



merlin

promoting supply chain excellence

Assessment Report

For

SENCIA LTD

By Andy Richardson

On behalf of emqc Ltd

Assessment Dates: 12/05/14 – 15/05/14

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About the Organisation

Sencia Ltd is part of the ESG Ltd group of companies and provides, as part of the Department for Work and Pensions (DWP) Welfare to Work programme, services designed to return the longer term unemployed back into sustainable employment.

Services offered include the Work Programme (WP), Jobcentre Plus Support Contract (JCPSC) and Mandatory Work Activity (MWA) and Sencia, through its centres in Birmingham and the Black Country, the West Midlands and the North East of England provides practical training for many job functions and tailored support to help unemployed people back into sustainable employment. These centres are supported by an extensive supply chain, driven by seven Tier 2 providers who work alongside Sencia's own direct delivery provided through its centres.

Sencia has over the last two years experienced significant organisational and cultural change, leading to a new CEO and several replacements at senior levels. The purpose of these changes was to create a wholly more client centred approach to service delivery, through improving communications creating enhanced transparency throughout the supply chain and moving away from a blame culture.

Sencia have recently been awarded both Investors in People and **matrix** accreditations and the latest PAT and OFSTED inspections both awarded a 'good' status.

Assessment Methodology

This assessment is Sencia's second assessment against the Merlin standard, having been first assessed in May 2012. The scope of the assessment was based primarily on Sencia's Work Programme contract, though also factored in the Organisation's wider range of work, including their approaches to the Mandatory Work Activity and Jobcentre Plus Support contracts. Account was also taken of the early stages of the soon to be launched Steps2Success programme in Northern Ireland.

The team comprised of Andy Richardson (Lead Assessor) and two team assessors: Stuart Morgan and Christine James.

At an initial planning meeting between the Lead Assessor and senior representatives of Sencia, 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 Sencia'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 Sencia, including the direct delivery offices and the Tier 2, Tier 3 and Tier 4 Supply Chain Partners within the Contract Package Areas (CPAs).

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 to Sencia's Director of Quality and Curriculum and the Director of Finance, 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

Overall %	84%
Overall Outcome	Good
Supply Chain Design	Excellent
Commitment	Excellent
Conduct	Good
Review	Good

Strengths

A number of strengths were identified during this Merlin assessment and summaries of these are given below. The numbers in brackets refer to the criteria of the Standard to which the areas relate.

Supply Chain Design

- ▲ Supply chain design has been shown to be of a high standard throughout all criteria of Principle 1. The scope and range of Sencia's provision and its links with wider networks has allowed for some very effective networks to be established with local councils, employer networks, voluntary and third sector organisations and major pre-existing providers, enabling a diversity and depth to its provision. It will obviously serve Sencia well to maintain such alliances moving forward as these will play a major part in future stakeholder analysis and supply chain review. (1a.1, 1a.2 & 4a.1)

Communications and Relationships

- ▲ Good up-front communications, through presentations, group discussions and one-to-one dialogue, enabled prospective Supply Chain Partners (SCPs) to see exactly what was on offer through the contract in a transparent fashion. This included helping them to understand the processes, relationships and reporting lines throughout the supply chain and SCPs in particular commented positively on the various workshops offered as part of the onboarding processes. (2a.1 & 2a.5)
- ▲ During this assessment the conduct of staff throughout Sencia was found to be of a high standard at all levels. This had a very positive impact on the consistency, fairness and trust that many supply chain partners commented upon throughout this assessment, leading to some highly effective relationships being established at all levels of both Sencia and its SCPs. (3a.3)

Contracting & Funding

- ▲ All SCPs commented that they have found the contracting processes to be open and transparent and geared towards their particular needs wherever possible. All pre-contracting terms agreed with the SCPs had been honoured in the final documentation and any variations had been negotiated and agreed between the respective parties. (3c.1)
- ▲ The transfer of funds throughout the supply chain network was favourably commented upon by all SCPs interviewed. Any delays in payment were fully briefed and there appeared to be a collegiate approach to resolving any issues. In some cases there was evidence of Sencia absorbing financial liabilities, rather than passing them on to the supply chain, for example with extrapolation costs. (2c.7)
- ▲ The management fee also appears to have been clearly explained in terms of purpose and level and options for both this and for the payment terms have been discussed and agreed with the SCPs. (2c.8)

Performance Management

- ▲ The effective communications and positive relationships also support a robust approach to performance management of the supply chain, allowing for effective resolution of any problems arising. These mechanisms support clear performance expectations and all SCPs are clear as to the expectations that Sencia have of them and that they can reasonably expect from Sencia in turn. (3d.2 & 3d.3).

Quality Assurance

- ▲ The team approach to assuring quality and compliance, whilst on the face of it could appear daunting, in reality is seen by SCPs in quite the reverse light. They commented that they had found there to be a highly constructive and supportive approach taken to helping them to improve both quality and performance and there were many examples of the results of QA activity being used effectively in the interests of all the service users. (3b.1 & 3b.2)
- ▲ Data security is fully in line with the DWPs security standard and is robustly monitored, both by Sencia and by external auditors such as ESF and DWP themselves on a regular basis. Penetration tests and password entry systems, together with encryption mandated for all emails through Cascade and filter software for any emails on the open system, ensures electronic data and information is accessible only by those authorised to receive it. Site visits and regular monitoring by the quality and compliance team ensures that any paper systems are equally robust. (3b.3)

Areas for Improvement

The following areas have been identified as opportunities for Sencia to improve and develop its approach to supply chain management. The comments should be seen as recommendations only and are not to be considered as 'mandated' in any way. It should be noted that the next Merlin assessment will review the Organisation's approach to these areas in order to establish progress as appropriate.

