



**merlin**

promoting supply chain excellence

Assessment Report  
For

**ESG HOLDINGS LTD**

**By Andy Richardson**

**On behalf of emqc Ltd**

**Assessment Dates: 22/05/12 – 25/05/12**

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## About the Organisation

**esg Group** was formed in 2007, bringing together a number of businesses specialising in employment related services and skills provision. Between them these businesses have been delivering to government departments for over 20 years.

esg's head office operates in Sheffield where it was originally situated; it has grown into a national company, delivering from centres throughout England, Wales and in Scotland.

Whilst esg was an existing Prime Provider with a range of DWP contracts, including Work Programme and Mandatory Work Activity in other CPAs, at the outset of this contract, it had no presence within the identified CPA. As a result it had to make some intuitive and strategic alliances in order to quickly hit the ground running throughout CPA15, covering Coventry, Warwickshire, Staffordshire and The Marches.

In addition to these alliances, esg acquired Sencia, a company having over 11 years of experience in delivering DWP contracts including; New Deal Prime Contractor, New Deal for Disabled People, Employment Zones and ESF. Sencia, whilst owned by esg, nonetheless acts as a subcontractor for esg's Work Programme.

The Group also includes Paragon Skills for Industry, Platinum, orient gold Ltd, triangle training Ltd and stl Ltd, all national contractors to the Skills Funding Agency (SFA) for Apprenticeships. Collectively, these companies and the teams working within them support some 40,000 customers a year to achieve new qualifications and achieve sustained employment.

## Assessment Methodology

This assessment forms part of the first phase of the Merlin assessments to be carried out. The scope of the assessment was restricted to esg's Work Programme contract within CPA 15. The team comprised of Andy Richardson (Lead Assessor) and two team assessors: Sally-Ann Harding and Stuart Morgan.

At an initial planning meeting between the Lead Assessor and senior representatives of esg, including the person acting as Coordinator for this Merlin assessment, a sample of Supply Chain Partners (SCPs) were identified that suitably reflected the make up of esg's supply chain. From this sample, the Coordinator created schedules for each of the assessors, modified marginally over subsequent weeks to accommodate the availability of individuals.

During the assessment, assessors reviewed a diverse and substantial range of evidence, including written documentation and electronic systems. This was supported by face to face and phone interviews with representatives of esg and both Tier 2 and Tier 3 providers within the CPA.

Each assessor completed the schedule of interviews over the first three days of this assessment, convening on day four to share findings and agree scorings for each criterion within the Merlin standard. These detailed findings were provided initially to esg's Merlin Coordinator and subsequently to both the Merlin Coordinator and COO Employment at a feedback session on the afternoon of the fourth day. This feedback included the final

outcome of the assessment, as well as providing an overview of the key areas of strength and areas for consideration when it comes to continuous improvement moving forward.

## Assessment Outcome

<b>Overall %</b>	<b>62%</b>
<b>Overall Outcome</b>	<b>Satisfactory</b>
<b>Supply Chain Design</b>	<b>Satisfactory</b>
<b>Commitment</b>	<b>Satisfactory</b>
<b>Conduct</b>	<b>Satisfactory</b>
<b>Review</b>	<b>Satisfactory</b>

## Strengths

- ▲ Astute strategic alliances were created throughout the supply chain, including local councils and major pre-existing organisations with extensive experience in the areas covered. It obviously will serve esg well to maintain such alliances moving forward as these will play a major part in stakeholder analysis and supply chain review. (1a.1 & 4a.1)
- ▲ Procurement and contracting processes are transparent and effectively managed. All those interviewed were very positive about the procurement processes and the approach taken helped people feel it was a very fair and equitable experience. This will be vital in the future, as more and more SCPs are sought in order to build and expand the range and depth of the supply chain, as it will give the marketplace confidence in esg's values. (1a.2 & 2c.1)
- ▲ Communications are considered by the SCPs to be open and honest. This once again is due to some good relationships being established at all levels, both strategic and operational, supported by effective systems and processes for cascading information. Maintaining such standards of communication will be critical in the future as the supply chain expands and more diverse needs have to be catered for. (2a.5)
- ▲ Effective relationships with supply chain partners at both strategic and operational levels were formed. These relationships have played a significant part in helping the supply chain to feel engaged with and supported, enabling esg to quickly get up to operational speed.(3a.3)
- ▲ Quality Assurance (QA) processes and practices are effective at identifying and driving areas for improvement. There were many examples provided by people at all levels and positions of where outcomes/findings from QA activities had given rise to improvements, especially related to processes. Again this helps to build SCP confidence and helps to position QA as a powerful support mechanism. (3b.2)

