



merlin

promoting supply chain excellence

Assessment Report

For

SHAW TRUST

By Ruth Regan

On behalf of emqc Ltd

Assessment Date: 03/03/2014 to 06/03/2014

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About the Organisation

Shaw Trust is a national charity that helps people facing disadvantage to find work, gain skills and take control of their futures.

Originally established in the village of Shaw in Wiltshire in 1981, it was set up by five local people to help a small group of individuals achieve their employment aims. In 1982, during the International Year for Disabled Persons, Shaw Trust was registered as a charity.

As a charity, it exists to provide support to people who need help to be independent, economically active and to contribute to society. During its 30 years as a registered charity it has provided support to over 400,000 people to change their lives through work and greater independence.

2012 saw the merger of Shaw Trust with the Careers Development Group (CDG), itself a leading welfare-to-work charity, first established in 1982. 2012 also saw the opening of Shaw Trust's 50th retail shop.

A key aim of Shaw Trust is to be recognised as best in class, and to be a top-performing provider of employment and independent living services. Services have developed over the years and currently include careers advice and training, employer engagement, enterprises such as recycling and horticultural schemes, and shops across the county which provide work experience opportunities for those getting back into work.

Further to its merger with CDG, Shaw Trust is now one of only two third sector Prime providers in the UK delivering the Work Programme, and the only charity in London awarded a Prime contract. It is the government's Prime provider in 16 of the 22 contract package areas (CPA) for Work Choice, the government's specialist employment programme for people who may struggle to find or stay in work due to disability, or who face health problems or impairments. It is also a subcontractor for this program in a further six CPAs.

Supply Chain Partners enable Shaw Trust to deliver the Work Programme and Work Choice contracts. Partner organisations are spread across the UK - from CPA 2 in Scotland covering Edinburgh, Lothians & Borders, Ayrshire, Dumfries, Galloway and Inverclyde to CPA 6 covering South West Wales and South Wales Valleys in the west, to CPA 18 covering Cambridgeshire, Suffolk and Norfolk in the east, CPA 4 in London and CPA 27 covering Dorset and Somerset.

Assessment Methodology

The planning for this assessment commenced in November 2013 when the initial scope of the Merlin Standard was discussed and confirmed in accordance with the agreed guidelines.

The assessment team (Lead Assessor Ruth Regan and Team Assessors Tracey Pepper and Alice Grove) interviewed a representative sample (55%) of Tier 2 Supply Chain Partner organisations delivering on both the Work Programme and Work Choice contracts.

An organisation that had left the supply chain and 1 organisation that was leaving the supply chain were also interviewed. Tier 3 Supply Chain Partners delivering a range of specialist support / spot purchase services also contributed to the assessment.

All Supply Chain Partner organisations had been made aware of the assessment by Shaw Trust and the Lead Assessor was able to interview a partner organisation who had specifically requested to take part in the assessment via the Merlin Standard website.

Shaw Trust staff involved in the strategic and day-to-day development and management of the supply chain were interviewed as well as 'technical' experts such as HR, finance, information security and environmental sustainability personnel.

During the assessment, a number of documents were made available for the team to review, including performance management framework provider guidance, delivery assurance framework, audit documentation, contract compliance reporting processes, Work Choice management assurance toolkit, performance improvement plans, supply chain survey results, supply chain procurement documentation and a range of communication documents including Shaw Trust's monthly supply chain newsletter and performance update.

Assessment Outcome

Overall %	72%
Overall Outcome	Good
Supply Chain Design	Good
Commitment	Good
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.

- ▲ Shaw Trust has a very clear understanding of commissioner, customer and stakeholder needs and uses this intelligence to good effect when reviewing the design of its supply chain. (1a.1, & 4a.1)
- ▲ While some Supply Chain Partners believe more should be done to integrate Shaw Trust delivery into the network, they appreciate that they are able to retain their own identity and that specialisms are recognised. (1a.2)
- ▲ The supply chain considers Shaw Trust's approach to communication - both oral and written - to have improved considerably over the last 12/18 months. This is due to the open and honest relationships now established at both operational and strategic levels.

The Supply Chain Partners particularly highlighted the role of the Regional Supply Chain Managers, and their desire to develop supportive, business-like and performance-focused relationships. (2a.1, 2a.4, 2a.5, 3a.3 & 3d.3)

- ▲ While not all Supply Chain Partners fully understand the implications of the segregation of supply chain management activities within Shaw Trust, where they do, this is helping to develop supportive relationships. These will, moving forward, support the move from a 'command and control' approach to supply chain management (which was required to instill consistency and compliance) to more collaborative working relationships. (2a.5 & 3a.3)
- ▲ The audit process is providing Supply Chain Partners - particularly smaller / 3rd sector organisations - a real insight into how they could build their own capabilities and capacity to deliver more effectively for Shaw Trust and also other business opportunities. (2b.1 & 3b)
- ▲ The Bridging the Gap initiative provided Supply Chain Partners with additional finances and supported them in the achievement of their contractual requirements. (2b & 3d)
- ▲ The approach taken to negotiating initial contracts / volumes / funding and the ongoing review of profiles is perceived by most to be open and transparent. (2c.2, 2c.5 & 2c.6)
- ▲ Strong procedures are in place across the supply chain to ensure that security of personal data, safeguarding and health and safety are maintained. (3b)
- ▲ Partners believe they are having a very positive impact on the wider objectives / policy intent of the commissioner. They were able to share many anecdotal examples about improving the lives of customers they were engaging with. (4a.3 & 4a.6)

Areas for Improvement

In order to support the organisation to further develop and improve its supply chain delivery strategy, the following suggestions for improvement are made. However, the assessment team acknowledge that many of the points identified below were flagged as areas for improvement within the organisations Self-Assessment Questionnaire and are already under development. The numbers in brackets refer to the criteria of the Standard to which the areas relate.

