DWP Delivery Pipeline

Provider views

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Inclusion
research and consultancy

This report has been quality assured by:

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1. EXECUTIVE SUMMARY

1.1 Throughout October and November 2009 a sample of employability and skills providers across the private, voluntary and public sectors and their representative associations responded to an online questionnaire. A representative sample of the respondents contributed to follow up interviews with *Inclusion.*

1.2 The aim of the research was to understand the extent of providers' interest in contracting with public service departments, how they currently access these opportunities and to explore what might be done to help providers access these opportunities more effectively.

1.3 The questions focused on the scope of the providers' current public service operations and their aspirations for future contracting and concentrated predominantly on the 'front-end' of the commissioning process.

1.4 The report introduction outlines the methodology used and the extent of the sample questioned. Chapter 2 describes the provider characteristics of those organisations currently delivering contracts and of those with an ambition to deliver future contracts, investigating with which public sector departments providers currently contract (and in which of the nations) and what contracting sources of information they use in order to do so.

1.5 Chapters 3-8 provide analyses of the satisfaction levels felt by providers within the survey across different aspects of the commissioning process. This analysis was broken down in to five areas: the advertising of opportunities; support for submitting PQQs and tenders; post-tender negotiations; setting up contracts and capacity building for contracting. The comments made by providers relate to their experiences of public sector contracting and are not always specific to DWP.

1.6 Chapter 9 reports providers' responses when asked what impact the current level of coordination of contracting opportunities across public service departments had on their businesses.

1.7 Providers were given free-text opportunities to comment on commissioning practice within the initial online questionnaire. A cross section of these respondents was subsequently interviewed. Their wider points regarding the commissioning system are captured in Chapter 10.

1.8 Chapter 11 draws together the overarching conclusions from the research A number of messages emerged from the survey respondents, including:

the appetite of the industry to build capacity; a sizeable majority of providers already access information through the free to access Government websites and portals; provider satisfaction was generally highest for the advertising of opportunities and lowest for capacity building; third and public sector organisations consistently rated their satisfaction lower than private providers; smaller organisations gave consistently lower ratings than larger organisations; providers reported slightly higher satisfaction with commissioning within the sector that contributes most to their turnover and are less satisfied with areas in which they do not currently hold contracts.

1.9 Chapter 11 also captures the improvements and refinements most frequently advocated by the providers under the five criteria: the advertising of opportunities; support for submitting PQQs and tenders; post-tender negotiations; setting up contracts and capacity building for contracting. Section 11.9 draws together suggestions made by the trade associations BASE, ALP and ERSA.

1.10 The report notes the broadly positive response received from providers on the progress being made by commissioning, in particular that of DWP which was specifically commented upon, and recommends that the department builds on this good will by undertaking some of the recommended immediate quick fixes and gives close consideration to medium term enhancements to the commissioning process. The report concludes (at Section 11.11) with recommendations regarding appropriate quick, medium term and longer term actions

Introduction

Aim of the Research

- The aim of this research was to canvas provider interest in government contracting offers, understand how providers access these opportunities and make recommendations as to what more might be done to help providers access these opportunities.

Methodology

1.11 One hundred and nineteen representatives of provider organisations and the three trade associations (ALP, BASE and ERSA) were targeted, by name, with a structured online questionnaire. They were approached directly with an invitation to participate which was jointly signed by DWP Delivery Director, Alan Cave, and *Inclusion* CE, Dave Simmonds. Invitees were prompted by email and telephone call to complete the questionnaire.

We requested that the questionnaires be completed by business development managers within the target organisations.

1.12 The questionnaire was supplemented by eleven 30 minute telephone interviews conducted by Fran Parry of *Inclusion*. The sample of interviewees was agreed with DWP and was representative of the private, public and voluntary sector respondents and included managing agents, prime providers, sub-contractors, niche and specialist providers, new entrants, and representation from the devolved Nations. Key themes for the interviews were drawn from free-text fields in the questionnaire. The interviews were used as an opportunity to validate the broad findings from the online survey and to explore in greater depth particular observations made by respondents in the free-text fields.

1.13 A further three interviews were conducted with representatives from the trade associations BASE, ALP and ERSA. Additionally, a meeting was held bringing the three associations together to discuss the preliminary findings of the research. This meeting resulted in recommendations from the associations which are outlined at Chapter 11.9.

Sample

1.14 The sample included prime contractors, other providers working substantively across the Employment and Skills sectors (including sub contractors), aspirant primes including new entrants and aspirant sub-contractors including third sector organizations of varying sizes. The sample was weighted towards those organisations most closely involved in the welfare to work sector. The invited organisations covered perspectives from the devolved nations, other international experience and the third sector, including specialist provision. The sample was drawn from *Inclusion's* database of contacts in the Employment and Skills field.

1.15 Due to the sample size, the quantitative findings in this report should be treated as indicative. While they provide a useful insight into commissioning practice, they should be taken to represent only the views of those providers who responded to the survey, and should not be considered to be representative of the entire provider market.

2. PROVIDER CHARACTERISTICS

2.1 The survey was emailed to 119 contacts, covering a broad spectrum of welfare to work providers in the private and third sectors, plus three representative bodies: ALP, BASE and ERSA. There were 62 responses in total. Of these, 46 respondents provided organisational details. The remaining 16 provided responses anonymously.

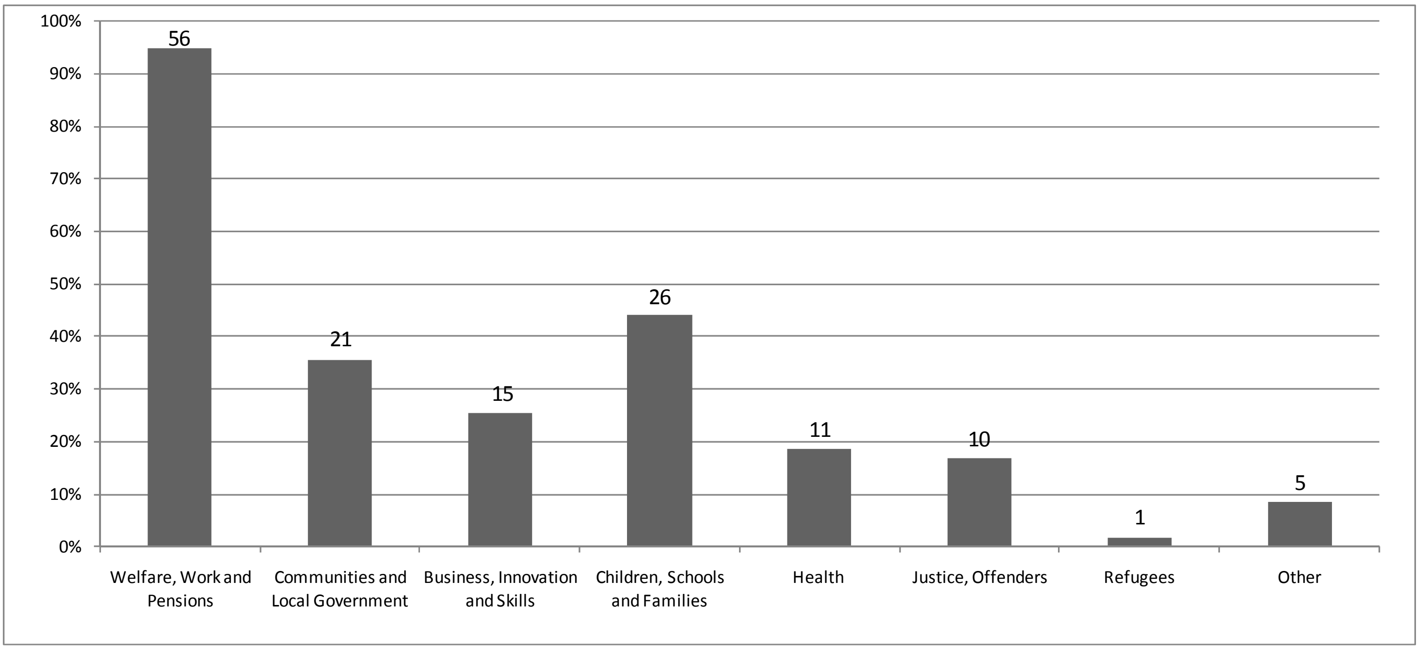
2.2 Of the 46 reporting organisational details:

