



merlin

promoting supply chain excellence

**Assessment Report
For**

Ingeus

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On behalf of emqc Ltd

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About the Organisation

Ingeus is one of the UK's leading welfare-to-work providers. Since 2002, Ingeus has assisted over 100,000 clients into suitable, lasting work. In the UK, Ingeus is 50% owned by Deloitte and 50% owned by the Ingeus Group of Companies. This partnership combines Ingeus' long-standing experience in the welfare-to-work sector with Deloitte's extensive capability and capacity in large-scale programme delivery, financial and supply chain management.

Ingeus have been delivering the Work Programme since June 2011 in the following 7 Contract Package Areas; East of England, East Midlands, West London, North East, Cumbria, Lancashire, Merseyside & Halton, Scotland and West Yorkshire. The Work Programme contract in England is part financed by the European Social Fund. Ingeus also delivers the government's Mandatory Work Activity programme in East Midlands and the North East. The Work Choice programme is delivered in South London and Lambeth, Southwark and Wandsworth. Ingeus is also delivering the Work Programme as a subcontractor in the West Midlands.

Ingeus work in close partnership with Jobcentre Plus and the Department for Work and Pensions, in addition to many private, public and voluntary sector organisations, to achieve a common goal. Ingeus' supply chain brings together over 100 expert organisations across the UK for the Work Programme. It comprises of providers from the third, public and private sectors in all the areas in which Ingeus operate. Ingeus' partners provide a wide range of services, both nationally and locally, from delivering a complete end-to-end service to providing specialist services that support clients with specific needs.

Assessment Methodology

The assessment covered East of England, East Midlands, West London, North East, Cumbria, Lancashire, Merseyside & Halton, Scotland and West Yorkshire. During the assessment, assessors reviewed a range of documentary evidence and IT systems provided by Ingeus, interviewed a wide range of staff, including senior managers and customer facing staff from the supply chain network and a range of staff from Ingeus. A total of 32 representatives from 24 supply chain partners were interviewed. All principles of the Merlin standard were fully assessed by a team of 3 assessors; Rob Mottram (Lead Assessor), Neil Potentier, and Sally Ann Harding, who spent a total of 12 days onsite.

Each assessor completed the schedule of interviews over the first three days of this assessment, with verbal feedback being given to the Merlin coordinators daily. The team convened on day four to agree scorings for each criterion within the Merlin standard. These detailed findings were provided to Ingeus Merlin Coordinators, and subsequently to the representative of Ingeus including the Chief Executive Officer along with 2 representatives from the Department for Work and Pensions. This feedback included the final outcome of the assessment, as well as providing an overview of the key areas of strength and areas for improvement.

Assessment Outcome

Overall %	76%
Overall Outcome	Good
Supply Chain Design	Excellent
Commitment	Good
Conduct	Good
Review	Good

Strengths

- Excellent supply chain design. Ingeus effectively utilised the lessons learnt from previous large scale Welfare to Work delivery to ensure that an appropriate supply chain has been developed to meet the needs of stakeholders. (1a.1 & 2a.2)
- The development of an open and honest culture between Ingeus and its Supply Chain Partners are living 'our approach' which is resulting in high levels of trust and encouraging collaborative working. (2a.3 & 2a.5)
- Highly professional and well resourced. Ingeus have committed, and continue to commit considerable resources in ensuring that Supply Chain Partners have access to appropriate support and infrastructure, including documentation and resources. (3a.3, 3d.4 & 3d.5)
- Clear performance expectations for Supply Chain Partners. Robust performance management is complimented by a 'firm but fair approach'. Supportive performance management is resulting in supply chain partners improving performance. (3d.2)
- Ingeus have demonstrated integrity by waiving the intended IngeusWorks charges until June 2013. This has been well received and appreciated by supply chain partners. (3a.3)
- Ingeus continue to review and improve to increase performance. (4a)

Areas for Improvement

- Ensure Supply Chain Partners are clear about the wide range of support mechanisms available to them. Ingeus need to consider an appropriate way to ensure partners are

clear about the range and scope of the support available and how these mechanisms work together effectively to foster excellent practice and improve performance.(2b.1)