- ▲ Evidence of good, and in some cases innovative, practices emerging, e.g. in the assessment of initial need using a bespoke psychological profiling tool. Such innovation will support the move to better judge distance travelled and offer improved understanding of value for money along the customer journey. (3b.8 & 3d.6)
- ▲ Key policies are in place throughout the supply chain that effectively mirror esg's own position when it comes to diversity and equality. Although early days in terms of consistently getting SCPs on board and understanding the values that esg espouses and expects in this respect, a good start has been made to making sure that all SCPs are reporting on D&E. (3e.1)

## Areas for Improvement

- ▲ Tier 2 and Tier 3 providers could be made more aware of the range of specialist providers at Tier 4. This will help SCPs understand the full picture of support available to customers (end-users) and may facilitate further sharing of resource and collaboration opportunities. (1a.2)
- ▲ Additional opportunities could be investigated that allow for greater networking and collaboration of supply chain partners at Tiers 2, 3 & 4. This will help to maximise leverage within the supply chain when making bids and help SCPs to strengthen their own offerings, by pulling in other expertise. (2a.3)
- ▲ In providing information throughout the supply chain, the checking of *understanding* of the implications of the information at all levels could be improved to ensure that communication is fully effective, as opposed to merely transferring information. This will help to ensure that all SCPs not only receive information, but also are actively and effectively acting upon it as appropriate. (2a.5)
- ▲ The responsibility to develop Tier 3 and Tier 4 providers should be clarified and processes/practices need to be introduced to facilitate such development. This will help to ensure that all SCPs are developed, regardless of working and reporting arrangements, for example with 'call-off' providers. (2b.1)
- ▲ Further information and assistance to access additional funding streams needs to be made available to Tier 3 and Tier 4 providers. This will help the entire supply chain to develop in the most cost-effective manner and enable some developments to take place that, without such funding, may not be possible. This will also help SCPs to build capacity. (2b.2)
- ▲ The development of staff within SCPs could be expanded beyond systems and processes, e.g. to investigate the implications of Diversity and Equality, Environmental Sustainability, etc. This will help to build understanding and consistency across the supply chain and help SCP staff to fully appreciate the implications of the legal and moral requirements. (2b.3)