- 21 (46 per cent) were private sector companies, 22 (48 per cent) were third sector organisations and 3 (7 per cent) were public sector organisations.
- nine (20 per cent) have an annual turnover of over £50m, 5 (11 per cent) have a turnover of £25-50m, 7 (15 per cent) have a turnover of £10-25m, 19 (41 per cent) have a turnover of £1-10m, with the remaining 6 (13 per cent) having a turnover of less than £1m
- over three quarters generated over 75 per cent of their turnover from public sector contracts

Current contracts

2.3 As Figure 1 shows, survey respondents (n=59) were most likely to currently have contracts in the 'Welfare, Work and Pensions' sector (56, 95 per cent), followed by 'Communities and Local Government' (21, 44 per cent), 'Business, Innovation and Skills' (15, 36 per cent), and 'Children, Schools and Families' (26, 25 per cent). Fewer than 20 per cent of respondents had contracts in the 'Health', 'Justice' or 'Refugees' sectors (11, 10 and 1 respectively). Five respondents had contracts in other (non-specified) sectors including, 'Defence', 'Science & Technology', 'Social Care', and with RDAs.

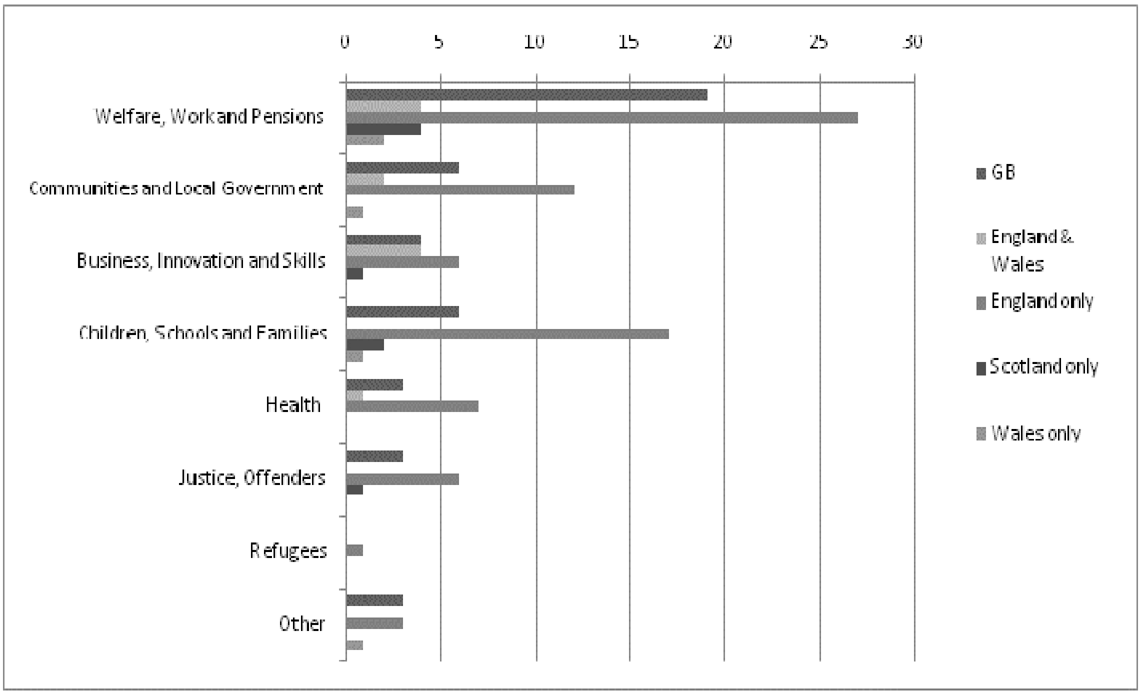
Figure 1 Public sectors in which respondents currently have contracts (all nations)



Base: 59

2.4 Across all sectors, respondents were most likely to have contracts in England only. Of those with Welfare contracts, (n=56) half operated in England only, while a third operated across Great Britain. Of those with Communities contracts (n=26), two thirds had contracts in England only, while a quarter operated across Great Britain. Over half of those with Business, Innovation & Skills contracts were operating in England only, with just under a third operating in Great Britain.

Figure 2 Nations in which current contracts are held (by sector)



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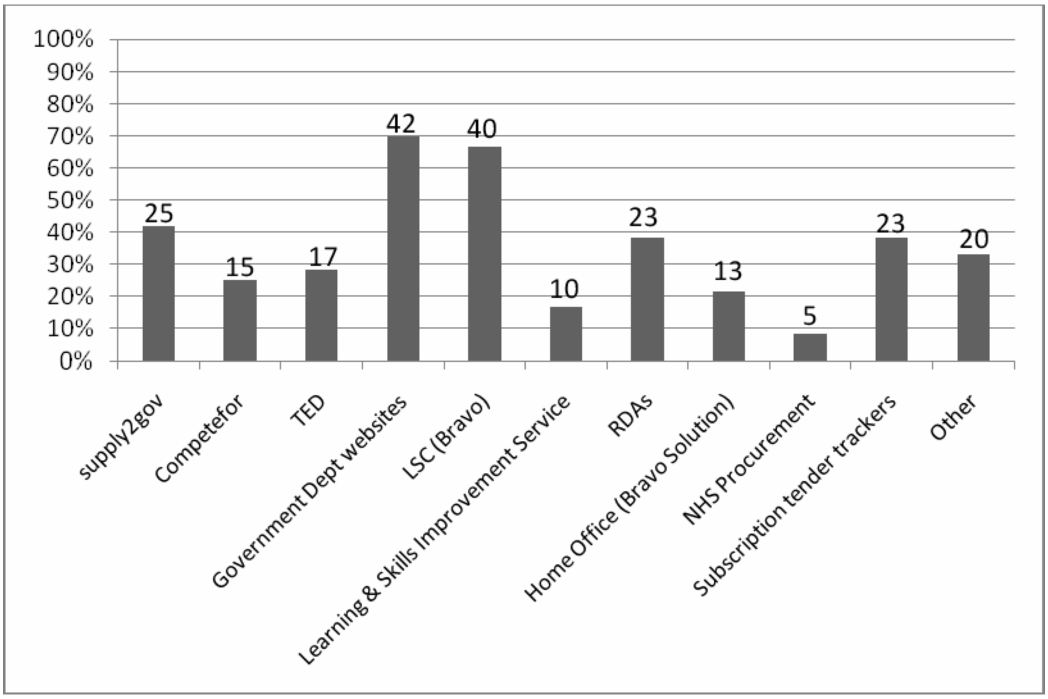
2.5 Respondents were asked what proportion of their total income from public sector contracts comes from those sectors in which they currently have contracts. By a large margin, Welfare contracts made up the highest proportion of total income from public sector contracts. Over half of the 60 respondents to this question stated that at least 50 per cent of their public sector income came from Welfare contracts. The next biggest source of public sector income came from Business, Innovation and Skills contracts, with just five respondents (8 per cent) stating that over half their public sector income came from this sector. This was as expected because the sample was drawn from an Employment and Skills database.

