



**merlin**

promoting supply chain excellence

Assessment Report

For

**Pertemps People Development Group (PPDG)**

**By Rob Mottram**

**On behalf of emqc Ltd**

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## About the Organisation

Pertemps People Development Group (PPDG) is a member of the ESH Group, one of the world's leading providers of Welfare to Work, training and recruitment services to an extensive number of Government and private companies across Australia and the United Kingdom.

PPDG, established in 1997 have been delivering the Work Programme in Birmingham, Solihull and the Black Country (CPA 14) on behalf of the Department for Work and Pensions since it went live in June 2011. The Work Programme contract is part financed by the European Social Fund. PPDG subcontract almost 28 % of all front-line delivery to a network of 3 providers from the private and charity sectors. PPDG provide specialist self-employment support for customers through 2 providers.

## Assessment Methodology

An initial planning meeting between the Lead Assessor and a number of representatives of PPDG, including the assessment coordinator, support was given as to how the assessment would take place and to agree the Supply Chain Partners who would be interviewed. Following on from this meeting, PPDG created schedules for each of the assessors.

The assessment covered Birmingham, Solihull and the Black Country (CPA 14). During the assessment, assessors reviewed a range of documentary evidence and IT systems provided by PPDG, interviewed a wide range of staff, including senior managers and customer facing staff from the Supply Chain Network and a range of staff from PPDG. A total of 25 representatives from 11 Supply Chain Partners were interviewed. All principles of the Merlin standard were fully assessed by a team of 3 assessors; Rob Mottram (Lead Assessor), Carole Fox and Hayley Allen who spent a total of 12 days onsite.

## Assessment Outcome

<b>Overall %</b>	<b>58%</b>
<b>Overall Outcome</b>	<b>Satisfactory</b>
<b>Supply Chain Design</b>	<b>Satisfactory</b>
<b>Commitment</b>	<b>Satisfactory</b>
<b>Conduct</b>	<b>Satisfactory</b>
<b>Review</b>	<b>Satisfactory</b>

## Strengths

- ▲ PPDG have developed a very positive culture of openness and honesty at all levels within its Supply Chain Network through the very close alignment of clear values and ethos. PPDG's values are Integrity, Performance Excellence, Passionate Commitment and Social Responsibility. This is resulting in Supply Chain Partners working effectively with PPDG in achieving the needs of commissioners.(2a5 & 3a1)
- ▲ PPDG carefully selected Supply Chain Partners whose values very closely align to those of PPDG, allowing organisations and the people within them to work together effectively to achieve shared goals.(3a1)
- ▲ Effective management, through the use of a dedicated resource and an open approach of the TUPE process enabled PPDG to facilitate a smooth transition for affected staff and gave the most appropriate support to the Supply Chain Network allowing them to make informed and considered decisions. This was achieved by ensuring Supply Chain Partners were actively involved in the allocation of staff and staff liabilities in a fair and transparent manner. (3a.2)
- ▲ PPDG have a proactive and practical approach to developing and supporting both Supply Chain Partners and individuals employed within them to build organisational capacity and develop individual skills and expertise which has a positive impact in meeting contractual performance. In one instance a partner was able to describe how job entry had improved as a result of the support that PPDG had given. (2b.1)

## Areas for Improvement

- ▲ PPDG need to consider the appropriateness and to effectively review current supply chain arrangements to ensure the holistic needs of all customer groups are being met; in particular the utilisation of organisations identified as providing call on/calls off services. (4a.1)
- ▲ PPDG need to consider appropriate ways of further developing the collaborative working between Supply Chain Partners allowing all members of the Supply Chain Network to meet, discuss, exchange ideas and become more self-sufficient as a network and less reliant on PPDG.(3d.1)
- ▲ PPDG need to ensure the implementation of a more systematic and robust quality assurance processes to better monitor the quality of service across the supply chain and more effectively use the findings from quality assurance processes to improve the quality of service. (3b.1 & 3b.2)
- ▲ PPDG need to improve the Management Information Systems (CTS) to meet the needs of all Supply Chain Partners, to include the development of 'real time' reporting

systems to better support Supply Chain Partners ability to be able to manage performance more effectively (3d.4)

