

Delivering employability provision – working with DWP.

Welcome
DWP Work, Welfare, Equality
Group Delivery Directorate.

Commissioning Strategy – the context

- Commissioning Strategy published Feb 2008.
- Sets out high level principles to simplify and rationalise future contracts.
- Sets out our vision for modernising and strengthening the welfare to work market.
- Step change in what we deliver and step change in how we deliver.

Commissioning Strategy overview

- Longer, larger contracts
- High performing delivery chains
- A focus on place not structures with top tier providers taking a more strategic role
- Increased engagement with local delivery mechanisms such as LAAs and MAAs, engaging with the City Strategy and with other joint arrangements in Scotland and Wales
- Smaller, specialist providers will be encouraged to flourish and develop. Code of Conduct sets out how we expect prime contractors to engage with sub-contractors.

Welfare Reform: An Overview

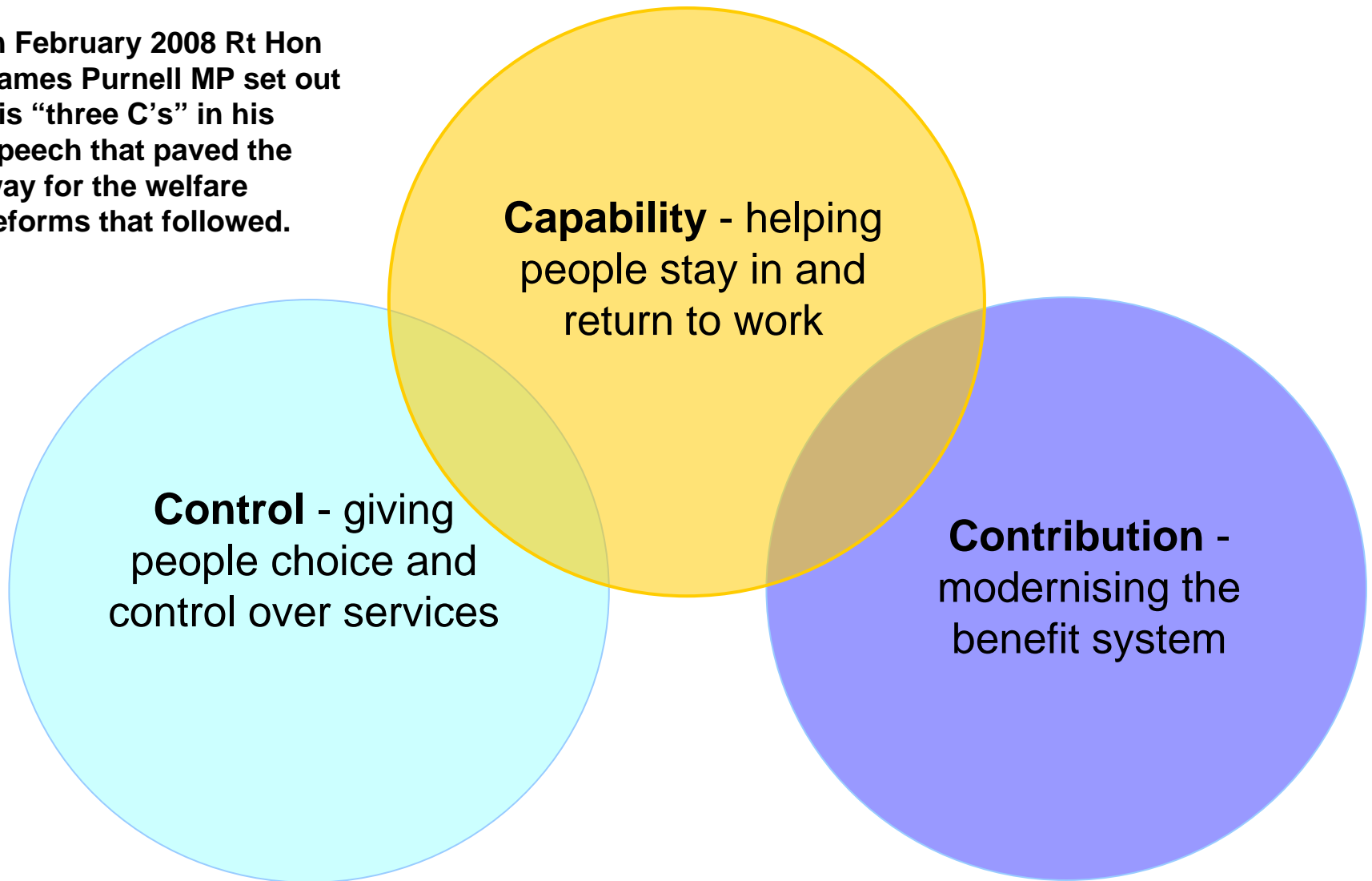
DWP welfare to work services 2009

The Current Context

- **Employment level down by 45,000 this quarter**
- **Employment rate is 74.1% - down 0.7% on the year.**
- **29.4 million people were in work in October- December 2008. A fall but historically high.**
- **Claimant unemployment rate is 3.8%, up 1.4 % on the year.**
- **However**
- **Around 10,000 vacancies are still notified to Jobcentre Plus every working day**
- **While 323,300 new claims for JSA in January, over 244,000 people flowed off unemployment benefits.**
- **The Long term goals remain the same despite the economic downturn:**
 - **We need to ensure that we are getting people (even those with greatest disadvantages) into sustained jobs even in a time of lower overall labour demand.**