2.6 As Figure 3 shows, respondents (n=60) most commonly learned of contracting opportunities with public sector bodies with which they currently have contracts from Government department websites (70 per cent) and the LSC Bravo Solution portal (67 per cent). In order of prevalence, RDAs, supply2gov and subscription tender trackers were the next most common sources (38 per cent of respondents).

Figure 3 Contracting opportunity sources used



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Future contracts

2.7 Respondents were asked which sectors and regions they would also like to move into in the future. Many were looking to expand into other areas. From the 56 responses:

- twenty-nine (52 per cent) were looking to take on ‘Business, Innovation and Skills’ contracts (10 in Great Britain and 12 in England only)
- twenty-six (46 per cent) were looking to take on ‘Communities and Local Government’ contracts (9 in Great Britain and 1 in England only)
- twenty-five (45 per cent) were looking to take on ‘Health’ contracts (12 in Great Britain, with the remaining 13 looking for contracts in various nations)
- twenty-two (39 per cent) respondents) were looking for ‘Children, Schools and Families’ contracts (11 in Great Britain and 8 in England only)
- six stated they were looking for Great Britain-wide ‘Welfare’ contracts, suggesting some providers with contracts currently operating in single nations are looking to expand into other nations.

2.8 The places in which respondents (n=55) looked for contracts in new sectors/regions were broadly the same as those for current contracts.

Government department websites (69 per cent) and LSC Bravo Solution portal (58 per cent) were still the most common sources. supply2gov (53 per cent) and the RDAs (49 per cent) were slightly more likely to be used to search for opportunities in new areas than for opportunities in areas where providers were currently operating.

3. SATISFACTION WITH COMMISSIONING PRACTICE

3.1 The following analysis of survey results presents satisfaction levels for:

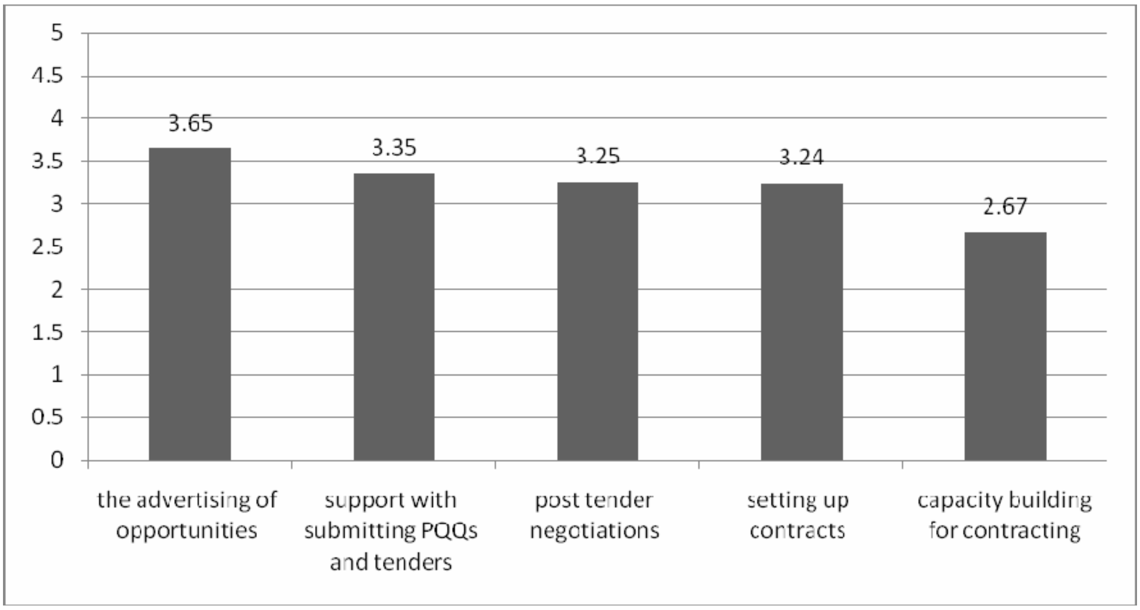
- the advertising of opportunities
- support for submitting PQQs and tenders
- post-tender negotiations
- setting up contracts
- capacity building for contracting.

3.2 Subsequent chapters explore providers' experiences and views on each of these areas in more depth, using qualitative findings from the survey and follow-up interviews.

3.3 Survey respondents were asked to rate their satisfaction on a scale of 1 (very dissatisfied) to 5 (very satisfied) on a variety of elements of commissioning. They were asked to distinguish between the sectors that contributed, most, second most and third most to their overall turnover. Patterns were similar for all three, with satisfaction highest for the advertising of opportunities, and lowest for capacity building.

