



merlin

promoting supply chain excellence

Assessment Report
For

PROSPECTS SERVICES

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On behalf of emqc Ltd

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About the Organisation

Prospects Services (Prospects) is an employee owned mutual company. It is one of the first and largest public-sector mutual with shares allocated to managers and staff, as an employee-owned company. The organisation works nationally and internationally in partnership with public, private and voluntary sector organisations, managing and delivering education, employment and training services.

Their mission; 'inspiring success' is two-fold, seeking to inspire success in individuals through dynamic and diverse education, guidance, training and employment services and to inspire success in organisations through creative, focused solutions achieving excellence and lasting outcomes.

The organisation helps more than one million people each year, through an extensive range of programmes delivered on behalf of government departments and funding bodies, including Department of Work & Pensions (DWP), European Social Fund (ESF), Skills Funding Agency (SFA), etc. some of which include:

- Work Programme working as prime contractor in the South West (CPA11) covering Somerset, Devon, Cornwall and Dorset and a leading subcontractor in London and Bristol
- National Careers Service working as prime contractor in Greater London, a partner in Careers Yorkshire and the Humber and a major subcontractor in the West Midlands and Bristol
- Youth Contract working as a prime contractor in London, the West Midlands and Yorkshire and the Humber
- Prospects Apprenticeships working as a prime contractor across the UK
- ESF Families Black Country and Leicestershire
- Go4It across London, NGage in South and West London, etc.

Prospects have actively designed and developed supply chains over the years to support the delivery of contracts in order to meet the commissioner's / funder's objectives and the needs of the customers. The current breakdown of supply chain delivery is 28% Work Programme, 84% National Careers Service, 74% Youth Contract, 62% Apprenticeships, 58% ESF Families, 44% NGage and 6% Go4It.

Assessment Methodology

Prospects Services was mandated by DWP to undertake an initial assessment against the Merlin Standard before 29th June 2012 due to being a delivery partner (Prime) for the Work Programme. Primes are required to be reaccredited against the Merlin Standard every two-years and consequently the organisation opted to undertake the assessment in June 2014 with the aim of retaining the accreditation.

It should be noted that the organisation undertook a strategic review against the Merlin Standard in September 2013 following the merger with South London Business. The purpose of the review was to ensure the principles of the Merlin Standard continued to be implemented across all contracts.

Whilst the scope for the initial assessment was for the Work Programme the reaccreditation included all contracts delivered on behalf of government departments and funding bodies, as listed previously.

The assessment team comprised of Lorna Bainbridge (Lead Assessor) and two Assessors: Christine Smart and Stuart Morgan, supported by a coordinator within Prospects. The Lead Assessor and Prospects coordinator started planning the assessment in March 2014 whereby the scope and logistics of the assessment were identified, and the on-site dates agreed.

Prospects provided a list of partners for all contracts in scope, which indicated tier two (end-to-end), tier 3 (specialist) and tier 4 (spot-purchase). The Lead Assessor selected a number of partners to be interviewed taking into consideration all contracts, across the CPAs and the different tiers.

The Lead Assessor was in regular contact with the coordinator prior to the on-site to review the schedule and logistics of the on-site activity. Prior to the on-site activity all documentation required for the assessment; Self Assessment Questionnaire, Pre-Assessment Notes and schedules were shared within the agreed time-scale.

The assessment team spent a total of 12 days on-site reviewing documentary evidence and undertaking interviews with a total representative sample of 25% of tier 2 end-to-end supply chain partners from across all the contracts (33/131 supply chain partners). Tier 3 Specialist and tier 4 spot-purchase organisations also contributed to the assessment.

Prospects' staff involved in the strategic and day-to-day delivery of the service and management of the supply chains were interviewed across the contracts to enable the assessment team to gain a full understanding of the delivery models, including the systems and processes implemented, which were fully tested throughout the interviews with partners.

Assessment Outcome

Overall %	82%
Overall Outcome	Good
Supply Chain Design	Excellent
Commitment	Good
Conduct	Good
Review	Good

Strengths

The following provides an indication of areas of particular strength, which appeared to be working well and viewed positively by Prospects' staff and a large proportion of the supply chain partners interviewed, and / or supported by observed and / or documentary evidence. The number in brackets cross-references the findings to the element and criteria of the Merlin Standard.

- ▲ The supply chain for Work Programme has continued to evolve and utilises public, private and third sector organisations. The number of tier 3 and 4 partners has increased to meet the changing needs of the customers and address the commissioner's objectives. (1a.1, 1a.2, 4a.5)
- ▲ The Business Development Team and operational staff work collaboratively bidding for contracts, which are aligned to the ethos of Prospects. Extensive research is undertaken prior to tendering to facilitate the design of a supply chain with the aim of being equipped to deliver an effective service from live-date. (1a.1, 1a.2)
- ▲ A high proportion of supply chain partners believe that communications are open and honest, without unreasonable constraint prior to and throughout the life of the contract, similarly, they confirmed that interactions are positive and supportive as Prospects' staff recognise that partners are a valuable asset to the delivery of the services. (2a.5, 3a.3)
- ▲ Throughout the procurement for the National Careers Service, presentations have been delivered to provide partners with information relating to the funding / payment arrangements to ensure they fully understand and appreciate the financial risk, and consequently partners believe that Prospects have been open and honest, and enabled them to make an informed decision to join the supply chain on this occasion. (2a.5, 2c.1, 2c.2)
- ▲ A range of learning and development opportunities are identified, actively promoted and executed across the National Careers Service with the aim of equipping staff with the necessary knowledge and skills to deliver the service. This has proven to be highly successful and partners have been able to reduce their internal budget to support staff learning and development. (2b.1, 2b.3)