- ▲ Selection criteria used within the procurement process could be developed to reflect the varying levels of importance of each criterion. This will help to ensure that there is a consistent and reasoned balance between the scores allocated to applications for SCP status. (2c.1)
- ▲ Based on comments made by SCPs, additional and diverse payment models and options need to be considered for Tier 3 providers to reflect their individual needs. This will offer the opportunity to assist all, and in particular the smaller, organisations with cash flow and help to minimise financial risk (2c.6)
- ▲ Environmental sustainability needs to become more embedded and all tiers of the supply chain need to understand the implications and required actions in line with the policies in place. The benefits here are that this will provide for improved consistency and enable esg to define measurable objectives for the supply chain related to basic sustainability concepts, thereby being able to demonstrate a positive impact moving forward. It should also support them in showing value for money. (3b.7 & 4a.6)
- ▲ What constitutes Excellent Practice needs to be more clearly defined and communicated, shared and monitored for impact. Having a clear understanding of just what constitutes excellent practice will enable SCPs to have a benchmark for their own performance, thereby generating further examples and improving standards overall throughout the supply chain. (3b.8)
- ▲ The understanding of what constitutes distance travelled beyond the customer journey and final job outcome could be developed throughout the supply chain. The work currently in development within esg to revisit the initial assessment/profiling will assist tremendously in this respect, as this will help to measure progress against specific milestones defined for each customer. Consistency and robustness will also increase across the supply chain, creating a much improved understanding of what distance travelled actually is and how it is measured. (3d.6)
- ▲ A similar thing can be said for Value for Money. Benefits could be gained from defining what this is in a more clear and concise fashion, expanding on the current definition of 'getting what we pay for'. It may prove useful to look at what represents value for each stage of the customer journey and look at how much each progression is worth in monetary terms within the distance travelled, as defined above. (3d.5)
- ▲ Having been collected and reported, Equal Opportunities data now needs to be analysed and used within the supply chain review process. By doing so, esg and its SCPs will be able to identify shortfalls and adjustments required within the provision offered in order to best meet the needs of the diverse customers it serves. (3e.3)
- ▲ Opportunities to gain feedback from wider stakeholders could be developed to become more consistent and robust. This will help to inform the review of supply chain arrangements, enabling effective and apposite improvements to be made to SCP

practices. (4a.1)

- ▲ Further evidence, beyond the anecdotal, needs to be gathered regarding the positive and measurable impact that the activities of the supply chain are having on external stakeholders, customer well-being and environmental sustainability. Whilst anecdotal evidence presents a sense that progress is being made, it does little to demonstrate a supply chain wide impact or contribution. More comprehensive and robust measures will provide valuable evidence of how esg is contributing to some specific wider objectives of the commissioner. (4a.6)

## Areas Requiring Further Development

As esg have met the Standard, as described in the Section 'Assessment Outcome', there have been no areas for development identified as requiring immediate action in order to gain accreditation. However esg should consider the above Section 'Areas for Improvement', in order to continue to seek excellence in all their supply chain management activities.

## Assessment Findings

### 1 Supply Chain Design

#### 1a) Supply chain design

The scope and variety of the supply chain is satisfactory with a sufficient representation of public, private and third sector organisations forming part of the supply chain.

The organisations within the supply chain are able to deliver services to a wide range of customer groups with diverse needs. Supply Chain Partners (SCPs) were selected based on geographical coverage. In one case, esg actually relocated premises to better serve the needs of a local community.

There is clear evidence that esg undertook research and consultation regarding local demographics, in addition to employer and customer needs. In the main, this consisted of discussions with local Councils, existing providers, Job Centre Plus and other key players in the areas covered by CPA 15.

In some cases, the Tier 2 SCPs that were selected by esg already had established relationships with local specialist providers who then became the Tier 3 suppliers. Equally, this led to a number of Tier 4 'call-offs' coming on board from an established standpoint.

Over the course of the contract thus far, there is evidence of an evolving supply chain and recent weeks have seen a significant increase in the number of SCPs operating at Tier 3.

There is evidence that not all those within the supply chain are aware of all other SCPs, due in the main to the geographic nature of the provision. Potentially, this may have impacted on the limited evidence of collaboration found within the supply chain (see later comments).

esg was able to identify a number of organisations outside its own supply chain that are used to provide further support of a more specialist nature and this was confirmed in some of the discussions with SCPs. Examples here include: Citizen's Advice Bureau, drug and alcohol advice centres and financial advice organisations.

## **2 Commitment**

### **2a) Collaboration, cooperation and communication**

The procurement processes within esg were found to be one of this organisation's key strengths. Both successful and unsuccessful SCPs commented that they found the communications throughout the procurement process to be good and that there were several examples of esg consulting with key partners, primarily around systems and processes. The communication processes throughout all stages of procurement included a number of Open Days (presentations) for all interested parties, webinars (for those unable to attend the presentations), emails, face to face discussions with existing networks and advertising on esg's website, which also carried the Expression of Interest template.

Following procurement, communications continued to be good, with SCPs citing discussions, emails and networking events as effective at all levels.