- ▲ Continue to review the holistic needs of stakeholders and customer groups and ensure the supply chain meets their needs. (1a.1 & 4a.5)
- ▲ Individually, Supply Chain Partners have developed effective and fruitful relationships with a variety of support organisations that add value to the customer and the contracts. While there is a database of Tier 3 provision shared on the extranet, knowledge and use of this facility is limited. Consideration needs to be given to how Shaw Trust can provide and monitor a quality assured network of support / partner organisations which is acknowledged and utilised by all Supply Chain Partners. (1a.3 & 4a.1)

- ▲ As the relationship with the supply chain continues to mature, consultation with and between Supply Chain Partners and Shaw Trust needs to increase at both an operational and strategic level. (2a.2)
- ▲ Approaches need to be developed further to encourage more open and proactive collaboration across the supply chain as a whole - including contracts, CPAs and Tiers. The supply chain also requires further information / understanding of how employer engagement operates within Shaw Trust. (2a.3, 3d.1 & 3d.3)
- ▲ Although Tier 3 organisations believe they can have honest and open discussions with Shaw Trust staff, this group of partner organisations may benefit from having a structured communication plan in place. (2a.5)
- ▲ Consider what business development support can be made available for Tier 3 organisations. (2b.1)
- ▲ Continue to review the learning and development needs of Supply Chain Partner staff and proactively provide activities that meet identified need. In particular consider how training for new staff can be provided on the Shaw Trust Enterprise Platform (STEP). (2b.3)
- ▲ The challenge of obtaining compliant evidence from employers remains a frustration for some Supply Chain Partners and this is leading to uncertainties about timescales for payment and occasionally concerns about cash flow. Consider how the work of the Arbitration Panel can be shared more effectively including providing more clarity to partners on why claims are sometimes rejected and therefore additional evidence is required, for example where evidence does not meet the DWP requirements. (2c.7)
- ▲ Some Supply Chain Partners were unclear about management fees / costs, or what they receive for these fees. Consider additional actions to provide further clarity to ensure all partners are aware of management fees / costs and what they receive for these fees. (2c.8)
- ▲ The Delivery Assurance Framework details how the supply chain is managed and all Supply Chain Partners have received a copy of this document. As the supply chain relationship continues to develop, there may be benefits to be had by enhancing this document further by specifically highlighting a set of core principles developed and agreed with the Supply Chain Partners. (3a.1)
- ▲ Whilst reducing, Supply Chain Partners reported that they were subject to duplications in requests for information from the different teams within Shaw Trust - leading them to believe there is a lack of coordination between some departments. Consideration needs to be given on how these information requests can be coordinated / streamlined. (3a.3)
- ▲ Most Supply Chain Partners confirmed that they believe the processes, policies and activities undertaken by Shaw Trust to monitor the quality of delivery and the customer experience are relevant, proportionate and developmental. However, more could be done to ensure that all Supply Chain Partners fully understand and embrace all aspects of delivery assurance and audit - including observations of practice. (3b.1 & 3b.2)

- ▲ While a number of Supply Chain Partners confirmed that they were **matrix** accredited, it is strongly recommended that consideration be given to how the quality of Information, Advice and Guidance provided by partners at all levels across the supply chain can be more robustly and comprehensively assured. (3b.3)
- ▲ The supply chain would benefit from having clear definitions / examples from Shaw Trust of 'excellent practice', 'innovation' and 'value for money'. (3b.8, 3d.2 & 3d.5)
- ▲ Periodically remind Supply Chain Partners of the Merlin Mediation Service. (3c.3)
- ▲ The supply chain could benefit from having a greater understanding of how the individual organisations are contributing to the wider Shaw Trust supply chain and how employer engagement across the contract as a whole is being managed. (3c.4)
- ▲ Consideration should be given to the benefits to be gained to further developing collaboration between Shaw Trust's own delivery centres and that of the supply chain. (3d.1)
- ▲ The STEP system is not universally liked by Supply Chain Partners - describing it as over burdensome, inaccurate and bureaucratic. Ensuring staff are fully trained on the system and understand the process may overcome some of this negativity. (3d.4 & 3d.6)
- ▲ While use of and availability of InfoSpark is inconsistent Supply Chain Partners would in the main prefer to access data directly rather than through their Regional Supply Chain Manager. (3d.4, 3e.3, 4a.5 & 4a.6)
- ▲ The activities taken to promote Diversity and Equality as required by the Merlin Standard need further development. (3e)
- ▲ It may benefit all concerned if there was a more consistent view as to who actually constitutes the stakeholders, as there are divergent views amongst some Supply Chain Partners. (4a.1)
- ▲ Further evidence, beyond the anecdotal, needs to be gathered regarding the positive and measurable impact that the activities of the supply chain are having on external stakeholders, customer well-being and environmental sustainability. (4a.6)

Areas Requiring Further Development

Because Shaw Trust has met the Merlin Standard, as described in the assessment outcome above, there are no areas for development identified as requiring immediate action in order to gain accreditation.

Assessment Findings

1 Supply Chain Design

1a) Supply chain design

Shaw Trust has been helping people facing disadvantage to find work for over 30 years, and is very clear about the challenges being faced by its customer base. It has also worked closely with relevant commissioners and delivery organisations over these years. Robust processes that identify the scope required of the supply chain to meet the objectives of individual contracts and commissioners support this working knowledge. For example Nomis, a service provided by the Office for National Statistics, to give you free access to the most detailed and up-to-date UK labour market statistics from official sources, is used to confirm demographic knowledge, which is then used to identify and inform the appropriate make-up of the supply chain. Shaw Trust has its own delivery network, and the intelligence gathered through these centres is also used to review and analyse the required scope of the supply chain.

- ▲ *"...we want to work with organisations who have - or are able to develop - close relationships with the communities and customers."* – Shaw Trust
- ▲ *"...we have worked with a lot of our suppliers for a long time - but we will look at new providers if the need is there or we can develop relationships with 'experts' such as x."* – Shaw Trust

Across the Work Programme and Work Choice contracts, Shaw Trust has utilised a mix of organisational sectors, sizes and geographical bases, which enables it to provide a holistic service to its customers. When exploring the make-up of the supply chain, organisations with a good reputation within the industry, excellent coverage in the geographic location and a communicated desire to work with Shaw Trust and its client group are key priorities. The make-up of the supply chain has been flexed to respond to changing needs of the client groups and the performance of partner organisations.