Commitment

Collaboration, Cooperation and Communications

- ▲ Whilst very effective relationships exist between Sencia and the SCPs, a small number of those partners interviewed commented that they felt more could be done to 'consult' around changes in order to inform decisions prior to their introduction and that proactive negotiations may help to avoid some perceptions of a "done deal" being presented to them for consideration.
- ▲ In looking to get Sencia's propositions and opportunities out into the network of providers, some of who may not have heard of Sencia, it is suggested that social media be considered as a possible option to be considered. As the central body for the sector, advertising opportunities through ERSA may equally bring some dividends in this regard.
- ▲ It is clear that the supply chain works together in a very effective manner, however it became apparent during this assessment that benefits could be gained from creating additional opportunities for SCPs to collaborate, even where this does not include Sencia directly. Examples of such collaboration experienced in other Primes include joint bid submissions and collective working arrangements. (2a.1, 2a.2 & 2a.3)

Developing Supply Chain Partners

- ▲ Recognising that examples exist of where Sencia staff have aided and supported the strategic development of some SCPs, there is a general feeling that this could be further reinforced where appropriate, especially for the Tier 3 and possibly the Tier 4 providers, as these could well become the Tier 2s of the future.

Equally, some Prime contractors offer their SCPs a programme of broad ranging training opportunities that go beyond systems and processes, for example by looking at safeguarding, data security and the wider social objectives of the Commissioner including environmental sustainability.

Allied to the development of SCPs is the opportunity to raise their awareness of the various funding streams that come available from time to time, either from within or outwith the welfare to work sector. In some cases, the local councils are awarded monies that supply chains could bid for if they are made aware of the opportunities. Here it is recommended that Sencia act as 'facilitator', rather than 'activist' by helping SCPs to be aware of funding that Sencia itself may not necessarily want to access directly.

- ▲ Whilst Sencia carries out robust due diligence checks and financial viability checks on its own Tier 3 SCPs, it appears to be a little less robust for Tier 3s that are working to other Tier 2 SCPs and not Sencia. It is therefore recommended that all Tier 3s have at least a basic credit check done to establish that they will prevail for a reasonable period of time and not have to withdraw from the supply chain at the first economic hurdle. (2b.1/2/3 & 2c.2)

Conduct

- ▲ Discussions with SCPs revealed a low level of understanding of Sencia' business principles, with partners relying instead on their own values to drive behaviours. Whilst these generally match those of Sencia, it is recommended that the Senior Management Team (SMT) look to raise the awareness of all SCPs regarding these business principles and the part they play in driving everyday behaviours. It is also recommended that Sencia looks to review its principles for all levels of its business as the Work Programme comes to an end and the next phase begins, taking this opportunity to review and agree them mutually with the SCPs.
- ▲ The approach to TUPE thus far has been of the highest order. This may well be a good time before changes to the Welfare to Work sector take place to brief **all** SCPs as to the requirements and implications of TUPE. This may help them to make strategic decisions based on sound information, rather than TUPE making its presence known part way through proceedings and catching some SCPs out. (3a.1 & 3a.2)
- ▲ With Tier 3 & 4 specialists providers offering a degree of the information, advice and guidance available, it is recommended that the senior team consider how quality IAG can be more robustly and comprehensively assured at this level. (3b.3)
- ▲ The perception of what represents Value For Money (VFM) is currently left to SCPs to determine. In reality, this forms a key part of the 'decision to buy' and it is recommended that Sencia sets out to more clearly define what it sees as VFM for all principle stakeholders, including the commissioner, the service user and the SCP, as well as for Sencia.

This clear picture should then be communicated to the supply chain in a consistent fashion over the next few months and again this could help inform decisions going forward. A clear message on how the contracts and the options represent VFM would also help to attract new SCPs as new supply chains are assembled for any future contracts awarded. (3d.5)

- ▲ It is evident from some recent appointments that Sencia recognise the need to reinforce the analysis of Equality and Diversity (E&D) data collected from a central point of view. The capacity to compare E&D statistics against local and regional demographics will help to reinforce provision and enable SCPs to monitor their own performance and adjust programmes and processes accordingly. (3e.3)

Review

- ▲ With the supply chain having been developed to meet the wider needs of the commissioner, it is strongly recommended that Sencia look to establish more *measurable* data on the impact activities are having on these social objectives, in particular Environmental Sustainability. Sencia have made some good progress in setting itself targets to achieve in this latter respect and driving this down to all SCPs will help them to identify their own contributions, as well as allowing Sencia to create a corporate view. It would also be prudent to look to other wider stakeholders to gain impact data, for example the National Housing Federation for homelessness data, NHS trusts for data on the impact on health and wellbeing and the judicial system for data on criminality, etc.

In looking at the processes used to develop the Self-Assessment Report (SAR) on an annual basis, it is recommended that a top down approach could help to provide more of a strategic impetus. Looking at the overarching strategic objectives for Sencia and how it approaches delivering its contracts with the commissioners, may create a different perspective that could then be matched to what the SCPs are saying in their SARs. This bottom up and top down approach could help to add some big picture thinking and inform future strategy. (3b.7, 4a.2, 4a.4 & 4a.6)

Areas Requiring Further Development

As Sencia has 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 Sencia 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 was found to be of a high standard with a good representation of public, private and third sector organisations forming the network used to deliver services. This use of a diverse range of delivery partners, including national associations and other Prime contractors, enables the commissioner's objectives to be addressed effectively, for example in the areas of employability, health and well-being, homelessness and financial hardship.

