



Department
for Work &
Pensions

Work Programme: Best Practice Report – DWP Response

December 2014

Executive summary

The Work Programme Building Best Practice Group was established by the Minister for Employment to deliver a series of recommendations to improve the existing Work Programme and influence the development of any future Work Programme. The Building Best Practice Group established three sub-groups looking at, sharing of best practice, the application of Minimum Service Levels and how voluntary and community sector organisations, and national charities, can become better involved in supporting and delivering the Work Programme.

The Report makes a series of recommendations for the Department for Work and Pensions in three key areas. Firstly the Department should work to maximise transparency both in the current Work Programme and in future contracts to allow Providers and subcontractors to benchmark their performance against the best in their field. Secondly the Department should review Minimum Service Levels and how these should be incorporated into a Customer Service Standard Framework, which follows the customer journey through the Work Programme. And finally the Department should explore capacity building for the sector, to improve engagement with specialist VCS organisations that are not currently within the supply chain.

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1 Building Best Practice Group

1.1 Terms of Reference

The Work Programme: Building Best Practice group will:

- Develop a framework for the sharing of best practice between providers, their supply chains, and external organisations with expertise in supporting claimants into work, in order to drive improvements in performance particularly for harder to help groups like ESA claimants.
- Review the application of Minimum Service Levels, and develop a best practice framework for minimum service levels to help ensure all minimum service levels are transparent and measurable.
- Consider how voluntary and community sector organisations, and national charities, can become better involved in supporting and delivering the Work Programme.

1.2 Membership of the Building Best Practice Group

Chair:

Andrew Sells

Sub-group chairs:

Andrew Sells

Steve Swan, Tomorrow's People

Gareth Matthews, Serco

Organisations represented on the main group or sub-groups:

ACEVO

Advance UK

APM

A4e

Business in the Community

The Business Services Association

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Career's Development Group
CBI
Community Links
Crisis
ERSA
G4S
Gingerbread
Ingeus
Ixion Holdings
NCVO
Pertemps People Development Group
The Prince's Trust
RBLI
Rehab Jobfit
Scope
Serco
Tomorrow's People
Wisability
Working Links

1.3 Work undertaken by the group

In addition to meetings of the main group and sub-groups, the Building Best Practice group undertook a number of activities to gather information. These included:

- site visits by the Chair to prime providers, subcontractors and Jobcentre Plus;
- discussions with key stakeholders, including those within and outside the Group membership;
- a review of other activities that have been undertaken in this area;
- questionnaires and surveys, distributed to providers and members of the voluntary sector through ERSA and ACEVO; and
- workshops with front-line advisers.

2 The Recommendations of the Group and the DWP response

2.1 The Government's response

The Government welcomes the Work Programme: Building Best Practice Group's report, which contains recommendations that will support improvements to the current programme and inform the development of future programmes. We have accepted the vast majority of the recommendations that the group has made; some will be more difficult to put into practice than others, but we have already begun to implement many of them. The recommendations from the report are excerpted below, along with the Government's response to them.

Building a framework for the sharing of best practice

2.1.1 **Recommendation 1:** The Group proposes three ways in which transparency can be increased:

- a) Subcontractor Management Information (MI) should be shared across all supply chains (i.e. so that a subcontractor or prime in CPA1 can see subcontractor MI from all other CPAs).
- b) The Department should look to publish (or allow to be published by a third party) subcontractor MI in the periods covered by official statistics (i.e. data up to the most recent statistical release, but no further).
- c) The Department should look to publish (or allow to be published by a third party) subcontractor MI in the period that is yet to be covered by official statistics, to allow for the more rapid sharing of what works.

Response:

The Department accepts recommendation 1a. The Department will work with Work Programme prime providers and sub contractors to share information about sub contractor performance across all prime providers, including:

- Sub contractor information;

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- Description of service model and claimants supported;
 - Performance; and
 - Performance compared to their contractual profiles.
- The Department accepts recommendation 1b in principle. The Department will review the outcome of recommendation 1a, and subject to this explore options for publishing the information collated on sub contractors.
 - The Department does not accept recommendation 1c. Whilst we recognise the intent behind this recommendation we are also required to follow the UK Statistical Authority Code of Practice. This is designed to give maximum confidence in Government statistics, and requires that data is not pre-announced. As such, DWP is unable to implement this recommendation.

2.1.2 **Recommendation 2:** The Group recommends putting together a comparative performance database for employment programmes, collecting standardised information from across employment programmes, including those commissioned by DWP and other bodies such as local authorities.