- Ensure a consistent approach is taken to communication. Given the vast array of information provided to Supply Chain Partners, Ingeus need to ensure all Supply Chain Partners receive and understand these communications and where necessary ensure partners take appropriate action. (2a)
- Consider the appropriateness of current practices and support available for geographically challenging areas. Ingeus' current practices are resulting in some Supply Chain Partners not receiving the same high levels of support from Ingeus or being able to contribute to developments in contract delivery as easily. (3b)
- Fully implement the Equality & Diversity plan and use the steering group to review data and set Diversity and Equality measures. Ingeus have identified that they need to further develop their approach to Diversity and Equality and are implementing an action plan, which will address this area for improvement. (3e.2 & 3e.3)
- Ingeus to widen the range, collection and use of feedback from all stakeholders, in particular the planned use of employer feedback to ensure that practices which provide further employment opportunities for the supply chain are secured and performance is improved. (4a.1)

Areas Requiring Further Development

None Identified

Assessment Findings

1a) Supply chain design

Ingeus have an excellently designed supply chain. Ingeus' partners deliver 44% of delivery with Ingeus own internal delivery making up the remaining 56%. Ingeus' supply chain strategy was to ensure that there was both an appropriate mix of both internal and external delivery partners used alongside a strong desire to enable a wide variety of high quality partners. This ensures that the programme gains maximum benefit from each Supply Chain Partners individual diverse area's of expertise.

Ingeus carried out a 3 stage process to develop the supply chain and its delivery model; Review, Research and Development. Review ensured that the commissioners objectives were clearly understood, particularly the use of Supply Chain Partners. Research saw Ingeus use the 'Operational Model and Innovation Initiative' (OMII) project which focused on a comprehensive review of previous delivery, including gathering feedback from Ingeus'

current delivery partners alongside consultation events with a range of third sector and specialist partners. The development stage used the findings to design the delivery model.

A 3 tier delivery model was developed, which utilised Lead Providers who deliver an 'end to end' programme. Vocational Routeways ensure that a broad range of support services is available to customers and an ACE Network offer further specialist support services which are available to be accessed by Supply Chain Partners. A dedicated budget is provided by Ingeus to use specifically with ACE Network providers. Ingeus' supply chain contains a mix of public (12%), private (41%) and third sector (47%) organisations. Ingeus Supply Chain Partner Network includes organisations with extensive experience in the delivery of large scale Welfare to Work programmes alongside new entrants to the market

Ingeus has a locally lead strategy to develop relationships with a wide and varied range of organisations outside the supply chain. These include Housing Associations, Local authorities, further education and community colleges, health providers (GP's & NHS) and employers. Ingeus also offer guidance to its Lead Providers on delivering a health and wellbeing programme to customers, based on its own expertise of delivering complimentary support to Work Programme customers through specialist health care professionals. .

Ingeus are very committed to further develop supply chain design and are due to launch an 'engagement handbook' which will set out clearly for prospective partners what they can expect when working with Ingeus.

2 Commitment

2a) Collaboration, cooperation and communication

Ingeus used a variety of established communication techniques to ensure that the approach was proactive and effective. Delivery partners were allocated a dedicated point of contact who dealt with any queries that they had during the procurement and contracting process. Ingeus issued a range of reference documents at all stages of the procurement processes to ensure Supply Chain Partners were clear and kept fully informed of any developments. Contract managers communicate with Supply Chain Partners on a regular basis and ensure that all information is received and understood by Supply Chain Partners. Ongoing communications with the supply chain have been enhanced by the recent introduction of 'weekly bullet ins' which Supply Chain Partners find very useful.