- ▲ PPDG need to establish robust methods to ensure value for money and measuring distance travelled by all customers (3d.6)
- ▲ PPDG to take a proactive role in the promotion and monitoring of Diversity and Equality and ensure the analysis and use of data informs decisions across all Supply Chain Partners ensuring that all characteristics are addressed to meet the diverse range of customers that the supply chain manages and how this links to wider policy and objectives, such as worklessness and poverty (3e.2 & 3e.3)

## Assessment Findings

### 1 Supply Chain Design

#### 1a) Supply chain design

An effective supply chain has been designed by PPDG to support with the delivery of Work Programme. Historically PPDG had successfully delivered large scale Welfare to Work provision using their own comprehensive network of delivery sites where very few formal Supply Chain Partners were used, instead, PPDG used a well-developed and wide range of local and national partners on a less formal basis.

For Work Programme delivery it was decided by senior management that 30% of the delivery would be delivered by a Supply Chain Network. Appropriate 'end to end' delivery partners were selected to deliver Work Programme based on a combination of meeting geographical requirements, dealing with specialist customer groups and with organisations who share PPDG's strong ethos, vision and values. The 'end to end' delivery partners identified utilised private, public and third sector organisations to deliver Work Programme, however at a very late stage of the procurement process the public sector organisation who had been selected to deliver work programme withdrew their interest, which resulted in PPDG re-distributing customers to their own delivery sites. PPDG's current Supply Chain Partners who deliver 'end to end' services include established organisations in the delivery of large scale employment alongside new entrants to the Welfare to Work market.

Through prior delivery of large scale employment programmes, such as flexible new deal, PPDG identified that approximately 10% of customers required specialist self-employment support and as a result engaged with 2 experienced organisations who deliver self-employment support services on their behalf. PPDG encourages the supply chain to utilise a range of suitable solutions to a range of complex problems faced by customers who are available for all Supply Chain Partners to access through the development of a directory of call on/call off specialist support services which include money advisory support and training interventions.

## 2 Commitment

### 2a) Collaboration, cooperation and communication

Supply Chain Partners were able to confirm that during the procurement process PPDG operated in a clear and open manner, which Supply Chain Partners found very reassuring in dealing with PPDG. A variety of communication methods were adopted by PPDG which focused primarily on face to face meetings with more formal discussions and negotiations being used to support this approach. Supply Chain Partners were supported to develop project implementation plans with regular weekly communications used to track achievement against agreed key milestones.

Following contract award a dedicated member of PPDG staff was assigned to the Supply Chain Partners to provide on-going support and act as a conduit for all queries regarding the delivery of the contract. Supply Chain Partners describe PPDG as very reactive to queries, with one Supply Chain Partner describing them as “very supportive to us, if they don’t know the answer they will go away and find out, they usually get back to us with an answer within 24 hours”

Prior to the contract ‘go live’ PPDG presented Supply Chain Partners with basic outlines of proposed systems, processes and client journey which partners were encouraged to comment on, make suggestions and have input into. Supply Chain Partners signed a ‘partner declaration’ which confirmed their satisfaction with the bid content. PPDG’s approach to supply chain management fosters a culture of openness and honesty.

### 2b) Developing supply chain partners

PPDG have been successful in developing Supply Chain Partners and the individuals employed within them. A range of staff within PPDG have supported the development of this element of the Merlin standard. The Supply Chain Manger has worked very closely with partners to build capacity and increase performance using established techniques such as 1:1 mentoring, encouraging job shadowing and by facilitating the exchange of excellent practice. Specialist system training has been delivered by PPDG using a range of methods, to enable all staff employed within the supply chain network to access the IT system, on-going support to users is given through the use of a super-user network. Where appropriate staff employed within the supply chain network receive high levels of specialist practical support as well as opportunities to access more formalised training at no additional cost covering areas such as health and safety.