At the time of this Merlin assessment, private sector organisations make up 24% of the Tier 2 supply chain, public sector organisations 17% and the third / voluntary sectors 59%. Shaw Trust works with a number of national organisations which bring specific expertise that can be delivered across multiple regions. It also works with a number of local authorities across the UK, which gives it access to community-level services to enhance and strengthen service delivery on a local level. Specialist 'niche' organisations are also engaged such as those offering self-employment options. Supply Chain Partners believe a key strength of the network is the diversity of organisations within it.

- ▲ *"...we have a mixed economy supply chain."* – Shaw Trust
- ▲ *"...the mix works well."* – Supply Chain Partner

Shaw Trust employed a strategy to encourage Supply Chain Partners to retain ownership and links with their existing networks of partner / support and stakeholder organisations, which was appreciated and perceived as a benefit to the partner organisation, Shaw Trust and the customer.

Staff within Shaw Trust described a directory of local services being available to all Supply Chain Partners - but this was not mentioned by any member of the network. Consideration needs to be given to how Shaw Trust can provide and monitor a quality assured network of support / partner organisations which is acknowledged and utilised by Supply Chain Partners.

- ▲ *"...we have a directory of Tier 3 providers available on the wiki."* – Shaw Trust
- ▲ *"...we use the Autism Society and CAB from the wider network to support customers."* – Supply Chain Partner
- ▲ *"...we have a list of Menu Partners in London."* – Supply Chain Partner
- ▲ *"...the challenge is connection between Shaw Trust advisers at the coalface and Shaw Trust national - referrals come from the advisers within a specific CPA but it's not clear how to widen the delivery."* – Supply Chain Partner

2 Commitment

2a) Collaboration, cooperation and communication

Partnership opportunities have been advertised on the Shaw Trust website and various other industry platforms such as Indus Delta and Carley Consult, and existing Supply Chain Partners are made aware of potential opportunities through their Supply Chain Manager. Although Supply Chain Partners had experienced procurement activity over a number of years with Shaw Trust and CDG, all were able to confirm that during the procurement process they experienced communication processes which were clear, straightforward, open and transparent. These included one-to-one discussions, briefings, emails etc. Those organisations that had experienced the most recent procurement (including those who were unsuccessful) described a robust, efficient, professional and well-structured process.

- ▲ *"...communication tools are important to keep delivery partners informed."* – Shaw Trust
- ▲ *"...we didn't get the recent tender - but the way we were told was great - I was really happy with the feedback."* – Supply Chain Partner

Following the merger, Shaw Trust has worked hard to balance consulting with the supply chain on the design of systems and processes, and the achievement of consistency across the CPAs in terms of delivery and the execution of systems and processes. At a grass-roots level, weekly, monthly, quarterly and ad-hoc meetings ensure Supply Chain Partners are involved in decision-making processes relevant to their own processes. As the relationship with the supply chain matures, consultation with and between Supply Chain Partners will increase at both an operational and strategic level.

- ▲ *"...we have to audit 10% of files - explained to x that it was too burdensome - was taking too much time - so we have worked with x to find an alternative approach."* – Supply Chain Partner

Supply Chain Partners confirmed that they fully understand that Shaw Trust expects collaboration across its supply chain, and collaboration is evident within the individual contracts and CPAs.

Quarterly regional Interface meetings enable Supply Chain Partners to come together to share good practice, performance data, trends, communication, and delivery assurance. Members of the supply chain confirmed that they are more than able to talk openly and candidly about their experiences with Shaw Trust and do share issues and concerns with them. However consideration needs to be given to how collaboration across the network can be developed further - including across the different tiers.

- ▲ *"...trusting us now to chair interface meetings"* – Supply Chain Partner
- ▲ *"...since x came into the role it's been great - she's upped the game - encourages us to work together at our Interface meetings."* – Supply Chain Partner
- ▲ *"...we've just ran an employer event with other partners in the area."* – Supply Chain Partner
- ▲ *"...limited sharing as we don't work in the same geographical areas as other partners."* – Supply Chain Partner

With very effective working relationships in place at both senior and operational levels, the cascade of information and general communication channels were cited as robust, honest and open. Consequently the vast majority of those interviewed within this assessment were clear as to the business relationships underpinning supply chain arrangements in place. All Tier 2 Supply Chain Partners are provided with comprehensive contractual information setting out the terms and conditions of delivery. This contract provides the legal framework within which the contractual relationship is defined. Work Choice suppliers also receive Schedule Six documentation which comprehensively sets out the financial and non-financial outputs attached to the provision of services. In addition, the management assurance framework sets out how Shaw Trust manages performance, quality and compliance, and ensures clarity in terms of roles and responsibilities.

- ▲ *"...5 key communication tools in place - launched extranet, monthly newsletter, weekly email, monthly performance update and ad-hoc briefing notes."* – Shaw Trust
- ▲ *"...clear message and consistent - work with people who can get into jobs."* – Supply Chain Partner
- ▲ *"...communication has improved mostly over the last 12 months. I now don't feel bombarded; there are significant improvements."* – Supply Chain Partner
- ▲ *"...an overall positive experience with [Supply Chain Manager]."* – Supply Chain Partner
- ▲ *"...we know about the other Supply Chain Partner organisations but we never get to know what Shaw Trust is doing - they are kept separate and I don't think they should."* – Supply Chain Partner

The way Shaw Trust is now structured, including the segmentation of duties, ensures that Supply Chain Partners were able to describe a culture in which communication is open, honest and two-way. All those interviewed highlighted the effectiveness of the interpersonal relationships between Shaw Trust staff and those of the supply chain organisations - with both parties believing they are able to express concerns and ideas to each other. A common statement from Supply Chain Partners was *"...I'm not saying anything different to what I've told Shaw Trust - we can raise issues at any time."* Others commented that communications have improved over the last year or so, citing the new management structure and the introduction of the Regional Supply Chain Managers as major contributory factors.

Daily reports, weekly telekits, monthly one-to-one contract reviews, quarterly performance reviews, emails, phone calls and Interface meetings were all given as examples of open communication processes. While Tier 3 organisations do not have access to such robust and consistent communication processes, they too believe they can have honest and open discussions with Shaw Trust staff; however, this group of partner organisations may benefit from having a structured communication plan in place.