The organisations within the supply chain are able to deliver services to a wide range of customer groups with varying needs. Supply Chain Partners (SCPs) were initially, and continue to be, selected based on geographical coverage, experience and track record, as well as for their specialisms. Element 2c carries more detail of the selection process itself.

There is clear evidence that Sencia undertook research and consultation regarding local demographics and existing supply chains and delivery models, as well as employer and customer needs. In addition to an analysis of their own experiences in delivering a range of contracts, this research consisted of discussions with various Local Authorities, government departments, existing providers, Job Centre Plus, Local Enterprise Partnerships and other key players in the areas covered by the various contracts.

In some cases, the Tier 2 SCPs that were selected by Sencia already had established relationships with local specialist providers who then became the Tier 3 suppliers and in one case, a previous Tier 3 provider became one of the Tier 2s.

"I think we've got the right mix of suppliers to deliver the contract -the tier 4's and the support we get from them is fantastic" (Tier 2 SCP)

"Yes I believe we have the right mix - the tier 4's offer specialist support and we use other more informal networks to provide services such as healthy lifestyles and exercise support". (Tier 2 SCP)

Over the course of the contract thus far, there is some evidence of an evolving supply chain and examples were provided of a small number of new SCPs being brought in to the supply chain to reinforce and enrich the range of provision on offer, for example APM to provide end to end support for people with disabilities and Ubique and YSS to cater for the needs of ex-offenders.

Sencia is 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: Job Centre Plus, Cruise, Money Matters, Open Doors, AdAction and the National Offender Management Service (NOMS).

2 Commitment

2a) Collaboration, cooperation and communication

The procurement processes for SCPs within Sencia were found to be highly effective and transparent. SCPs commented that they found the communications throughout the procurement process to be of high order and that there are good links to established best practice, for example the weighting of questions. The communication processes included a number of presentations and workshops for all interested parties, together with emails, face-to-face discussions with existing networks and individual organisations.

Opportunities to engage with Sencia have been posted in local newspapers and on their own web site and quarterly meetings keep SCPs up to date with emerging developments.

"It was exactly as expected, professional, totally open and dealt with competently."
(SCP)

“They had a series of workshops, looking at things like the data security requirements and the payment and funding models; I thought they were very open about things and that gave you confidence to do business with them”. (SCP)

Following procurement, communications continue to be good, with SCPs citing monthly performance discussions with their Contract Manager (CM) and quarterly quality and compliance audits, ongoing emails and networking events as effective at all levels. SCP ‘Good Practice’ meetings in particular received very positive comments, with SCPs commenting that they found them to be open, honest and effective at challenging processes and identifying good practice currently in effect. A small number of SCPs commented that they felt consultation could take place a little earlier in the development phase, as occasionally they encountered changes and introductions as a “done deal”, without any opportunity to affect the changes in reality. This then may be worthy of further investigation by the Sencia SMT.

Sencia has certainly proved to the satisfaction of its SCPs that they listen and act on what they hear through the range of feedback opportunities. Examples here include access to and the content of Cascade and the ability to interrogate and produce local information. The most recent example was the ability to cut and paste or copy information across about events booked/attended without having to rewrite the whole dialogue again. Another example was cited where additional tabs on the drop down menus were introduced following consultation with SCPs.

“ESG (Sencia) did a walkthrough of the intended processes etc. prior to contract start - we provided feedback on the client journey and some minor amendments were made”. (SCP)

There are examples of SCPs working and collaborating for mutual benefit, though this appears to be more at local level and whilst not ‘discouraged’, SCPs indicated that they did not feel particularly ‘encouraged’ by Sencia to collaborate. “Best Practice” meetings are well received by SCPs, though these tend to be attended by senior members of the SCP network. The meetings provide an opportunity for open participation and at one meeting in particular, SCPs were asked to make a presentation to the remainder of the group about what made them different (the SCP) from everyone else. i.e. what were the ‘stand out’ qualities.

Whilst these examples exist, there are fewer examples evident of Tier 3s & 4s being consulted or collaborated with for their mutual benefit and this is may be worthy of further consideration going forward.

All those SCPs interviewed within this assessment were clear as to the business relationships underpinning supply chain arrangements now in place and there was no ambiguity evident. All Tier 3 SCPs operate under a Service Level Agreement (SLA), whether they contract with Sencia directly through one of their delivery centres, or through one of the Tier 2s.

“One thing you can say is that they keep you fully aware of where you are and remind you if you are not in line with your contract. Of course you know that before they tell you.” (SCP)

With very effective working relationships in place at both senior and operational levels, the cascade of information was cited by all SCPs to be good to excellent. In addition to face-to-face discussions, for example at the CM's monthly reviews and the quarterly audits for quality and compliance purposes, Sencia has introduced a number of guidance and support materials, for example Quality Matters, to help keep SCPs up to date with a wide range of developments and emerging issues. Alongside this run the daily and weekly email and phone contacts.

All SCPs questioned commented that they found the communications to be open and honest, with some commenting on a level of transparency that they had not previously encountered. Others commented that communications have improved over the last couple of years or so, citing the new management structure and the introduction of various new processes as major contributory factors.