Strengths Cont./

- ▲ The due diligence activities for the National Careers Service includes the development of a 'Gold File', which is subsequently referenced throughout the life of the contract, and proves to be invaluable to partners. (2c.1, 3b.1)
- ▲ Contractual documentation is designed for all supply chain partners, including end-to-end, tier 3 and 4, which ensures all stakeholders clearly understand their obligations and what is expected of them throughout the life of the contract. (2c.3, 3d.3)
- ▲ The implementation of policies and procedures to ensure and maintain the security of all data and assets within the supply chain is a key strength within the Work Programme and National Careers Service contracts, as is the approach to maintaining health and safety and assuring the safeguarding of people through due diligence and regular quality assurance activities. (3b.1, 3b.4, 3b.5, 3b.6)
- ▲ The introduction of a balance scorecard for the National Careers Service provides an effective quality assurance and performance management tool, and contributes to the development of the Self Assessment Report (SAR) and Quality Improvement Plan (QIP). (3b.1, 3b.2, 3d.2, 4a.2)
- ▲ The environmental sustainability strategy has been developed across the Work Programme and a number of activities have been implemented within the supply chain to reduce the carbon footprint. (3b.7)
- ▲ Excellent practice has been clearly defined across the Work Programme, and strategies introduced to support the sharing of ideas, successes and achievements, for example, 'Bright Ideas'. (3b.8)
- ▲ Within the Work Programme and National Careers Service strategies have been implemented to manage equality and promote diversity, for example, up-skilling supply chain staff and improving the ability to interrogate and use the data within the supply chain. (3e.1, 3e.2, 3e.3)

Areas for Improvement

Whilst Prospects demonstrated that it met the Merlin Standard the following areas could be considered for review and improvement based on feedback from Prospects' staff and / or supply chain partners, observations and / or documentary evidence. The number in brackets cross-references the findings to the element and criteria of the Merlin Standard.

- ▲ The greatest challenge Prospects faces is consistency across the contracts, there is evidence of some excellent practice within the Work Programme and National Careers Service, which could prove to be beneficial if implemented throughout the supply chains. (2a.2, 2a.3, 2a.4, 2b.2, 2b.3, 2c.1, 2c.5, 2c.6, 3b.1, 3b.2, 3b.3, 3d.1, 3d.2, 3e.2, 3e.3)
- ▲ Prospects have undertaken extensive research and consultation to ensure the scope and variety within the supply chains to contribute to meeting customer needs and the commissioner's / funder's objectives and wider policy intent. In the future, consideration could be made to reviewing and sharing lessons learnt from previous activities to establish effective supply chains far quicker. (1a.1)
- ▲ The Work Programme have recognised the contribution of tier 3 and 4 partners and as a result treat them as part of the supply chain. This approach has recently been adopted by other contracts, but is not consistent practice. As a result, consideration could be made to the viability of tier 3 and 4 partners being recognised as part of the supply chain to contribute to the delivery of the service and commissioner / funder objectives and wider policy intent. (1a.1, 1a.3)
- ▲ The part of the organisation delivering the Work Programme have developed a directory of the tier 3 and 4 partners to promote their services to Prospects' delivery teams and tier 2 partners. In the future, consideration could be made to the development of a directory to promote the services of specialists and ad-hoc service providers across the contracts, encouraging the use of support services outside of the typical supply chain. (1a.3)
- ▲ A number of partners confirmed that they were made aware of additional funding streams, for example, bursaries, grants and bidding opportunities for new contracts / business. However, a few partners felt that Prospects could be far more proactive in identifying and supporting them to obtain additional funding strategies, and consequently, the sharing of practice across supply chains could prove to be beneficial. (2b.2)
- ▲ Whilst Work Programme partners recollected the management fees and the services gained as a result, this was not consistent practice across all contracts. In the future, consideration should be made to carrying out an annual review of the management fees and related services followed by communicating the findings to ensure partners are aware of the fees and services gained. (2c.8)

Areas for Improvement Cont./

- ▲ Prospects' values tend to be adopted across the supply chains, and whilst these have not been mutually agreed the approach has been effective to date. In the future, consideration could be made to reviewing the values at the start of a contract, engaging partners in the development of the definitions for a specific contract and measuring partners against the expectations. (3a.1)
- ▲ A high proportion of partners confirmed that notification of changes to contractual requirements was received in a timely manner. However, evidence indicated that on occasions this was not consistent practice. As a result, consideration could be made to agreeing internal procedures and key performance indicators to resolve the issue. (3a.4)
- ▲ Customers and employers are engaged in a range of feedback mechanisms for the relevant contract, for example, surveys, questionnaires, learner forums, employer networking groups, etc. In the future, consideration could be made to sharing the successes of the different feedback mechanisms across the contracts to contribute to improving the services provided. (3b.1, 4a.1)
- ▲ Every effort has been made to promote environmental sustainability and implement different strategies within some contracts. However, there is not a consistent approach, which is embedded at this stage, consideration could be made to implementing a holistic, measurable strategy across the supply chains. (3b.7, 4a.6)
- ▲ Whilst there is a level of understanding regarding the value for money provided, in the future, consideration could be made to Prospects defining the term and measuring across the supply chain/s. (3d.5)
- ▲ Throughout the assessment there was evidence of partners understanding how the supply chain impacts on the wider social objectives / policy intent. In the future, consideration could be made to encouraging partners to share their successes and achievements to increase awareness of impact across the supply chains. (4a.4, 4a.6)

Areas Requiring Further Development

Prospects have successfully met all the requirements of the Merlin Standard, as described in the assessment outcome. As a result, there are no areas requiring further development identified throughout this assessment.

Assessment Findings

1 Supply Chain Design

1a) Supply chain design

Prospects' purpose is to 'inspire success' in individuals and organisations through the delivery of a wide range of services, and consequently seeks to work with different commissioners / funders to contribute to and achieve the overarching aim.