PPDG have made a substantial commitment to the development of a new entrant to the UK Welfare to Work market that had no experience of delivery of large scale employment programmes with a wide range of support and encouragement being given to them in the form of shadowing opportunities for staff, training and help with developing delivery processes. This is allowing the organisation to specifically build organisational capacity and

become an experienced and effective provider of services to a complex customer group. One Supply Chain Partner has had a PPDG member of staff 'seconded' to them to offer support and build individual capabilities around areas such as self-employment and working with young people.

A structured approach is taken by PPDG to the promotion of future funding opportunities for its supply chain through internal weekly meetings where appropriate opportunities are identified these are cascaded to the Supply Chain Network and partners are encouraged to apply for future funding opportunities. One Supply Chain Partner commented "we are currently exploring potential future opportunities with PPDG and another party which could have some exciting benefits for young people in the Birmingham area"

## 2c) Contracting and funding

PPDG utilised the Department for Work and Pensions 'speed dating' events to meet a wide range of potential Supply Chain Partners on a face to face basis, where senior management of PPDG had an opportunity to discuss at a strategic level the prospective Supply Chain Partners vision, values and ethos and ensure that partners aligned to those of PPDG.

Further face to face discussions and meetings enabled PPDG and the prospective organisations to assess their mutual suitability to form strong and effective working partnerships with one partner describing the process as "built on a common sense and practical approach". The process however did not utilise a formal scoring system to support the selection of Supply Chain Partners and as a result lacks some transparency, the senior management team made decisions based on commercial judgements. A due diligence process followed which allowed PPDG to assess Supply Chain Partners financial and organisational capacity to support the delivery of the Work Programme.

PPDG developed different funding arrangements, which provided Supply Chain Partners with options, in some cases minimising risk, front loading payments and paying a monthly delivery fee to Supply Chain Partners. PPDG negotiated funding arrangements based on indicative customer flows and anticipated delivery, PPDG have indicated that referral volumes have been higher than anticipated and that referred customer groups do not mirror those that they expected which is leading PPDG to review the suitability of the current supply chain. PPDG have designed finance models that support a desire to create and foster good working relationships, which it seems to have done, with one provider commenting "if we were having cash-flow issues and we needed to, I'm sure that we could approach PPDG who would go out of their way to help us with that". There are no fixed funding arrangements in place with those suppliers engaged on a call on/call off basis. Supply Chain Partners were clear on the management fee they are paying PPDG and happy with the level of the contribution, that they receive in return for it and that it seemed favourable to them as an organisation.

Contractual documentation used by PPDG broadly reflects that of the Department for Work and Pensions; however some terms and conditions have been amended to make them more favourable to the Supply Chain Partners. PPDG based the allocation of market share

predominately on location and indicative flows given by the Department for Work and Pensions, however in a number of instances indicative customer flows have not been reflected in actual customer numbers or groups. PPDG needs to consider the impact of this on the present supply chain design and allocation of market share. Call on/off partners has no fixed funding arrangements.

PPDG manage the transfer of funds in an efficient manner. Payment terms are 30 days; payments are prompt and timely and are made following a series of validation and compliance checks.

### 3 Conduct

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

PPDG behave in a way that demonstrates high levels of integrity underpinned by a strong ethos of values which centre on PPDG's philosophy of 'unearthing' the spark of brilliance in everyone'. During the assessment PPDG clearly illustrated the strong ethos that drives their business and the Supply Chain Partners with which they work. Supply Chain Partners are very closely aligned to PPDG's core principles whilst retaining their individual values which support positive and effective business relationships. One Supply Chain partner described PPDG as "good people to do business with".