"I think they are quite brave and confident when they ask us to identify their faults in an open forum". (SCP)

2b) Developing supply chain partners

With existing providers coming into the supply chain to deliver these contracts, many are already well established and at an advanced state of organisational development, requiring little in the way of further development by Sencia. That said, Sencia did provide a couple of examples of working with two of their Tier 2 SCPs in order to help build capacity and to develop strategically. In one case, an SCP received hands on support to develop as a fully functioning Tier 2 provider and in another, an established Tier 2 SCP aided the development of their supervisors into "fully functioning managers" thereby allowing the senior manager to concentrate on capacity building.

For others at Tier 3 and 4 however, encouragement and support has been less forthcoming and this remains an area where further development by Sencia could bring dividends, for example in identifying potential SCP failure earlier than that indicated by any financial 'Red Flag', as often, this is too late to effect a remedy.

There is some evidence to show that additional funding streams have been brought to the attention of SCPs, e.g. Community Work Programme and monies made available to the supply chain through other SCPs, e.g. Pertemps and the PG9 funding, though in the main this has not been a priority for Sencia where they would have no direct involvement in the programme being funded. There was some evidence to suggest that not all SCPs, especially at Tier 3 and 4, are learning of the additional funds available and additionally that local funding may be on offer, for example from local councils. This then is an area worthy of further exploration.

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 training offered thus far has been without cost to the SCPs and has been delivered either by Sencia's own training staff, drawing in internal specialists as required, for example to brief on data security issues. There are also examples of Sencia allowing SCP staff to shadow

their own staff to help them fully understand processes and administrators have met up to share experiences. SCPs are also actively encouraged by their CM to raise areas where they considered that their staff would benefit from training or development activity not already planned by Sencia.

“Even though we were on PIP (Performance Improvement Plan), ESG (Sencia) still offered to support us and offered training in the form of observations to staff “. (SCP)

“I am confident that if we need them to upskill our staff they will. However most of the stuff such as safeguarding or Health and Safety is constantly updated within our organisation by our organisation.” (SCP)

With a number of developments planned, opportunities exist for Sencia to expand the range of staff development available to supply chain personnel, in particular at Tier 3 & 4 for whom this could provide a valuable source of Continuing Professional Development (CPD).

2c) Contracting and funding

From discussions with SCPs, the contracting processes were found to be fair and equitable by all those interviewed and, as identified above, communications are good throughout the process.

Potential supply chain partners are identified through an established Expression of Interest (EoI) process and applications are scored against a matrix that includes Experience and Track Record, Stakeholder Links, Supply Chain Management, Infrastructure and Resources and Previous Performance. Best practice is demonstrated in that this scoring process also factors in the priorities and relationships between the criteria through a weighting system.

Successful applicants were then put through a standard due-diligence process that included financial stability and this process was applied to all SCPs on direct contract to Sencia, including Tier 3s.

SCPs commented favourably on the fact that the communications had made the funding arrangements clear from the very start including the management fee levels and purpose. There were several examples of the funding/payment structures being varied to help mitigate any undue financial hardships for specialists, including the development of two payment options, one of which provided for a steady financial flow through the term of the contract and the second that more closely reflected the DWP model of end loading the payments based on outcomes.

SCPs confirmed that Sencia has devised and distributed effective and robust contract and guidance documents that clearly define the obligations of both Sencia and its SCPs. Tier 3 SCPs indicated that they are operating under a Service Level Agreement (SLA) with Sencia, or one of their Tier 2s.

“The SLA is very clear and sets out the numbers of dates and rate I will be paid - it also reflects what we agreed during initial negotiations”. (Tier 4 SCP)

"I was given a choice of funding models and took the one that best suited our organisation." (SCP)

There is evidence to suggest however that not all Tier 3s are having their financial viability established by the Tier 2s and this may be worthy of further consideration by Sencia.

Market share has been defined and agreed wholly based on geographic areas, with a degree of flexibility when it comes to boundaries. As a result of the presentations and up front discussions in advance of contracts being issued, in which the delivery model was outlined, SCPs are aware of how market share was allocated. SCP awareness of market share is reinforced through the monthly performance statistics that are published and accessible to all directly contracting supply chain partners.

"The JCP define the postcodes and use a random allocation tool to make referrals; it's all very transparent and I think, fair". (SCP)

There is also evidence to show that proactive negotiation took place regarding volumes and expectations, with examples being provided where numbers have been adjusted under contract variations to better reflect demand and capacities/capabilities. These include the moves to better cater for the ex-offender payment group (PG9) and people with disabilities (PG6). Funding arrangements follow a two option payment model and all SCPs commented that they found this to be fair, equitable and effective.

"Our referrals from JCP were down by at least half so our targets were renegotiated and reduced - it was all very positive". (SCP)

"We were clearly underperforming on contracted figures, so we renegotiated a compromise, rather than keeping referrals on hold for several months, as that wasn't going to help our cash flow situation" (SCP)

The transfer of funds throughout the supply chain is working effectively with no examples identified within this assessment of inaccurate, or late payments being made. Evidence shows that the incidence of withheld payments has reduced over the last 2 years as SCPs become more adept at submitting payments through the Cascade system and relationships have developed in which issues can be resolved professionally and amicably. SCPs commented in favourable terms in discussing Cascade and found it to effectively support the claims process.

The initial presentations and discussions around procurement have done an effective job and all Tier 2 providers are aware of the level of management fee and its purpose in quite specific terms, citing Cascade, Due Diligence processes, quality and compliance audits, templates for recording activities, documentation and Sencia support generally.