Response: The Department accepts this recommendation in principle. We are aware that all stakeholders would value a single database of comparative performance. DWP will look to engage with ERSA and other producers and users of MI to agree a common requirement. DWP sees such a database as assisting in the development of markets within and across programmes; data will identify the effectiveness of existing provision and areas where the market is not working effectively. We are currently exploring whether the Department could introduce a new analytical service, which would allow external organisations who are working with our claimants to send us details of the claimants they are supporting for DWP to match its records to and produce a statistical report. The Ministry of Justice recently introduced a similar analytical service (the MoJ Datalab), and we are in the early stages of impacting whether such an approach would be possible for the DWP; this will be dependent on the quality of data, and whether the Department can construct statistically valid comparison groups, amongst other factors

2.1.3 **Recommendation 3:** The Group identified that it is important to make use of existing institutions to share best practice. We have worked with Institute of Employability Professionals, and supported them to set up 'What Works' workshops, in which front-line advisers from different providers in a local area are able to meet and share knowledge and best practice in supporting claimant groups. The Department should promote

the continuation of these workshops.

Response: The Department accepts this recommendation and will continue to promote the 'What Works' workshops.

2.2 Minimum Service Levels

- 2.2.1 **Recommendation 4:** The Group recommended that the description Minimum Service Level is replaced with Customer Service Standards (CSS), to ensure the service is structured to meet the personal needs of all customers and not a minimum level of service.
- 2.2.2 **Recommendation 5:** The Group recommended that the Customer Service Standards (CSS) to be written in Plain English and understood by all customers.
- 2.2.3 **Recommendation 6:** The Group recommended that the CSS are incorporated into a Customer Service Standard Framework which follows the customer journey through the Work Programme inclusive of:
- Pre-programme engagement;
 - Programme engagement;
 - Pre-work Support;
 - In- work Support; and
 - Programme Exit.
- 2.2.4 **Recommendation 7:** The Group recommended that the each CSS should comprise two elements, a Standard Measure (quantitative) and a Service Standard (qualitative). The quantitative measure should incorporate a contract compliance measure where appropriate, or a measure set by the Prime Contractor. The qualitative measure should be set by the Prime Contractor and relate to the customer service standards set out in their bid.
- 2.2.5 **Recommendation 9:** In addition to the Claimant Commitment setting out how a claimant is expected to behave and the activities they must do to remain entitled to benefit, issued by a claimants Jobcentre Plus work coach, the CSS while setting out the support each customer can expect from the Prime Contractor and sub-contractors on the Work Programme, should also set out the customer rights and responsibilities, including the behaviour expected of them.
- 2.2.6 **Recommendation 12:** The Group recommended that the proposed Customer Service Standards Framework and Contract Monitoring Officer (CMO) Report should be aligned in terms of consistency of language,

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segmentation of the customer journey and alignment of contractual measures. The Contract Monitoring Officer Report should be fully integrated into DWP's performance management regime to measure Customer Service Standards and should form part of a 'balanced scorecard' approach to measure the performance of the Work Programme – including Minimum Service Levels, Cohort Performance Analysis and Prime Contractor performance offers.

Response: The Department accepts these recommendations, and are implementing them all in a single contract to assess how effective they are. We will then review the impact as we develop the next round of Work Programme contracts, and build on the knowledge of Customer Service Standards that we have developed.

We will implement the recommendations in North East Yorkshire and the Humber Contract Package Area 18 (CPA18), where we are currently contracting for a new Work Programme provider. The recommendations will be implemented in the new contract only.

DWP is committed to ensuring every participant receives a quality and meaningful experience through their Work Programme or any future programme journey. Therefore, in addition to the changes in CPA18 we will also take steps to ensure that all current Minimum Service Levels are reviewed, to ensure they are in line with the spirit of recommendation 5.

- 2.2.7 **Recommendation 8:** The Group recommended that the CSS should be subject to a bi-annual review and revision as part of DWP's 'performance regime' to ensure they remain appropriate to the aim of moving customers into sustainable work. Changes agreed to the CSS should be subject to a 'light touch' variation to contract administered in real time.

Response: The Department accepts the principle of this recommendation, and has committed to regular reviews of CSS in the new contract in CPA18. We will further consider this recommendation as we develop the next round of Work Programme contracts.