Prospects adopt internal delivery models for all the contracts, but recognise the value of working in partnership with experts to contribute to meeting the changing needs of customers and the requirements of commissioner / funder, and as a result, continue to seek opportunities to adopt external delivery models through a supply chain. Currently 57% of the delivery is through supply chains, and Prospects continue to deliver the balance internally to ensure they have an understanding of the contract requirements and challenges.

Prospects gain a clear understanding of the commissioner / funder objectives and wider policy intent prior to tendering for a contract to ensure it is aligned to the organisation's purpose. This was evidenced through the recent procurement activities for the National Careers Service where-by a clear strategy was identified and implemented successfully, and more recently a strategy is being developed in preparation for tendering for the forthcoming Work Programme.

Extensive research and consultation is undertaken to ensure scope and variety within the supply chain to meet the commissioner / funder objectives and contractual requirements. Research is in the form of desktop, black box thinking, analysis of a range of national and local statistical data, etc. Consultation takes place with a range of external stakeholders; Government parties, DWP, SFA, Employment Related Services Association (ERSA), Association of Training and Learning, CBI Welfare Sub Group, other national, regional and local networks and unsuccessful customers from previous programmes with the aim of influencing the sector plans and using intelligence to inform the supply chain design.

Whilst Prospects have been successful in the past in ensuring scope and variety within the supply chain due to the research and consultation undertaken, in the future, effective supply chains could be established far quicker, if time was allocated to reviewing and sharing the lessons learnt from previous activities.

The actual make up of the supply chains across all contracts clearly demonstrated the use of public, private and third sector organisations of varying sizes and geographical spread, with the aim of meeting the needs of the customer, achieving the objectives and contributing to the wider policy intent of the commissioner / funder. Prospects recognise the value of using specialist delivery partners, where appropriate, which once again include a mix of public, private and third sector organisations of varying sizes and geographical spread. The specialist support within the Work Programme has changed and evolved considerably over the past two-years to address the different payment groups, and the mix of urban and rural delivery across the South West.

Prospects were awarded the Youth Contract in August 2013 (one year after the formal contract award), which had a supply chain in place. However, a full review was undertaken to ensure it was fit for purpose and met the needs of customer and commissioner / funder. Consequently, the supply chain has been refreshed and consists of a representative sample of public, private and third sector organisations to address the diverse needs of customers within each borough.

Some partner comments from the different contracts included:

"I think it's a well balanced supply chain"

"Prospects deliver the major part of the contract but we provide the third sector input"

"We have to have a different approach when working in rural communities. The larger commercial organisations wouldn't be viable"

Contingency plans are identified in the event of a partner terminating their contract to ensure a consistent service is provided to customers, which was evidenced through the Work Programme and London Youth Contract.

The use of wider networks outside of the supply chains is actively encouraged across all contracts to support the delivery of the services, for example, Chamber of Trade, Chamber of Commerce, Local Authorities, Colleges, Housing Associations, JobCentre Plus, Citizens Advice Bureaus, local charities and drug, alcohol and mental health support groups, etc. Partners also made reference to employers, and consequently, seek to work together through 'in support teams' to contribute to the delivery of the service.

Tier 3 and 4 partners are listed within a directory of services for Work Programme, which provides a clear indication of the services provided to Prospects' delivery teams and tier 2 partners. In the future, consideration could be made to the development of a directory to promote the services of specialists and ad-hoc service providers across the contracts, encouraging the use of support services outside of the supply chain.

Since the assessment in 2012 the supply chain for the Work Programme has evolved through the recognition and inclusion of tier 3 and 4 partners. These partners gain a contract or Service Level Agreement (SLA) and have an open invitation to the quarterly supply chain partner meetings. This approach has recently been adopted by other contracts, but is not consistent practice. As a result, consideration could be made to the viability of tier 3 and 4 partners being recognised as part of the supply chain to contribute to the delivery of the service and commissioner / funder objectives and wider policy intent.

2 Commitment

2a) Collaboration, cooperation and communication

Communication strategies are in place to promote the opportunities to partner with Prospects with the aim of engaging potential and existing partners in procurement activities, for example, websites, email, presentations and briefings, and direct approach from a staff member following a trawl through databases. A central email address is promoted to provide prospective partners with access to information and support throughout the procurement process.

Partners confirmed that the procurement process, including a two-stage Expression of Interest (EoI), where appropriate and the due diligence activities were robust and efficient. Reference was made to timely and professional communications, which included one-to-one discussions, emails and presentations to ensure full understanding of the contract expectations, for example, National Careers Service. Some partner comments included:

"We had plenty of time to make sure that the contract requirements actually fitted our organisation."

"The communication regarding the new contract was factual and clearly indicated the differences and risks."

Every effort is made to engage partners in consultation activities to inform decisions, including the design of systems and processes, through quarterly supply chain partner meetings and one-to-one discussions. For example, in preparation for the National Careers Service contract partners have recently been consulted regarding a Management Information (MI) platform, new ways of working and the identification of suitable topics for future quarterly supply chain partner meetings. Work Programme partners confirmed that they were consulted following other partners leaving the supply chain and agreeing the delivery model to be implemented. Whilst there was evidence of consultation taking place across all contracts once the contract became established, there was minimal consultation at the start of the contract. In the future, consideration could be made to learning from previous experiences, sharing excellent practice and consulting with partners far earlier.

The quarterly supply chain partner meetings provide the opportunity for partners to forge relationships and work collaboratively, which is embraced across the vast majority of contracts. There was evidence of a number of partners within London working together within and across the boroughs, similarly, a number of partners in Yorkshire had created strong links over the years and as a result proactively worked together to deliver a comprehensive service to customers. It is evident that partners are less confident to work collaboratively at the start of a contract. As a result, consideration could be made to learning from previous experiences and breaking down the barriers at an earlier stage.