- ▲ *"...have been extremely helpful, open and honest - identifying problems and helping to solve them."* – Supply Chain Partner
- ▲ *"...a very good interface, x has been open and honest and for that we are feeling valued and part of it."* – Supply Chain Partner
- ▲ *"...I'm not saying anything different than I say to x. Can raise issues (and do) with SCM."* – Supply Chain Partner
- ▲ *"...improved massively over the last 18 months."* – Supply Chain Partner

2b) Developing supply chain partners

Shaw Trust has demonstrated encouragement and support to help the development of its Supply Chain Partners if required. Many providers within the supply chain are already well established and at an advanced state of organisational development, requiring little in the way of further development by Shaw Trust. However, the audit process was highlighted by a number of Supply Chain Partners - at various stages of organisational sophistication - as a business development process which has identified improvements to capabilities and capacities. Day-to-day development of Supply Chain Partners comes through the interactions with staff from Shaw Trust, including 'deep-dive' and root cause analysis activities. For others at Tier 3, however, encouragement and support has been less forthcoming and this remains an area where further development by Shaw Trust should be considered.

- ▲ *"...the audits and 'deep-dive' methodology highlight pinch points within Supply Chain Partner organisations - these are helping some organisations review their business."* – Shaw Trust
- ▲ *"...the compliance audit from Shaw Trust has identified things we need in place as a business."* – Supply Chain Partner

Supply Chain Partners described Bridging the Gap as a major source of additional funding / finance which had been made available by Shaw Trust, and used to build capacity and deliver comprehensive services and jobs. Additional funding opportunities such as these are shared across the supply chain as are additional contracts such as Youth Contract and National Careers Service opportunities.

- ▲ *"...all of our allocation for Bridging the Gap was used and we then mirrored it ourselves."* – Supply Chain Partner
- ▲ *"...Bridging the Gap gave us leverage for 6 people."* – Supply Chain Partner
- ▲ *"...now all claims and evidence is managed centrally it has saved us the salary of one staff member per month."* – Supply Chain Partner

Staff development is currently identified through Regional Supply Chain Managers, feedback from audits, action plans etc., and delivered using external and internal training. What is underestimated / under-acknowledged by Supply Chain Partners is the amount of time Shaw Trust staff take on a one-to-one basis supporting delivery staff, and the sharing and learning that takes place at Interface meetings. Although not commonly known across the network, a more strategic review of the learning and development needs of Supply Chain Partner staff has been undertaken and robust plans are being put in place to provide a rolling programme of learning interventions, which should meet what were described as outstanding needs.

- ▲ *"...training on reports has just been made available."* – Shaw Trust
- ▲ *"...we are doing more to ensure the training we provide is taken up by the right people."* – Shaw Trust
- ▲ *"...development of staff has changed over the life of the contract."* – Supply Chain Partner
- ▲ *"...STEP training was horrendous at the beginning - just asked to go to extranet. The best training I ever had was when I shadowed a Shaw Trust staff member."* – Supply Chain Partner
- ▲ *"...proactive in the main but could do more - STEP training for example."* – Supply Chain Partner

2c) Contracting and funding

Supply Chain Partners confirmed that the procurement processes used by Shaw Trust are fair and transparent, including in the way it selects and communicates with potential members of the supply chain - with all information being shared via the extranet. This ensures all parties have access to the same range of information and they understand the process in place, including what is required, the scoring criteria and timeframes. Organisations who had recently entered into a procurement exercise to replace a Supply Chain Partner leaving the network confirmed the following process:

- EOIs are tailored to the opportunity.
 - All completed EOIs are scored using a template to ensure fair marking.
 - Feedback is provided with an additional offer of bespoke support to increase capacity.
 - Due diligence is carried out.
 - For successful organisations, a further request for information is made.
 - Successful organisations are offered a contract and a 'go-live' date is agreed.
 - A commissioning plan is generated to ensure the necessary steps have been undertaken before going live.
-
- ▲ *"...EOI was helpful and straightforward."* – Supply Chain Partner
 - ▲ *"...the recent tender exercise was very professionally delivered - simple with no ambiguity of what was required."* – Supply Chain Partner

Work Choice Supply Chain Partners commented very favourably on the funding arrangements and how they were clear from the initial negotiations what funding they would receive and when, over the lifetime of the contract. While less positive about the funding model, Work Programme Supply Chain Partners confirmed that funding arrangements and amounts are fair and that there was detailed dialogue and negotiation prior to the commencement of the contract about risk, cash flow, payment models etc.

Shaw Trust has offered additional tools, such as a Work Programme cash forecasting tool, financial health checks, and Schedule Six, which forecasts income and is broken down by year, month, management fee (guaranteed income) and outcome generated income.

- ▲ *"...when we signed up we knew what we would get."* – Supply Chain Partner
- ▲ *"...profiles and targets are set for 5 years."* – Supply Chain Partner
- ▲ *"...open, transparent yearly profiles."* – Supply Chain Partner

Each Supply Chain Partner receives a copy of the applicable terms and conditions for the provision of their services. This 'contract' is derived from the standard terms and conditions Shaw Trust has entered into with the commissioning organisation, and clearly sets the obligations of both parties.

- ▲ *"...the subcontract is quite succinct."* – Supply Chain Partner
- ▲ *"...have questioned the request that all staff have portable printers - was not in original contract and so have not made this compulsory."* – Supply Chain Partner

Market share is defined and agreed at bid stage, and the geography and demographics of the opportunity. Supply Chain Partners appear to fully understand their own market share and that of their supply chain colleagues within their CPA.

- ▲ *"...we have x% of the CPA market share and our patch is x."* – Supply Chain Partner

Supply Chain Partners confirmed that negotiations regarding delivery volumes are openly discussed and agreed, and felt more than able (and encouraged) to re-negotiate if and when necessary. Through the performance management regime Shaw Trust is able to detect where a Supply Chain Partner is experiencing difficulties in meeting its performance or compliance expectations due to customer volumes and resource allocations. In these cases, with the partner's agreement, Shaw Trust adjusts the flow of customers on a temporary (three-month) or permanent basis. A number of Supply Chain Partners described how Shaw Trust had negotiated funding and finance to allow them time to build capability and performance in their contract delivery.

