported their supply chains to access in excess of £8.7 million. The Organisation has delivered 27 major contracts for a wide range of Central and Local Government commissioners, including the Welsh Government, in the justice, young people, disabilities and employability arenas.

Currently, 3SC manage supply chains delivering a range of contracts for different Primes or Commissioners, for example:

- Access to Work (AtW) in Wales on behalf of the Prime - Royal British Legion Industries, whereby 3SC gain 50% of the referrals,
- Speciality Employability Service (SES) on behalf of the Prime - Royal National College for the Blind, once again gaining 50% of the referrals,
- Neuro Diverse Strategy Coaching (NDSC) programme on behalf of the Prime - Hands-Free Computing, whereby 100% of the referrals are given to 3SC,
- Transforming Rehabilitation - managing offender facing rehabilitative and probation services across the 5 Purple Futures Community Rehabilitation Companies (CRCs) whereby 100% of the service is allocated to 3SC, and
- Dynamic Purchasing System (DPS) contracts which are commissioned directly by the Department for Work and Pensions (DWP) and obtained by instructions from local Jobcentre Plus (JCP) Managers.

In addition, two grants were being mobilised at the point of assessment, which included Parental Employment, commissioned by the Greater London Authority (GLA), and funded by European Social Funding (ESF), and the gateway for the DWP Kickstart Scheme. The latter provides funding to employers to create job placements for 16- 24 year olds who are on Universal Credit. These contracts contribute to 3SC's long-term plan of diversification, whilst remaining focussed on the VCSE organisations, and social impact.

3SC has developed a membership base which is currently made up of over 80 VCSE organisations who have paid a nominal fee to gain access to business support, advice and guidance. In summary, the membership offer is aimed at developing sustainable organisations that grow and have a social impact.

## 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:

3SC win and manage contracts on behalf of Voluntary, Community and Social Enterprise (VCSE) organisations, and as a result, the focus is to build supply chains comprising of these types of organisations. However, there was the presence of private and public sector organisations to address gaps in provision, for example, geographical location, specific service and expertise. Organisations were of varying sizes, from sole traders through to national providers, and of different legal status. (1.1)

The make-up of the supply chains is reviewed on a monthly basis by the management team, which has resulted in supply chains evolving over the life of the contract to meet the current and changing customer needs, as well as those of the Commissioner/Funder. There was evidence of new providers, for example, equine therapy to provide a specific service in the justice sector, through to Delivery Partners gaining additional funding due to the flexibility and reach of the service provided. In the event of a Delivery Partner leaving a supply chain, for any reason, 3SC have contingency plans in place, which are discussed with the Delivery Partners. (1.6)

Delivery Partners confirmed that the Expression of Interest (EOI) was straightforward and less time consuming than many other Primes, as the focus was on the service offer and previous experience. 3SC are quick to engage in conversation with potential Delivery Partners to gain a greater understanding of their provision and contribution to the contract. Delivery Partners spoke highly of the regular communications from 3SC when waiting for a bid outcome from the Commissioner/Funder. Subsequently, notification of being successful or unsuccessful is prompt and contains clear feedback. In particular, Delivery Partners clearly understood the purpose of due diligence and found this to be robust but very supportive. (2.1)

3SC designed a clear strategy to manage the transfer of funds to Delivery Partners, which aimed to reduce the administrative burden, and this has been successful. Delivery Partners understand the self-billing process and confirmed that, as a result, payments are consistently accurate and timely. (4.2)

The ethos of 3SC is to support, develop and encourage its Delivery Partners to meet the contractual requirements, as well as build a sustainable business. Many Delivery Partners (sole traders and small businesses) explained that 3SC had worked with them to develop policies, procedures and practices, including those relating to quality assurance, that assists them in working in the field of public funded provision, not limited to the contract with the Organisation. 3SC actively promote other funding streams to Delivery Partners, and where appropriate, have approached Delivery Partners to expand their service offer within an existing contract, or contribute to other contracts. (5.1, 5.2)

Delivery Partners confirmed that they had a named contact from within 3SC; the Contract Performance Manager (CPM), who was readily available and accessible to provide support. In addition, other named individuals are known to Delivery Partners, whereby additional support, advice and guidance can be gained, for example, quality assurance and business development. Communications with 3SC were viewed as being open and transparent, and reference was made to 3SC personnel being knowledgeable about the sector and highly professional. (6.1, 6.2)

The monthly Contract Performance Assessment (CPA) is a formal process whereby all Delivery Partners review performance with the CPM to identify good practice and areas for improvement. Whilst this is a lengthy process for some Delivery Partners, it is valued. It provides them with the opportunity to discuss issues relating to the contract, as well as broader concerns regarding the business. Consequently, Delivery Partners confirmed that they received extensive advice and guidance to address performance issues within the contract and relating to other aspects of the business. (6.3, 7.3)