- 2.2.8 **Recommendation 10:** The Group recommended that the all Prime Contractors have a customer complaints and customer feedback process in place, with complaints sampled by DWP Contract Monitoring Officers as part of their Contract Monitoring Review. Complaints and feedback are a rich source of data which Prime Contractors use to improve the quality of their customer service and performance. However, there is no programme wide analysis or sharing of this information by either DWP and/or the

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industry to identify common issues of customer concerns and share best practice in their resolve. Such sharing should contribute to an overall improvement in customer service.

Response: The Department accepts this recommendation. The Department reviews complaints at a contract level. The Department will work with Work Programme prime providers to collate information on customer complaints at a national level to identify programme wide issues and promote best practice.

2.2.9 **Recommendation 11:** The Group set out that the Work Programme ITT had the following requirement for MSL's:

“Providers will be asked to provide a summary of the minimum service they will offer to all customer groups. These minimum service levels will be translated into a small number of Key Performance Indicators within each contract and will be articulated to customers at the point they start the provision. These minimum service levels will be made public so that customers and their representatives will be able to judge whether Providers are delivering what they have promised. DWP may treat it as a breach of contract if Providers fail to deliver these minimum service levels”.

The Department has published provider's contractual MSL's. These are of variable quality, and vary in the extent to which they meet the policy intention set out in the criteria above. In setting out such a requirement in future commissioning, DWP should as a minimum:

- Clarify and elaborate on the contractual requirement, to better ensure its own contract requirement is being met;
- Work with successful bidders to develop their CSS during transition to ensure they are appropriate to measuring the quality of service provided to customers and to track customer progression towards sustainable employment.

Response: The Department accepts this recommendation. With regards to the new contract in CPA18 we have given CSS more prominence in the specification, and set out in more detail what the Department expects and how the Department will take consideration of the CSS standards forward. We will also work with the successful bidder as they move into the implementation stage of the contract.

2.2.10 **Recommendation 13:** The Group recommended that the next generation of DWP contracts should consider the implementation of Customer Service Standards based on a formal accreditation scheme which adheres to the principle of 'Customer Service Excellence', with the customer at the heart

of service delivery and where the relationship with the customer is defined as one of 'deep value'.

Response: The Department accepts this recommendation. DWP recognises claimants need to be at the heart of service delivery and is committed to ensuring each and every participant receives a quality and meaningful experience through the Work Programme or any future programme.

2.3 Voluntary and Community Sector

- 2.3.1 **Recommendation 14:** The Group recommended that to enable VCS – particularly smaller providers – to better engage in future programmes, a longer tendering period is necessary together with a requirement for Primes to accept the Merlin Standard EOI as the commencement point for Supply Chain recruitment.

Response: The Department accepts this recommendation. DWP's Commissioning Strategy recognises a longer tendering period is necessary. And with any future programme we will give the market the earliest possible sight of opportunities and work with the sector to understand the risk and return associated with significant welfare to work opportunities at the design phase.

The Commissioning Strategy is also clear that we will seek to make procurement processes more structured and standardised to reduce transaction costs, with a particular focus around supply chain formation for larger opportunities. The Commissioning Strategy specifically referenced the use of standardised Expression of Interest forms for future opportunities.

DWP accepts that sufficiently long and standardised pre-procurement and procurement phases, containing close market engagement by DWP, can contribute to a level-playing field.

- 2.3.2 **Recommendation 15:** The Group identified that a key concern for VCS providers on the ground has been uncertainty over volumes. In future programmes, DWP should consider how accuracy and transparency on projected volumes can be improved. VCS providers would prefer guaranteed volumes, with a tolerance level on volumes provided by DWP, anything beyond which should incur a penalty - although this would need to be balanced against the Department's need to manage changes in

volumes.

Response: The Department partly accepts this recommendation, in principle, where it will consider the issue of projected volumes when developing future programmes. The department will not be looking at incurring penalties due to changing labour market conditions.

It has been an important principle behind the current Work Programme that Providers are expected to react to changing labour market conditions; the programme is in place to support those at risk of long-term unemployment, and must adapt to meet the changing volumes of claimants who meet these criteria.

DWP recognises that uncertainty over volumes has been an issue for Prime Providers and their sub-contractors. These uncertainties can stem from decisions taken relating to the start of the programme, over how those claimants already being supported by the Department are referred onto a new programme, as well as by overarching changes in the labour market, which will impact on the number of claimants who are at risk of long-term unemployment.

