

## **Code of Practice for Voluntary-Private Sector Cooperation**

It is widely recognised by commissioners and providers within public service delivery that diversity of provision is critical and that both the private sector and VCS have a major role to play. Recent programmes have demonstrated that at its best cooperation between private and voluntary sectors has the ability to deliver tailored, localised services while drawing on the benefits of scale, risk appetite, and access to capital.

However, recent experience demonstrates that making this sort of cross-sector cooperation a success is not straightforward. The Work Programme and Flexible New Deal have both revealed that cross-sector working has specific challenges and that effective collaboration can have a major impact on success. Our goal is to create a best practice guide to set out what actions and behaviours enable sustainably high performance for those looking to make such partnerships a success.

This work builds upon a wide array of existing advice and compliance requirements that touch on this area:

- The DWP Code of Conduct – for prime and sub-contractors
- The Compact
- The DWP’s Merlin Standard promoting Supply Chain Excellence

Our goal is to base our work on the clear standards set out below. Together they already provide a comprehensive overview of the basic standards required to make voluntary-private partnering and contract a success – but they don’t provide much insight into how best to achieve them, nor how to optimise and realise best practice. For this reason, our goal is to focus on targeted areas of best practice where we can identify that going beyond the basic compliance requirements, enables more to be achieved – and specifically where it is possible to clearly identify the actions that enable these standards to be more readily achieved. The best practice is devised below in two areas:

- How the deployment of best practice can enable the delivery of key standards – specifically what is best practice in delivering to the Merlin Standards
- How best practice can support broader VCS-Private sector partnerships

### **Best Practice to Enable Excellence in Supply Chain**

<b>Merlin Principle</b>	<b>Base Requirement (as per Merlin)</b>	<b>Best Practice to Achieve Excellence</b>
<b>1. Supply Chain Design</b>	The full supply chain is designed to best meet the underlying specification by bringing together a diverse, high performing supplier base	<ul style="list-style-type: none"><li>• The Prime’s delivery model should be designed such that the prime is not incentivised to abuse its position in the supply chain vis-à-vis subcontractors – specifically, it should not both prime and deliver in the same contract package area.</li><li>• The prime’s delivery model should be designed such that where niche provision is</li></ul>

		<p>required that it is commercially viable – specifically the prime should provide mechanisms to identify and quickly refer relevant clients to the specialist provider. These mechanisms should be described in advance of contract signing to allow specialists to make an informed choice as to whether or not to proceed.</p>
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<b>2. Commitment</b>		
a. Collaboration, Cooperation and Communication	Demonstrable openness and systems for ensuring good communication within a culture of collaboration.	<ul style="list-style-type: none"> <li>• Best practice openness prevents breakdowns in trust and supports effective working. Key components are: <ul style="list-style-type: none"> <li>-Open contracts</li> <li>-Open book accounting</li> <li>-Open performance data</li> </ul> </li> <li>• The Prime convening subs around issues where they currently compete but need to cooperate and publishing data to show levels of compliance with any agreement so as to create trust.</li> </ul>
b. Developing Supply Chain Partners	Prime plays an active role in the development and support of its supply chain.	<ul style="list-style-type: none"> <li>• Prime gives access to VCS sub-contractors to its own scaled back office and procurement systems and shared infrastructure, enabling them to substantially lower their overheads and build capacity.</li> <li>• Prime brings together VCS providers at start of contract and on an ongoing basis to share best practice and discuss shared concerns, and has transparent mechanisms for translating these into improved performance.</li> <li>• Prime provides the full IT system that provides the backbone for the supply chain, and undertakes within the design of that system to minimise IT and reporting costs to subcontractors. Prime ensures compliance of that system with relevant contract obligations (e.g. Information Security). Prime provides sufficient documentation and support to enable adoption of its system.</li> <li>• Prime has a formal system for addressing the maturity of subcontractors’ commercial and other systems, and has a targeted suite of resources to help subcontractors improve.</li> </ul>