3.4 Figure 4 shows the average satisfaction ratings for the sector contributing most to providers' turnover (n=54).

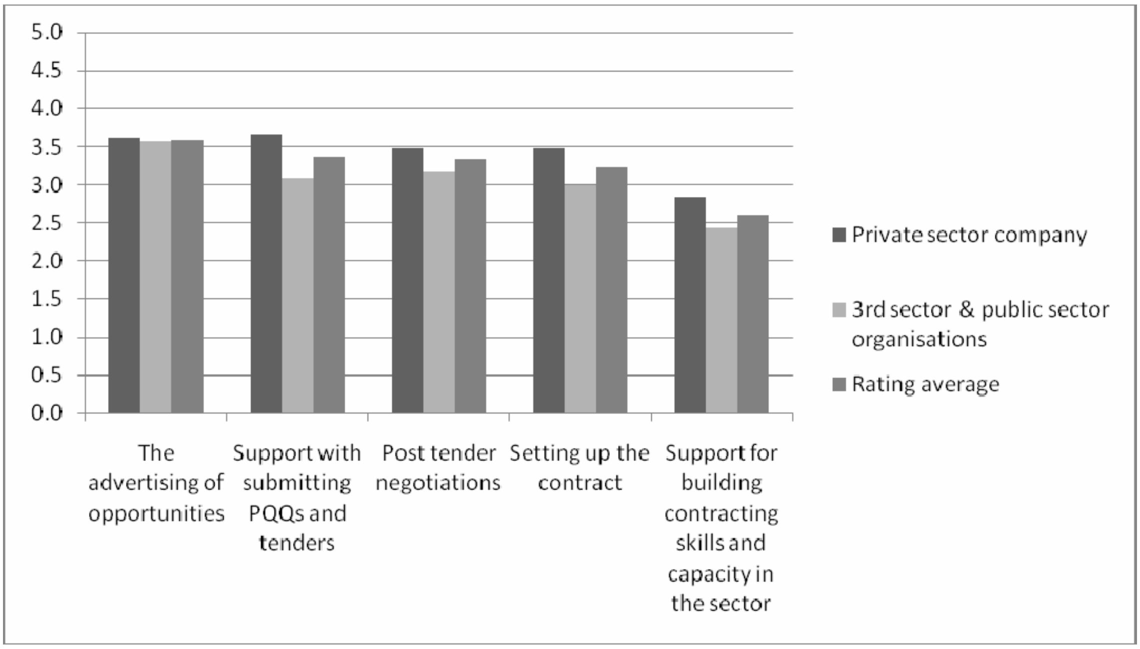
Figure 4 - Average satisfaction ratings for sector contributing most to turnover



Base: 54

3.5 Figure 5 shows a breakdown of the average ratings for private sector organisations and public sector organisations, alongside the overall average rating. Third and public sector organisations' (n=23) satisfaction ratings were consistently lower than private sector organisations (n=21).

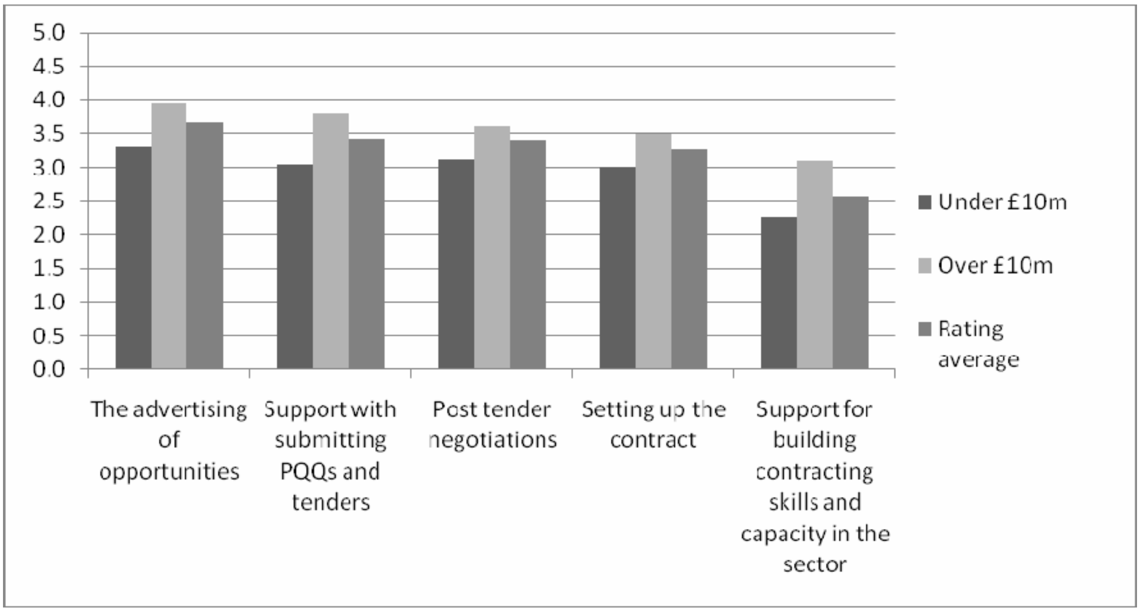
Figure 5 - Average satisfaction ratings by respondent type for sector contributing most to turnover



Base: 23 private sector; 21 third and public sector

3.6 Figure 6 shows a breakdown of the average satisfaction ratings by size of organisation. Those with an average turnover of under £10m gave consistently lower satisfaction ratings than those with an average turnover of over £10m. There was a particularly large difference in relation to support for building contracting skills and capacity in the sector and support with submitting PQQs and tenders.

Figure 6 - Average satisfaction ratings by respondent size for sector contributing most to turnover



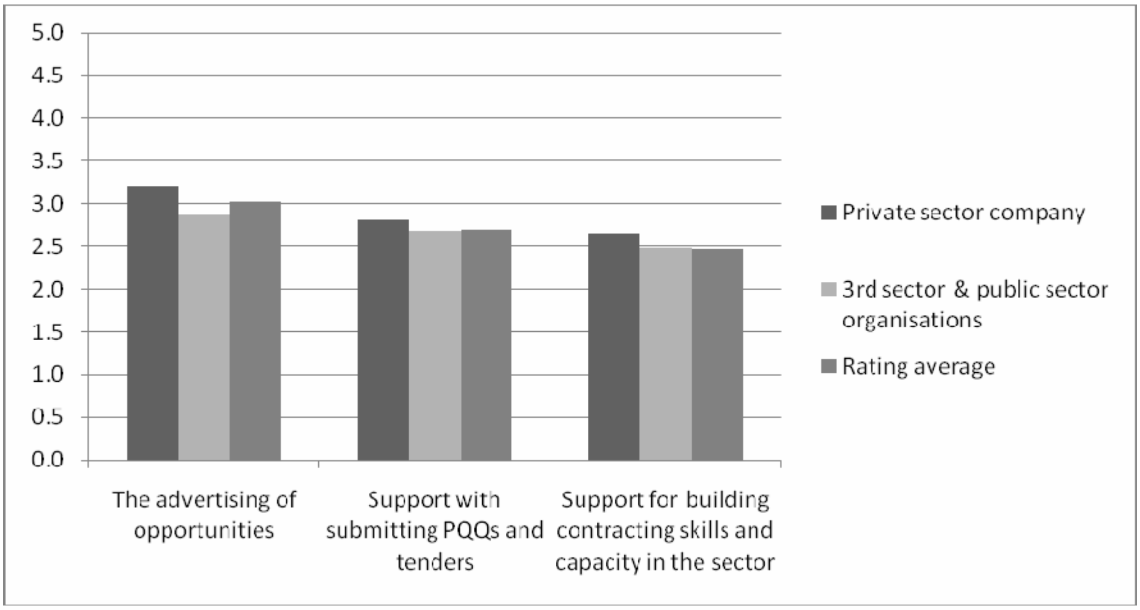
Base: 25 under £10m; 20 over £10m

3.7 Across all the aspects of commissioning, satisfaction was slightly higher in the sector which contributed most to an organisation's turnover. For example, the average satisfaction rating for the advertising of opportunities in the sector that contributes second most to providers' turnover was 3.34, compared to 3.65 for the sector that contributes most. This might be linked to familiarity with systems and processes.

3.8 Figure 7 shows satisfaction ratings for sectors in which respondents would like to have contracts in the future. Comparing figure 7 to figure 6 reveals that satisfaction levels for public sectors in which respondents did not currently have contracts but would like them in the future, were generally lower. This suggests more needs to be done to help providers identify and bid for new opportunities.