Partners confirmed that they had a clear understanding of all stakeholder's roles and responsibilities involved in the delivery of the service, for example, Operations Director, Contract Manager, Quality Assurance, etc. In addition, they were clear regarding the expectations of the contract and as a result there was no ambiguity regarding the business

relationship. Partners confirmed that they were confident to approach any member of staff to gain appropriate clarification, support and advice.

Some partners made reference to the difficulty encountered in the early stages of contracts when efforts were being made to develop relationships with other agencies or organisations, for example, Local Authorities, JobCentre Plus, etc. Whilst these have been solved, in the future, consideration could be made to learning from previous experiences, undertaking earlier intervention to develop the relationships on a more timely and constructive basis to provide benefits to all stakeholders.

The communication strategies are formal and informal, with a balance of one-to-one and supply chain activities. Partners made reference to the daily / weekly dialogue, emails and portal updates, monthly / bi-monthly performance review visits, quarterly audits, quarterly supply chain partner meetings, etc. A high proportion of partners confirmed that communication is effective and they believe it is open and honest. The tier 3 and 4 partners for the Work Programme made reference to being included in a range of communications and as a result felt part of the supply chain. Some partner comments included:

"Open dialogue is encouraged at the meetings and following the submission of reports."

"They're open and provide a timely response to queries."

"They're a listening organisation, they respond and understand the whole picture."

"I can speak to Prospects at any level to get help in improving our performance"

"I have never had anything but honest and open conversations."

"They tell us everything they know, it's often the funder that delays the communication."

2b) Developing supply chain partners

Prospects actively encourage and support the development of its partners prior to and throughout the life of the contract through a broad range of interventions, for example, support to implement the systems and processes, complete the documentation, preparation of claims, etc. Prospects provide access to mandatory training activities, for example, induction, health and safety, safeguarding, equality and diversity, etc. for those partner organisations with limited resources. In addition, supply chain staff are able to shadow and learn from the internal delivery staff, for example, activities to engage with customers, review of the delivery model, etc.

There was evidence within the National Careers Service that common themes are identified and addressed through the six-monthly Advisor Network Meetings, for example, Skills Action Planning, analysis and use of Labour Market Information, etc.

The performance reviews and audit and compliance activities provide an opportunity to review performance against key requirements of the contract, and as a result identify additional learning and development needs for delivery staff, for example, disability awareness, equality and diversity, etc.

Prospects recognise the value of ensuring partner organisations continue to be viable, sustainable and able to deliver the service and as a result have provided support in the form of capacity building, financial planning, preparation for **matrix** Accreditation, etc.

The services provided by tier 3 and 4 partners of the Work Programme are promoted through the directory and their presence is promoted at the quarterly supply chain partner meetings with the aim of increasing awareness of their service/s and gaining additional business.

A number of partners confirmed that they were made aware of additional funding streams, for example, bursaries, grants and bidding opportunities for new contracts / business. There was evidence of Prospects supporting partners to write bids and working in partnership on tenders. It should be noted that a few partners felt that Prospects could be far more proactive in identifying and supporting them to obtain additional funding strategies, and consequently, the sharing of practice across supply chains could prove to be beneficial.

The National Careers Service identifies the learning and development needs of supply chain delivery staff throughout the monitoring visit and on occasions the use of a survey, which contributes to the development of a rolling training programme. Partners confirmed that training opportunities were promoted weekly and available to all delivery staff. In addition, professional development opportunities are available and include qualifications and activities to address Information, Advice and Guidance, mentoring, coaching, etc. One partner comment included:

"I saved about 25K in training fees."

Partners made reference to the quarterly supply chain partner meetings, performance reviews and audit and compliance activities providing access to Continuous Professional Development (CPD). Some partner comments included:

"The quarterly meetings are a great source of CPD."

"Presentations on environmental sustainability and safeguarding are always valuable."

"One-to-one time with the Contract Manager is a great learning experience."

The promotion and facilitation of staff development opportunities varied across the supply chains, whilst there was sufficient evidence demonstrated, consideration could be made to sharing excellent practice and learning from previous experiences.

2c) Contracting and funding

Prospects provided an overview of a typical procurement process:

- ▲ Preparation of a specification outlining the services to be commissioned and an appropriate scoring system,
- ▲ Promotion of the opportunity to express an EoI, and how to access the process through the website, support available and submission due date,
- ▲ Delivery of presentations to ensure bid applicants understood the nature of the contract (National Careers Service),
- ▲ Scoring and evaluation of the EoI, and selection of preferred partners,
- ▲ Provision of feedback; successful and unsuccessful,
- ▲ Engage in a second stage EoI, if appropriate, score, evaluate and feedback,
- ▲ Commence due diligence and negotiations, providing support to potential partners,
- ▲ Provision of training to delivery partners / staff prior to contract live.

Partners who could recall the procurement process confirmed that it was a fair and transparent process, including the scoring system and communications. They clearly understood the expectations of each stage of the process and received feedback as agreed. Some partner comments included:

"They made it very clear up front regarding the delivery model and funding method."

"The scoring was indicated, so you knew the weighting."

"It was a fair process in my opinion, nothing hidden."

"They were very efficient and open, no-one could possibly complain about the openness."

Successful partners understood the rationale for the quality assurance questionnaire, security questionnaire and submission of strategies, policies, insurances, etc. as part of due diligence, and once again confirmed that support and guidance was available, if required. National Careers Service partners made reference to the development of a 'Gold File', which is subsequently used in monitoring visits throughout the life of the contract. Consideration could be made to the Gold File being adopted across supply chains, due to the many functions it serves.

Tier 2 partners made reference to the funding / payment arrangements reflecting that of the prime and as a result, felt that to be fair and proportionate. Once again partners made reference to the openness throughout the tendering for the National Careers Service to ensure a clear understanding of the payment / funding model, which was different to the previous contract.