Welfare Reform Principles

In February 2008 Rt Hon James Purnell MP set out his “three C’s” in his speech that paved the way for the welfare reforms that followed.



Welfare Reform Principles (continued)

- A stronger framework of rights and responsibilities to move benefit claimants from being passive recipients to being active jobseekers;
- A personalised, responsive and effective approach to individual needs;
- Partnership between public, private and third sectors, based on a strategic view of the role for each
- Targeting areas of high worklessness by devolving and empowering communities;
- Encouraging co-commissioning across the public sector so that the full range of issues of those who are not in work can be more effectively addressed; and
- Not just jobs, but jobs that pay well, offer opportunities for progression and continue to develop our customers' skills.

White Paper: Key proposals

- **A simpler benefits system**
- **More support matched by higher expectations for job seekers**
- **Personalised conditionality**
- **Enhancing support and control for disabled people**
- **Devolving power to a smaller number of private, voluntary and public providers.**
 - **Black box approach: Greater responsibility but share risk and encourage innovation.**

Key future programmes- Contracting Opportunities

By 2011, we will be looking to have award/ have awarded around 200 new, mainly outcome focused contracts with a total combined value of between £4-5 billion. Briefly, these include:

- **Flexible New Deal (PQQs in Spring 2009)**- support for people on Jobseekers Allowance and will replace the current, separate New Deals
- **Jobcentre Plus support Contract (PQQs in Spring 2009)**- National programme delivering a range of vocational and personal development services to support Jobcentre Plus customers and help move them towards the job market.
- **Improving Disability Employment Advisory Services (IDEAS) programme (PQQs in Spring 2009)** - tailored packages for customers whose disability raises serious and complex issues in finding and/or keeping a paid job
- **European Social Fund (PQQs in Spring 2009)**- The ESF 2007-2013 programme (England) continues to provide opportunities to unemployed and disadvantaged people by providing the training and support they need to enter jobs
- **Progress to Work/ Link Up (PQQs in Spring/ Summer 2009)**- programme which will offer personalised additional support for customers such as recovering drug and alcohol misusers, homeless people or ex-offenders to help them to move into work

Key future programmes- Contracting Opportunities

- **Work For Your Benefit Pilots (PQQs in Summer 2009)**- providing tailored, full-time activity (work experience and employment support) for some customers who finish Flexible New Deal without finding sustained work.

- **'Invest to Save' Pathfinders (formerly AME/DEL) (PQQs in Autumn 2009)**- occurring in 5 regions of the country and supporting long-term incapacity benefit claimants back into employment. They will be funded by an innovative invest-to-save agreement between DWP and HM Treasury, with the Department paying providers out of the benefit savings achieved from successful job entries.

- **Personalised Employment Programme (PQQs in Autumn 2009)**- a single, integrated, flexible employment programme for Jobseeker's Allowance and Employment and Support Allowance claimants.

- Also in 2009-

- **Pathways**- The White Paper sets out important changes to Pathways to Work and in the coming months we will be working through what this means for contracting activity for PL Pathways

These are challenging times and we look forward to working together with innovative new providers.

Key future programmes- PQQ timeline

•Spring 2009

**Flexible
New Deal2**

IDEAS

**European
Social Fund**

**JCP
support
contracts**

**Progress to
Work/ Link
Up**

Summer 2009

**Work for
your benefit**

Autumn 2009

**Invest to
Save**

**Personalised
employment
programme**

- Questions will be taken in the Q&A session

DWP Welfare Reform Commercial Strategy

DWP Commissioning - Commercial Strategy

- Commercial Strategy is one of seven strands – how we engage with the market
- Longer (5–7 yrs) larger contracts
- Build stronger, more strategic relationships with our providers
- Develop a shared understanding of objectives
- Increased flexibility through open specifications in return for improved performance
- Increase job outcomes and reduce cost per outcome
- Better sharing of risk and reward for providers
- Ensure diverse supplier base

Commercial Strategy

- DWP's commercial strategy is to reduce the number of contracts we award through aggregation across wider geographical areas, and/or types of provision.
- Defining larger contract packages which support investment in delivery and allow other smaller specialist organisations to be involved as sub-contractors.
- Wherever possible we seek a single provider (prime contractor) or Consortium/SPV to deliver and manage services across a contract package, using sub contractors where appropriate.
- May be occasions where we wish to offer choice so will have more than one provider delivering in a contract area.