3SC has adopted a range of communication strategies to ensure Delivery Partners are aware of changes in contractual requirements, policy and strategy information, as well as updates to regulatory and legislative requirements. Subsequently, the CPM checks understanding and if appropriate, the implementation of the requirements. Once again, many Delivery Partners made reference to advice and guidance being provided to ensure they meet the new requirements and continue to operate in line with the Commissioner/Funder expectations. (7.1, 7.3)

The Quarterly Deep Dive (QDD) is a robust approach to quality assurance and compliance. Irrespective of the size of the contract, a Delivery Partner is engaged in the QDD process, which includes dip sampling of files to ensure compliance through to a review of customer feedback to ensure a quality service is being provided. An action plan is developed as a result of the activity, whereby the Delivery Partner takes ownership for actions to be undertaken and subsequently updates the CPM throughout the monthly CPA. (7.2)

## 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.

Although each of the following criteria achieved a score of 4-Good (strengths and some satisfactory areas identified), the assessment team identified development opportunities to the satisfactory aspects of the criteria. The numbers in brackets refer to the criteria of the Standard.

3SC and Delivery Partners actively work together to ensure the success of the respective contract. As a result, the Delivery Partners truly believed it was a genuine partnership, both taking ownership and responsibility. Similarly, Delivery Partners within the Justice Service confirmed that they are encouraged to work with others within the supply chain, and share best practice; however, this was not consistent across all supply chains. In the future, consideration could be made to enabling Delivery Partners to work collaboratively and share best practice in meaningful ways that add benefit. (1.4, 6.6)

3SC strive to simplify the contracts, ensuring that they are readable and easy to understand. As a result, the Delivery Partners fully appreciate what is expected of them and what they can expect from the managing agent (3SC). In the future, 3SC may find it beneficial to undertake a contract audit with Delivery Partners three-months into the delivery of the contract. This would ensure the Delivery Partner could gain clarity in relation to the key measures, including key performance indicators (KPIs). It would also ensure there had been a smooth handover from contract signatory in the Delivery Partner to their operational staff. (3.1, 3.2)

A robust annual due diligence ensures that Delivery Partners have appropriate policies and procedures, to address regulatory and legislative requirements and meet the needs of the Commissioners/Funders. Subsequently, throughout the monthly CPA issues relating to health and safety, safeguarding and data security are discussed. Whilst Delivery Partners confirmed that the Environmental Sustainability policy/plan was submitted as part of the annual due diligence, they failed to recollect any further reference. As a result, consideration could be made to facilitating meaningful discussions around environmental sustainability to assess the implementation and impact against key measures, from time-to-time. (7.4)

The following criteria achieved a score of 3-Satisfactory (a balance of areas for development and strengths identified), and the assessment team identified development opportunities to certain aspects of the criteria. The numbers in brackets refer to the criteria of the Standard.

There was evidence of 3SC signposting Delivery Partners to learning and development activities to meet specific needs, as well as hosting developmental workshops, for example, bid writing, mental toughness and managing a team virtually. In the future, consideration could be made to ensuring Delivery Partners understand which party, 3SC or themselves, is responsible for learning and development. However, it is recommended that 3SC undertake a training needs analysis with Delivery Partners to identify the learning and development of the team, and subsequently measure the impact on the performance of the individuals and contract. (5.3)

Delivery Partners are encouraged to undertake an annual Self-Assessment Review (SAR) resulting in a Quality Improvement Plan (QIP) for the contract, which is subsequently monitored throughout the year. Whilst 3SC have a robust approach to quality improvement and have a Continuous Improvement Plan, as well as a range of action plans, the Delivery Partners failed to appreciate how they contributed to these. Consequently, consideration could be made to reviewing the approach 3SC undertake, adopt a far more inclusive approach and close the loop, for example, 'You Said, We Did'. This would enable the Delivery Partners to understand their contribution and the improvements required for the respective contract, and/or 3SC. (6.7)

The systems and processes for contract close are designed to ensure the requirements of the Commissioner/Funder are met and to protect the Delivery Partner and 3SC. Past Delivery Partners confirmed that the closure of the contract was smooth, with clear timelines and activities to be undertaken, and final payments received, accurately and timely. However, at the time of assessment, Delivery Partners failed to be aware of the approach 3SC would take to handle the end of the relationship for the current contract. Consequently, 3SC is encouraged to provide Delivery Partners with an overview of its approach at the outset of the contract, which can be a point of reference. This would provide Delivery Partners of the minimum expectation in the event of contract closure or termination. (8.5)