PPDG used a very open and transparent approach to the management of the TUPE process. Supply Chain Partners were not advised from a legal perspective by PPDG on how to manage the TUPE process, but were very effectively supported by PPDG who gave them access to information that they had in regard to staffing numbers, potential financial liabilities and the benefit of PPDG's prior experiences with regard to TUPE.

PPDG have developed a process to ensure that all Supply Chain Partners receive timely updates to legislative and contractual requirements through a weekly email communication log which contains documents and direct links to any relevant information. This process is further supported by regular telephone contact between the Supply Chain Partner and face to face reviews where understanding is checked and assured.

#### 3b) Quality Assurance and Compliance

PPDG's approach to quality assurance is insufficiently systematic to ensure that the quality of customer experience is consistent and meets PPDG's standards. A series of compliance based audits were carried out when the contract 'went live' however the process for on-going quality assurance and continuous improvement is not yet adequately embedded. Quality Improvement Plans have been developed by PPDG & its Supply Chain Partners and are being reviewed on a regular basis. A small number of formal observations have been carried out by PPDG by experienced and trained members of staff. On the supply chain delivery and whilst it is noted that many of the Supply Chain Partners are accredited to the **matrix** standard, excellent practice would suggest that PPDG need to ensure more robust strategies are used to ensure effective provision of information, advice and guidance and consistency of

customer journey are met. A holistic audit tool has been developed and it is anticipated by PPDG that this will support the development of this area. The tool is going to review a number of areas, including quality, health and safety, environmental sustainability and compliance and audit. This will be used to measure all supply chain partners and will provide assurances to PPDG.

PPDG have provided the Supply Chain Network with comprehensive support to ensure they maintain security of all data and assets within the supply chain, PPDG achieved ISO 27001:2008 in September 2011 and before contract 'go live' ensured that all Supply Chain Partners reached a sufficient standard to satisfy PPDG. Where appropriate, Supply Chain Partners are being given active support to achieve accreditation to ISO27001. Supply Chain Partners find this type of practical support very helpful. Call on/calls off services have not yet been formally assessed by PPDG to ensure their compliance against areas such as data protection or health and safety.

Healthy and safe work environments were assured as part of the partner verification process, where a rigorous assessment document was completed by partner organisations before each delivery location was visited by a specialist from PPDG who conducted an assessment, produced a report, action plan and where appropriate ensured that the supply chain partner could access the relevant support to help them to meet the requirements. Supply chain partners are reminded of their commitment to health and safety during monthly reviews and an annual audit of partners is planned.

Vulnerable groups are appropriately safeguarded by PPDG through processes carried out during the partner verification process and once the contract had 'gone live' on-going monitoring ensured all supply chain partners meet the Baseline Personnel Security Standard (BPSS). Should any changes occur to personnel, PPDG require them to be informed of the changes and ensure their continued adherence to the security standard.

PPDG achieved ISO 14001 in February 2012 and whilst prospective partners provided PPDG with details of their commitment to supporting environmental sustainability during the contract validation stage, PPDG have identified that Supply Chain Partners are at different stages of their development against this area and requires PPDG to take a more proactive approach, specific environmental sustainability targets for Supply Chain Partners have not yet been agreed. PPDG need to ensure that all Supply Chain Partners are clear about how these links to the commissioner's wider policy and objectives.

Excellent practice is currently identified through the review process which is carried out by the Supply Chain Manager who shares information and excellent practice within the Supply Chain Network. PPDG have facilitated some events to promote excellent practice such as encouraging less well performing Supply Chain Partners to visit high performing Supply Chain Partners, to learn from them and share ideas, however this is limited and further development of this area is required.

### 3c) Honouring Commitments

Supply Chain Partners confirm that contract negotiations were clear and open; partners feel that they were given adequate information and time to consider funding models. Contractual changes are communicated clearly to Supply Chain Partners using the weekly communication log and supported by verbal feedback to ensure Supply Chain Partners are clear why changes have been made.