- ▲ *"...all very clear about the level we needed to be operating at before we went into the contract."* – Supply Chain Partner
- ▲ *"...all agreed upfront - a fee is paid every month based on the agreed profile - if the profile goes up or down then we negotiate either way."* – Supply Chain Partner

Shaw Trust considers every financial need of each Supply Chain Partner on an individual basis. During supply chain design organisations are identified as being end-to-end or spot-purchase partners, based on their service offering, their ability to deliver and the financial model that works best for them. There is evidence to confirm that proactive negotiation has taken place regarding volumes and expectations. All Supply Chain Partners confirmed that they found the funding model used to be fair, equitable and effective.

- ▲ *"...we discussed if they would deliver in just one location or they needed the two to make it viable for them."* – Shaw Trust

The strategy to manage the transfer of funds within the supply chain was readily acknowledged by Supply Chain Partners as clear, fair, flexible, accurate and timely. Shaw Trust makes every effort to ensure that claims are accurate and to support staff within the supply chain to understand what is required to ensure payments can be made on time. Acknowledging that the evidencing of outcome based payments has been a challenge for some Supply Chain Partners an Arbitration Panel has been established to ensure equality and consistency in decisions. However, the challenge of obtaining acceptable evidence from employers remains a frustration for some partners.

- ▲ *"...we have introduced an Arbitration Panel to give the final judgement on claims."* – Shaw Trust
- ▲ *"...the segregation of duties across all the functions of Shaw Trust is important - but especially so when dealing with finance."* – Shaw Trust
- ▲ *"...always paid - never had a problem - lots of checking levels before it gets paid."* – Supply Chain Partner

Some Supply Chain Partners were unclear in the way the fees and other costs - including management fees, where appropriate - have been explained, discussed and agreed. However, all indicated that they were particularly happy with the support they were receiving from Shaw Trust and did not express concern over fees incurred.

- ▲ *"...all well laid out, we know what we are getting - also acknowledges a multiple site delivery model."* – Supply Chain Partner

3 Conduct

3a) Demonstrating commercial and business integrity

The vision of Shaw Trust - *a society in which everyone has the opportunity for employment, inclusion and independence* - mirrors the purpose of the organisations within its supply chain. While Shaw Trust does not impose its values on its Supply Chain Partners, the due diligence process identifies how partners are aligned in terms of their policies and principles. Over the last year, and since the merger between Shaw Trust and CDG, the 'new' organisation has been working to create an environment which is more open, communicative, fair and based on mutual respect and collaboration. While this is acknowledged and appreciated by the supply chain, considerations could be given to further developing an agreed set of core principles by which the supply chain operates and is governed.

- ▲ *"...we are all there for the good of the customer."* – Supply Chain Partner
- ▲ *"...our values match - Shaw Trust are a bit more commercially aware than we are but we can learn from each other."* – Supply Chain Partner
- ▲ *"...the (Shaw Trust) leadership is heart-warming and builds confidence."* – Supply Chain Partner

Shaw Trust follows all legal requirements as far as TUPE is concerned. These include facilitating communications between Supply Chain Partners, ensuring all time-phased commitments are met, and signposting to the relevant legal experts where needed.

Where Shaw Trust is part of the TUPE process, all legal requirements are met from an employee point of view. TUPE is also accounted for in commissioning and implementation planning.

- ▲ *"...we have had a conversation about TUPE and who was eligible - we needed to make sure it was fair for the new Supply Chain Partner."* – Shaw Trust
- ▲ *"...TUPE'd over staff and was provided with contact details and support from Shaw Trust."* – Supply Chain Partner

All Supply Chain Partners reported supportive and positive relationships and interactions with Shaw Trust, with Regional Supply Chain Managers being at the heart of the supply chain management approach. Supply Chain Partners believe that professional, personable and credible staff are working with them to apply a consistent and regular approach to supply chain management at all levels of the Shaw Trust organisation. Roles and responsibilities are clear which also supports positive relationships.

- ▲ *"...robust in checking; can be frustrating but positive."* – Supply Chain Partner
- ▲ *"...sensing a shift to partnership approach rather than hierarchical."* – Supply Chain Partner
- ▲ *"...all very positive now and still getting better."* – Supply Chain Partner
- ▲ *"...I think they need to put a calendar together of activity which shows which team is interacting with which supplier and when - they are a bit like buses at the moment."* – Supply Chain Partner

Supply Chain Partners confirmed that prior to contracting, Shaw Trust checked that they had everything in place as per the contract requirements, such as insurances, a diversity and equality policy, a health and safety policy, and systems and processes for baseline security and safeguarding. Once within the partnership, the audit process enables Shaw Trust to test the effectiveness of these policies. Shaw Trust informs its Supply Chain Partners of any changes in legislation and contractual / statutory requirements via their supplier extranet. In the event of legislative changes affecting health and safety, safeguarding, baseline security or any other legislative or regulatory requirement, internal subject experts produce a factsheet for the extranet. The introduction of the Supply Chain Partner newsletter (Sonar) and in particular the weekly email (Antenna) will ensure update information is received more quickly and by a wider audience.

- ▲ *"...we got a positive outcome from audit and then were asked for legislation policies from another department within Shaw Trust - they keep us updated but not themselves."* – Supply Chain Partner
- ▲ *"...all you need is shared - they are very clear about the importance of legislation."* – Supply Chain Partner

3b) Quality Assurance and Compliance

There are a range of tools and processes in place which are designed to effectively and proportionately monitor all aspects of quality, performance and compliance of Tier 2 Supply Chain Partners.

A Delivery Assurance Framework has been established which together with providing a number of tools and processes describes how the relationship between Shaw Trust and Supply Chain Partners will be managed - including the roles and responsibilities of the Shaw Trust quality team. The Performance Management Framework describes the standards of performance expected and how these will be monitored and reviewed. All these methods enable Shaw Trust to identify issues and provide support to ensure quality is maintained and improvements are made. Most Supply Chain Partners confirmed that they believe the processes, policies and activities undertaken by Shaw Trust to monitor the quality of delivery and the customer experience are relevant, proportionate and developmental. However, more could to be done to ensure that all Supply Chain Partners fully understand and embrace all aspects of delivery assurance and audit.