In any future programmes we will need to consider this issue carefully and manage referrals of claimants already supported by the Department so that providers can engage with these claimants in a measured, effectively paced way. There will always need to be a balance between provider risk and flexible labour market conditions, and we will consider how best to do this.

The Department will however remain focussed on referring only those claimants who will benefit from the support the programme can offer, and will protect the public purse by not sending those claimants who do not need support of any future programme to enter the labour market.

- 2.3.3 Recommendation 16:** The Group recommended that the DWP should consider use of a uniform IT system; this is because uniform systems could substantially reduce the administrative burden on subcontractors that work with more than one prime.

Response: The Department accepts this recommendation and will fully consider how IT systems can be improved and adapted, to enable enhanced payment models, improved collection and sharing of Management Information, and robust contract management. DWP are investigating systems employed in other countries, such as Australia, to identify best practice.

DWP recognises a uniform IT system could meet these criteria, and be better able to share MI data with Providers and sub-contractors; therefore, we will consider this option. However, we must also be

mindful of the timeframe in which any system can be introduced, and balance any decisions against cost and risk of implementation.

- 2.3.4 Recommendation 17:** The Group recommended that where possible, more should be done to combine funding streams at both a local and national level. For instance, skills funding could be channelled through the next phase of Work programme providers. Combined funding streams could better enable specialists to meet the needs of claimants with multiple barriers to work.

Response: The Department accepts this recommendation and is seeking to create a more joined up approach to funding streams in any future programmes and is exploring a variety of approaches. We will work with Departments across Whitehall to consider the best way of doing so.

- 2.3.5 Recommendation 18:** The Group recommended that the DWP should work with Cabinet Office colleagues to offer best practice master classes ahead of future commissioning rounds; these can build on recent master classes that Cabinet Office have been running.

Response: The Department accepts this recommendation and remains committed to supporting SMEs in improving their relationship with Prime providers and understanding of DWP procurement processes and requirements. We are looking to work with Cabinet Office to develop master classes suitable for DWP welfare to employment provision. DWP are planning to hold events drawing on SME experience of Work Programme in live running and also to produce interactive material to be accessed by potential SME supply chain partners.

- 2.3.6 Recommendation 19:** The Group recommended that the DWP, ERSA, ACEVO and NCVO should work together to provide a practical toolkit on financial modelling and the commercial tendering process for VCS organisations.

Response: The Department accepts this recommendation, and is exploring the options for providing a toolkit. As the product is developed we intend to use it as part of our wider market engagement, and to support VCO. This would be available to all potential bidders.

There are some barriers we need to work around in order to understand the parameters in terms of both design and application. In particular, we need to distinguish between aiding VCO understanding of DWP

processes and requirements in order to improve the overall quality of our commercial engagements and unfairly supporting one or more bidders in a competitive environment.

Financial Capability

- 2.3.7 **Recommendation 20:** The Group identified there is considerable concern in the supply chain in relation to the consequences on subcontractors if Primes either withdraw, lose provision due to market share shift or have their contracts terminated (especially given recent the recent announcement of the termination of NCG's contract). A strong recommendation from the group is that in such circumstances, a process is in place to enable the effective assessment of the performance of all supply chain partners to enable the protection of those that are performing well.

Response: The Department accepts this recommendation in principle and has already introduced a process enabling the effective assessment and to improve its knowledge of supply chain partner performance data.

Where non-default withdrawal from a Work Programme contract occurs DWP makes supply chain performance data available and encourages an incoming prime to make use of supply chain partners wherever appropriate. It is however not legally possible to require an incoming provider to utilise existing supply chain contractors.

- 2.3.8 **Recommendation 21:** The Group recommended when contracts are first being let, there should be greater transparency in what Primes are prepared to pay, their Terms and Conditions, and what support/management services they offer. In the event that a sub-contractor cannot accept, but the Prime wishes to do more to secure them as a delivery partner, any subsequent negotiations are likely to be "commercial in confidence".

Response: The Department accepts this recommendation in principle. The Department is playing an active role in facilitating the application of the Merlin Standard, in respect of the majority of its employment support programmes. We are currently undertaking a review of the Merlin Standard and will feed in this recommendation, to ensure that we have a holistic view of how the standard should operate in future.

DWP expects primes to treat all partners fairly and has introduced the Merlin Standard which has proven an effective benchmark for supply chain management. A failure to meet the standard required for Merlin accreditation would potentially see primes at risk of a range of penalties

which could include removal of the benefits of Market Share Shift, being excluded from future procurement rounds or losing existing Work Programme contracts.