"I know exactly what we get for it - Cascade, ongoing support - we know that they need to make money to deliver these things and the fees are a fair reflection" (SCP)

3 Conduct

3a) Demonstrating commercial and business integrity

The working relationships between Sencia and its SCPs are clearly effective at all levels. There are particularly good relationships with the CMs and feedback from SCPs suggests that these relationships are fundamental to the effective working of the supply chain. The core principles and operating philosophy of Sencia have been presented to the supply chain as part of the workshops and support provided to SCPs during the onboarding process. SCPs equally have their own sets of values and several commented that these are closely matched by Sencia's own and have clearly become embedded within daily working practice throughout Sencia at both strategic and operational levels.

In describing these business principles (values), SCPs included such aspects as: openness and transparency, integrity, working in the best interests of the customer at all times, diligence in operating the contract and a commitment to continuous improvement.

"The values have remained consistent and I think wherever you are in the supply chain they're relevant". (SCP)

"We have our own values and if you transposed them onto ESGs they'd probably come out the same -I'm sure when they pick providers they are looking that they match". (SCP)

Whilst there is a significant degree of commonality between the core principles of Sencia and those of its SCPs, it is felt that more could be done to develop 'mutuality' and this is an area identified within the Areas for Development of this report.

With significant experience under their belt and the support of high level professionals, Sencia has demonstrated a good understanding of the TUPE processes and requirements and the transfer of staff between organisations has been effectively managed. Regular meetings and discussions, together with a nominated person within Sencia that acted as the focal point for enquiries and provided one-to-one support, all helped TUPE'd staff to make the transition effectively and allayed any concerns they might otherwise have had.

As identified earlier in this report, the relationships and interactions between Sencia and its SCPs are wholly positive.

"There is always somebody ready to help. I have always had quick responses to my queries." (SCP)

"They willingly give time to make sure that you understand things. I struggled with some aspects of Cascade but I was talked through it by someone in Sheffield." (SCP)

"Interactions are really supportive - we can both say how things are " (SCP)

These interactions are supported by the monthly and quarterly reviews for performance, compliance and quality assurance purposes and reinforced through the quarterly SCP and Best Practice meetings.

Changes in legislation and statutory requirements are notified effectively through discussions and emails and these are again reinforced within the monthly performance reviews and discussions with Sencia' CMs and during QA and audit activities. Quality Matters also plays a large part in helping SCPs to keep up to date with latest legislative and regulatory requirements, as do DWP's Exchange updates. The effective relationships and open dialogue provide for a high degree of understanding amongst SCPs regarding interpretation and implications of funding, regulatory and legislative changes.

"We get QA matters and 'exchange' which gives us updates from DWP as well as updates from ESG on process etc." (SCP)

3b) Quality Assurance and Compliance

Quality Assurance processes and practices are good at the Tier 2, end-to-end provider level and within Sencia' own direct delivery provision and their Tier 3s, all driven by a Supply Chain Management Framework (SCMF) and by Sencia's Quality Assurance (QA) and compliance audit processes. It is the responsibility of the Quality and Compliance Team within Sencia to undertake quarterly audits of SCPs who are on direct contract to Sencia. Customer journeys and feedback are considered as part of the assessment to determine whether or not a quality product is being delivered and in this way, the SCP has the opportunity to provide additional material for consideration and to suggest opportunities to improve performance where appropriate that can be included in the quality improvement report that is issued following each audit. Each SCP will then receive their own action plan detailing improvement areas as agreed and these are reviewed as a matter of course at the next audit. In addition to representatives from the Compliance and QA Teams being present at these reviews along with the SCPs' CM, Sencia's Finance Director also attends these reviews in order to offer any financial advice and support the SCPs might benefit from.

All results of QA activities and feedback are channeled through Sencia's QA and Compliance central functions in the first instance, in order to identify trends and areas for development. SCPs commented that they find the quality and compliance audits to be well managed, effectively conducted and valuable in identifying areas for development.

"The team approach to reviewing quality, compliance and performance I think works really well and you get to discuss everything together. You also get the opportunity to resolve any issues, or get immediate advice and I like that approach". (SCP)

"We get audits every 3 months covering targets, customer feedback, data inputting, action plans etc. - it's really useful to get the feedback on where you need to improve - I was nearly graded 1 (grades are 1-4) but just missed it because I wasn't aware of a new process but I've started doing it now". (SCP)

It is clear that there are effective processes in place to utilise the findings of the QA processes to inform and improve service delivery.

Examples include an SCP who with support from Sencia developed smart targets that are now leading to more detailed information being recorded on Cascade - the SCP's Work Coach is now more aware of the client's needs; not just that they attended a course. Other examples exist of additional support being provided as a result of QA activities, such as the feedback that a communications exercise was a bit 'long-winded' – the SCP changed the exercise and included a clip from YouTube from 'X Factor' – resulting in improved feedback thereafter.

"Observation from ESG of training sessions picked up that not all lesson plans had specific learning objectives in them - they now include milestones and objectives which has helped to deliver more specific training" (SCP)

With well established supply chain partners, many of whom having a long history in the field of Information, Advice and Guidance, Sencia is able to demonstrate that access to good quality provision is made available and promoted to customers at the point of delivery, where this takes place at Tier 2 and through the Sencia direct delivery offices. Sencia itself has been recently assessed and accredited against the matrix Standard and several of its SCPs also hold this accreditation, though this is not mandatory at this present time. Many of Sencia's own staff either hold, or are working towards IAG NVQs and specific observations are carried out on the information, advice and guidance sessions offered to service users by SCPs as part of the QA processes.