- the advertising of opportunities – 3.06
- support with submitting PQQs and tenders – 2.80
- capacity building for contracting – 2.60

Figure 7 - Average satisfaction ratings by respondent type for sectors in which respondents would like contracts in the future

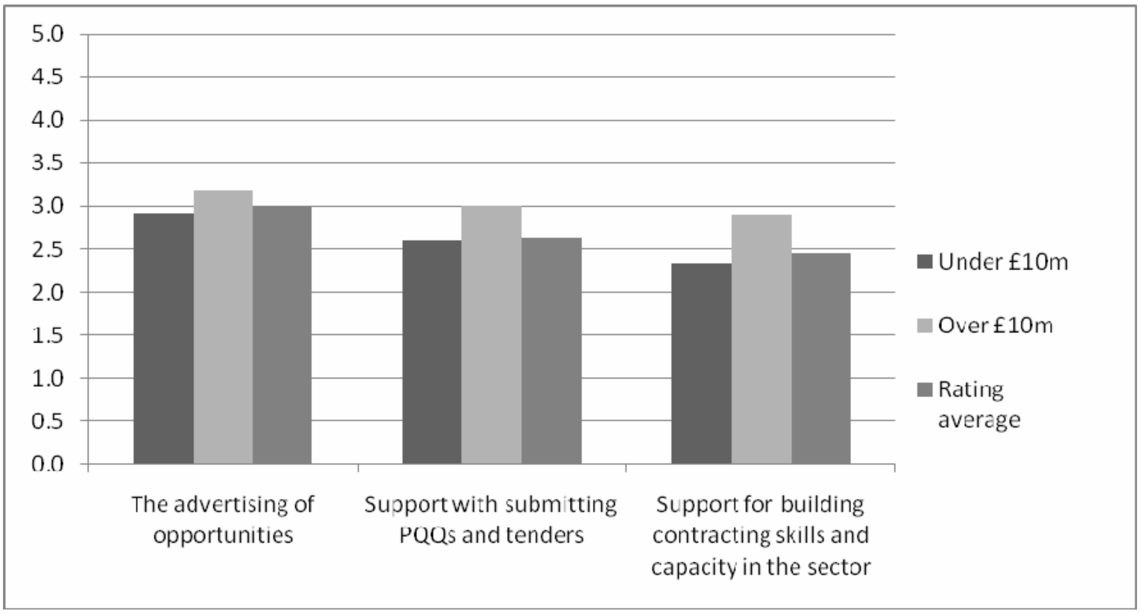


Base: 22 private sector; 22 third and public sector

3.9 Figure 7 shows that, as with the sector in which organisations currently have contracts, third and public sector respondents tended to give a lower satisfaction rating to aspects of the commissioning process than private sector organisations.

3.10 Figure 8 presents the same ratings, broken down by size of organisation. Again, smaller organisations (with turnover of under £10m) tended to give a lower satisfaction rating than larger organisations (with a turnover of over £10m).

Figure 8 - Average satisfaction ratings by respondent size for sectors in which respondents would like contracts in the future



Base: 23 under £10m; 11 over £10m

4. ADVERTISING OF OPPORTUNITIES

Positive aspects of the current system

4.1 Things highlighted as working well in relation to the advertising of opportunities, included:

- early notification of opportunities
- regional networks. *"People are more collaborative". "There is lots of informal networking going on"*
- early consultation events are popular. The Work Choice (IDEAS Group) was referenced as particularly successful. One provider commented that: *"[These events are] always with strategic managers and rarely the operational staff who deliver the programme. DWP should talk to practitioners about how, and how many, we could get into work"*
- web/email alerts (including, specifically, multiple zero or low-cost alert systems)
- use of websites to advertise/promote tender opportunities and provide information/support. DWP's website was praised by a respondent: *"Other departments could learn from DWP's website regarding the pulling together of procurement content"*
- internet and pre-launch events
- direct invitations to tender
- publication of annual timetable of opportunities.

4.2 One respondent indicated that they appreciated the single source, consistent advertising from the DWP, and the direct promotion to approved suppliers from the LSC. There were also positive comments on Bravo and the DWP website.

Negative aspects and potential improvements

4.3 The most common suggested improvements in the advertising of opportunities were the introduction of uniform procurement systems across departments and a common and user-friendly website showing all contracting opportunities. However a note of caution was sounded by an interviewee who said:

"A central method would be fantastic but we must learn from methods that don't work. [We] signed up with "Selling to Wales" but 98% of the responses are a waste of time. An all singing, all dancing system would not necessarily be relevant … you can get too much."

4.4 There were related suggestions for coordination between departments in announcing opportunities and a request for appropriate and adequate signposting and advertisement in the right places so that smaller and specialist organisations could pick up on opportunities more easily. An interviewee described the current situation as:

"Like a 100 piece jigsaw made up of all the funding and all the issues turned upside down. There are lots of gaps and lots of duplication with DWP, Local Authorities, City Strategies and the LSC all coming up with similar things and procuring for the same customer. The priority is to get rid of the gaps so the customers get the service they need. There has to be cross-departmental dialogue with clarity over time lines and which department is responsible for what."

4.5 Respondents expressed concern about the demise of the LSC, one saying: *"Once LSC goes there is real concern about what happens with its successors in title and their procurement opportunities."*

4.6 There were several suggestions for improving access to, or communication of, opportunities, such as:

- the creation of a professional procurement "agency" – potentially cross-departmental that has the ability to "signpost providers to related tendering activity on the horizon that would help add value to what they are proposing"
- having approved suppliers who are automatically notified when opportunities occur
- websites should have subscription services to notify of updates
- more direct (e)mailing to providers
- advertising in media read by third sector organisations
- advance notice of pipeline procurement activity. The knock-on effects of congested tendering rounds was a point repeated by primes and sub-contractors

4.7 One interviewee commented that, in regard to the search for opportunities:

"The message isn't quite right if opportunities have to be found and filtered by an intermediary", and was concerned as to whether tax payers were getting best value when, *"even smaller organisations have dedicated resource for business development."*

5. SUPPORT WITH SUBMITTING PQQS AND TENDERS

Positive aspects of the current system

5.1 Things highlighted as working well in relation to support with submitting PQQs and tenders included:

- clear guidance/instructions (the importance of clear and accurate information was stressed by several survey respondents)
- briefing and networking sessions, including Q&A sessions
- Q&A logs and updates/bulletins
- availability of knowledgeable staff to answer questions quickly and consistently
- templates and examples of submissions
- one to one sessions
- web portals.

5.2 One interview respondent cited the first phase of Pathways commissioning as a good example of dialogue and workshops in advance of bidding helping the commissioning process:

"It was about the expertise available....Government review highlighted this as best practice, they should learn from this."