The Merlin Standard is clear that for accreditation, Primes must demonstrate that Subcontractors are consistently treated with integrity, fairness and transparency. Section 2c (Contracting & Funding) covers the expectation that contractual obligations regarding funding, payments and performance are clearly communicated and subsequent changes agreed by all parties. Section 3 (Conduct) states that the relationship should be managed in a transparent way and that Primes will be assessed on how well they have supported Subcontractors. Subcontractors need to challenge Primes where they believe the Standard is not being adhered to and issues not resolved through the Prime's internal dispute resolution processes can be referred to DWP's Merlin Mediation Service.

More information about the Merlin Standard and the Mediation Service can be accessed at from the website: www.merlinstandard.co.uk

Complimentary and Specialist Support

- 2.3.9 **Recommendation 22:** The Group recommended to strengthen current market stewardship within the Work Programme, Prime contractors should be required by DWP to ensure that a mutually acceptable agreement on the funding position for provision is in place before referrals to specialist provision are made. Where this is not obtained, providers should not refer to that organisation. DWP, ERSA, ACEVO etc. should promote this.

Response: The Department accepts this recommendation. Terms of trading between prime and supply chain partners are a matter for the parties involved. DWP expects primes to treat all partners fairly and has introduced the Merlin standard which has proven an effective benchmark for supply chain management. A failure to meet the standards required for Merlin accreditation would potentially see primes at risk of a range of penalties which could include removal of the benefits of Market Share Shift, being excluded from future procurement rounds or losing existing Work Programme contracts.

It is also important that organisations that are not members of a provider's supply chain should be treated fairly. We have previously issued guidance on how providers should work with these organisations (live running memo 64 – can be accessed by copying the following text into a browser

webarchive.nationalarchives.gov.uk/20130703143803/http://www.dwp.gov.uk/docs/work_programme_memo_064.pdf), and will continue to

work with providers to ensure that these organisations are treated fairly.

2.3.10 Recommendation 23: The Group recommended that to help address the issue of reducing referrals, DWP should re-consider its random allocation policy to accommodate voluntary referral/customer choice in future contracts. Those who enter voluntarily should have a choice of provision and provider.

Response: The Department accepts this recommendation and will consider whether this element of the referral process to providers will still be part of any new programme. The exact mechanism for referrals will be dependant on other elements in the design of any future programmes.

2.3.11 Recommendation 24: The Group recommended that the DWP, ERSA, NCVO & ACEVO should work together to introduce a standard fact sheet - to help set out the guidelines to support VCS organisations when they consider their involvement in any given initiative. To supplement this DWP should explore streamlining contract terms and provide clarity on which headline terms have to be passed on by the Prime to their supply chain. There may be additional actions that can be taken by ERSA/the industry to lower legal costs etc. by pooling advice and resources on common issues.

Response: The Department accepts this recommendation. DWP meets regularly with ERSA, ACEVO and NCVO and accepts that closer working to develop products such as a standard fact sheet setting out the guidelines to support VCS organisations will be beneficial. DWP will take the necessary action to co-develop with ERSA, ACEVO and NCVO products to meet with this requirement and to ensure that this is also carried through into the development of any future programmes.

Sharing Good Practice

2.3.12 Recommendation 25: The Group recommended that the DWP, ERSA, ACEVO and NCVO to work together to showcase examples of good practice (including practical toolkits) within the Work Programme, in relation to:

- VCS as WP delivery organisations;
- Organisations delivering complementary programmes outside supply chains; and
- Specialist organisations advocating on behalf of a customer group

2.3.13 Recommendation 26: The Group recommended that to enable the sharing of best practice, DWP should facilitate the establishment of an online social media style forum allowing primes and contractors to post and rate case studies on what works well in the sector. This should link to the proposed performance database.

Response: DWP accepts these recommendations in principle. We will look to work further with primes and contractors to consider for any new programme where an online social media portal, to identify best practice and use this to help cross market development, would best sit. Existing engagement routes will be used initially but as we develop IT solutions throughout end to end category management and with providers and other stakeholders, we will look to ensure widest possible range of methods for communicating best practice across the market.

We will look at how we work with prime providers and VCS/SME representative bodies to develop this work to allow detailed assessment of supply chain role in best practice. We will also look to ensure understanding of how similar external provision compares with prime provider supply chains and ensure communication links with organisations and relevant representative bodies in order to maintain awareness of industry best practice.