Some partners explained that due to the openness of the communications they were able to approach Prospects relating to finance with no detrimental effect, and on occasions strategies were implemented to ensure they were not facing undue financial risk, for example, financial support to enable the employment of an additional staff member to deliver the service and short-term loan agreement to support cash flow.

Tier 3 and 4 partners described the negotiations that took place to secure rates for the services /interventions provided, which were subsequently documented in a contract or SLA, and continue to be honoured.

All partners interviewed were in receipt of a contract or SLA, which clearly outlined the obligations and expectations of both parties. Some partners made reference to reviewing the contract / SLA with Prospects to ensure they had a good understanding of the requirements, whilst others were allocated time to seek legal advice to ensure they were able to honour their commitment to Prospects. Some partner comments included:

"The contracting stage was effective and they listened to our concerns and the lawyers agreed changes as far as was permissible."

"Everything is clear and straight forward."

Partners understood the rationale of the allocation of market share, which was predominantly based on location and geographical spread and as a result believe it was viable and transparent. Some partner comments included:

"It was entirely rational, based on location."

"It was allocated borough specific, which was totally fair."

Partners confirmed that negotiations were open regarding the volumes and they felt confident to challenge and renegotiate if necessary, which was evidenced throughout the assessment. Some partner comments included:

"We suggested 30 and it was agreed, we were happy."

"X told me to be greedy, but I stuck with what I was confident to achieve."

"We went back and forth and agreed in the end."

A number of partners confirmed that performance expectations are negotiated prior to contract live and subsequently throughout the life of the contract, on occasions monthly, or as a minimum annually, which provided them with the opportunity to increase or decrease their targets / outcomes. One partner comment included:

"At the monthly performance review we have an opportunity to increase or decrease our targets."

Whilst a high proportion of partners believe that the negotiations of volumes and performance expectations was effective some partners felt improvements could be made, consequently consideration could be made to applying a consistent approach across the supply chains based on the following comments:

"We have tried to reduce our target, but can't!"

"We're advised do what you can!"

Prospects develop and pilot practical strategies to manage the transfer of funds / finance within the network prior to contract live, and subsequently, provide partners with the appropriate support to ensure processes are understood and implemented. Interviews with partners throughout the assessment, including tier 3 and 4 indicated that all payments had been made within terms and conditions of the contract or SLA.

Work Programme partners recollected that the management fees were discussed and agreed, and they were aware of the support gained, for example, IT, administration, access to learning and development, quality assurance and compliance processes, performance management, communications, etc. Across other contracts a number of partners were unable to recall a management fee, but confidently described the range of support they received, including IT, administration, learning and development, quality assurance activities and performance reviews. In the future, consideration should be made to an annual review of the management fee and related services.

3 Conduct

3a) Demonstrating commercial and business integrity

A set of core values; Delivering Excellence, Working Together, Embracing Change, Valuing Colleagues and Valuing Equality and Diversity outlines the behaviours expected of all stakeholders; internal and external to ensure effective partnerships are nurtured when working with Prospects.

Throughout Eol partners review the values and as a result make an informed judgement in relation to working with Prospects. Consequently, partners confirmed that whilst the values were not mutually agreed there was commonality, which ensures cooperation and consistent behaviours. Partners confirmed that the values are upheld when working with Prospects and believe they govern the way supply chains operate. Some partner comments included:

"They truly understand the third sector and what we bring to the table."

"These values are certainly appropriate to the contract."

"It's about service delivery, but more importantly the people and Prospects get it right."

Recently, a Statement of Supply Chain Partnership Values was shared with partners throughout the quarterly supply chain partner meetings, which provided them with a reminder of the behavioural expectations. Some Contract Managers reviewed the expectations with partners and what this meant to the supply chain, however, this was not consistent practice. In the future, consideration could be made to reviewing the values at the start of a contract to ensure they are fit for purpose, engage partners in developing a definition of the values for the specific contract and measuring partners against the expectations.

A clear strategy to manage the TUPE process is in place and was recently tested successfully when staff transferred into Prospects from the Connexions service. Staff confirmed that the process was smooth, effective and appropriate, which caused minimal concern and provided sustainable employment. One staff comment included:

"I came to Prospects under the TUPE banner. It was well handled with a good flow of information and appropriate interviews."

Partners made reference to the range of personal and electronic communications on a daily and weekly basis, which they believe are worded appropriately, conveying positive messages. A high proportion of partners deem the quality and compliance audits and performance reviews to be developmental tools, which are positive and supportive activities. Partners believe that they are appreciated and valued for their contribution to the service and as a result gain extensive support. Some partner comments included:

"The Contract Manager is fantastic she is always ready to help you to improve."

"There is an openness which encourages you to speak to them."

"They are very approachable and supportive."

"They understand our business and as a result flexible within the constraints of the contract."

Throughout due diligence, legislative and regulatory requirements are reviewed to ensure partners meet the terms and conditions of the contract and are fit for purpose, for example,

insurance, security checks, health and safety policy, equality and diversity and safeguarding policies, as well as an environmental strategy.

Subsequent legislative and regulatory updates are communicated through email, letter, the portal, etc. and followed up by Contract Managers to ensure understanding and implementation where appropriate. Partners confirmed that the process was effective and ensured action was taken within the agreed timescale.

Changes to contractual requirements are communicated through email and / or letter, and once again followed up by the Contract Manager. A high proportion of partners confirmed that notification was received in a timely manner, however, evidence indicated that on occasions some time had lapsed prior to partners being advised of changes, as a result, consideration could be made to agreeing internal procedures and key performance indicators to resolve the issue. Some partner comments included:

"I am confident that Prospects will tell us about new legislation or regulations which affect us, probably the most recent is about Apprenticeship funding."

"They tell us about things quickly but to be fair most of us in the sector become aware at the same time as Prospects."

"It did take them two weeks to communicate the past change."