Comments and suggestions made by SCPs aimed at improving systems and processes before, during and after the contracting process have been demonstrably acted upon, leading to clear improvements being introduced. For example, early post-contract discussions at contract manager level identified some aspects of the Cascade information system that required modification in order to improve efficiency and provide required detail.

Whilst there were some examples of esg working with a number of Tier 2s in a collaborative manner at a senior level, for example in the design of the supply chain and its operational framework, there were few examples evident of Tier 2s collaborating with each other, or Tier 3s and 4s working together for their mutual benefit.

Despite there being a delay in contracting with a number of the Tier 3s due to some fundamental contracting principles requiring clarification and agreement with the DWP, all those interviewed within this assessment were clear as to the business relationships underpinning supply chain arrangements now in place and there was no ambiguity evident.

With effective working relationships in place at both senior and operational levels, the cascade of information was cited by many to be good. In addition to face to face discussions, esg has introduced a monthly e-newsletter, edited by the Contract Director, to support the cascade of information and help keep SCPs up to date with a wide range of developments and emerging issues. Alongside this runs a more focussed e-newsletter that concerns itself specifically with the management information system; Cascade, providing system updates,

best practice tips and associated guidance to front-line operational users. All SCPs questioned commented that they found the communications to be open and honest.

Evidence of how the Prime and Tier 2 providers check understanding by the Tier 3s and 4s was limited however.

## **2b) Developing supply chain partners**

With existing providers coming into the supply chain to deliver this Work Programme contract, many are at an advanced state of organisational development, requiring little in the way of further development by esg. For others however, especially at Tiers 3 and 4, encouragement and support has been limited to a small number of providers who have received advice and guidance on building capacity, developing systems and processes and promoting themselves within the marketplace, all enabling them to move up the supply chain and become Tier 2 providers.

The general cohort at these lower Tiers however, remain largely untouched in this regard.

There is some evidence to suggest that additional funding streams have been brought to the attention of certain suppliers, e.g. the Single Unit Delivery Model, the Youth Contract and the Community Initiative Fund, however and in the main, Tier 3s and 4s remain generally unaware of additional funding sources potentially available to them.

In regards to developing the staff within the SCPs, there are several examples of training being offered, in the main associated with systems and processes. The general feeling amongst supply chain partners is that 'if it's asked for, it's made available'. The training offered thus far has been without cost to the SCPs and has been delivered by esg's own Training Manager, drawing in specialists are required, e.g. on Cascade training. 'Happy Sheets' provide immediate feedback on satisfaction levels of SCP staff and impact is reviewed at both individual and organisational levels in discussions with contract managers and audit/compliance staff at esg during the monthly review meetings.

Opportunities exist therefore, to expand the range of staff development available to supply chain personnel.

## **2c) Contracting and funding**

Clearly a strength within this Prime, the contracting processes were found to be fair and equitable by all those interviewed within this assessment. The selection of SCPs follows well tried and tested procurement methodologies and communications generally are good throughout the process. Only one example was found where an applicant to the supply chain had not received a response to their EOI.

Those interviewed indicated that they had found the EOI to be easily accessible (through esg's web portal), understood and straightforward to complete. Submitted EOIs were considered by a senior team of Directors, contract managers, QA and finance functions and scored both independently and collectively. Successful applicants were then put through a standard due-diligence process that included: financial checks, growth profiles, senior

management team changes and the percentage of overall work represented by the WP contract.

esg has devised and distributed sufficiently robust contractual documentation and guidance documents clearly defining the obligations of both esg and SCPs. Despite esg not contracting directly with all Tier 3s, nonetheless, QA Inspections and various audits confirm obligations are well understood at this level.

Market share has been defined and agreed based on geographic areas. One such area has been further sub-divided using post codes, where there are two SCPs in the same location. As a result of the Open Days and up front discussions in advance of contracts being issued, in which the delivery model was outlined, all SCPs are aware of market share. This is reinforced through the monthly 'League Tables', published and accessible to all directly contracting supply chain partners.