## 7. FINDINGS

### PRINCIPLE 1: Design

3SC win public service contracts on behalf of the VCSE organisations with the aim of the third sector delivering an increasing share of public services and creating a greater, better and positive social impact. Consequently, to contribute to its aim, the Organisation is constantly seeking bid opportunities through a range of channels, including but not limited to Sell to Wales, Pro-Contracts, Employment Related Services Association (ERSA) and BRAVO. Once an appropriate opportunity is identified extensive research is undertaken by the Head of Business Development to establish key facts, for example, customer groups, demographics, locations and indicative numbers, as well as gaining a better understanding of key objectives and requirements of the contract.

An outline proposal and EOI is designed and subsequently promoted to a list of 4500 potential Delivery Partners. This is tailored if the contract offer is for a specific location, for example, London based organisations for the GLA contract. In addition, an advert is placed via one of the industry advertising channels, for instance, ERSA and Clinks. Consequently, the reach of promotion includes private, public and third sector organisations.

The design of the supply chain is focused on using VCSE organisations of any legal status, and SMEs (Small, Medium, Enterprises). However, when reviewing the EOIs consideration is made to the best-positioned organisation to be able to meet the contractual requirements, cover a specific location and demonstrate a good performance record in their service delivery. As a result, if a VCSE organisation cannot cover an area of expertise or location, consideration is made to private and public sector organisations of varying sizes and legal entities. Currently, the employment supply chains include; 10% private and 5% public sector, 28% are sole traders and 57% third sector. Comments from Delivery Partners included:

*"We are a small CIC and 3SC help manage the relationship with West Yorkshire CRC."*

*"I'm a self-employed person and wouldn't normally be able to work on Government funded contracts like this."*

*"We're a small training provider, and this is our first chance to work on such a contract."*

3SC actively encourage Delivery Partners to utilise wider networks to meet the current and potential customer needs. Whilst 3SC originally developed and maintained a directory of referral organisations for the Purple Futures CRCs; this stopped on the request of the Prime. Subsequently, Delivery Partners stay abreast of the local services and signpost customers to gain the support required. In addition, representatives from the Delivery Partner organisations are encouraged to be part of local groups, which facilitate networking and the opportunity to promote their services, and in some cases, influence the shape of the delivery in the future.

The initial design of a bid is based on information provided by the potential Delivery Partners who have submitted an EOI. For example, the Delivery Partners who expressed an interest in the GLA Parental Employment contract spoke of conversations with 3SC, whereby they shared their ideas regarding the delivery model, which informed the bid. Upon winning a contract Delivery Partners are engaged in further discussions to design the delivery model and the underpinning systems and processes to meet the Commissioner/Funder requirements and those of the customer.

Throughout the life of the contract, the Delivery Partners share best practice within the monthly CPA, as well as networking groups and forums, which contribute to shaping the systems and processes. In some cases, this is based on the Commissioner/Funder requirements, or the needs of different customer groups, for example, referral mechanisms. Comments from Delivery Partners included:

*"We were asked how we would best deliver the service."*

*"We have jointly changed the way we do things."*

*"We inform the systems and processes through the monthly CPA."*

*"I was asked my opinion of £120 per head for the service delivery, and what this could look like."*

*"The use of a QR code has been introduced, which we were asked about."*

3SC work in collaboration with the Delivery Partners and act as an advocate on their behalf with the relevant Prime, which is valued by all parties. Delivery Partners within the Justice Programmes work together, actively sharing practices and when appropriate signposting customers to each other's services. Comments from Delivery Partners included:

*"There are networking events across the region – we worked with Shelter to complement their delivery."*

*"We collaborate on some training opportunities."*

*"We've signposted customers to other organisations, and also received referrals from others."*

VCSE Delivery Partners actively seek to partner with 3SC as they champion the work they do and actively advocate for the sector. In addition, their values and behaviours are strongly aligned. Similarly, organisations from the private and public sectors that have a social conscience recognise that working in partnership with 3SC contributes to their vision and mission and that their core values are aligned. Comments from Delivery Partners included:

*"They oversee our work and act as a go-between for us."*

*"Same vision and values."*

*"We are both about personalised client support."*

The management team review the performance of Delivery Partners and the respective supply chains on a weekly basis, and this has resulted in changes to supply chains over the life of the respective contracts. For example, a Delivery Partner was under-performing and, as a result, the contract was terminated and a new Delivery Partner brought into the supply chain. Additionally, Delivery Organisations have been introduced to provide new services, which contribute to customer's need, for example, equine therapy, and another had additional referrals due to its ability to provide a service virtually and reach customers from further afield. Comments from Delivery Partners included:

*"There was a review of the contract after each phase and a look at what the supply chain needed."*

*"We know if there is underperformance in the contract, the allocations will change."*

## PRINCIPLE 2: Procure

Delivery Partners recollected learning about the opportunity to work with 3SC via an email, newsletter, or networking forums, as well as advertisements through ERSA and Clinks. The EOI was reported to be straightforward with minimal information being requested, for example, finances, the service offer and previous performance. Subsequently, 3SC's Head of Business Development engages in conversation with potential Delivery Partners to gain additional information regarding the service they provide, previous performance and how they can contribute to the contract.