3b) Quality Assurance and Compliance

Prospects have invested in the development of their quality and compliance team over the past two-years, which has resulted in the appointment of specialists to lead on **matrix**, Investors in People, Investors in Diversity, ISO 9001, ISO14001, ISO27001, etc. Consequently, a range of quality assurance and compliance processes, policies and activities have been adopted.

Each contract implements a range of processes, policies and activities to quality assure the delivery of the service, for example, monthly and quarterly audits, observation of practice, review of files, etc. The National Careers Service use a balance scorecard and the gold file to support quality assurance and performance management activities, which is highly effective and consequently consideration could be made to adopting this approach across all contracts. Some partner comments included:

"I like the balance scorecard, all the information is there to be used."

"The gold file keeps all the policies and procedures in one place, which is easily accessible."

"The balance scorecard RAG rates you so you have a clear picture what you have to do."

A high proportion of partners confirmed that the quality assurance and compliance processes, policies and activities were effective and supportive as they provided a clear indication of areas of good practice and those to consider for improvement, for example, skills action planning, completion of documentation, data security practices, etc. Some partner comments included:

"We needed to improve the quality of our grading."

"We got an action plan, which has now taken us from the bottom third to the top third in performance."

Each contract uses a range of methods to gain feedback on the customer experience, which further contributes to quality assuring the service delivery and identifying further improvements. The methods used to gain feedback vary based on the needs of the contract. However, consideration could be made to sharing the effectiveness of some methods across the supply chains.

The recent reaccreditation against the **matrix** Standard demonstrated that the information, advice and guidance (IAG) services provided by Prospects were effective, and as a result, the same principles are applied when providing IAG to their partners to enable them to meet the contractual obligations.

Whilst a number of partners are accredited with the **matrix** Standard due to the requirements of commissioner / funder it is not a general requirement and as a result observation of delivery staff's practice is undertaken. For example, the Contract Manager for NGage schedules observation of professional practice and delivery of sessions throughout the audit, which was evidenced through tier 2 and 3 partners.

Some contracts have robust policies and procedures, for example, National Careers Service; whilst partner organisations are required to be accredited with the **matrix** Standard, clear schedules are developed for manager and peer observations, which are documented and stored in the gold file in preparation for the quarterly audit.

Prospects are accredited with ISO27001 and have invested in a lead for security to ensure strategies and policies are robust to assure the security of data and assets. Whilst accreditation of the standard is not a requirement for partners, due diligence provides confirmation that the strategies and processes adopted meet the commissioner / funder requirements and that of Prospects, and where required strategies are implemented, for example, encryption of data. Some contracts adopt bespoke approaches to securing data, for example, the development of a secure portal for the National Careers Service removes the need for encryption.

Throughout visits to partner's premises observation includes security of data and assets, and as a minimum, an annual audit reviews the strategies, policies and procedures for security of data and assets to ensure compliance. In addition, audits undertaken by the commissioner / funder, for example, DWP, SFA provide confirmation that procedures are robust and meet the minimum requirements.

Partners confirmed that the due diligence process requires the submission of health and safety and safeguarding policies, which are subsequently checked throughout the auditing activities adopted for each contract. Reference was often made to the safeguarding policy throughout performance reviews and quarterly supply chain partner meetings to ensure all staff undertake the base-line security requirements (Disclosure and Barring Service). Similarly, through observation within partner premises health and safety issues are identified and addressed.

Partners clearly understand their responsibilities in terms of reporting any serious or reportable incident, or potential safeguarding issue relating to customers through the designated Health and Safety Officer and Appointed Safeguarding Officer.

Within the Work Programme improvements were noted since the assessment in 2012 in relation to environmental sustainability. Partners confirmed that their policies were submitted as part of the due diligence process, and subsequently checked and monitored throughout quality and compliance activities. Partners were aware of the green issues and the broad targets, which were driven from Prospects. A Bright Ideas Scheme promoted in the area resulted in the highest reward to a member of staff due to the significant financial saving and contribution to environmental sustainability.

Whilst across other contracts partners confirmed that they submitted their policy and appropriate targets for environmental sustainability, and on occasions the topic was presented at the quarterly supply chain partner meetings, the approach is not robust and embedded at this stage. Consideration could be made to implementing a holistic, measurable strategy across the supply chains.

Within the Work Programme the term good practice has been superseded by excellent practice and is identified formally during performance reviews, quality assurance and compliance audits and informally through daily communications. In addition, the Bright Ideas Scheme encourages staff to share excellent practice, new approaches and ideas. Subsequently, sharing of excellent practice is facilitated through the quarterly supply chain partner meetings, performance reviews, audits and general discussion.

Prospects actively promote the sharing of knowledge and practice, often facilitating partners to present areas of strength, successes and achievements to others to provide learning and development opportunities. Across other contracts one-to-one discussions, performance reviews, quarterly audits and supply chain partner meetings provide the opportunity for Contract Managers to identify, share and monitor excellent / good practice.

3c) Honouring Commitments

Partners confirmed that pre and post contract negotiations were clear and open through written and verbal communications, and where necessary they were confident to approach the Contract Manager to review profiles, values and finance throughout the life of the contract. Prospects have honoured all agreements and commitments to date, and whilst some errors have been made in the past these had been resolved and managed effectively, demonstrating their commitment to being open and honest with their partners.

Whilst there have been some contract variations partners confirmed that these had been openly discussed, including the rationale and once again expectations were clear and agreed by both parties. Any changes in contract were formally documented within a contract, SLA or contract variation notice to ensure full understanding of the agreement and expectations. Partners confirmed that over the life of the contract finance arrangements had not changed and payments continued to be made within the agreed terms and conditions.

Those partners interviewed confirmed that they were aware of the complaints procedure, however, they reiterated that the working relationships with Prospects were good, open and honest and they have the confidence to discuss anything with Contract Managers and members of the senior leadership team, including grievances, and consequently believe these would be resolved promptly.