Negative aspects and potential improvements

5.3 Several of the suggested improvements in support with submitting PQQs and tenders were around having realistic timescales. There were also calls for clear and accurate briefing and guidance information, including Q&As and written answers (which were described as currently tending to be vague). As well as *"clarity on requirements and expectations",* one respondent also suggested *"transparency on decision making / scoring processes".*

5.4 There were also suggestions of more support for third sector organisations, including workshops and being *"honest and upfront"* about whether smaller organisations had a realistic chance of winning certain larger contracts:

"We would prefer more rigour at PQQ stage; large ITT fields lead to uncertainty as to whether to spend valuable resource on opportunities that may not lead to any success."

5.5 Further suggested improvements for support with submitting PQQs and tenders included:

- simplify and streamline and have single point of contact help/inquiry line with a fully informed individual on the end of the line.
- have uniform documentation and scoring/assessment
- store submitted information centrally, assign reference number, and send alerts to update information.

5.6 There was also some criticism that Bravo solutions was not easy enough to use. This was often seen as a technical issue, rather than the principle itself being misguided, with greater provider familiarity with the technology seen as the answer.

5.7 One respondent noted that some providers may feel that seeking support on PQQs might be *“frowned upon in some way”.*

6. POST-TENDER NEGOTIATIONS

Positive aspects of the current system

6.1 The value of open and honest dialogue/discussion in post-tender negotiations was stressed by some survey respondents: *“open and honest discussion to reach appropriate consensus – not directed instruction”.* Other aspects highlighted as working well in relation to post-tender negotiations included:

- face to face meetings and one-to-one support/discussions with suppliers
- having all parties involved – joint events to share experiences with other providers were specifically cited
- a well structured process/approach (one respondent specifically highlighted clarity of objectives from the contracting authority)
- good contract managers – one respondent stated that the LSC has some exceptional Project Managers who conduct swift, informative post-tender negotiations; another pointed to the importance of having continuity in the individual to negotiate with.
- Post-tender negotiations that account for the needs of third sector customers (e.g. relevant outcome indicators) was also highlighted by one survey respondent. Another highlighted allocating points of contact and working in partnership rather than in a customer and supplier relationship.

Negative aspects and potential improvements

6.2 Timescales were to the fore in suggested improvements on post-tender negotiations. There were calls for sufficient time to be given to complete post-tender negotiations and for timescales to be adhered to:

“It is very annoying that DWP constantly delay announcing the results of contract winners. As a subcontractor we need to know so we can plan ahead.”

"Public contracting timescales sometimes take insufficient account of the time taken to implement programmes; some local authorities have been known to not allow any time for this with the expectation that the service starts two weeks after date of award. This may be sufficient if the current provider retains the business [but it is] unrealistic if the tender process results in a change of provider".

6.3 There were also some general calls for clarity of information and, in one response, clarity on volumes in particular. There were also calls for better, more detailed feedback, and for *"genuine negotiations…actual negotiations not just a discussion on pre-set decisions".*

6.4 One interview respondent called for greater flexibility in post-tender negotiations, contrasting the flexibility of local authorities at post tender stage compared to the apparently inflexible approach adopted by DWP.

7. SETTING UP THE CONTRACT

Positive aspects of the current system

7.1 Things highlighted as working well in relation to setting up the contract included:

- direct contact and regular ongoing support from commissioning body - face-to-face meetings and one-to-one support from the contract manager were both specifically mentioned
- clear timetable (which is adhered to) and guidelines
- pre-contract/early delivery stage support - specific reference was made to recognition that implementation happens in 2 phases (pre contract start and early delivery phase); issuing draft contract ITT with opportunity for provider to propose amendments.

7.2 There was appreciation for when commissioning bodies keep to the published timeframe or allow slippage when the timeframe is allowed to move, and for effective account management. One survey respondent stated that *“the LSC are extremely effective at getting funding to market very quickly”* another commented that the process works best when there are *“dedicated and experienced transition teams on both sides.”*

Negative aspects and potential improvements

7.3 Points on timescales were again prominent in comments around improvements to the setting up of the contract phase. There were calls for adequate lead times; sticking to timescales; reflecting delays in awarding contract in the time given for implementation; allowing for slippage and having flexibility around start dates; and less short turnaround or *"last minute"* contracting. Other suggested improvements around setting up contracts included:

- payment arrangements which accommodate third sector organisations, the presence of up front payment/start-up monies were specifically mentioned
- using template contracts
- making MI requirements clearer up front
- incorporate TUPE information into tender documents, an interviewee commented that: *“Local Authorities do tend to do this so why cannot DWP. DWP is well behind the curve on this.”*
- contract implementation training and free work shops

- reducing the number of hand offs between teams in the contracting authority prior to going live
- consistency of approach (one respondent noted that signed contracts are not always received prior to delivery and that while some commissioners issue an award letter followed by a signed contract, others issue awards with reference to the draft contract issued with the ITT).

8. SUPPORT FOR BUILDING CONTRACTING SKILLS AND CAPACITY

Positive aspects of the current system

8.1 Things highlighted as working well in relation to support for building contracting skills and capacity in the sector included:

- briefing events and workshops
- mentoring
- online support
- tailored training for third sector organisations (with limited commercial experience)
- networking opportunities/partnership building facilitation - networking events were cited as being useful, as were facilitated meetings with potential subcontractors.

8.2 There was positive feedback on the LSC's capacity building through provision of ongoing support, peer matching and networking opportunities. There was positive feedback on the DWP's supplier networking events and database.

Negative aspects and potential improvements

8.3 Several respondents noted that building contracting skills and capacity in the sector needs significant time and resource. Some respondents did not consider that there is sufficient recognition of this in commissioning departments. There were calls for departments to increase resources to support contracting skills and capacity (including bid writing), particularly in relation to smaller organisations and subcontractors and to, as one respondent stated:

"Reduce the burden by adopting uniform systems across public sector organisations and ensure that they are more joined up on budget allocation and commissioning."

8.4 Further recommendations were:

- better structured provider networking events
- rather than speed dating events which were *"invariably too late in the process"* invest instead in best practice events to assist in skills and capacity building

- more free courses/workshops for third sector organisations
- smaller contracts for smaller providers, *"we have been "excluded" from tendering recently"*
- offering workshops or online presentations to organisations explaining the tendering process and the different roles of organisations in the contracting process (i.e. prime contractor, provider, subcontractor etc)

8.5 One respondent stated that:

"There is no support or incentive for primes to capacity build subcontractors who might offer a unique and high performance service. In practice, primes look to subcontract to each other as that is the safest option when prime contracting activity is so high risk."

8.6 The same respondent expressed the fear that sub-contractor intellectual property was in jeopardy when sub-contracting to primes: *"The subs lose all ownership of any innovation …[it is] passed to the prime who then adds to their library of high quality bid answers."*

8.7 However a prime contractor respondent noted a training need that they considered DWP should pick up where FND2 sub-contractor templates were being inadequately completed by subcontractors thus making it difficult for primes to evaluate subcontractors fairly and incorporate them into bids appropriately.