There is also sufficient evidence to show that proactive negotiation took place regarding volumes and expectations. Funding arrangements largely follow the DWP pattern, with two payment options being offered to those contracting directly with esg, including Sencia's Tier 3s. Whilst generally acceptable, a number of Tier 3s indicated that these options did not always filter down to them and that alternative payment methods would help them to manage their cash flow more effectively. To date there have been no renegotiations of contract regarding market share or payment options since agreements were initially signed, though this does not appear to be an issue for those SCPs interviewed. There were a couple of examples where starts has been delayed in agreement with the SCPs concerned, in order to allow for staffing issues to be resolved; these had been well received by the SCPs.

The transfer of funds throughout the supply chain is working effectively with no examples of inaccurate or late payments being made. All levels of the supply chain are aware of the level of management fee and its purpose in general terms, citing admin charges, IT support, communications and business support generally.

## **3 Conduct**

### **3a) Demonstrating commercial and business integrity**

The working relationships between the Prime and SCPs are good. There are particularly good relationships with the contract and audit teams, including QA. Feedback suggests that this relationship is fundamental to the effective working of the supply chain. The core principles and operating philosophy of esg were presented to the supply chain during the pre-contract presentations and discussions and have clearly become embedded within working practice.

These business principles include such aspects as: incorporating best practice throughout the supply chain, exhibiting positive behaviour, creating and sustaining a healthy and high performing supply chain and continuous review of performance, combined with a commitment to continuous improvement.

Moving forward there is potential for the Prime to engage further with the Tier 3 and Tier 4 providers in order to further establish and develop relationships.

The Prime has demonstrated a good understanding of the TUPE processes and requirements and, barring one or two incidents, the transfer of staff was effectively managed. Communications were good throughout the process and staff were supported at all stages. There is a sense that a longer period of adjustment into their relationships with the new employer would have been beneficial to transferred staff and this is recognised by the Prime.

Changes in legislation and statutory requirements are notified effectively through electronic processes and these are reinforced during QA and audit activities. The previous comments regarding the need to check understanding of messages communicated in this way equally apply here, although this does currently feature to some degree within the monthly performance reviews and discussions with esg's contract managers.

### 3b) Quality Assurance and Compliance

Quality Assurance processes and practices are good throughout the supply chain, though only of late has the Prime started to check the small but growing number of Tier 3s. A programme of QA visits has been devised and this includes all Tier 3 providers. From such quarterly QA Inspections, a Quality Improvement Plan is drawn up and agreed and this is revisited at each of the mini-inspections undertaken with the providers monthly. It is clear that there are effective processes in place to utilise the findings of the QA processes to inform and improve service delivery, although there have been no changes to supply chain design arising from QA Inspections to date. SCPs commented that they find such inspections positive and useful in identifying areas for development.

With well established supply chain partners, many of whom having a long history in the field of Information, Advice and Guidance, esg is able to demonstrate that access to high quality provision is made available and promoted to customers at the point of delivery. Through the various communications and one to one dialogue, all SCPs are aware of the IAG available in their geographic areas and feedback from end-users as part of the service delivery process is reviewed in order to gain insight into customer satisfaction levels.

Data security, the safeguarding of vulnerable individuals and the provision of healthy and safe working environments are all managed well by a team specifically set up to review and manage such matters throughout the supply chain.

Worthy of particular note are the additional levels of security introduced that go above the DWP minimum requirements, e.g. the 'Ubikeys' – a plug in device provided for all lap-tops that requires a matched password to be entered before the lap-top can be activated.

All Tier 2s, 3s and some higher volume Tier 4s were audited by an esg central services team to ensure data security compliance. This team also offered guidance as to the requirements of the security standard in the context of each provider and an action plan agreed with each where a shortfall was identified. In many cases, this required SCPs to invest heavily in new equipment in order to meet the exacting standards set.