Sencia also has a requirement that all of their staff involved in the delivery of the programmes are required to have appropriate teaching/training qualifications, e.g. the Preparing to Teach in the Lifelong Learning Sector (PTLLS) qualification, or a Certificate in Education. Such qualifications require the holder to be clear, amongst other things, as to the boundaries for providing information and advice to customers and where other professionals need to be involved and how to confirm information is understood and can be applied effectively.

Through the various communication channels, networking approaches 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. With Tier 3 & 4 specialists providers offering a degree of the information, advice and guidance available, it is recommended that the senior team consider how quality IAG can be more robustly and comprehensively assured at this level.

As part of procuring new SCPs, Sencia provides detailed information on the various system requirements and this includes data security. Data Security within Sencia is designed to meet ISO 27001 standards and is closely monitored and implemented during the Due Diligence process at the outset and at frequent intervals thereafter as part of the QA and compliance audits. The IT Department within Sencia have a responsibility for ensuring that all parties are compliant and the general feeling amongst SCPs is that "they are very strict on this". Observations on site demonstrated that SCP and Sencia personnel take the issue seriously; protecting data by ensuring that computer screens are cleared and locked down when they leave the position where they are viewing information. The periodic physical checks of all Tier 2s and the Tier 3s on contract to Sencia also reviews arrangements for the security of paper-based records and for the security of staff to good effect.

Health and Safety policies are also initially assessed by Health and Safety (H&S) specialists as part of the procurement process and again reviewed as part of the monthly performance discussions between the Tier 2 SCPs and their CM and by the QA and compliance teams 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 their CM, supported by Sencia's specialist H&S advisors.

Discussions with the SCPs in this assessment would indicate there has been no specific training made available to SCPs on health and safety, though guidance is available through the CMs and specialist team as required and requested.

A similar situation exists for safeguarding, with initial checks on policies in place through the procurement processes and ongoing monitoring of SCPs for effective practices during the reviews and inspections by Sencia staff. A specified member of Sencia staff effectively acts as a Designated Safeguarding Officer (DSO) and there is also a Deputy nominated to act in the DSO's absence. These then are the Sencia staff that effectively take the safeguarding lead for all Sencia and indeed ESG's enterprises. With safeguarding having a high profile, many SCPs have developed their own approach and policies and many have undergone specific training in this regard, though this is not something that has been made generally available to them by Sencia to date. A small number of SCPs stated that they *had* received specific training from Sencia on request however and there are several for whom Sencia provided a model Safeguarding policy document.

Monthly management information returns capture related data, although there have been no reported, or identified incidents since contract start. With both safeguarding and H&S, there remains a need to continue the work to drill down to the SCPs at Tiers 3 and 4.

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 reviews, audits and inspections undertaken by Sencia. Sencia itself is subject to ESF and DWP audits on a regular basis and these factor in their approach to environmental sustainability. There are currently no targets set by Sencia for SCPs specifically related to ES issues however, beyond those that the SCP organisations may have in place of their own volition. The collation and analysis of this data is also in its infancy at this time, although this forms part of the plans for Sencia moving forward over the next few months.

Whilst there are examples of 'excellent practice' being shared and demonstrated, e.g. the introduction of a form designed to capture specific information of use to all SCP, as suggested by a Case Worker from one of the SCPs, Sencia 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 the various formal and informal networking opportunities, such as the quarterly SCP meetings and the attendance at 'Good Practice' meetings. These latter meetings, whilst attracting very positive comments from the SCPs themselves, tend to be targeted at senior figures within the SCP network and it is felt that bringing this down to an operational (front line) level, may bring dividends.

“The Good Practice meetings are helpful in letting you find out how other people tackle problems, or achieve good results. I’ve taken a couple of useful things away from there, for example, how to improve our ratio of sustained employment to job starts”. (SCP)

3c) Honouring Commitments

Sencia 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 through discussions. Within this assessment, SCPs confirmed their understanding of these expectations and that post-contract arrangements reflect pre-contract agreements. All parties agreed that there is an open culture for communication that encourages and allows both the Prime and SCPs to voice their opinion and/or seek clarification where required. Any changes to the original agreements are covered diligently by variations to contracts, for example where original targets have had to be revised downwards due to low referral numbers.

No formal complaints or disputes were raised/identified by SCPs when interviewed, though when asked, SCPs were generally aware of the dispute resolution processes and how to access it on the web portal and through their CM should the need arise.

The lack of formal complaints is due largely to the positive relationships existing between Sencia and its supply chain partners, with any concerns being addressed as they occur by the CMs, drawing in senior Sencia staff as appropriate, where the issue determined that it be escalated to a more senior level, for example related to contracting or funding issues.

Again, all the SCPs interviewed indicated a good level of satisfaction with regards to concerns being quickly addressed and in a positive manner, though it may benefit Sencia to remind people of the formal complaints/dispute process and to drive this level of understanding down to Tier 3 and 4 providers.

Sencia senior staff also indicated that they would abide by any decision made by the Merlin Mediation Service (MMS), though this and the Independent Case Examiner service were well known to the specialists, due in the main to the fact that it has not been required to this point in time by any SCP.

As identified earlier in this report, expectations regarding processes, practices and standards formed part of the pre-contract presentations, workshops and dialogues with potential SCPs and these have been built into the contracts and service guidelines, including the Supply Chain Management Framework, all issued to Tier 2 and direct contract Tier3 SCPs at contract launch. These expectations are also behavioural in nature and relate to SCP ethos as well as the ethos of the prime (shared principles) and collectively, these continue to drive the performance and quality reviews and are a key feature of the monthly and quarterly Good Practice and SCP meetings and audits by Sencia staff. Tier 3 SCPs typically receive an SLA that includes the expectations and obligations of both parties, though it may be prudent to dip sample Tier 3 SCPs who are connected to a Tier 2 provider and not Sencia in order to ensure robustness and consistency.

