

# **Creating and being part of a high performing supply chain**

**The WLW Employability Performance Rating  
& DWP's Merlin Standard**

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# Overview

- Introduction to the Employability Performance Rating
- Structure of the Performance Rating
- Implementing the Performance Rating
- DWP's Merlin Standard
- How the Performance Rating can support the Merlin Standard



# History



Developed by the West London Working (WLW) city strategy pathfinder...



.... to help overcome challenges identified in the WLW business plan

- No central quality and performance management system
- Lack of coordination in the provision and planning of skills and employment services
- Multiple and confused points of contact for residents and employers



## Pilot: Framework Development

- Developed and trialed with 13 grant holders between May 2008 and September 2009
- Builds on DWP Star Rating and LSC framework for excellence
- Overseen by a Project Board with LDA, Local Authority, DWP and LSC membership
- Universally welcomed by members of the Development Group, who feedback that there had been a genuine partnership approach to developing the rating



# Outcomes

- Ability to benchmark achievements of employability services
- Intelligently uses management and performance information collected by delivery partners
- Provides an evidence based track record of delivery against grant
- Supports customer choice and collects evidence of Client Satisfaction
- Provides a framework for Lead Delivery Partners to performance manage their sub-delivery partners



## Who is using the rating?

- LDA implementing with selection of 10/11 grant holders and rolling out to all learning and skills grants in 11/12
- DWP encouraging use by prime contractors, in support of their Merlin standard
- Use by Flexible New Deal prime contractor in West London
- London European Programme Management Unit has recommended in their 11-13 Co-financing Framework document that all co-financers use the Performance Rating
- National Offenders Management Unit and London Councils using for ESF grants
- LSC implementing with selection of ESF and work focused ESOL for parents grants in London

...and LDA investigating amending the Performance Rating for use with business support contracts

## What is the Performance Rating?

- Annual Performance Rating
- Appropriate for use with a wide range of skills and employment grants
- Can be used by funders, by prime contractors, and subcontractors
- Developed on the principle that will make best use of existing data
- Intention that all ratings will be made public

# Performance Rating Structure

Key Performance area (KPA)	Weighting	Indicators	Weighting of indicator within KPA
<b>Contract Performance</b>	60%	<b>Delivery against grant targets</b>	48%
		<b>Delivery against grant diversity targets</b>	12%
<b>Quality</b>	30%	<b>Conversion Factor</b>	12%
		<b>Self assessment of quality</b>	9%
		<b>Customer satisfaction</b>	9%
<b>Contract Compliance</b>	10%	<b>Contract compliance and contractor pro-activity in delivery</b>	10%



# Calculating the Star Rating

- Each contract will be awarded a Star Rating, ranging from 1 to 4 stars
- Calculated using a points based system
- Assessment of performance against each indicator will result in “Star rating points” – a fixed maximum number of points are available for each indicator
- Total star rating points achieved is used to establish how many stars the contract is awarded
- Irrespective of the points achieved, 4 stars will not be awarded unless the provider delivered 100% on contract targets (i.e. achieved 60 points for the contract targets KPI)
- It will be possible to achieve 4 stars if no points are awarded for the conversion factor KPI



# Quality: Self Assessment

- Measures the quality of the provision, continuous improvement, and leadership and management
- Based on self assessment of performance against 11 statements
- For each statement, the Provider assesses the extent to which the given aspect of quality is in place and summarises the evidence that demonstrates the current levels of performance.
- Rate each statement using OFSTED scale of 1 to 4, 1= excellent
- Reviewed by contract managers and prime contractors, and cross referenced with performance against other indicators



# Quality: Client Satisfaction

## What do you think of your advisor/trainer's

- a) Knowledge of the subject
- b) Understanding of your needs
- c) Support in setting targets to help you achieve your goals
- d) Help with finding other support for you
- e) Support with helping you to plan your next steps

## How has this activity made a difference to you?

- |  |                   |                      |                |           |                        |
|--|-------------------|----------------------|----------------|-----------|------------------------|
|  | Improved<br>a lot | Improved<br>a little | Not<br>Changed | Got Worse | Got much<br>much worse |
| a) My confidence has                                   |                   |                      |                |           |                        |
| b) My skills have                                      |                   |                      |                |           |                        |
| c) My prospects of getting a job have                  |                   |                      |                |           |                        |
| d) My knowledge of the options open to me has          |                   |                      |                |           |                        |
| e) My motivation to make the next steps has            |                   |                      |                |           |                        |
| f) My ability to manage my time and responsibility has |                   |                      |                |           |                        |