Consultation with the supply chain is an integral feature of Ingeus' approach. From very early stages of supply chain design, Ingeus have ensured that partners have had opportunity to influence delivery model design and system development. Since the contract went live some clear changes have been made to practices and process particularly regarding the recording and storing of compliance documentation. Supply Chain Partners found this activity labour intensive and time consuming, following consultation a revised approach was agreed and implemented which reduced the workload on partners. Ingeus have a initiative entitled 'Splash' which acts as a platform for innovative ideas to be collected from internal staff

which is due to be launched to all supply chain partners shortly to further enhance opportunities to develop ensure further efficiencies are made and innovative ideas are captured.

Ingeus take an active role in ensuring that Supply Chain Partners work collaboratively, Quarterly Supply Chain Partner forums are held, which also include representation from the Department for Work and Pensions (DWP) where operational activities and excellent practice is discussed. The design of the customer journey lends itself to effective collaboration between partners. Work Programme Lead Providers are provided with a dedicated budget to use specifically with ACE Network providers, the budget spend is monitored by Ingeus and Supply Chain Partners are targeted to spend the allocated funds. In Scotland an arrangement has been facilitated by Ingeus which guarantee's ACE Network providers with a clear indication of the level of activity for the coming few months.

Ingeus have clear communication channels between themselves and the supply chain network. A Contract Management Framework outlines expectations, covering performance management, quality and compliance management and payment processes. Weekly bulletins containing key updates and very accessible and experienced contract managers all contribute to ensure Supply Chain Partners are clear about business relationships that underpin the supply chain relationships.

Interactions between Ingeus and partner staff are open and honest, the range of documents and processes that are issued to support Supply Chain Partners ensure that a consistent and transparent approach is maintained and understood by Supply Chain Partners.

2b) Developing supply chain partners

Ingeus use their contract managers to coordinate the appropriate support from Ingeus' substantial centralised support teams. A number of support mechanisms are in place, including the recently launched Supplier Development Assessments. Which act as a consultancy service for organisations; reviewing organisational structures and working practices. A dedicated learning and development team deliver training on the Ingeus Caseload Management system (IngeusWorks), quality and compliance training is also delivered. There are numerous other departments that support the delivery and Ingeus need to consider an appropriate way to ensure that supply chain partners are clear as to how the support offered integrates and compliments each other.

Ingeus gives opportunity to its Supply Chain Partners and its wider Partner Network (which operates as a 'preferred supplier' list) to be included as a part of tenders submitted by Ingeus. Information on funding opportunities are also shared at quarterly forums. A quarterly Partner Network newsletter is due to be launched within the next 6 months which will develop this area further.

Ingeus employ a 'train the trainer' approach to support much of the ongoing development of supply chain staff which works alongside a 6 monthly review of all Supply Chain Partners

training and development plans. Ingeus apply a highly considered holistic and bespoke approach to the development of Supply Chain Partner staff. Feedback gathered during the assessment suggests that Ingeus need to consider how current practices can be improved to better support and provide a more inclusive approach to Supply Chain Partners operating in geographically challenging areas. Ingeus have developed a short film which is endorsed by and features the Chief Executive Officer of Ingeus which is due to be distributed to all Supply Chain partners to promote compliance and raise awareness of this particular area of operational activity.

2c) Contracting and funding

Ingeus applied a fair and transparent approach to its procurement of Supply Chain Partners. Invitations to express an interest in working with Ingeus were promoted and advertised widely. A standard Expression of Interest form was used and a selection review panel moderated proposed shortlists. Clear documentation was used at all stages to support Supply Chain Partners through the process. Potential Supply Chain Partners benefited from having a dedicated point of contact that supported them with the completion of forms and understanding of contracts, Supply Chain Partners report this as being particularly useful. Unsuccessful parties were offered feedback on their applications. Ingeus are currently involved in developing a standard 'industry wide' Expression of Interest form which will help potential Supply Chain Partners expressing interest to partner with multiple organisations.

Ingeus have funding arrangements which are fair and proportionate. Lead Providers terms broadly mirror those issued by DWP. Vocational Routeways benefit from a funding arrangement which offers a degree of 'front loading' of payments and ACE Network providers receive a payment on service and intervention delivery, rather than job outcome. Feedback gathered indicates Ingeus made small amendments to terms where possible to accommodate partners' requests.