- ▲ *"...we are looking for assurances from the Supply Chain Partners that they do observations of their delivery staff."* – Shaw Trust
- ▲ *"...the Quality Manager has started to dovetail activities to monitor quality."* – Shaw Trust
- ▲ *"...got better and more focused in the last 6-12 months - lots of toolkits and want 90% to 100% for compliance."* – Supply Chain Partner
- ▲ *"...are good - transparent and no great shocks."* – Supply Chain Partner
- ▲ *"...don't know what the Delivery Assurance Framework is..."* – Supply Chain Partner

Shaw Trust staff gave various examples of how their quality assurance activities have informed and improved delivery across the supply chain. While partner organisations were able to give examples of feedback they had received, following their own monitoring / audit visits for example, they were less able to give examples of how quality issues or concerns raised across the supply chain as a whole had been addressed. The recent recruitment of a Quality Manager with responsibility for coordinating improvement and good practice nationally should improve this information flow.

- ▲ *"...the daily adviser caseload review is incredibly useful to control adviser movements."* – Supply Chain Partner
- ▲ *"...our action plan from the audit of performance has picked up quality issues and we are having a two-weekly review."* – Supply Chain Partner
- ▲ *"...they worked with us to get our compliance up to date - action plan in place - always supportive which wasn't always the case in the past."* – Supply Chain Partner

Although only the Shaw Trust - Learning And Skills Services are accredited against the **matrix** Standard and not Shaw Trust as a whole, the philosophy and methodology of providing effective Information, Advice and Guidance (IAG) is demonstrated across the Work Programme and Work Choice contracts. For example manuals, factsheets, newsletters etc. are all version controlled and / or dated, and it is evident that all staff within Shaw Trust are committed to providing their Supply Chain Partners with effective IAG to enable them to fulfill their contractual requirements. While a number of Supply Chain Partners confirmed that they were **matrix** accredited it is strongly recommended that consideration be given to how the quality of IAG provided by organisations at all levels across the supply chain can be more robustly and comprehensively assured.

- ▲ "...IAG is self-driven - have staff with NVQs. Do have **matrix** and due for renewal." – Supply Chain Partner
- ▲ "...Shaw Trust extranet is fantastic - all information is accessible." – Supply Chain Partner

Supply Chain Partners confirmed that policies pertaining to the security of data, a healthy and safe work environment and the safeguarding of people at risk were all submitted to and scrutinised by Shaw Trust as part of the initial due diligence process.

- ▲ "...all part of the review process - we have to evidence what we do - Shaw Trust test out our staff's understanding of our policies." – Supply Chain Partner
- ▲ "...health and safety, safeguarding, security etc. - all reported on monthly and quarterly." – Supply Chain Partner

All Supply Chain Partners have completed a security plan and are subject to annual self-certification audits. In addition regular audits are conducted as well as an 'eyes and ears' approach undertaken by Regional Supply Chain Managers whilst on partner premises. Security Incident and Corrective Action Request and Report (SICAR) Forms are in place and all incident forms are submitted to the Head of Information Security and are tabled at monthly Security Forum meetings. Shaw Trust is certified to the ISO27001 Standard. Supply Chain Partners gave examples of how audits undertaken by Shaw Trust had identified areas for development aligned to data security and that improvements / more stringent processes had been introduced as a result.

- ▲ "...in the process of auditing plans across the supply chain." – Shaw Trust
- ▲ "...audit and compliance teams are the eyes and ears on the ground - tool kit includes corrective action reports and forms." – Shaw Trust
- ▲ "...we have contingency plans in place which are submitted at due diligence and then audited." – Supply Chain Partner
- ▲ "...Shaw Trust asked that we put a lock on a door which contained whiteboards with names on." – Supply Chain Partner

As part of due diligence, each Supply Chain Partner submits their health and safety policy and accompanying procedures for checking and validation, and are contractually obliged to notify Shaw Trust of any serious or reportable incidents concerning customers. Partners are also obliged to inform Shaw Trust of any substantive change to their policies or procedures and will make expert resources available if required.

- ▲ "...our staff are IOSH qualified and we have talked about opening it up to Supply Chain Partners as we can accredit people in-house." – Shaw Trust
- ▲ "...we deliver manual handling and risk assessment training and offer it up to suppliers if there are any spaces available." – Shaw Trust
- ▲ "...we report health and safety issues to the Trustees every 6 weeks." – Shaw Trust

Safeguarding procedures and safeguarding guidelines are regularly monitored to ensure compliance with relevant legislation. Checks are also completed to ensure Supply Chain Partners adhere to and undertake baseline security checks, as set out in provider guidance.

The processes are further examined for effectiveness by the commercial assurance team. Through the supply chain newsletter and extranet partners are signposted towards expertise and next steps around safeguarding.

- ▲ *"...DBS checks are all in-place and audited."* – Shaw Trust

There are policies in place throughout the supply chain related to Environmental Sustainability (ES). 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 Shaw Trust. More recently self-assessments and examples of good practice relating to ES have been shared at partner Interface meetings.

- ▲ *"...we are working on getting the balance right between the policies that are produced as some Supply Chain Partners have very sophisticated policies while others don't - so we are working on getting everyone engaged to the level we need them to be by setting a base line."* – Shaw Trust
- ▲ *"...we are exploring how to support suppliers with environmental sustainability activities - lights, paper, travel etc. - each CPA is developing a sustainability plan."* – Shaw Trust

Whilst there are examples of 'excellent practice' being identified through the audit and review processes, Shaw Trust has not set out to define what the term actually means and consequently has not communicated with the supply chain in this respect. This means that whilst ideas, presentations etc. are shared across the network at Interface meetings, specific examples of 'excellent practice' are not yet overtly monitored for their effectiveness. The further development of working relationships between the Shaw Trust audit functions and the quality team, together with the monthly newsletter, will strengthen this cross-functional / cross-CPA collaboration.

- ▲ *"...we discuss things at the Interface meeting but we are looking at how to evaluate what excellent practice is."* – Shaw Trust
- ▲ *"...we have shared information on referrals."* – Supply Chain Partner
- ▲ *"...share best practice on how to be compliant on the programme."* – Supply Chain Partner

3c) Honouring Commitments

Supply Chain Partner expectations have been managed well with effective communication throughout the procurement and set-up phases and during the live running of the contracts. Expectations have been clearly defined from the outset, and communicated in both written format and orally through discussions. Partners confirmed their understanding of these expectations, that post-contract arrangements reflect pre-contract agreements, and that Shaw Trust has honoured all agreements and commitments to date. This further demonstrates the importance Shaw Trust places on developing good relationships and being open and honest in all its communications with Supply Chain Partners.