Regular communication from 3SC ensures that the potential Delivery Partners are kept informed regarding the status of the bid and whether they are successful, or unsuccessful. Delivery Partners confirmed that written notification was received in a timely manner and clearly indicated the outcome. Unsuccessful Delivery Partners confirmed that they received feedback, indicating the reason for being unsuccessful, and as a result, understood what would be expected in the future.

The Delivery Partners spoke highly regarding the approach and rationale for undertaking due diligence, as this was explained prior to starting the process. In addition, a due diligence checklist clearly indicated the information, policies and procedures required. Delivery Partners confirmed that the due diligence was robust, but supportive and developmental. One Delivery Partner explained that the process took in excess of two months, however, the support from 3SC was extensive as they submitted policies and procedures and gained feedback before sending the next batch. Comments from Delivery Partners included:

*"They checked all our policies at the start and helped us tweak a few."*

*"There was good support during due diligence and help to tweak our policies."*

*"If I didn't have a policy they provided a template, or I could sign up to the spirit of their (3SC) policy."*

*"Membership of 3SC means you can access help to develop your policies!"*

3SC commission the services of an external HR Consultant, and as a result, has access to current and accurate requirements relating to TUPE (Transfer of Undertakings Protection of Employment). There has been no TUPE activity in the past two years, and consequently there has been no requirement to utilise the Consultant in this capacity. However, TUPE is currently being investigated in relation to the closure of the CRCs and transfer back to National Probation Service in 2021. The Consultant is working with the 3SC management team to establish whether TUPE is applicable. 3SC also engage the HR Consultant to provide free advice to the Delivery Partners, if required.

The concept of having a viable and transparent allocation of market share within the supply chains is not applicable to tier 3 Delivery Partners. However, in the case of the GLA Parental Employment contract there is a need to allocate market share, and this had been discussed and agreed with the three Delivery Partners within the supply chain. In addition, in the event of a Delivery Partner underperforming or opting to leave the supply chain, the reallocation of market share has been openly discussed and agreed. Consequently, the Delivery Partners confirmed the allocation of the market share was viable and transparent. One comment included:

*"3SC have been very transparent about the split of the profile."*

Volume, funding/finance and performance expectations form part of the initial discussions with all Delivery Partners at the bid writing stage prior to contract award. If successful, the volume, finance and performance expectations are clearly documented, outlined in the Operations Manual and confirmed in the contract. Throughout the life of the contract there is flexibility, for example, on the AtW contract, if one Assessor is too busy to accept a referral, there are other Assessors who work in neighbouring areas whereby the work can be allocated.

### PRINCIPLE 3: Contract

3SC flow down the terms of the contract they have with the Commissioner/Funder to the Delivery Partner's contract, or a Service Level Agreement (SLA). The documents clearly outline performance, quality, risk and compliance expectations, as well as volumes and funding arrangements, as agreed. The Head of Business Development reviews the contractual risks relating to performance such as Payment by Results (PBR) with each Delivery Partner to ensure there is a full understanding of the terms and conditions, expectations and associated risks. Comments from Delivery Partners included:

*"Clear contract in place."*

*"We have a contract which outlines what's required."*

*"We reviewed the contract with X before signing, and so understand the risks."*

A Contract Management Manual is produced for each employment contract. This details the main processes and requirements that flow from the contract, including what needs to be returned in the way of paperwork, such as customer plans and outcomes documents.

There is a clear process for managing Change Notices and Contract Variations, as these are used to update or record any changes in the contractual relationship with the Delivery Partners. 3SC ensure Delivery Partners understand the impact of the change/variation and receive relevant signatures in return.