3d) Performance

It is clear that some aspects of the supply chain has been encouraged to work collaboratively, e.g. in the cross referral of customers and in the sharing of facilities. The regular email and phone contacts, monthly review meetings and attendance at Best Practice meetings also evidence Sencia's approach to working in partnership and collaboration with its SCPs. Other examples here include high performing SCPs describing to other SCPs during the various meetings the approaches they have adopted that have led to their success, including aspects of poor performance that they have overcome. This meetings infrastructure provides for SCPs to review and discuss developments and requirements across the network, though in the main this tends to be end-to-end providers, rather than the specialists. This then may be worth some consideration in the future, for example, by working more closely with local fund holders and in collecting data from other stakeholders, for example the National Housing Federation, Primary Care Trusts, Probation Service and local police forces. (See Element 4a below). Encouragement by Sencia for SCPs to collaborate in joint funding bids and shared resources could also reinforce this supportive approach to supply chain development and position Sencia as a catalyst for change and improvement in the eyes of the supply chain

Sencia has demonstrated effective performance management processes and practices, primarily through the performance reviews with Sencia's CMs and quality 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 within Sencia in order to resolve them effectively. Lessons learned are also noted and shared across the network through weekly emails and ongoing discussions; though at this time there is no central log of lessons learned in this fashion.

Any under-performance identified within an SCP results in a targeted Performance Improvement Plan (PIP) being drawn up and agreed between the SCP and their Contract Manager and this drives any subsequent reviews, audits and inspections until such time as the shortfall is addressed. In reality, Sencia's approach is that all SCPs are in a position to continually improve and so all SCPs have a PIP, though some are more targeted than others at improving performance figures. An example was provided of a Tier 2 SCP and the ESA clients. After discussions with another Tier 2 provider, the SCP in question decided that they would equip themselves with the ability and capacity to deal with PG6 clients, thereby helping the second SCP to improve its performance against contract, as they no longer had to provide for this client group and SCP in question to provide specialist support to better meet this client group's particular needs. In another case, this involved Sencia working closely with a Tier 2 SCP on a one-to-one basis where they were struggling to meet expectations and this was successful in turning around performance and the SCP subsequently was retained within the supply chain, whereas without the support, they would probably have failed and withdrawn its specialist provision.

There are many opportunities for QA to pick up innovative actions as well as the quarterly Best Practice meetings specifically designed for the purpose. The communication process is deemed to be so open that the organisation and its SCPs feel comfortable in approaching the other party to gain information, advice or guidance from each other.

"I'm not sure we would have survived had it not been for the support we received from Sencia; I think we definitely bit off more than we could chew with this contract, but the Sencia staff helped us to turn our performance around". (SCP)

Through good communication and effective monitoring and reporting, supply chain partners confirmed that they are very clear as to their performance expectations and that the review process provides for effective analysis of such performance. A league table is produced monthly to allow all SCPs with a direct contract to see their performance as compared to others. Several SCPs commented that they found the level of detail shared to be valuable in managing their own performance.

"It's always useful to see how you are performing against other providers, especially if you can learn about how to improve your own performance. I think this supply chain works particularly well together". (SCP)

The Sencia Cascade (MI) system is a sophisticated piece of technology that has developed over time with input from the supply chain and now has the capability to store, analyse and recover information in a comprehensive manner. SCPs commented that it allowed for accurate data to be maintained and reported upon and several commented that they had used the reporting features to good effect in analysing their own performance. Performance information is shared across the supply chain during network meetings and is also available through the CM's meetings with their respective SCPs.

With the focus of the payment system being attachments, progress measures, job outcomes and sustained employment for the customers, those SCPs questioned were very clear that this is how they calculate value for money in their own minds, when compared to the cost of achieving these key performance indicators. One SCP commented that **"DWP are certainly getting value for money from the cost:outcome balance"**. Several other examples were provided of costs saving measures thereby driving up the cost: benefit ratio, for example; sharing resources, free work placements and maximising the use of vehicles.

"The work on quality that ESG have done with us amounts to VFM - and the time they've spent impacts on the quality of the service we offer - there's no deliberate conversation about VFM but it's clearly there" (SCP)

Sencia also describes the value for money experienced by the customers, citing reduced travel time and costs and one stop shop approaches. Overall then both Sencia and their SCPs are able to describe the features of value for money outside of any statement, or definition being provided. That said, it is recommended that Sencia considers what represents value for money for the various stakeholders and that this be shared across the supply chain.

In the main, the customer journey is monitored against the progress measures for both the Work Programme and ESF contracts and, as such, Sencia has made a good start to determining 'distance travelled'. Initial assessment of various factors including confidence and motivation, is undertaken using the 'Identify' tool and regular customer reviews continue to monitor an individual's progression and development, with personal goals being agreed and monitored through the Cascade system.

A 53 week 'alert' on the Cascade system reminds Sencia staff when a client is 'still in the system' and reminds them that action needs to be taken, whereupon they are prompted to contact the SCP to discuss the situation.

"The feedback we get from customers also shows that we are helping people to improve and move closer to the jobs market". (SCP)

3e) Promoting Diversity and Equality

Diversity and Equality (D&E) is seen as a key issue for all customers and stakeholders aligned to Sencia. All those within the supply chain are required to have and maintain a D&E policy that at least matches that of Sencia and compliance with this requirement is confirmed during the procurement process and is subject to audit during the QA inspections and the CM reviews.