## Overall, how satisfied or dissatisfied were you with the activity?



# Contract Compliance

- Measures the Provider's contract compliance and pro-activity towards managing the contract
- Maximum of 10 points
- The indicator is based on the funding agency's Contract Manager's & prime contractor's annual assessment of performance against 5 statements:
  - Variance of profile from claim
  - Timeliness of claim
  - Accuracy of claims and associated returns
  - Responsiveness
  - Proactive risk management



# What do providers need to do?

	Lead Delivery Partners
<b>General</b>	<ol style="list-style-type: none"><li>1. Incorporate results from the performance rating into contract performance reviews and monitoring</li><li>2. Ensure that any 2<sup>nd</sup> and 3<sup>rd</sup> tier suppliers with contracts of over £50k are being performance rated</li><li>3. Ensure that performance rating informs evaluation</li></ol>
<b>Contract Performance</b>	<ol style="list-style-type: none"><li>1. Complete annual output profiles and diversity % targets on a performance rating calculator for each delivery partner</li><li>2. Ensure that delivery partners are updating with actuals and returning <b>quarterly</b></li><li>3. Submit actuals for whole contract quarterly to funder</li></ol>




# What do providers need to do?

	Lead Delivery Partners
<b>Self Assessment</b>	<ol style="list-style-type: none"> <li>1. Ensure all sub delivery partners complete draft self assessment by <b>September</b></li> <li>2. Complete draft overarching contact self assessment and submit in <b>October</b> Performance Rating Calculator</li> <li>3. Review sub delivery partners self assessments between Sep and March</li> <li>4. Complete final overarching contract self assessment in March and submit in April Perf Rating calculator</li> </ol>
<b>Client Satisfaction</b>	<ol style="list-style-type: none"> <li>1. Ensure that all leavers are asked the standard questions.</li> <li>2. Collate responses <b>quarterly</b> and report in the Performance Rating calculator</li> <li>3. Check that at least 60% of leavers are completing the questionnaire.</li> </ol>
<b>Client Satisfaction</b>	<ol style="list-style-type: none"> <li>1. Complete in April for all delivery partners.</li> </ol>



# Implementing the Performance Rating

April 10	Jul 10	Sep 10
<b>Issue 10/11 Performance Rating Calculator</b>	<b>Return Performance Rating Calculator</b> Q1 actuals Q1 client satisfaction	<b>Draft Self Assessments</b> Sub delivery partners submit to Lead partner
Oct 10	Jan 11	Apr 11
<b>Return Performance Rating Calculator</b> Q2 actuals Q2 client satisfaction 10/11 Draft Self Assessment [subs and <b>Lead</b> ]	<b>Return Performance Rating Calculator</b> Q3 actuals Q3 client satisfaction	<b>Return Performance Rating Calculator</b> Q4 actuals Q4 client satisfaction <b>Final Self Assessment</b>
 <p>Review Self Assessment</p>		



# Implementing the Performance Rating



## End of Year - Apr 11

Lead delivery partner completes Sub Delivery Partner **Contract Compliance** & returns their Performance Rating Calculator with annual Star Rating  
[Recommend arrange 1-1 feedback session]