Contractual documentation used by Ingeus is clear and core contractual requirements are shared with partners prior to partners submitting a tender. Draft contract terms are shared as early in the process to ensure that partners have ample opportunity to review and query them with their contract manager. Implementation guides provided clear guidance for Supply Chain Partners as to what Ingeus expected. One partner described the contractual documentation as "the best I have ever seen, what was required from me was crystal clear"

Market share is viable and transparent. Lead Providers receive customer flows based on specific geographical location, which was the approach set out to providers prior to contract 'go live'. Vocational Routeways and ACE Network partners receive customers based on customer need. Negotiation between Ingeus and Supply Chain Partners took place, but was constrained by commissioning timetabling and the need for contracting to terms align to those proposals made to DWP.

Ingeus operate a self billing process for the majority of its Supply Chain Partners. An invoice is generated by the system which Supply Chain Partners receive a copy of, which is reviewed and approved before returned to Ingeus who make payment within 30 days. There were no

examples given by the supply chain where payments have been held unnecessarily or delayed and Supply Chain Partners are satisfied with the current arrangements for the transfer of funds within the network. Management fee's are understood by the Lead Providers, however Ingeus would benefit from making the Supply Chain Partners aware of the wide range of support they receive from Ingeus in regard to this fee. The management fee paid by partners to Ingeus is comparable to that charged by other managing agents.

3 Conduct

3a) Demonstrating commercial and business integrity

Ingeus have arranged the supply chain to utilise partners who share its company values, which were communicated to Supply Chain Partners through the Contract Management Framework. The core principles govern how Ingeus operates with its Supply Chain Partners. Many of the Supply Chain Partners interviewed described their relationship with Ingeus using words and expressions that are used within Ingeus core principles. This bears testimony to Ingeus living their principles in a genuine and demonstrable way. The words 'open' and 'honest' were used repeatedly by partners.

Ingeus are planning on co-creating a set of supply chain values in consultation with its Supply Chain Partners which partners will agree and 'sign up to', this action is planned to take place at a delivery partner conference which is planned for later this year.

TUPE processes were managed well by Ingeus. Utilising the ERSA HR forum to communicate with other organisations a number of principles surrounding the application of TUPE were agreed and applied, this approach was built on a collective responsibility to ensure fairness of TUPE liabilities. A TUPE toolkit for Supply Chain Partners was also distributed, workshops held and members of the Ingeus HR team made available to support partners.

Interactions between Ingeus and its Supply Chain Partners are very positive and supportive. A robust contract management framework outlines the support Supply Chain Partners can expect and the approach is supported by experienced and responsive regional Supply Chain Managers and Contract Managers. Supply Chain Partners confirm that contract managers respond to queries promptly and offer a highly supportive approach. Partners also find the centralised support offered particularly helpful in dealing with queries relating to DWP issued provider guidance.

Ingeus ensure that Supply Chain Partners receive timely updates through robust communication methods. A range of Ingeus staff work to ensure that legislative requirements are communicated with partners receiving electronically updates which is adequately monitored and understanding checked by the contract managers.

3b) Quality Assurance and Compliance

A number of different teams and approaches are used in monitoring the quality of service and customer experience within the supply chain. Compliance and Quality Assurance, Regional Contract Management and Supplier Development teams are supported by other departments who carry out observations, collect feedback from customers, conduct audits, carry out supplier development assessments and other continuous improvement activities. Analysis of management information relating to quality measures are also used to inform activities. Given the wide range of activities undertaken Ingeus need to ensure that Supply Chain Partners are clear about what the purpose of the different activities are and how the activities compliment each other and improve quality of service. The frequency and intensity of the quality assurance activities are tailored to each Supply Chain Partner. Given the range of departments which are involved in the delivery of the Quality Assurance strategy a Quality framework has been developed which will support the review of all activities taking place, the launch of which is immanent.