The performance expectations in relation to KPIs are shared with potential Delivery Partners at bid stage, and subsequently formally agreed with the contract or SLA. Consequently, Delivery Partners are aware of the performance expectations from the start, which was confirmed by a majority of Delivery Partners as they explained the key measures for their respective contract. Comments from Delivery Partners included:

*"Its always been very clear what's expected of us as a spot purchase provider."*

*"Expectations are clear right from the start."*

3SC has developed a complaints/dispute resolution process for Delivery Partners to escalate issues formally. This is explained in pre-contract conversations, communicated further within the contract/SLA and promoted on the 3SC website. Delivery Partners confirmed their awareness of the complaints/dispute resolution process, and that they would be confident to utilise it if required. However, Delivery Partners explained that they would have a conversation with their respective CPM, or their line manager, with the aim of resolving the issue before moving to the formal process. At the time of the Merlin assessment, 3SC had not received any formal complaints/disputes from Delivery Partners.

## PRINCIPLE 4: Funding

The funding and payment arrangements are discussed throughout the development of the bid, which ensures the Delivery Partners clearly understand what they can expect. The Head of Business Development undertakes financial modelling with Delivery Partners to ensure a real understanding and realisation of the resources and set-up costs, specifically in the case of a PBR contract. The funding and payment arrangements are also outlined in the contract/SLA and the Contract Management Manual. As a result, Delivery Partners confirmed that they were aware of the funding and payment arrangements prior to contracting. In addition, they confirmed that 3SC had been open and transparent in their funding arrangements, and the contract is viable and does not cause undue financial risk.

3SC has designed a process to manage the transfer of funds/finance within the network. The aim was to minimise the administrative burden on the Delivery Partners; as a result, a self-billing system has been successfully implemented. Delivery Partners confirmed that the self-billing process is straightforward, and subsequently, throughout the life of the contract, all payments had been made accurately and in a timely manner. The Delivery Partners failed to recollect any occasions whereby payments had been inaccurate or late over the past four years.

3SC get paid a % management fee to manage the delivery of tier 3 Delivery Partners, for example, in the ATW, SES and NDSC contracts. In the case of the GLA Parental Employment Grant, 3SC take 15% as the Lead Delivery Partner to deliver certain aspects of the collaborative programme as set out in the tender. The Delivery Partners confirmed this had been openly discussed prior to submitting the tender and signing their sub-grant agreement, and as a result, understood what they received in return. Examples included: performance management, quality assurance and risk management, and management information.

## PRINCIPLE 5: Develop

A key strength of 3SC is the way it works with the Delivery Partners to support, develop and encourage them to fulfil their contractual obligations from contract award and throughout the life of the relationship. This starts at due diligence whereby advice and guidance are provided to ensure the policies and procedures are fit for purpose and meet the minimum requirements. Delivery Partners spoke of 3SC sharing their policy and adapting it to represent their organisations, whilst sole traders were able to sign up to the spirit of the 3SC policy, removing the need to develop their own. Comments from Delivery Partners included: *"They shared their policies and we were able to use these as templates."*

*"3SC have shared their policies which we have adopted and this has made us a more robust business as a result."*

*"We didn't have to make-up policies; we could have signed up to the spirit of theirs!"*

The Delivery Partners confirmed that the on-boarding for the respective contract was thorough and as one commented: *"no stone was left unturned"*. A Contract Management Manual is produced for the employment contracts, which provides extensive guidance relating to the delivery model, systems and processes, as well as the documents to be used. Subsequently, the monthly CPA and QDD were viewed positively, as very often these enabled Delivery Partners to design their own procedures and practices, which can be used across their organisation. Several Delivery Partners made specific reference to compliance and quality assurance, whereby they had minimal processes at the start of the contract, and now had a far more robust approach, resulting in meeting KPIs and positive feedback following audits and service reviews. In addition, reference was made to developing approaches to managing risks, and as a result, developed a risk register and risk assessments.

The support and development of VCSE organisations are extended to 3SC's membership base, as member organisations have access to information, advice and guidance (IAG) to enable them to build capacity and develop comprehensive services to support them to remain viable and sustainable, and grow.

Delivery Partners and member organisations are advised of future funding and grant opportunities, at local, regional and national levels, and where appropriate, actively encouraged and supported to write the bid. This approach has enabled organisations to gain additional contracts and, in some cases, expand their delivery into new locations. A number of Delivery Partners made reference to growing their business, as well as developing robust systems and processes across their organisation to assist them in working in the field of public funded provision. Comments from Delivery Partners included:

*"We have been helped as a business to grow."*

*"Being a member of 3SC gives us access to lots of information about other funding opportunities."*

*"We have been signposted to other sources of funding."*

*"That's why we joined 3SC, we don't have the skills or time to be looking for bidding for other funding streams."*

*"X advised me of some local funding, which I wasn't aware of."*

*"They've helped us get new contracts each year."*

*"They're genuinely interested in developing and supporting third sector organisations."*