Health and Safety policies are initially assessed as part of the procurement process and reviewed as part of the monthly performance discussions between the SCPs and their contract manager and again by the QA team in their quarterly inspections. In the event of any shortfall, or corrective action being required, an action plan is drawn up by the SCP and agreed with esg's H&S Manager. Where Tier 2s have agreements with their own Tier 3 providers, the esg/Tier 2 contract requires that the Tier 2 provider checks and confirms H&S meets requirements. Despite H&S training forming part of the initial training for esg's own staff, there has been no specific training offered to SCPs on H&S to date.

A similar situation exists for safeguarding, with initial checks on policies in place and an ongoing monitoring of SCPs for application during the reviews and inspections by esg staff. Standard Operating Procedures set out esg's stance on safeguarding, including a requirement to notify esg of any related incidents. Disclosure Scotland is required as a minimum standard for all call-off SCPs, with esg recommending Enhanced CRB wherever possible. A Learner Welfare Officer is in place at esg who effectively acts as the Designated Safeguarding Officer and monthly management information returns capture related data, although there have been no reported, or identified incidents since contract start. Around half of the current SCPs have their own DSOs. As with H&S, there has been little in the way of training offered to SCPs related to Safeguarding, though again, significant moves have been made in this respect for esg's own staff.

There are policies in place throughout the supply chain related to Environmental Sustainability (ES) and this forms part of the selection criteria for all supply chain applicants and is an integral part of the structured audits undertaken by esg. Initial audits are carried out by esg and ES policies are required from all SCPs. In reality however, several of the SCPs had only low levels of understanding when it came to describing what these policies mean in practice, beyond 're-cycling'. There are no targets set by esg for SCPs specifically related to ES issues at this time, beyond those that the SCP organisations may have in place of their own volition. It should be noted that in some cases, certain Tier 2 providers are way ahead of the game when it comes to ES and have indicated a willingness to share their expertise with the Prime and the rest of the supply chain.

Whilst there are examples of excellent practice being demonstrated, for example the initial psychological assessment of customers and the piloting of approaches prior to full release, esg at this time has not set out to define what the term actually means and consequently has not communicated with the supply chain in this respect. This leaves supply chain partners identifying what they believe to be good practice and sharing the same through informal networking opportunities, though this is not necessarily being driven by esg.

### 3c) Honouring Commitments

esg has managed SCP expectations well with effective communication throughout the procurement phase and during live running. Expectations have been clearly defined from the outset and communicated in both written format and verbally within discussions. Within this assessment, SCPs confirmed their understanding of these expectations and that post-contract arrangements reflect pre-contract agreements. There have been no incidents of an

SCP lodging a complaint, or challenge, though when asked, SCPs were aware of the dispute resolution processes and how to access it on the web portal should the need arise. esg also indicated that it would be open to any such challenge and that it would abide by any decision made by the Merlin Mediation Service, though knowledge of this service amongst Tier 3s & 4s was limited, due in the main to the fact that it has been, as yet, unrequired.

As indicated previously, all SCPs have been made aware of the distribution of market share by geography at all stages of the contracting process.

### 3d) Performance

It is clear that the supply chain has been encouraged to work collaboratively within certain parameters, e.g. in the design of systems and processes pertaining to the supply chain, although there have been inconsistent levels of encouragement and approaches to such collaboration. As identified earlier in this report however, collaboration in its wider sense has not been encouraged to date, as there are no examples of collaborative projects or initiatives and most Tier 3s and Tier 4s appear to be outside the loop.

esg has demonstrated effective performance management processes and practices, primarily through the monthly performance reviews with esg's contract managers and compliance team staff. Opportunities exist for SCPs to raise issues and discuss concerns at these meetings and these are shared across the operational teams in order to resolve effectively. Lessons learned are also noted and shared across the operational teams within the Prime, though at this time there is no central log of such learning. Any noteworthy aspects are carried into the e-newsletters for dissemination to the wider network and shared with other SCPs by contract managers and auditors at subsequent review meetings.