In designing the supply chain, Sencia were able to contract with SCPs that share its own beliefs and values, including those related to diversity and equality. The partnering Councils and other large stakeholders of Sencia have very clear guidelines and requirements in this respect leading to a high degree of visibility for this issue and, through Sencia, all SCPs are clear as to expectations.

The Sencia Cascade system is designed to capture diversity and equality data and there are some examples internally of this data being reviewed by both Sencia staff and SCP staff.

"We've used the information from Cascade to run lone parent sessions as well as ensuring that case-workers have a manageable mix of clients on their caseload". (SCP)

With this as an emerging strategy, many SCPs are, as yet, unaware as to how Sencia will analyse this data to inform future service delivery, or how it links to the wider policy and objectives of the commissioner and this may be worthy of further investigation and development.

4 Review

4a) Supply chain review

Feedback has been collected from a wide range of stakeholders over the duration of the contract, either through formal processes such as performance review meetings, national and local networking or through informal situations. Customer feedback results and surveys also feed in to the supply of review data to good effect. Sencia defines its stakeholders as: customers, employers, SCPs, staff, local authorities, Local Employer Partnerships (LEPs), third sector organisations and of course, DWP, ESF and central government. Effective relationships with these organisations all provide for a rich vein of information and feedback and there were several examples of this information giving rise to improvements being made to both practices and processes throughout the supply chain.

Evidence of such improvements includes specialist SCPs dealing with a large number of clients with mental health issues were in touch with local charities, housing associations and community group to try and evaluate the impact of their interventions and to engender support networks where appropriate. The frequent contact with employers through the efforts of the 'in-work' support teams, also clearly indicates the positive impact the provision is having in the workplace.

Whilst SCMs meet the SCPs on a monthly basis, there may be benefits to be had from bringing wider stakeholders, including Tier 3 and 4 SCPs, together periodically throughout the year, or at least annually, for example, for a 'state of the nation' type presentation and dialogue and this may be worthy of further consideration.

In keeping with DWP requirements, Sencia has developed and produced a Self-Assessment Report (SAR) on an annual basis. Contributing to this report are the discussions held with SCPs during the performance reviews and the requirement of all Tier 2 'end to end' SCPs to complete and submit relevant information through their own SAR. The outcome of this process is a series of SARs for each of the SCPs across the contract package areas, together with an all-encompassing SAR and action plan, used by Sencia to drive development and improvement activities. The overarching report and plan are not currently shared across the supply chain network however, although highlights are shared through the various communication routes, e.g. the website and the performance review and quality meetings as appropriate.

This 'bottom up' approach however could be effectively supported by a more strategic, 'top down' approach as described in the recommendations earlier in this report. There may also be opportunity to include more Tier 3 and 4 SCPs in the process in order to increase the diversity and richness of the information collected.

There is a clear commitment within Sencia 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. Many of those SCPs interviewed showed a good understanding of the commissioner's wider objectives, as well as the part they will be playing in contributing towards them in a demonstrable fashion, although this tended to some degree to relate to their own area of expertise and interest, rather than across the piece. Many SCPs commented on the usefulness of Quality Matters as a vehicle for keeping them updated on the wider policy and strategy of the commissioner and affirmed that this is a subject often discussed at the supply chain meetings and Best Practice sessions..

"We're pretty well kept up to date with developments and changes in the wider objectives by Sencia, but to be honest, we get kept up to date by our own organisation too". (SCP)

"We get regular updates and have the chance to discuss them with either Sencia when we have a review meeting, or with other (supply chain) partners when we get together. I think we're all clear on what they are". (SCP)

All SCPs interviewed were clear on how they contribute to these wider objectives and many were able to give specific individual examples of impact, however this 'evidence' tended towards the anecdotal, with no clearly measurable outcomes of impact overall. The Merlin Standard however, calls for 'measurable impact' and in this respect, this is an element as yet underdeveloped across the supply chain.

The introduction of various specialists into the supply chain over the previous year or so, for example the APM situation mentioned earlier in this report and Ubique and YSS who were both introduced to the supply chain to bolster the support for ex-offenders, are clear example of how the supply chain has evolved to meet the changing needs of stakeholders of all types.

"I think the relationships have strengthened which leads to improved service for the clients. I regularly email and talk to Open Doors and refer clients to them - I don't think that would have happened to that degree a few years ago - it's because we've got to know each other better". (SCP)

The design and activities of the supply chain have without doubt had a positive impact on such aspects as customer health and wellbeing, poverty and criminality, though as identified above, the positive outcomes tend towards the anecdotal. Opportunities therefore now exist to extend the range of data collection to other stakeholders, e.g. the NHS, the National Housing Federation, environmental groups and the various Police Authorities, in order to better understand the wider impact of the supply chain on these key social objectives.

Conclusion

Sencia Ltd has exhibited behaviours that fully meet the requirements of the Merlin Standard and several areas of good practice have been demonstrated.

It was evident to the assessment team that Sencia has, over the last 12 to 18 months, developed a much more collegiate approach to managing its supply chain and that this has resulted in much improved working relationships at all levels and that this in turn has led to improved performance all round.

Supply Chain Partners confirmed that Sencia has established the positive behaviours expected of a Prime contractor organisation - and that the strategies, policies and processes deployed since the senior management changes have resulted in a supply chain that can better meet the needs of the various stakeholders.