Lead delivery partner submits sub delivery partner ratings to their Funder

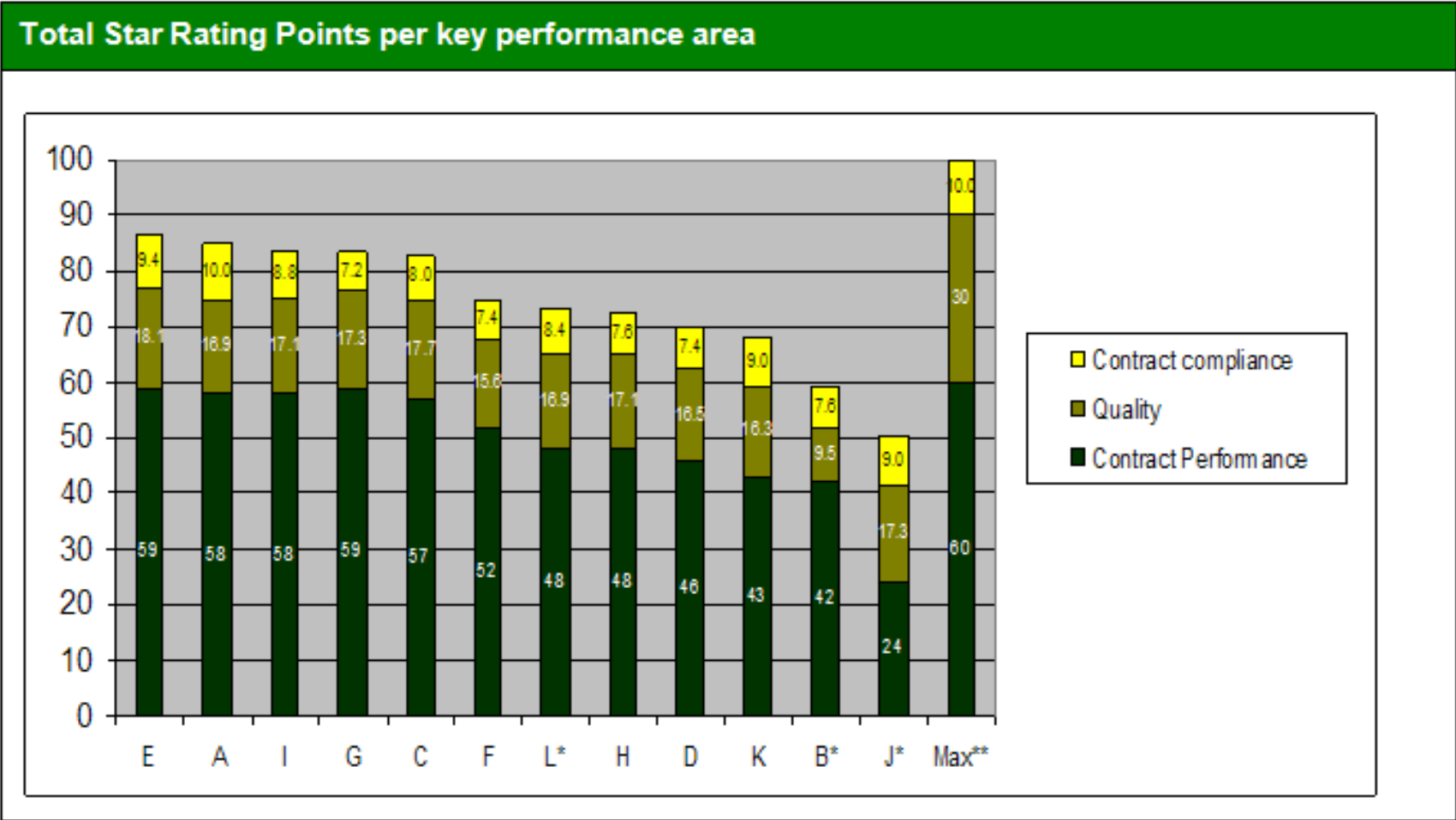
Funder completes Contract Compliance for Lead Delivery Partner & returns their Performance Rating Calculator with annual Star Rating

## End of Year – May 11

Benchmarked ratings circulated



# Benchmarking



\* Providers L and J: no data for diversity targets indicator  
 \* Provider B: no data for quality self assessment indicator



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## Summary of Merlin pilot to date:

- Need for a behaviour based standard
- Mediation and arbitration service
- Shared information – web portal potential
- DWP commitment to receive feedback
- Development with providers
- Opportunity for co-regulation

