



Department
for Work &
Pensions

DWP Commissioning Strategy

BASE Conference

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DWP welfare-to-work commissioning – the journey (1)

Prior to the 2008 Commissioning Strategy:

- £1bn a year spend through 20+ programmes, 1300+ contracts, 600+ providers.

Issues:

- A fragmented market.
- Process driven.
- Low on innovation.
- Performance not where we want it to be.
- Too much performance measurement – not enough focus on improvement.
- Not strategic.

What change did we need:

- Freud Review (2007).
- A marketplace fit for welfare-to-work reform.
- Commissioning Strategy 2008.



DWP welfare-to-work commissioning – the journey (2)

What we got:

- Significant reduction in labour market programmes managed by DWP – and these are delivered by a smaller core of providers operating with supply chains.
- A dynamic welfare-to-work market (e.g. learning, consolidating, developing) – with DWP having a clearer oversight of its provider base.
- A large proportion of contracted-out labour market programme spend resulting from commissioning in line with the ‘2008 model’ – but not all.

Now:

- Evidence and experience and from Work Programme, Work Choice, European Social Fund, Innovation Fund and others.
- Key developments in DWP strategy and delivery.
- Cross-government – a number of developments, including Open Public Services, Civil Service Reform.

With key commissioning challenges in the pipeline, it is now time to revisit our approach.

What is DWP's 2013 Commissioning Strategy?

What is it?

- Like the 2008 Strategy – it's a high-level, guiding set of principles about how we will work with providers and partners – what can you expect from us, what we would like to see from you.

What isn't it?

- Not the full 'Assess-Plan-Do-Review' commissioning cycle.
- It will not provide the overall structure of the future labour market programme suite.
- Not contract values, lower level specifics on programme design.

Why is this important?

- If it's successful in following the 2008 strategy, it will provide the foundation for future welfare-to-work commissioning.

What are we saying? (1)

- **Market structure and stewardship**

- For the largest programmes we would continue to look to providers delivering larger contracts, operating with supply chains.
- But we need to be more explicit that a range of objectives requires a range of capabilities, and that in turn requires a range of commissioning approaches.
- That means we will need organisations capable of operating at scale and organisations with specialist capabilities.
- But whatever the set of objectives we need a level playing-field.

- **Questions:**

- How we can break down the barriers to market entry (for larger and smaller contracts)?
- How can we make competition more effective? What's the role of information/ Open Data?
- What, if any, changes should be made to the Code of Conduct?

What are we saying? (2)

- **Driving performance**
 - First principle – rewarding the providers who deliver and dealing fairly and robustly with those who don't. (If only that were as straightforward as it sounds!)
 - We still think that outcome-based payment models, with associated freedom for providers to develop services, offer the right incentives for strong performance. But service standards and quality monitoring are important too.
 - We want our approach to be more dynamic and responsive.
- **Questions:**
 - How we should design outcomes and service standards for those furthest from the labour market?
 - How can DWP efficiently and effectively monitor and manage service quality?
 - How should the Department, working with the market, develop its approach to performance management?

What are we saying? (3)

- **Working in partnership**

- Partnership working is critical to the delivery of our objectives – and landscape is changing.
- The best response to this is for us to become increasingly flexible as a partner, examining what practical steps we can take to achieve this.
- Capability is key to developing our partnership working. We can build this by utilising national initiatives and sharing the practice from the best locally-derived solutions.
- We would like co-commissioning to be part of the DWP commissioner's toolkit.

- **Questions**

- How can we become more flexible as a partner?
- What are the barriers to co-commissioning?
- How can DWP best consider Social Value through it's commissioning?

The Consultation Exercise

- The consultation period **began on 31st July 2013** and **runs until 27th September 2013**.
- Published consultation document on GOV.UK – with written responses invited.
- The team have and will be attending a number of external and cross-government groups and forums throughout consultation period.
- We want to ensure coverage and opportunity to contribute across our stakeholders – providers, partners and experts and wider stakeholders.



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Adran Gwaith
a Phensiynau

DWP Commissioning Strategy 2013

Consultation

Summer 2013

Discussion and questions (1)

- Any questions or clarifications?
- An overall reflections on the 'shape' of the Commissioning Strategy consultation document?
- Any questions which particularly interest you?

Discussion and questions (2)

- 1. How should DWP balance its responsibility to strategically manage and steward a large, developing market with our desire to maintain and develop the right specialist capability throughout the supply chain? Please consider contracting arrangements in your answer.**
- 2. How can DWP efficiently and effectively monitor and manage service quality (within the wider framework described in the consultation document)?**
- 3. DWP wants to work with the market to improve the effectiveness of subcontractual relationships. What, if any, changes should be made to the Code of Conduct? What are your views on the way the Merlin Standard is used? How can we create supply chains with the inbuilt resilience and flexibility to cope with changing requirements and circumstances?**

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Full question set (1)

- 1. How should DWP balance its responsibility to strategically manage and steward a large, developing market with our desire to maintain and develop the right specialist capability throughout the supply chain? Please consider contracting arrangements in your answer.**
- 2. How can we make competition more effective? How can we break down the barriers to market entry through our contracting, for both our larger and smaller contracts? How could we increase competition through the procurement process? What role can Open Data play?**
- 3. DWP wants to work with the market to improve the effectiveness of subcontractual relationships. What, if any, changes should be made to the Code of Conduct? What are your views on the way the Merlin Standard is used? How can we create supply chains with the inbuilt resilience and flexibility to cope with changing requirements and circumstances?**
- 4. What steps does DWP need to take, across its commissioning (from large-scale national programmes to small-scale local commissioning), to maintain and promote a level playing-field for providers?**
- 5. How should DWP develop the role of social investment in our commissioning?**
- 6. How should DWP design outcomes and service standards for the hardest-to-help within outcome-focused payment models?**
- 7. How can DWP efficiently and effectively monitor and manage service quality (within the wider framework described in the consultation document)?**

Full question set (2)

- 8. How should the Department, working with the market, develop its approach to performance management? For example, should we consider increased use of Market Share Shifting, focusing on directly performance managing individual providers or allowing claimant choice within CPAs? How can the market drive performance?**
- 9. How, when assessing bids, should we balance price and quality?**
- 10. How can DWP incentivise innovation in future welfare-to-work commissioning? How can we capture and share practice derived from successful innovations? What are the barriers?**
- 11. We have re-affirmed our view of the overall set of provider capabilities, giving particular capabilities more emphasis. Are there key capabilities which we have not adequately captured?**
- 12. Working within the high-level framework articulated in the consultation document, how could DWP become a more flexible partner, nationally and locally – what are the barriers to more effective partnerships?**
- 13. What are the current barriers to co-commissioning?**
- 14. DWP recognises the importance of the Social Value Act, but also has a clear remit to deliver sustainable employment outcomes which offer good value-for-money to taxpayers. How can DWP best consider Social Value through its commissioning?**