Ingeus ensure provision of effective information, advice and guidance through a range of activities detailed above; many Supply Chain Partners are very experienced in the provision of IAG. Ingeus have recently received re-accreditation to the matrix standard. Ingeus offers good levels of IAG to Supply Chain Partners through a range of activities coordinated by the locally based Contract Manager.

Prior to contract award Ingeus issued all Supply Chain Partners with an Information Security Plan template which they supported partners in the completion of by providing guidance notes and holding a conference call where partners were given a walkthrough of requirements. Supply Chain Partners were required to self-certify their compliance with the standards, where partners fell short of the standards Ingeus provided support to help them meet the required standard. All Ingeus and partner laptops are encrypted in accordance with Ingeus' data security protocols. Annual audits are planned to assess continued compliance against these standards. On going guidance and best practice is provided to Supply Chain Partners through the weekly bulletin.

Maintaining a healthy and safe work environment is ensured by Ingeus who require Supply Chain Partners to submit a health and safety policy for review during the due diligence process. Site visits follow this where an Ingeus member of staff completes a checklist. This approach is due to be phased out with Ingeus moving toward a self declaration process which it is anticipated will become less burdensome and encourage Supply Chain Partners to take more responsibility for health and safety processes.

Ingeus ensure policies and procedures are in place to assure the safeguarding of vulnerable customers initially during the due diligence process, which reviews the Supply Chain Partners safeguarding policy. During delivery, Ingeus require delivery partners to sign an annual declaration that policies remain in place. Ingeus contract managers receive safeguarding training.

During due diligence Ingeus required partners to submit environmental sustainability policies which was reviewed for suitability. During delivery the policy and practice is reviewed by the contract managers. An environmental sustainability plan was submitted to DWP in December which details actions required to be undertaken by both Ingeus and partners, however in some cases Supply Chain Partners understanding of what environmental sustainability means in practice is limited and the focus of partners has been on improving job outcome performance.

Excellent practice is currently identified through review meetings and these examples are shared with the supply chain through teleconferences and quarterly supply chain forums. Client 'good news' stories are also identified and promoted.

3c) Honouring Commitments

Supply Chain Partners confirm that contract negotiations were clear and open; partners appreciated receiving draft contracts and overview documents containing information on pricing and indicative volumes early in the process and the opportunities to raise queries with their dedicated contact. Changes to contracts have been very clearly communicated, using written methods, followed by verbal discussions.

A clear formal dispute process has been set out by Ingeus and is detailed within contracts. Ingeus are planning to publish the informal dispute resolution process. To date no formal disputes have been raised by any of Ingeus' Supply Chain Partners.

Ingeus have stated they would fully respect decisions made as a result of the Merlin Mediation Service.

Expectations between Supply Chain Partners and Ingeus are clear. Contract managers and a range of documentation including contract management framework, performance profiles and implementation guides all contribute to ensuring clarity.

3d) Performance

Ingeus have developed both a supply chain and delivery model which promotes and encourages collaborative working to support performance. Employer services team share vacancies with Supply Chain Partners, which supports partners in giving them access to specific vacancies that are available to their customers. Monthly face to face review meetings between Supply Chain Partners and their contract managers are focussed on reviewing performance; quarterly formal contract reviews require partners to make presentations on performance, including recognising good practice and innovation. Very detailed comparative performance data packs are shared with all Supply Chain Partners which allows partners to see how their performance rates against other organisations, including Ingeus' own delivery.

Development plans are in place with partners and are reviewed through the performance contract review process which gives specific action points to be followed by partners, a formal performance support process is also in place for partners which includes the provision of additional support if Supply Chain Partners are failing to meet performance targets. Performance is graded quarterly and this information is used to inform how partners are managed in the following quarter.

Supply Chain Partners are able to access performance reports which are updated on a daily basis, which enables partners to see how they are performing against monthly and quarterly targets. Robust performance data is generated by Ingeus' management information system (Information Gateway) which gathers information from IngeusWorks, which is the caseload management system which has been developed and is provided by Ingeus and used by Supply Chain Partners delivering end to end and Vocational Routeways services. Some partners have experienced difficulties with IngeusWorks, in particular with connection speed. Ingeus have taken significant steps to ensure that Supply Chain Partners are given the appropriate support to ensure they can fully access IngeusWorks in the most efficient manner.