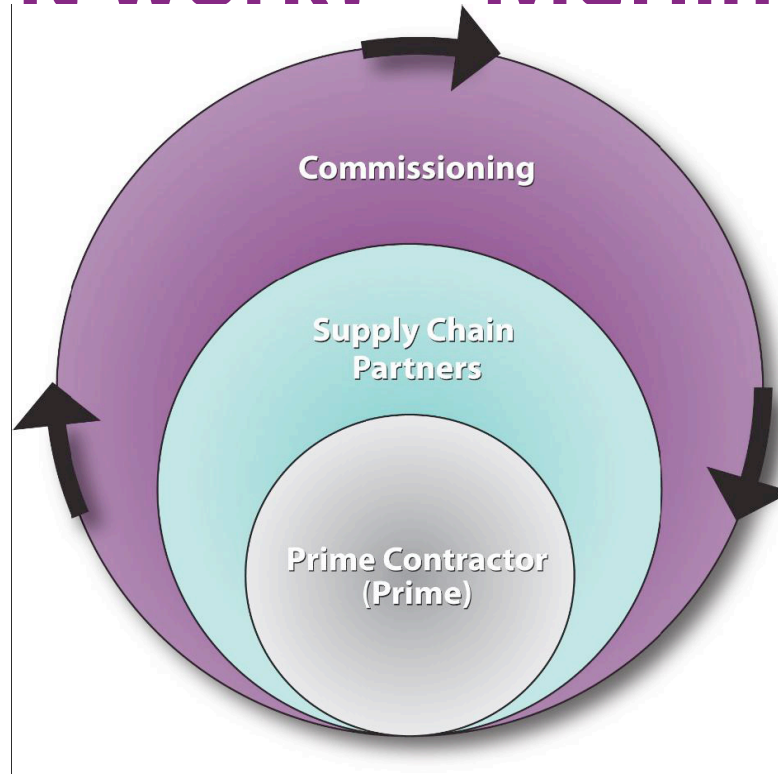


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Work and Pensions

# How does it work? – Merlin Model



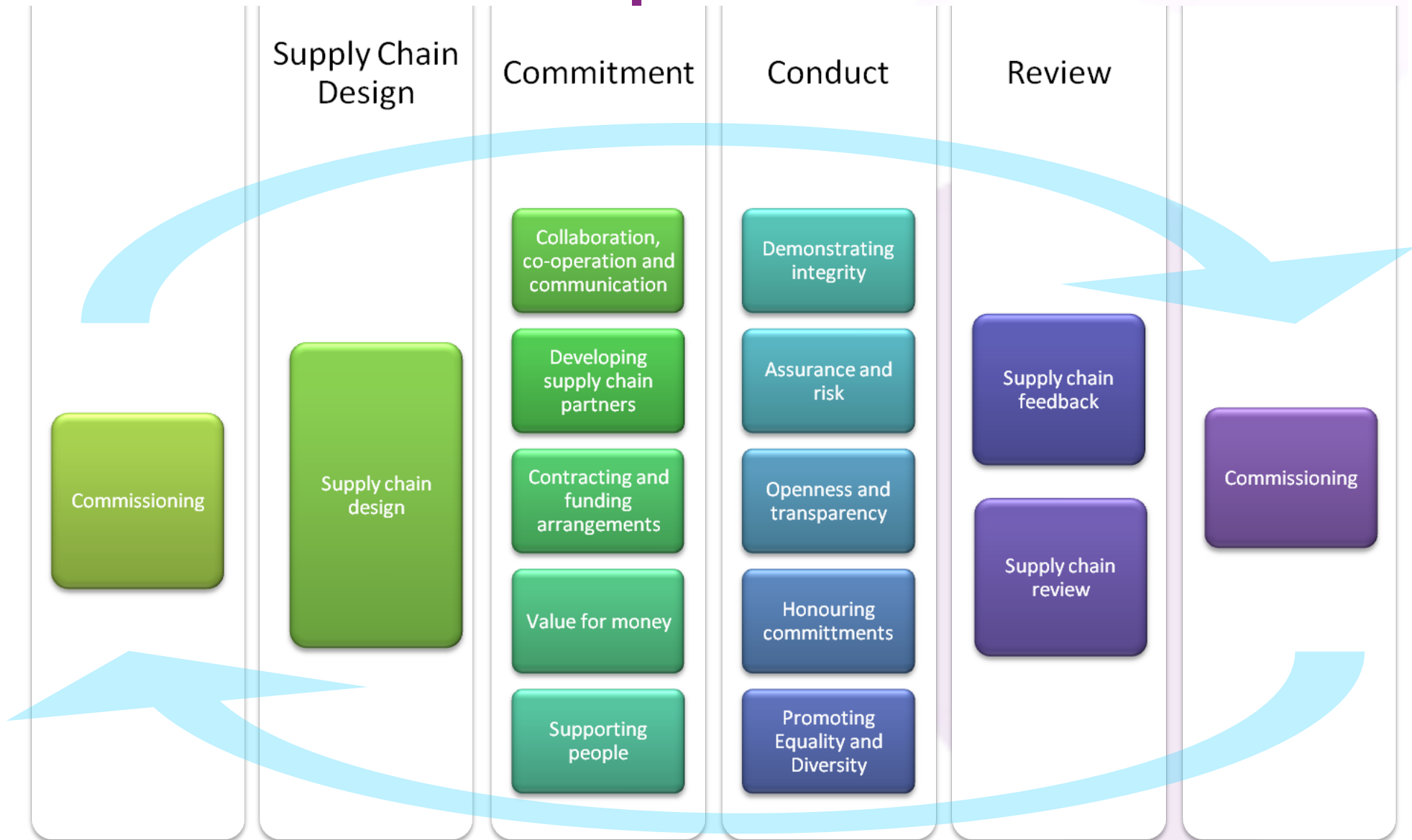
*Designed to assess at 3 levels:*

**Prime:** confirming compliance with Code of Conduct, identifying best practice and providing feedback on Commissioning activity

**Supply Chain Partners:** confirming behaviour of Primes against the Code of Conduct, identifying and confirming best practice and identifying any Commissioning activity that affects supply chain behaviour

**Commissioning:** identifying impacts on supply chain behaviour resulting from contract design and procurement activity

# The Merlin Principles



# Next steps

- Testing the standard and assessment process
- Web portal up and running
- Mediation and Arbitration service in place
- Looking at opportunities across government with the Office of the Third Sector (OTS) and Office of Government Commerce (OGC)
- Refining 'fit' with other initiatives/standards
- Developing a co-regulated outcome



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# Supporting the Merlin Principles

## *Commitment*

Developing  
Supply Chain  
Partners

- How the strengths and opportunities of the supply chain are identified, promoted and shared with providers and staff

Contracting  
and funding  
arrangements

- Provides and promotes processes to recognise excellence, address underperformance and resolve disputes quickly and effectively.

Value for Money

- How performance review activity will highlight the support and development requirements to maximise revenues within the contract and for supply chain partners.

Supporting People

- Supply chain can describe and demonstrate the strategies in place between the Prime and supply chain partners to support & develop staff



# Supporting the Merlin Principles

## *Conduct*

Assurance  
and Risk

- Effective and proportionate processes and policies to monitor the quality of service and **customer experience** within the supply chain