c. Contracting and funding arrangements	Fair and transparent procurement processes. Contractual and payment terms that is fair to both partners.	<ul style="list-style-type: none"> <li>• Prime offers several payment models to providers – allowing them to choose risk levels suitable to their situation.</li> <li>• Prime supports VCS players in understanding the implications of contractual funding mechanism.</li> <li>• The Prime flexes cash flow to support vulnerable parts of its supply chain.</li> <li>• Transparency among sub-contractors on key contractual terms to ensure that risk flow down and price are appropriate to each.</li> </ul>
<b>3. Conduct</b>		
a. Demonstrating business and commercial integrity	Appropriate policies and procedures, including a Code of Conduct	<ul style="list-style-type: none"> <li>• The Prime identifies where it can support small VCS players in developing processes for high performance and assurance.</li> <li>• Prime manages the expectations of non-contracted providers (or ‘spot purchase providers’) before bid submission and during service delivery.</li> </ul>
b. Quality Assurance & Compliance	Clear and effective processes in place throughout the supply chain to support continuous improvement, assurance and health and safety	<ul style="list-style-type: none"> <li>• Prime to represent the supply chain and work with commissioner to create an effective and balanced assurance regime.</li> <li>• Proactive support from the Prime to put in place appropriate processes.</li> <li>• Unified IT systems and processes to support compliance.</li> <li>• Using transparency to ensure an appropriate performance / quality balance.</li> </ul>
c. Honouring Commitments	Partners deliver on the spirit and letter of agreements together	<ul style="list-style-type: none"> <li>• Avoiding “bid candy” – if you bid together then you have an obligation to deliver together unless genuinely unforeseen circumstances arise.</li> <li>• Prime provides clarity around intentions for workshare and roles for each sub-contractor, communicates these to the commissioners and other stakeholders, and delivers on them.</li> </ul>
d. Performance	All partners within the system have access to a common set of tools to understand how they contribute and monitor performance.	<ul style="list-style-type: none"> <li>• Prime provides a clear set of KPI’s that offer transparent metrics to all members of the supply chain, while also providing clarity of the progress being made against the programme’s overall objectives. This includes a clear view on what is acceptable and target performance.</li> <li>• Prime has in place a clear, universal and supportive process to work through with a provider that is failing.</li> </ul>

e. Promoting equality and diversity	Partners work together to ensure equality and diversity are supported in their employees and customers	<ul style="list-style-type: none"> <li>Where identifiable customer groups are better served by organisations focussed on their specific demographic or need, the Prime engages appropriately specialised subcontractors, and designs effective mechanisms for identifying relevant clients and referring clients them to the specialist.</li> </ul>
<b>4. Review</b>		
a. Supply Chain Review	The supply chain works together effectively to improve and develop, particularly as innovation or changes in objectives or environment change approaches	<ul style="list-style-type: none"> <li>Prime enables honest self-assessment both of its own and the overall supply chain – this is then used to focus on improvement in a collaborative way.</li> <li>Supply chain uses 360 assessment to identify issues and drive improvement</li> </ul>

Effectively building broader (ie including non Prime-Sub) partnerships between VCS and Private sectors

Best practice working between private and voluntary sector needs to go beyond just effective prime-sub relationships. It has much wider applicability. Below are some of the broader aspects of best practice.

1. Partnering should where possible be based upon long-term strategic relationships that will beyond one contract, service or customer. Too often, organisations in each sector will look to the other to fulfil a particular need, without understanding the benefit that can be offered from a more long-term relationship. A longer term strategic relationship can then enable much more effective collaboration in areas that include:
  - a. Mutual support in business development – for example Serco identifying funding streams that could be of interest to long term partners or sharing of pipelines to identify opportunities for future collaboration.
  - b. Open information-sharing on how to improve performance
  - c. Using partners to spread best practice that could benefit key customer groups
2. Working together to deliver key CSR objectives
3. Long-term partnerships to share skills and expertise – e.g. private sector partner sharing back office capabilities while VCS partner helps to share expertise in its area of key capability.