No formal complaints were raised / identified by Supply Chain Partners when interviewed. However they were generally aware of the dispute resolution processes and how to escalate any disputes through their Regional Supply Chain Manager should the need arise.

The lack of formal complaints is due largely to the positive relationships existing between Shaw Trust and its Supply Chain Partners, with any concerns being addressed as they occur by the Regional Supply Chain Managers, drawing in senior Shaw Trust staff as appropriate.

- ▲ *"...x is keen to ensure that all feedback - positive or negative - that comes into Shaw Trust is seen by the executive team so we can improve."* – Shaw Trust
- ▲ *"...happy to be subject to an external mediation service if we cannot get resolution."* – Shaw Trust
- ▲ *"...customers are at the heart of what we do - no complaints - always looking to do what is right for the customer."* – Supply Chain Partner

Senior managers confirmed that Shaw Trust would respect decisions from an appropriate and agreed Merlin Mediation Service if it were to be deemed to have not acted in accordance with the principles of the Merlin Standard.

All Tier 2 Supply Chain Partners have a clear and unambiguous understanding of what Shaw Trust expects of them in terms of service delivery, and Shaw Trust clearly understands what Supply Chain Partners expect of them. To further clarify this, Shaw Trust has introduced through the delivery assurance framework refreshed approaches to performance management, communication, contract and commercial awareness, and compliance.

All Supply Chain Partners have access to the delivery assurance framework and this, together with the meeting and communication protocols, enhances understanding and gives an opportunity to seek clarification and information if necessary. In the main, Supply Chain Partners also understand what their partner colleagues within the CPA are delivering and where and how this supports the overarching requirements of the contract.

- ▲ *"...know to the day and to the year where we are and what we need to achieve."* – Supply Chain Partner

3d) Performance

Due to the geographical spread and diversity of suppliers, a regional approach to managing the supply chain has been implemented to encourage a more proactive, responsive and collaborative approach where possible. Quarterly regional Interface meetings enable Shaw Trust to bring all Tier 2 Supply Chain Partners together to share performance information regionally and nationally. Additionally, this forum provides the opportunity to highlight good practice and develop and encourage open discussion and collaboration about service improvement. However, there are still some Supply Chain Partners who are reluctant to truly collaborate in terms of the sharing of best practice, for example due to concerns about giving away their own organisation's business intellectual property. Consideration should be given to introducing Shaw Trust's own delivery centres into the supply chain so that further collaboration and sharing of best practice to support and promote the performance of the entire 'network' can be achieved.

- ▲ *"...Shaw Trust shared what was working for them - this was really helpful."* – Supply Chain Partner

- ▲ *"...relationship has changed - we are creating opportunities and could begin to work together on other things."* – Supply Chain Partner

The Shaw Trust performance management framework describes processes and practices through which performance reviews take place - and the regular monthly and quarterly Supply Chain Partner one-to-one meetings undertaken by Regional Supply Chain Managers are at the heart of this. Opportunities exist for Supply Chain Partners to raise issues and discuss concerns at these meetings and, where necessary, these are shared across the operational teams within Shaw Trust in order to resolve them effectively.

- ▲ *"...we had a Performance Improvement Plan - we weren't hitting performance so had value for money concerns - Shaw Trust handled this very well - very clear about what we needed and support was offered - felt more than able to share concerns."* – Supply Chain Partner
- ▲ *"...when we came off the PIP we got a letter saying 'well done'."* – Supply Chain Partner
- ▲ *"...we are driven to achieve unrealistic targets - we are fighting DWP not Shaw Trust."* – Supply Chain Partner
- ▲ *"...all done individually now - I miss the wider CPA discussions we used to have."* – Supply Chain Partner

Due to the robust communication processes in place, Supply Chain Partners are very clear about what they need to achieve in both qualitative and quantitative terms. Daily, weekly and monthly reporting and performance management information is used to underpin and support the performance management regime. Organisations who have had a Performance Improvement Plan in place confirmed how they had received support and encouragement from Shaw Trust to improve performance and deliver the outcomes required.

- ▲ *"...delivered a 79% uplift in supplier performance on Work Choice Programme."* – Shaw Trust
- ▲ *"...clear targets in place with Shaw Trust now x took over - things are much clearer."* – Supply Chain Partner

The management information system has been developed and updated to enable Shaw Trust to provide regular, accurate and appropriate information to Supply Chain Partners to monitor and evaluate performance. Across the Work Choice and Work Programme activity, there are a series of standard reports which illustrate the actual daily performance of each Supply Chain Partner across a range of key performance indicators, such as starts and attachments, job entry, job sustainment and compliance. While use of and availability of InfoSpark is inconsistent Supply Chain Partners would in the main prefer to access data directly rather than through their Regional Supply Chain Manager. Performance management information is used by all levels of management at Shaw Trust to understand performance - with the Supply Chain Director preparing monthly and quarterly performance reports for the executive management team and board sub-committees. The STEP system is not universally liked by Supply Chain Partners - described as over burdensome, inaccurate and bureaucratic.

- ▲ *"...can have open conversation, (MI system) more consistent and accuracy improving."* – Supply Chain Partner

Despite the production of an Impact Report, the understanding of value for money across the contracts held is underdeveloped. Shaw Trust needs to consider encouraging Supply Chain Partners to introduce effective measures to identify value for money across the CPAs and how this will support the overall demonstration of the wider value for money aspects of the Work Programme and Work Choice contracts.

- ▲ *"...a member of the supply chain went from a Tier 2 to a Tier 3 provider because they were not giving the value for money we expected."* – Shaw Trust
- ▲ *"...we deliver from 6 sites which means we are not paying out for customers' travel fees, and we can see them quicker which means more customers turn up."* – Supply Chain Partner
- ▲ *"...we are conscious that value for money is crucial when delivering Government contracts."* – Supply Chain Partner

Customers are central to all activities undertaken by Shaw Trust and its supply chain. There is a genuine desire to enable the customer to undertake a personal journey and support them to make progress in developing their life and work skills. Minimum performance expectations have been established for each Supply Chain Partner and over the last 18 months performance has increased by 72 per cent. In addition, the introduction of a management assurance toolkit has supported Supply Chain Partners to track the use of the action-planning tool as a way of measuring the distance travelled by customers. However, using STEP to measure distance traveled is perceived to be inaccurate by some Supply Chain Partners.