Ingeus have identified a number of activities to improve value for money across the contracts held, including setting performance targets in line with DWP expectations and through its commitment to continually review processes and practice. Undoubtedly, Supply Chain Partners benefit positively from Ingeus' significant economies of scale in the delivery of Work Programme in 7 contract package areas with a wide suite of activities and resources which are made available to them. Ingeus have invested significantly in staff to support the delivery of Welfare to Work programmes and a dedicated team (Continuous Improvement Team), focus specifically on delivering value for money through driving performance improvements. At an operational level ACE partners work from Ingeus offices on a 'hot desk' basis.

Within IngeusWorks is a customer action plan, which is completed with all customers following diagnostic activities. This action plan is 'reviewed and refreshed' on a regular basis and is updated to reflect a customer's job readiness rating, their progression towards employment and tracks their journey and distance travelled.

3e) Promoting Diversity & Equality

Ingeus' have arrangements in place to ensure Supply Chain Partners align with their own commitment to diversity and equality. During the due diligence process policies are reviewed, once contract delivery has begun processes and practices are scrutinised in more detail. Ingeus' strong supply chain design and delivery model supports the diverse range of customers and promotes equality and access for all.

Ingeus have a Diversity and Equality plan in place to drive and shape this area. This plan focusses on building a shared commitment to monitoring and promoting Diversity and Equality across the supply chain; increasing the promotion and awareness of Diversity and Equality to all stakeholders and understanding gaps in performance for disadvantaged client

groups and identifying actions to address these. Ingeus has very recently carried out some use of data to review parity of outcomes for customers, however planned improvements in this area include the setting of EDIMs for both internal and Supply Chain Partners.

4 Review

4a) Supply chain review

During all stages Ingeus has actively sought feedback, from the initial tendering period to programme design Ingeus have taken a proactive role. Stakeholder feedback identified key local needs that would need to be addressed; hence the ACE Network was formed. Since the contract delivery began Ingeus has collected feedback from Supply Chain Partners using a variety of methods, including a delivery partner survey. Customer feedback has very recently taken place in the form of a satisfaction survey, however this feedback has not yet been analysed, focus groups with customers have been facilitated by Ingeus staff. Good news stories about customers are collected from the supply chain and shared across the supply chain and with external stakeholders. Feedback from Supply Chain Partners has resulted in an improvement to a number of processes and the development of new approaches. Involvement with ERSA enables Ingeus to gather views from an industry wide perspective.

Ingeus have an effective and inclusive process for generating a Self Assessment Report which utilises the DWP recommended self assessment tool. All lead Supply Chain Partners were required to return their completed SAR. With Vocational Routeways and ACE Network partners completing a short online survey which is proportionate to the size of their contracts. The information is currently being collated and a full SAR and resultant action plan which will be published in the next two to three months. Ingeus developed a highly accurate and very comprehensive self assessment questionnaire which was submitted in preparation for the merlin assessment, which was shared with the supply chain.

Ingeus have identified the strategic objectives of the commissioner and the collective actions of the supply chain are now being assessed to ensure that a measurable impact on these is taking place. Ingeus have a dedicated team whose responsibility is to monitor developments in policy which is communicated to Supply Chain Partners via a newsletter and email bulletins. The Supply Chain Partners seemed clear on the objectives and their contribution towards them. Ingeus have a number of initiatives in place which address the wider objectives of the commissioner, such as the supporting of a homeless football club in the North West.

Evolution of the supply chain continues, since 'go live' a quarterly process is followed to ensure that the supply chain remains fit for purpose with new Vocational Routeways providers being identified when a change in need or when new customers are introduced. Through Ingeus supply chain design and the inclusion of both ACE Network and Ingeus' Health & Wellbeing programme is having a positive impact on customer's wellbeing, which was evidenced through mainly anecdotal sources.