8.8 The need for truly integrated employment and skills commissioning was raised by several respondents. Another suggested that there should be integrated employment-related procurement under the DWP model (e.g. Working Neighbourhoods fund, LSC adult and employer programmes): *"This would reduce duplication in provider capacity and allow for a clearer / cleaner marketplace."*

8.9 On the value of debriefing information for capacity building, one survey respondent stated the:

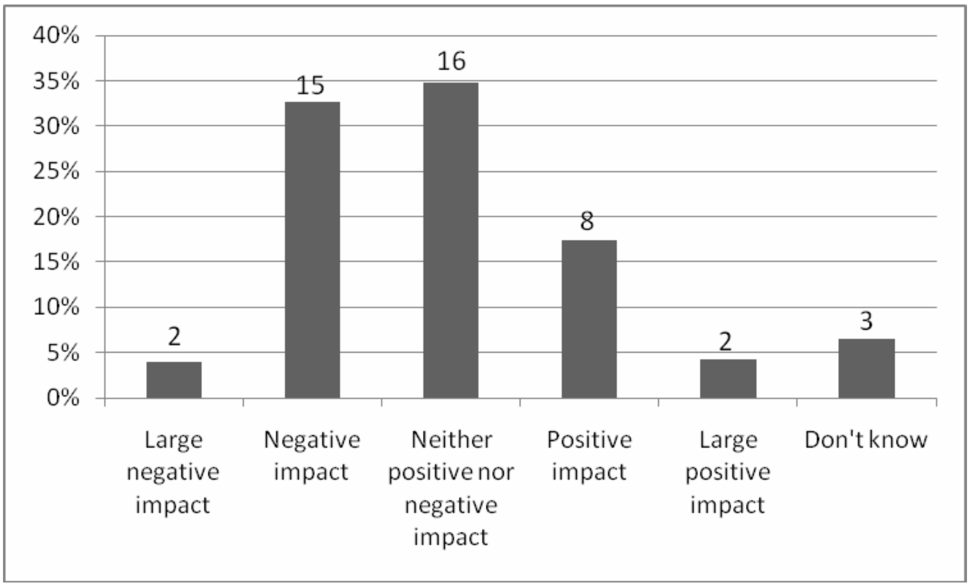
"Main issue is with the quality of debriefing information provided. This is often just a list of scores against the evaluation criteria with little or no explanation as to how the scores were reached... Where quality debriefing information is provided it does assist in developing the capacity of the organisation to respond more effectively to tenders."

8.10 Another respondent urged that commissioners: *"Either backed up the rhetoric with specific help, or stop."*

9. CO-ORDINATION

9.1 Survey respondents were asked what impact the current level of coordination in reporting contracting opportunities across public sector bodies has on their business. As Figure 9 shows, 35 per cent of respondents said it had neither a positive or negative impact, while 33 per cent said that it had a negative impact and 17 per cent said it had a positive impact (n=46).

Figure 9 - Impact on respondent's business of current level of coordination in reporting contracting opportunities across public sector bodies



Base: 46

9.2 The idea of a single central procurement website again arose when respondents were asked how the announcement of contracting opportunities might be better coordinated. It was also suggested that current announcements could be linked across other government platforms. Calls for well designed, searchable websites, regular updates and alerts, and direct mailing were also reiterated.

9.3 The key additional suggestion was for improved cross-commissioning body communication on timing to allow staged release of announcements and reduce instances of numerous bids being put out around the same time. One interview respondent noted the lack of *"long range visibility"* in the pipeline.

9.4 Another noted that this is not necessarily a problem solely of cross-departmental coordination – they called for better coordination of tendering *within* DWP:

"For some bizarre reason, Work Choice, FND2 and Progress2Work will all go live at the same time. We are a small organisation so the person responsible for business development also does contract implementation – trying to do FND1 implementation for all 14 districts as a subcontractor and secure subcontract agreements for all 28 districts for Work Choice is a lot of work."

9.5 Several respondents made the point that this results in many organisations, particularly smaller or third sector organisations, struggling to submit, or simply not submitting, bids where they otherwise would have done. Pre- or early release of procurement schedules was a further suggestion to reduce this problem.

9.6 Other specific suggestions and points around better coordination included:

- *"...many local authorities are not aware of all the organisations that are delivering in their areas. These local authorities could hold databases which are constantly updated to then send out mailshots about these opportunities"*
- *"Keep it official, consistent and simple. Use RDAs, DWP, LSC and reputable companies/publications."*

10. WIDER POINTS – COMMISSIONING STRATEGY AND SYSTEM

10.1 Survey and interview respondents had the opportunity to make further comments regarding the delivery pipeline. Many of the comments made referred to a negative or potentially negative effect of the DWP Commissioning Strategy on small or third sector organisations. For example:

- *"More consideration needs to be made on the effect of changing contracts on the smaller delivery agent. Often these remain the same despite changes in the prime provider. The hiatus between contracts is extremely damaging to infrastructure and experienced delivery staff."*
- *"Specialist sub contractors are now faced with the situation of having to complete as many as 6 different and very detailed expressions of interests for bidding prime providers. In many cases the EOI are actually the bid and the specialist subcontractor is forced into the position of having to complete large parts of the primes bid."*
- *"Before long you won't have one [a delivery pipeline] apart from the selected Primes, colleges and some VCS [Voluntary Community Sector]. The independent provider network is being decimated and undermined... reducing the number of baskets our eggs are in to a few very large ones, creating a system where taking a contract away and bringing in a new provider if necessary becomes practically impossible and primes have the ear of ministers over the heads of the agencies that are supposed to manage them."*

10.2 Another survey respondent stated:

- *"Our organisation has been delivering good quality programmes to DWP for 20 years. We have excellent backing from our bank, we are not heavily geared and have a good financial track record. We have spread our risk across a number of funding streams to maximise the viability of centres. Yet the current strategy of measuring a company's potential through turnover growth is short sighted and means that we will not be able to compete for some contracts that we have been running."*

10.3 A number of interview respondents referred to the need for commissioning bodies to retain expertise and to learn lessons from previous major commissioning exercises.

11. CONCLUSION AND RECOMMENDATIONS

11.1 Some clear messages emerge from this research, most notably:

- The industry has an appetite to build capacity, with 52 per cent wanting to extend into BIS, 46 per cent into CLG, 45 per cent into Health and 39 per cent into CSF
- There is a sizeable majority of providers who access information already via the free access methods with 70 per cent accessing opportunities via Government websites and 67 per cent through the LSC Bravo Solution portal
- Provider satisfaction among those surveyed was generally highest for the advertising of opportunities and lowest for capacity building
- Third and public sector organisations surveyed rated their satisfaction consistently lower than the private sector and smaller organisations gave consistently lower ratings than larger ones, with a particularly large differentiation noted in their satisfaction regarding building contracting skills and capacity
- Providers are slightly more satisfied with all aspects of commissioning within the sector which contributes most to their turnover and less satisfied with areas in which they do not currently hold contracts.

11.2 Providers have articulated, with considerable consistency across smaller and larger organisations within the private, voluntary and public sector, what works and what improvements they would wish to see. There was acknowledgement that things were improving and an enthusiasm, particularly noted amongst the interviewees, to give the Department constructive responses that it could work on for some “easy wins” to improve the commissioning process.

Most advocated improvements

11.3 During the course of the research respondents advocated a range of possible ideas and actions that the Department could pursue. The following highlights those that were most consistently mentioned.