- How it ensures that customers are signposted to other support services

Openness  
& Transparency

- Processes to ensure that at every level within the supply chain, all parties are aware of each other's expectations, throughout the life of the contract

## *Review*

Supply Chain  
Review

- Actively seeks feedback from its supply chain partners and has created a culture in which communication is open and honest
- Collects and analyses where appropriate **equality and diversity data** captured throughout the supply chain
- How continual improvement strategies ensure that the supply chain continues to evolve and improve to meet the needs of the customer group and the commissioner



# Performance Rating Tools & Support



[www.westlondonworking.org.uk/index.php?miid=1668](http://www.westlondonworking.org.uk/index.php?miid=1668)

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## Performance Rating

To benchmark the achievements of West London employment services

### Objectives

- Intelligently uses management and performance information
- Supports customer choice and collects evidence of Client Satisfaction
- Provides an evidence based track record of delivery against grant
- Improves transparency of contract management
- Provides a framework for lead delivery partners to performance manage subcontractors

### What is the performance rating?

An employability performance rating has been developed that builds on the LSC Framework for Excellence and DWP's Star Ratings, but has been adapted for use by Local Authority, Charity and Regional Development Agency funded providers of worklessness services. Please click [here](#) to view the Performance Rating Structure.

### Guidance

- [Performance Rating Brief](#)
- [Performance Rating Quick Users Guide](#)
- [Performance Rating Guidance - updated Feb 10](#)

### Performance Rating Templates

- [Self Assessment](#)
- [Client Satisfaction Questions](#)
- [Contract Compliance - updated Feb 10](#)
- [Performance Rating Calculator - updated Feb 10](#)

# Questions?