Members of the senior leadership team stated that they would fully respect the decisions made as a result of the Merlin Mediation Service, if it were to be deemed to have not acted in accordance with the principles of the Merlin Standard. A number of partners are aware of the Merlin Mediation Service (Work Programme), but believe they will never need to use it based on the behaviours displayed and relationship developed with Prospects.

Open discussion with partners ensure they gain a clear understanding of the expectations before, during and after contract award, which was evidenced through the presentations in preparation for the National Careers Service contract. Similarly, a high proportion of London Youth Contract partners confirmed that they gained a clear understanding of expectations of both parties when they opted to work with the Prospects in August 2013.

Throughout the life of the contract performance reviews provide opportunities to discuss expectations and agree appropriate plans for both parties. The quarterly supply chain partner meetings provide a platform for the Contract Manager to review and agree expectations of the supply chain in line with the commissioner / funder objectives. Within some contracts partner's performance expectations are shared across the supply chain, which encourages dialogue relating to successes, achievements and failures, however, this is not consistent practice.

There was evidence within some contracts of partners being made aware of what they could expect from tier 3 and 4 providers, for example, the Work Programme Directory promotes these services and provides a clear indication of what the buyer can expect as a result of the service being delivered.

3d) Performance

The design of the supply chains was aimed at providing a holistic approach to the service delivery and as a result partners are actively encouraged to work together to support and promote the performance of the entire network. It was evident that the trust between partners develops throughout the life of a contract, as they become less competitive and protective and willingly share knowledge and information as the supply chain becomes more established. Consideration could be made to new supply chains learning from previous experiences to promote collaborative working at an earlier stage.

As previously stated, there were a number of partners working together to provide a range of services to customers, including tier 3 and 4 within the Work Programme and the Youth Contracts.

Each contract has adopted policies and activities to address performance management, which include regular telephone conversations, often daily, and monthly or two-monthly

visits to partner's premises to undertake formal performance reviews, which were appreciated by those partners. There was evidence that some Contract Managers did not visit the premises, and as a result, consideration could be made to adopting a consistent approach across the supply chains. Partners find the process supportive, as it provides an opportunity to discuss their success and achievements, issues and concerns arising from the contract, including regarding the commissioning and procurement.

In the event of partner's performance being poor areas for improvement are identified and action plans designed and agreed between the two parties, as a result, partners felt well supported and confirmed that the approach proved to be effective.

The contracts and SLAs are clear and unambiguous, and clearly define all the required outcomes and expectations, consequently at the start of the contract partners understand what is expected. Throughout the life of the contract regular dialogue, including performance reviews, audits and supply chain partner meetings provide the opportunities for partners to be focused and gain clarification, if required, regarding the expectations.

Each contract has adopted an MI system to meet the needs of the commissioner / funder and Prospects, and on some contracts Administrators are appointed to input data to the portal and generate appropriate reports. Whilst some MI platforms are highly effective and efficient as they provide consistent, accurate data this is not consistent. Consequently, Prospects strive to make appropriate improvements, for example, the development of the MI system for the National Careers Service.

Within the Work Programme the portal contains all the information and accurate data is generated as required by partners, which is subsequently shared throughout the quarterly supply chain partner meetings.

Contract Managers are responsible for managing performance, quality and compliance across the supply chain, and to ensure partners are delivering value for money. Partners made reference to providing value for money by achieving performance targets and making a difference / impact on the lives of the customers. Other examples included:

- ▲ Partners provide additional sessions, whilst the only receive payment for three in order to achieve an outcome,
- ▲ Additional services / training is provided to support a customer,
- ▲ Partners share resources, etc.

The Youth Contract has defined value for money, which is measured by the enhancements that the programme provides in terms of delivering additional and / or complementary targeted work to young people who are NEET and in a series of at risk groups. In the future, consideration could be made to defining and measuring value for money within and across the supply chains.

Quality and compliance audits are the established process to measure outcomes and performance, including the progression of customers, which trigger payments for the achievement of specific milestones.

Each contract has adopted a method for measuring the distance travelled, for example, customer's soft skills are established at the start of their journey on the Go4It Programme, and subsequently, measured at the end to indicate the level of progression. All partners confirmed that there were methods to track customer progression, depending upon the contract.

3e) Promoting Diversity and Equality

A core value is valuing equality and diversity; using difference and diversity to enhance creativity, build their business and provide everyone with an equal chance to succeed, which is demonstrated through their commitment to Positive about Disabled People and Investors in Diversity.

Throughout due diligence, partner's diversity and equality strategy was reviewed to ensure it was aligned to that of Prospects and met the legal requirements, which is subsequently reviewed on an annual basis, as a minimum to ensure currency.

Partners confirmed that there was active promotion of diversity and equality, which was supported by appropriate learning and development interventions. The National Careers Service had commissioned a project in 2013, which included representatives from the supply chain being involved in researching key themes appropriate to diversity and equality and designing a range of learning and development activities for delivery staff. In the future, consideration could be made to sharing the findings with other supply chains and / or initiating similar activities to further promote and embed diversity and equality. However, it should be noted that a high proportion of partners believe that diversity and equality is fully embedded due to the nature of the contracts. Some partner comments included:

"Differentiation in the classroom to address individual needs is a focus."

"Every customer has different needs, which we address."

All partners capture data relating to diversity and equality and submit to Prospects, where-by a level of analysis is undertaken to meet the commissioner / funder requirements. There was evidence of the data being used collectively by Prospects, which was shared with supply chains, however, the level of scrutiny varied dependent upon the life of the contract. In the future, irrespective of the stage of the contract, diversity and equality data could be interrogated and used to identify gaps and influence the delivery of the service.

It was evident that some partners (at local level) had adopted robust approaches to monitoring and analysing diversity and equality data, which influenced plans to deliver the service, for example, the identification of:

- Gaps; low numbers of British, white male on a study programme, disengaged ethnic minority, etc.
- Groups; learning disabilities, 40% of referrals with mental health issues, etc.