11.4 **Advertising of opportunities**

- Providers would prefer a uniform procurement system across (local and central) government with a cross-departmental coordination of procurement announcements to avoid clashes of bidding opportunities which overburdened providers. This could be supported by a user friendly website showing all contracting opportunities

- Providers also advocated better internal coordination of bidding opportunities
- Primes would like approved supplier lists
- Particularly third sector organisations would like to see advertising in *appropriate* media where providers would quickly identify opportunities

11.5 Further support for submitting PQQS and tenders

- Providers want to see clarity, relevance and accuracy around Briefing and Guidance events, supporting Q&As and written answers. Some providers felt that the Briefing and Guidance events unfairly raised expectations about the ability to secure a prime contract, particularly for smaller third sector organisations. Some felt there is a need for more relevant advice for smaller, third sector and niche providers.
- Panels at Briefing and Guidance events were considered to be less well prepared and to have fewer answers than might be expected. Sometimes there was a lack of confidence in their delivery. There was a feeling that civil servants retreated behind the written Q&As and there was a request from providers for single points of contact with fully informed individuals.
- Providers wanted greater transparency about decision making. It was felt that this could emerge from: greater clarity on the requirements and expectations for a commissioning round; greater rigour at PQQ stage; uniformity of documentation; and clear scoring and assessment processes.
- Providers wanted to see robust technical solutions in advertising ITTs. It was felt that good principles were sometimes let down by the technology (as with LSC Bravo Solutions) and government was cautioned to launch the technology only when it is fully tested and ensure provider familiarity before launch. This would necessitate a more proactive policy of familiarisation amongst smaller organisations as well as the larger ones.

11.6 Post-tender negotiations

- Providers were frustrated by delays in contract-win announcements. They wanted to ensure both adequate time for post-tender negotiations between primes and commissioners and sufficient lead-in time for subcontractors to implement delivery.
- They also wanted clarity on information and volumes at the post-tender negotiation stage to inform the negotiations. It was felt that DWP could

learn from best practice in post-tender negotiations, and Local Authority flexibility was referenced.

11.7 Setting up contracts

- Providers wanted DWP to avoid last minute contracting, keep to timeframe and when time is lost compensate for these slippages by moving deadlines.
- The LSCs ability to get funding to the market quickly and effectively was noted as was the value of experienced LSC Contract Managers.
- Some providers wanted to improve the dialogue and reach agreement around the shared (commissioner and provider) expectations from the implementation period.
- Third sector organisations continued to believe that DWP should give due consideration to specific payment arrangements for their sector, particularly start-up monies and upfront payments.
- Providers working across different markets want government to evolve a consistency of approach across different (regional and national) commissioners.

11.8 Capacity building for contracting

- Providers felt that DWP need a better understanding of the resources providers require to build their capacity and that DWP should provide more support with appropriate training and networking opportunities.
- For bidders that failed to secure a contract, debriefs should be consistent and informative. These should help the bidder in their understanding of why they failed and where and how they have to improve. Providers want to feel confident that their feedback is rigorous about their ability and aptitude to compete and where they have to “up their game”.
- Smaller organisations want the Department to create incentives for Primes to build the capacity of their subcontractors. Support was wanted for networking events that focus on the skills and capacity building of subcontractors and help engage them with “good fit” Primes.
- Help was wanted by sub-contractors in the protection of their intellectual property.

Recommended actions

11.9 Recommendations from the Trade Associations

- A four way meeting was held with *Inclusion* and the three trade associations (BASE, ALP and ERSA) to discuss what DWP and the associations could jointly do to enable providers to access other markets more easily. The organisations made several recommendations:

- They think that DWP and the associations share responsibility to raise awareness, that DWP should flag opportunities available in other departments on the DWP website and that the associations should cascade these alerts through their respective member bulletins.

- DWP should keep the associations routinely "in the loop" on departmental staff changes so this information could be cascaded promptly to memberships.

- The more members the associations have the more widely the messages will be disseminated. DWP should help raise the profile of the associations, and their capacity to support both their respective memberships and the Department, by promoting their existence (not endorsing them) to other government departments and to potential members. The associations recommended supplying a paragraph each summarising their activities for the Department to circulate in this way.

- They considered that the content of briefing sessions was becoming very superficial and neither the associations nor many providers have the capacity to attend events when they are unlikely to be of value. All the associations would welcome an approach from DWP in advance to agree the structure and content of these events. The events around more complex issues were considered to be improving with a higher quality of debate and a clear willingness on DWP's part to share information.

- The three associations considered that DWP disproportionately relied upon them for support possibly not understanding the restrictions in all three cases on the availability of staff to pick up a constant stream of activities. DWP has to get a fundamental understanding of what the associations can and cannot do. Where DWP had used a "light touch" to build the capacity of association activities this was appreciated (the example of the translation in to Welsh of the ERSA Customer Charter was cited). The associations were in agreement that they prized their independence.

- All three associations would like to be better able to "navigate" their way round DWP. A DWP officer might act as a first port of call where necessary. All three associations were keen to help DWP officials to be outward facing and to understand their members' practical experiences of delivery.

11.10 We have noted the broadly positive response received from providers on the progress being made by DWP commissioning. We recommend that the Department builds on this goodwill by undertaking some immediate quick fixes and gives close consideration to medium term enhancements (completion in 2010) to the commissioning process.

11.11 **‘Quick win’ recommendations**

- Create web links from the DWP web-site to potentially relevant contracting opportunities on other Government websites (concentrating in the first instance on BIS, CLG and CSF).
- Scrutinise where advertising for opportunities currently appears and its relevance, particularly to third sector organisations. Consult with the third sector about most appropriate media.
- Put in place plans to improve the delivery of the Briefing and Guidance events, including reviewing their scope and focus. Better anticipation of the Q&As and with prepared answers. Providers can assist the Department in anticipating likely areas of concern.
- Examine how closer working and understanding within the industry could be facilitated through a series of buddying opportunities between the industry and the Department at a strategic and an operational level.
- DWP should make more explicit their understanding of the costs of bidding and be clearer about the expected standards and criteria for the PQQ stage and full bids. DWP should also develop a more consistent approach around tender debriefing.
- DWP should do more to keep providers informed of possible delays. Where delays cannot be avoided, the reasons should be explained, and go-live deadlines revised wherever possible.
- There should be a joint programme between DWP and the trade associations to deliver improved dialogue and training around the implementation period.
- DWP, working in partnership, should develop training and networking for smaller, niche and third sector organisations to build their business planning and capacity to deliver

11.12 Medium term recommendations

- DWP investigate the feasibility of integrating all skills and employment procurement
- Consider the development of a DWP approved supplier list at Prime and sub-contractor level that will reduce the amount of tender-related paperwork requiring completion at each tender round.
- Monitor the position of third sector organisations within the market to assess whether there should be payment structures that encourage third sector organisations to compete
- Create incentives for Primes to build the capacity of their subcontractors, or build expectations (through tender requirements) that they do so.
- Investigate whether the intellectual property rights of sub-contractors could or should be protected

11.13 Long term recommendation

- A uniform and simplified cross-departmental (regional and national) approach to budgeting for and commissioning of provision for workless people.