Any under-performance identified results in an improvement plan being drawn up and agreed between the SCP and esg and this drives any subsequent reviews, audits and inspections. Whilst examples of over-performance are limited, nonetheless the various performance teams within esg use their internal discussions to identify where SCPs may learn from the successes of others and take ideas out into the network.

Through clear communication and effective monitoring and reporting, supply chain partners confirmed that they are very clear as to their performance expectations and that the MI system provides an effective and accurate record of such performance. 'League Tables' are produced monthly to allow all SCPs at Tier 2 and Tier 3 to see their performance as compared to others (including Sencia) and several SCPs commented that they found this 'useful and interesting'.

esg has defined Value For Money as simply being 'getting what we pay for' – this mantra is widely understood throughout the supply chain and is interpreted by SCPs and esg staff as meaning that outcomes are delivered within the cost base of the contracts agreed.

With effective management information that tracks the customer journey and some innovative approaches to establishing the psychological starting point for customers, esg has made a good start to determining distance travelled. Plans are afoot to develop processes

further based on this early work, in order to measure progression and attainment in the interim and prior to the job outcome stage.

### 3e) Promoting Equality and Diversity

All those within the supply chain are required to have and maintain a Diversity and Equality policy that at least matches that of esg. Compliance with this requirement is confirmed during the procurement process and is subject to audit during the regular QA Inspections and other visits. It is recognised by esg that there are several SCPs, for example the Councils, that have been considering and developing D&E approaches over many years and esg senior staff have indicated that they are keen to work with such organisations in the future as they continue to review and develop their own approaches.

Whilst the management information system captures diversity and equality data, it is only very recently that reports on the same have been available to the supply chain, or to esg, though plans are in place to develop the suite of reports still further within the next couple of months. As a consequence there has been little activity to analyse and utilise the information gathered to positive effect at this time. With this as an emerging strategy, SCPs are, as yet, unaware as to how esg will use such analysis to inform future service delivery, or how it links to the wider policy and objectives of the commissioner.

## 4 Review

### 4a) Supply chain review

Feedback has been collected from a range of stakeholders over the duration of the contract, either through formal processes, such as performance review meetings, or through informal situations, although there are opportunities to further broaden the scope of such stakeholder feedback moving forward. As a result of this feedback, there is evidence of improvements being made to both practices and processes throughout the supply chain. Evidence of such improvements includes adjustments to MI reports, the Cascade system itself and the communication processes identified earlier in this report.

Self-Assessment Reports (SARs) are required annually by all Tier 2 and Tier 3 providers and these are used effectively to develop the Prime's own SAR and subsequent action plan. All SCP SARs are collected and collated centrally by esg and compared to their own version, compiled by a range of key individuals in all functions within esg. The outcome of this process is an all-encompassing action plan, used by esg to drive development and improvement activities. The Plan is not currently shared across the supply chain network, although highlights are shared through the e-newsletter and other communication tools and core elements are evident through the actions and intentions of esg staff.

There is a clear commitment within esg to the wider policy and objectives of the commissioner. This is evident in the design of the supply chain and the use of specialist providers and in the various new initiatives being explored and delivered. All those SCPs interviewed were broadly aware of the commissioner's objectives, primarily related to

improving employability, but also in some cases related to reducing homelessness, child poverty and crime, as well as the part they will be playing in contributing towards them in some demonstrable fashion.

Discussions with SCPs at all levels have shown the communication channels identified earlier within this report to be equally effective at providing the supply chain with up to date information on wider policy and strategy, though again implications, context and understanding could be checked more robustly.

The outcome of the various processes and mechanisms to review and develop the supply chain have given rise to some significant changes, including the expansion of the number of Tier 3 providers by over twofold in order to better meet the needs of the supply chain, customers and the commissioner. There are a number of other improvements made as a result of review activities as chronicled above.

Though the design and activities of the supply chain have without doubt evolved over the last 12 months, examples of positive impact on such aspects as external stakeholders, customer wellbeing and environmental sustainability tend towards the anecdotal and remain largely unmeasured. As a result it is difficult to evidence a positive impact in meaningful terms.