Delivery Partners made reference to the one-to-one support provided throughout the life of the contract, as well as the networking opportunities (Justice Programmes) and on-line forum (SES) whereby learning and development take place. In addition, reference was made to specific training activities, for example, CRM (Customer Relationship Management) system, quality assurance, risk management, bid writing and mental toughness, as well as Disability Confident, to mention a few. Comments from Delivery Partners included:

*"X spent a lot of time with us, providing extra support."*

*"Networking meetings are informative and an element of learning."*

*"We were made aware of Disability Confident programme, and starting our journey."*

*"We were signposted to some on-line mental health training."*

*"They gave us some coaching on using their portal."*

## PRINCIPLE 6: Performance Manage

Delivery Partners have access to a named CPM, as well as other designated individuals to provide additional support and IAG throughout the life of the contract. Delivery Partners were aware of the named personnel who were available to them, and consistent reference was made to a high level of professionalism and knowledge regarding the contract and sector. Subsequently, the CPM and others across 3SC are seen by Delivery Partners as investing time in developing and maintaining a good relationship, creating a culture whereby partnership working is truly valued. Comments from Delivery Partners included:

*"Throughout the EOI there was a named contact, and now we have a CPM, who has changed while we've been working with 3SC."*

*"It is very clear who we talk to about what."*

*"My contract manager is my point of contact."*

*"For a small organisation they have the right structure and know what they're doing."*

3SC has created a culture across the supply chains in which communication is open, honest and without unreasonable constraint. Delivery Partners confirmed that they were confident to discuss anything in relation to the contract and the wider business. They also confirmed that interactions were positive and supportive, and individuals consistently went above and beyond. Communications with 3SC were viewed as open and honest, with interactions consistently being positive and supportive. Comments from Delivery Partners included:

*"Professional and supportive."*

*"Open and honest."*

*"Reliable and professional."*

*"Hard working with meticulous communications skills."*

*"X is very professional, committed and supportive."*

*"X is very supportive and understanding."*

*"X is very thorough, attention to detail, honest and supportive, and protective – as we're learning."*

Delivery Partners made reference to the monthly CPA being a robust and thorough process whereby it provides the opportunity to review performance, identify good practice and areas for improvement. Whilst the CPA is onerous in terms of preparation and time, Delivery Partners confirmed that it was invaluable in terms of ensuring they are staying on track, enabling them to discuss their challenges within the contract and the wider business, as well as learning from others' practices, for example, gaining referrals, providing in-work support, etc. Comments from Delivery Partners included:

*"Regular monthly performance meetings which review all aspects of delivery."*

*"A supportive process that helps us stay on track."*

*"Over the life of the contract 3SC have become understanding, it is all about performance, but they are more realistic."*

3SC write their own software for each new contract and create on-line portals for Delivery Partners to use throughout the life of the contract. Consequently, Delivery Partners have access to a CRM which is fit for purpose, as well as current and accurate management information. The management information is used by Delivery Partners to monitor performance against KPIs, and throughout the monthly CPA and QDD, and facilitates the self-billing function, contributing to accurate payments. Comments from Delivery Partners included:

*"MI reports are really useful – full of detail."*

*"The system is really easy to use, especially for looking at how much you will be paid and this saves me running my own system alongside it."*

*"The MI is great, and provides loads of data."*

A further development currently taking place is the forthcoming electronic document signature process, which is based on consultation with Delivery Partners. This will operate from the customer's smartphone replacing an email signature process which was found to be cumbersome.

Delivery Partners cited performance improvements as a result of working with 3SC with specific reference being made to increasing referrals and developing better relationships with employers. In addition, reference was made to developing quality assurance practices and as a result, the Delivery Partners were meeting specific KPIs and documentation was being submitted accurately with no actions identified as a result of the QDD.

3SC's bespoke CRM/management information portals provide a platform to view the customer journey and progression of each individual, at any time and in real time. As a result, performance is closely measured and managed in this area with good practice and innovation being captured and areas for improvement identified. Good practice and innovation is disseminated to Delivery Partners via ongoing CPAs and email communications. In addition, different methods have been used to support Delivery Partners to share practices, for example, the networking forums and on-line forum, and more recently, Instagram and WhatsApp are being considered.

Delivery Partners value the opportunity to learn from others; what has worked well and what failed to deliver the results. Examples provided included those relating to compliance and quality assurance of the service, risk management and risk assessment methodologies, and attachment on referral forms. Comments from Delivery Partners included:

*"We have shared how we assess clients and compared practice – without breaking confidentiality of course."*

*"We learnt how others manage their risk, and complete meaningful risk assessments on the business."*

Delivery Partners use the monthly CPA and quarterly QDD to enable them to identify strengths and areas for improvement in relation to performance and quality assurance. These result in the development of an action plan, which is subsequently reviewed throughout the next CPA. Delivery Partners are encouraged to undertake an annual SAR resulting in a QIP for the contract, which is monitored throughout the year. However, there was a lack of understanding amongst Delivery Partners in relation to how they contribute to 3SCs SAR and QIP cycle.