In the future, consideration could be made to supporting some partners to analyse and utilise the data to improve performance at local and supply chain level.

4 Review

4a) Supply chain review

Feedback continues to be gained from partners through the quarterly supply chain partner meetings, performance reviews, quarterly quality assurance and compliance audits, and daily discussions, which inform and improve practices within each contract. In addition, feedback is gained from external audits undertaken by the respective commissioner / funder, DWP, SFA, ESF, etc.

Reference was made to a range of external assessments and inspections, for example, previous Merlin assessment, **matrix**, Investors in Diversity, Investors in People, OFSTED, ISO9001, ISO14001 and ISO27001, etc. Feedback gained throughout these processes was valued and formed part of future improvement plans, for example, the Work Programme Merlin Action Plan had been a working document for the past two-years.

Dependent upon the contract, customers and employers are engaged in a range of feedback mechanisms, for example, surveys, questionnaires, learner forums, employer networking groups, etc. In the future, consideration could be made to sharing the successes of the different feedback mechanisms across the contracts to contribute to improving the services provided.

An annual SAR is developed for a vast majority of contracts, which informs future improvement activities, for example, performance, compliance, service delivery, etc. In 2012 the Work Programme was in the early stages of the process having started to outline the requirements with the supply chain partners, this process has become an embedded practice, supply chain partners believe it is effective and not onerous due to the approach taken, and identifies areas for improvement across the contract.

Partners confirmed that the balance scorecard used within the National Careers Service provides an effective tool to enable partners to complete their SAR, which feeds into that of the contract and QIP. In the future, consideration could be made to adopting a similar process across all contracts. One partner comment included:

"The findings in the balance scorecard can be lifted into the SAR."

There was evidence that some Contract Managers believe there is no contractual requirement to complete an annual SAR for their area of responsibility, however, this could be promoted as excellent practice across the contracts in order to engage different stakeholders in a formal feedback process and identify areas for further improvement.

Prospects initially communicate information regarding the wider policy and strategy prior to the EoI to ensure potential partners are clear about the commissioner / funder objectives and plans. Subsequently, partners are kept updated and informed of the wider policy intent by email, face-to-face meetings and quarterly supply chain partner meetings. The quarterly supply chain meetings are used to ensure the activities of the supply chain are aligned and

partners understand what is expected of them. Whilst a high proportion of partners believe this is effective a minority felt improvements could be made.

A number of partners; Work Programme, National Careers Service, ESF Families, Youth Contract, etc. had a clear understanding of the wider policy and strategy of the commissioner / funder, and how they impact on external stakeholders and encouraged well-being, for example, having a positive impact on local authorities, communities and employers, reducing worklessness, fewer people claiming benefit and more people motivated, engaged and mobilised ready for work, improving health and well-being by addressing specific health related issues with customer groups, improving confidence, self-worth and self-image to contribute to sustainable work in the future, reducing the NEET by converting to EET, increasing participation by 1% and retaining learners, etc.

Some partners provided evidence regarding the impact their organisation had on environmental sustainability, and whilst reference was made to strategies to contribute to reducing the carbon footprint, for example, webinars to reduce travel, there was minimal understanding regarding the impact on the supply chain. Consequently, as previously indicated, the implementation of a holistic, measurable approach is recommended.

Whilst evidence indicated a general understanding of supply chains having an impact on the wider social objectives / policy intent, consideration could be made to encouraging partners to share their successes and achievements to increase awareness and recognise the impact of the supply chain/s.

Prospects have actively promoted employee well-being over the past year, and as a result of a staff survey, where-by 64% of employees responded, a number of key actions have been identified for the forthcoming year, for example, flexible working, equality and diversity, etc. In addition, the organisation plans to commit to the 'Mindful Employer' demonstrating their commitment to improving the working lives of their staff.

The supply chains are reviewed on a regular basis to ensure they are fit for purpose and contribute to the objectives, which has resulted in changes in the make-up of supply chains, for example, increased number of partners to engage different groups; gypsy travellers, NEET, etc. In addition, within the Work Programme the supply chain has been refreshed due to the new payment groups and the identification of specific issues / challenges, for example, a high number of customers were identified with mental health issues. National Careers Service formally reviews the supply chain on an annual basis to identify gaps in the provision and align partners to the performance expectations.

An internal delivery model was initially adopted for Go4It, however, it became evident that specialist services were required to ensure the objectives were met, consequently a supply chain has been designed and currently delivering 6% of the service, which continues to be under review.

Conclusion

Prospects Services continues to meet the requirements of the Merlin Standard, having demonstrated that the behaviours are positive and supportive, and communication is open and honest.

It was evident throughout the assessment that Prospects had responded to the feedback provided throughout the initial Merlin assessment in 2012 and the subsequent strategic review in 2013, as significant improvements had been made against all principles of the Standard.

Whilst a number of areas of excellent / good practice have been demonstrated, consistent application of systems and processes across the supply chains will be required to contribute to continuous improvement of the supply chain performance. The implementation of the proposed Supply Chain Management Framework could provide the platform required, providing a template for supply chains to be designed, procured, quality assured, performance managed and continuously improved through the sharing of excellent practice, successes and achievements in order to meet the commissioner's funder's objectives and the needs of the customers.

It is evident that the experience gained within the Work Programme and National Careers Service provides opportunities to identify and share a number of lessons learnt, which could contribute to future supply chains being operationally effective in a far shorter period of time.

It is evident that some young people services Operational / Contract Managers perceive their role to be that of 'Contract Management' as opposed to 'Supply Chain Management', and consequently in order to enhance performance in the future the mind-set of managers may have to be changed.

In summary, some partner comments included:

"They're a good prime to work with, very supportive."

"Prospects value their partners and work with them."

"It's a partnership, a genuine partnership."