Supply Chain Partners are aware of PPDG's formal dispute resolution process, PPDG have stated they would fully respect decisions made as a result of the Merlin Mediation Service. Clear communication between PPDG and its Supply Chain Partners ensure that all parties have clarity on a wide range of expectations.

### 3d) Performance

PPDG have developed a bespoke schedule of contacts with the 'end to end' delivery partners based on performance, ranging from more intensive weekly face to face meetings to monthly meetings reviewing current performance, identifying areas of excellent practice, health and safety issues alongside a range of other areas focused on contract delivery. Comparative performance data of all Supply Chain Partners is shared across the network through weekly email communication and less well performing partners are encouraged to work with higher performing partners to better understand, recognise and develop effective working practices and processes.

Clear performance targets have been agreed between PPDG and its Supply Chain Partners. Where Supply Chain Partners are failing to meet the performance targets PPDG have approached this in a very supportive manner. A formal performance management route is used as a last resort by PPDG, preferring to adopt a less formal, more developmental approach which is proving effective in improving performance.

PPDG have developed a bespoke Management Information system (Client Tracking System) for use by the Supply Chain Network which records customer journey activities and provides partners with access to data. The system is based on an established Management Information system and at the current time does not have sufficient levels of functionality which is causing a level of frustration for partners, with reports not being available in 'real time' and issues with access particularly where delivery takes place in 'outreach' or community based locations. PPDG have identified the development of CTS as an area of required improvement, however there is no time frame in which the development for CTS is to be completed by.

### 3e) Promoting Diversity & Equality

PPDG have arranged a Supply Chain Network which is made up of a range of organisations that align very closely to their own commitment to Diversity and Equality. During the validation stage of procurement, partners were required to submit details relating to diversity and inclusion which is subsequently monitored at monthly review meetings which are held between the Supply Chain Manager and the Supply Chain Partner.

PPDG are developing appropriate methods to ensure that an effective range of monitoring and promotion of diversity and equality throughout the supply chain takes place. PPDG have identified that the collection, analysis and use of equal opportunities data within the supply chain is not systematic and is an area of focus for PPDG, nor is this linked to wider policy and objectives.

## 4 Review

### 4a) Supply chain review

The systematic collection and use of feedback from all stakeholder groups is insufficiently developed to inform and improve practices. PPDG has been proactive in collecting feedback from Supply Chain Partners, but as yet has not developed this approach to collect feedback from other stakeholders, including customers. Good news stories regarding the customer journey are collected by PPDG at reviews and informally and these successes are celebrated; complaints are tracked through a clear documented process to resolution. In some cases customer feedback is being collected by the supply chain and shared with PPDG; however the approach is passive and requires PPDG to take a more active role in the process.

PPDG are using DWP's recently developed self-assessment tool to enable them to develop a detailed self-assessment report, which has contributions from all Supply Chain Partners which Supply Chain Partners get access to. Individual Supply Chain Partners have Quality Improvement Plans in place which are reviewed by PPDG during regular review meetings, which are used by PPDG to develop an organisation wide Quality Improvement Plan. PPDG have a very realistic view of them which was demonstrated in the highly accurate self-assessment questionnaire submitted in preparation of the Merlin assessment.

PPDG need to further communicate the wider aims and objectives of the commissioner to its supply chain; PPDG have a number of positive initiatives in place to improve the community within which it works, such as a 'give as you earn' scheme and encouraging volunteering options for staff which is promoted to the Supply Chain Network in an active manner. PPDG need to take a more active role in the promotion of the commissioner's objectives, strategy and policy and consider how the activities of the supply chain are meeting these, with a particular focus on improving environmental sustainability and how these activities of the Supply Chain Network have a positive impact on these.

PPDG have engaged a wide range of 36 partners who operate on a call on/call off basis, which formed part of the Supply Chain Network to assist customers in developing well-being, however, due to lower than anticipated customer flows has not been fully utilised. PPDG need to consider an appropriate way to review this group of Supply Chain Partners and ensure that this group evolves to provide the changing needs of customers and the commissioner.