## PRINCIPLE 7: Quality Assurance and Compliance

Delivery Partners are aware of changes in contractual requirements, policy and strategy information, as well as updates to regulatory and legislative requirements through a range of communication channels, for example, email, newsletter, network meetings and directly from the CPM. Delivery Partners confirmed that such communications were easy to understand, and the CPM checks receipt and understanding, as well as implementation, if appropriate. On occasions, the CPM has provided additional advice and guidance in terms of what the change means in practice, for example, Modern Slavery Act 2015 and GDPR 2016/679 (General Data Protection Regulation). Subsequently, the annual due diligence reviews the policies and procedures to ensure they continue to meet legislative and regulatory requirements. Comments from Delivery Partners included:

*"The newsletters are short and sweet, with relevant updates, funding opportunities - it's really proactive communication."*

*"X always checks I've received an update, and whether I understand the changes that apply to us."*

The CPMs carry out the QDD activity for every Delivery Partner in every contract. The QDD focuses on a sample of customer records that are reviewed in detail to ensure all the information is recorded, accompanied by dates and signatures. An action plan is drawn up as a result of the activity, outlining actions to be undertaken to resolve the discrepancies. The action plan subsequently feeds into the next QDD; however, Delivery Partners spoke of these also being reviewed throughout the CPA, if appropriate.

Several Delivery Partners explained how the QDD had informed the development of their own policies, procedures and practices to ensure compliance and quality of service. Some examples included: the development of customer's action plans to contain all the information required to meet the minimum standard, the type of evidence to present to demonstrate the work undertaken with a customer, as well as processes to track customer progression and gain feedback from the service users. Comments from Delivery Partners included:

*"It is a lengthy process, but has definitely helped us to develop our practice."*

*"10% of files are checked, and it's a real deep dive into the customer journey, and picks up things we may have missed, we've certainly got better over time."*

Delivery Partners and members value the relationship with 3SC and the fact that they can access impartial IAG to support them deliver the contract and/or contribute to the development of the organisation. Delivery Partners cited many examples whereby IAG had been provided, and comments included:

*"X looked at how we could maximise our funding."*

*"We've talked about ways of working with clients, and took on board some of the advice given by X."*

*"We've received a lot of support and guidance around action planning and how to evidence the work we do with customers."*

*"X shared information on other services we can signpost customers to, to progress their journey."*

*"The information about Disability Confident was really useful."*

The due diligence process that takes place prior to contracting requires Delivery Partners to provide 3SC with information relating to insurances and their strategies, policies and procedures on Health and Safety, Safeguarding, Information Security and Environmental Sustainability. As previously stated, 3SC provide Delivery Partners with IAG to ensure their policies and procedures are fit for purpose and meet all stakeholder (Commissioner/Funder and 3SC) requirements. Feedback is provided to Delivery Partners advising them of whether the policies meet the requirements, and an action plan discussed and agreed to address the shortfall, for example, the inclusion of Modern Slavery in the Safeguarding policy. Alternatively, if appropriate, for example, a sole trader or small business can sign up to the spirit of the 3SC policy to remove the barrier of working on a public contract.

The monthly CPA incorporates a review of any Health and Safety, Safeguarding and Information Security issues and concerns, and appropriate support is provided to the Delivery Partner if required. Subsequently, an annual due diligence activity is undertaken to ensure policies continue to meet the minimum requirements, and once again, if appropriate, feedback is provided to Delivery Partners with action plans to ensure updates have been addressed fully. Comments from Delivery Partners included:

*"There is a robust annual due diligence that checks all."*

*"We review any health and safety and safeguarding matters at the monthly review meetings."*

Similarly, whilst not a legal requirement for all Delivery Partners, there is an expectation that they will have a Modern Slavery statement, as a minimum. As a result, IAG has been provided to several Delivery Partners to incorporate the statement in their Safeguarding or Prevent policy. Comments from Delivery Partners included:

*"I have developed my own Modern Slavery statement – it's relevant as I signpost clients to products and services - so there is a need to consider Modern Slavery within the supply chain."*

*"3SC advised us to incorporate a statement in our Safeguarding policy."*

*"They recommended we had a statement indicating how we manage Modern Slavery, so we developed one, which relates to our organisation and the service we provide."*

## PRINCIPLE 8: Review and Close

3SC hold various accreditations, for example, ISO9001, ISO14001 and ISO27001, and external assessments are carried out each year by the British Assessment Bureau. The feedback and recommendations are subsequently reviewed and inform future improvements for the organisation. Similarly, 3SC embarked upon the Merlin journey to gain objective feedback in relation to their approach to supply chain management.