- ▲ *"...Shaw Trust shares performance statistics across the supply chain."* – Supply Chain Partner
- ▲ *"...90% on target which is recognised by our Supply Chain Manager."* – Supply Chain Partner
- ▲ *"...STEP is very structured and not user friendly - we have to follow the set customer journey."* – Supply Chain Partner
- ▲ *"...surveys every 6 months to review progress."* – Supply Chain Partner

3e) Promoting Diversity and Equality

In designing and refreshing the supply chain, Shaw Trust is able to contract with Supply Chain Partners that share its own beliefs and values, including those related to Diversity and Equality (D&E).

- ▲ *"...D&E checked and part of the model we deliver."* – Supply Chain Partner
- ▲ *"...we submitted our D&E plan to Shaw Trust."* – Supply Chain Partner

All those within the supply chain confirmed that they are required to have and maintain a D&E policy that at least matches that of Shaw Trust. They also confirmed that they are very conscious that they need to be managing equality and promoting diversity in all their activities. Although Shaw Trust has a plan in place to build a shared commitment to monitoring and promoting D&E across the supply chain, more needs to be done to engage Supply Chain Partners with its implementation.

- ▲ *"...it's only been the last couple of months that Shaw Trust have been able to access the information."* – Supply Chain Partner

Data is collected and analysed through STEP and CMS systems, and includes all the required information such as gender, ethnicity and disability. While developments are taking place to ensure that a more consistent approach to data collation and analysis is achieved - this needs to be actioned quickly and efficiently, with the input of Supply Chain Partners.

- ▲ *"...STEP system is weak - we have discussed it at the Interface day on how we can improve it - we all acknowledge we need to do more but the systems are just not good enough."* – Supply Chain Partner

4 Review

4a) Supply chain review

Feedback has been collected from a wide range of stakeholders over the duration of the contracts, either through formal processes such as performance review meetings, national and local networking, or through informal situations. Stakeholders were defined by Shaw Trust staff as customers, employers, Supply Chain Partners, staff, Jobcentre Plus, Disability Employment Advisers, community groups, local authorities, third sector organisations, DWP, ESF and central government. In addition, Shaw Trust's Regional Supply Chain Managers keep well informed of local developments and findings. Where supply chain dialogue demonstrates a need for change in the delivery approach, the Regional Supply Chain Manager liaises with the Supply Chain Director to make recommendations. There may be benefits to be had from bringing wider stakeholders, including Tier 3s, together periodically throughout the year. It may also benefit all concerned if there was a more consistent view as to who actually constitutes the stakeholders, as there are divergent views amongst some Supply Chain Partners.

- ▲ *"...we give feedback all the time but have been asked through a SurveyMonkey questionnaire for some specific feedback."* – Supply Chain Partner

The self-assessment report (SAR) process is inclusive of Supply Chain Partners and the approach taken to continuous improvement is clearly set out within the delivery assurance framework. Monthly, quarterly and annual contract reviews contribute to the overall quality improvement planning. Following review and the merger between Shaw Trust and CDG, a new approach to developing the SAR is being piloted, with Supply Chain Partners being asked to complete a bi-annual self-assessment template.

- ▲ *"...x is attending our next Regional Meeting to help with continuous improvement."* – Shaw Trust
- ▲ *"...the 2013 process was a bit 'clunky' - we are going to introduce a six monthly questionnaire this year to make it easier and more effective."* – Shaw Trust

Shaw Trust keeps the supply chains informed of wider policy and strategy information of the commissioner through a variety of platforms, including its own website, the extranet, weekly industry updates, a monthly newsletter, topical fact sheets based on themes and benefits, and during regional Interface meetings.

- ▲ "...there are articles in the newsletter." – Supply Chain Partner
- ▲ "...there are documents and information on the extranet." – Supply Chain Partner
- ▲ "...it's the business we are all in." – Supply Chain Partner

Members of the supply chain were able to share numerous examples of how the work they are delivering supported by Shaw Trust is having an impact on the wider social objectives of DWP - including a customer receiving a letter from David Cameron. Other examples include positive impacts on problem families and local communities, the growth of a Supply Chain Partner's own business supporting the local economy and the support of Volunteers linked to the Big Society. Supply Chain Partners highlighted that the 'soft' outcomes and achievements of customers are not always recognised or measured.

- ▲ "...we do think about how we are contributing to the DWP policies." – Supply Chain Partner
- ▲ "...we are supporting the most disadvantaged - those furthest away from the labour market - sometimes the individual's personal journey can be forgotten." – Supply Chain Partner

The outcomes of the various processes and mechanisms to review and develop the supply chain have given rise to some changes, including the loss of partner organisations and the introduction of new Supply Chain Partners with different delivery abilities. Shaw Trust is a member of a range of industry bodies including ERSA and AELP, and contributes to policy development through responses to government consultations, for example:

- Feedback from Shaw Trust's policy work is provided to Supply Chain Partners through information routes such as the Interface meetings.
- Where a specific need cannot be met through existing Supply Chain Partners, organisations registered and approved on Shaw Trust's EOI list are encouraged to apply to fill new roles within the supply chain.

The design and activities of the supply chain have without doubt evolved and improved over the last 18 months, with examples of positive impacts on such aspects as customer wellbeing being reported. However, these are in the main anecdotal and opportunities now exist to extend the range of data collection and to set improvement measures.

Conclusion

Shaw Trust has exhibited behaviours that fully meet the requirements of the Merlin Standard, and some areas of good practice have been demonstrated.

It was evident to the assessment team that Shaw Trust has, over the last 12 to 18 months, developed a more structured, professional and engaging approach to supply chain management, and is well on its journey to be 'best in class'.

Supply Chain Partners confirmed that Shaw Trust has established the positive behaviours expected of a Prime contractor organisation - and that the strategies, policies and processes deployed since the merger with CDG have resulted in a higher performing supply chain.