Annual surveys of Delivery Partners and Primes are undertaken to gain feedback relating to the relationship, practices adopted by 3SC and the impact they have had on their business. The recommendations from these surveys go into the 3SC Continuous Improvement Plan which is reviewed quarterly. One area that was identified for improvement as a result of feedback in 2019 was to increase Delivery Partner's understanding of what due diligence is, and why due diligence is undertaken. A leaflet was designed explaining the purpose of due diligence, and further discussions were held with the Delivery Partners. The same question will be posed in the 2020 survey to establish whether there is a greater understanding and appreciation of why due diligence is undertaken.

Other feedback mechanisms utilised with Delivery Partners are throughout the monthly CPA, networking forums, and informally with the CPM, or higher managers. 3SC staff comments included:

*"We are involved in the 3SC network meetings and are invited to provide an update – it is really useful to have that direct contact with the supply chain."*

*"We get some feedback but would always like more."*

3SC evaluate the impact of the service on the key targets of the respective contract and the wider social objectives. These are publicly shared through the '10 Years of Social Impact' report, as well as the website, networking forums and newsletters. The most recent data indicates that the organisation has:

- Enabled the third sector to access over £84.5m since the inception of the organisation,
- Supported the supply chains to access in excess of £8.7million in 2019/20,
- Worked with more than 2165 delivery partners,
- Worked with 55,633 people referred to a 3SC service,
- Supported 13,455 people into work,
- Supported 4,634 people with a health condition or disability stay in work supporting more than 500 in 2019-2020, and
- Helped 8,353 young people secure a better future.

Delivery Partners spoke of the impact the service was having on the wider social objectives, as well as individual customers. They made reference to submitting case studies on a monthly basis to share and celebrate their successes with 3SC and the Commissioner/Funder. Comments from Delivery Partners included:

*"The police have given us feedback; the reoffending has reduced in the area."*

*"It's about building their self-confidence and self-belief to be able to move them into employment, despite having a conviction."*

*"We help build ex-offenders self-esteem and this helps to prevent reoffending."*

*"Clients are more confident in work, some progress internally and some actually only remain in work due to the support."*

*"Improvements to anger and emotional management skills as measured in the psychological measures impact tool."*

Equality and diversity are initially reviewed as part of due diligence and also falls into the annual cycle to ensure the Delivery Partners meet the minimum standards and can be seen to promote and monitor the requirements when working within the supply chain. In many contracts, the Commissioner/Funder requires the customers to meet certain equality and diversity criteria. So this can be reported, 3SC has designed contract monitoring processes to capture the diversity of the groups that the supply chain delivers their services to. This includes gender, sexuality, ethnicity, disability and age, for example, 3SC monitor the levels of BME (Black and Minority Ethnic) service users that are given the opportunity to voice their experiences of the CRC. In May 2019, 3SC identified a gap in BME Council Members whilst completing a QDD on a Delivery Partner. Within two months of this being identified, the organisation had recruited a Council Member from the BME community.

The Equalities data in relation to customers is also collected and analysed throughout the monthly CPAs where the referral data is broken down into age, ethnicity, gender, learning and physical disabilities. As a result, gaps are identified, for example, a gender imbalance resulted in a Delivery Partner targeting different community groups to attract more females to the programme.

Past Delivery Partners confirmed that a clear process had been designed to handle the end of the relationship with 3SC and to ensure the contract was closed in line with the Commissioner/Funder expectations. An action plan was discussed and agreed, indicating key activities within an agreed timescale, for example, last referral date through to archiving and receipt of final payment. Similarly, SES Delivery Partners are currently closing the delivery in line with DWP's requirements, and an action plan has been discussed and agreed.

## 8. CONCLUSION AND CONDITIONS OF ACCREDITATION

In conclusion, this assessment provided the opportunity to review the practices of 3SC (Third Sector Consortia Management LLP) for the current contracts (listed on page 5 of the report) against the Merlin Standard. As a result, the Organisation will be accredited with the Standard for a period of two-years. 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.

3SC will be due a re-accreditation review in November 2022. Whilst an annual health check/review is not mandatory for organisations to retain accreditation against the Merlin Standard, 3SC may consider undertaking such an activity in November 2021 to gain objective, independent feedback regarding the improvements made over the year.

### 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](mailto: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](mailto: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.

	
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