Procurement Process

- We generally let contracts through a two-stage procurement process
 - Pre-Qualification Questionnaire (PQQ) – all bidders
 - Invitation to Tender document (ITT) – short-listed bidders

Purpose of the PQQ

- To assess the bidders capacity and capability to deliver the service and will involve:
 - Quality Assessment
 - Financial Assessment
- To enable DWP to narrow the field down to around 5 – 7 bidders who have the capacity and capability to deliver the business.
- These organisations will be invited to submit an ITT.

Purpose of the ItT

- Only organisations who have a realistic prospect of winning the business will be invited to submit a full bid.
- To enable DWP to assess detailed proposals for delivery of the contract.
- Will involve an assessment of both quality and price with weightings appropriate to the type of business – to assess which bid offers the Most Economically Advantageous Tender (MEAT) – Not just the cheapest.
- The successful bid will form the basis for the contract.
- We issue our Terms & Conditions of contract at ItT stage

Procurement Process

- However, there are circumstances where the two stage approach may not be the most appropriate. These include;
 - Where there is an underdeveloped supplier base
 - Remote geographical areas with few providers
 - Where specialist provision is required
 - Where there is a particularly complex or undefined requirement
- In such cases a one stage procurement process (combined PQQ & ItT) or a negotiated process (under EU rules called a Competitive Dialogue) may be used.

Code of Conduct

- What is the Code of Conduct?
- Sets out minimum standards and expectations for dealings between Prime providers and sub-contractors in order to:
 - ensure subcontractors get a fair deal
 - Set minimum standards for contractual arrangements between primes and sub-contractors
 - Ensure there is an escalation route for resolution of problems
 - Help to ensure that we maintain the involvement of smaller specialist providers in the delivery of Welfare to Work provision

Supplier Funding/Payment Arrangements

- Normally 3 main elements to the funding model:
 1. A service fee, generally a fixed % of the overall contract value based on forecast volumes of business. Paid monthly in arrears
 2. Payment for achieving an Outcome – typically a job(s) for 13 weeks
 3. Payment for a Sustained Job Outcome – typically a job for 26 weeks or more
- Maximum one outcome and one sustained job outcome per person per spell on programme
- Funding model may be flexed to reflect the requirements of specific programmes
- In future Suppliers will manage referrals and claim payments using the new Provider Referral and Payment System (PRaP)

Typical Procurement Timetable

•Activity	Week
•PQQ published	1
•PQQ information events	2/3
•Deadline for submission of PQQ	8
•Assessment of PQQs	9 - 14
•Short-listed bidders announced	15
•ItT and supporting documentation published	16
•ITT Workshops	16/17
•Bidders prepare ITTs	17 - 27
•Deadline for submission of ItT	28
•Assessment of ITTs	29 - 36
•Announce of Preferred bidders	38
•Post Tender discussions & Contract Award	40 - 48
•Implementation and Transition	49 - 77
•Contract Go -live	78

Further information

- All new procurement exercises will be published on the Supplying DWP website:
- http://www.dwp.gov.uk/supplyingdwp/what_we_buy/welfare.asp
- We also often advertise contracts in the following publications:
 - The Guardian, The Metro
 - Government Opportunities Contrax Weekly

Lessons Learnt review & Code of Conduct

•Simon Shimmens

Lessons Learnt Review

- **“ A real decision is measured by the fact that you’ve taken a new action. If there’s no action, you haven’t truly decided.”**

• **Anthony Robbins**

Lessons Learnt Review

- **50 interviews:**

- - DWP Commissioning Strategy through to implementation, based on flexible new deal, plus a focus on the Code of Conduct

- **22 internal recommendations:**

- **communication** – events and forums to retain open dialogue

- **external support** – helping particularly smaller organisations succeed with prime contracting model and supply chains

- **contract change** – making changes to contract documentation

- **process change** – improvements to assist providers and DWP

- - summary report can be found on DWP website at

- <http://what we buy etc>

Code of Conduct

•3 key findings from the lessons learnt review:

- Code of Conduct needs teeth – no clarity of what happens if the Code is not followed
- independent ombudsman role required to deal with disputes not amicably resolved between prime contractors and delivery partners
- information flows and requirements at bid stage hugely varied, creating real pressures on the infrastructures of small organisations

Code of Conduct

- From *'Real Help for Communities'* – Office of the Third Sector, published 9th February 2009:

- “To strengthen the application of the Code, The DWP will pilot an **accreditation process** against its principles and criteria. As part of this process, an **independent ombudsman** will intervene if providers break the Code.”

- **Action:** 2 year pilot planned to develop accreditation process, linking with other quality systems such as OFSTED and overseen by an industry led advisory board.

More information can be found on the following websites:

- Opportunities to tender:
 - http://www.dwp.gov.uk/supplyingdwp/what_we_buy/opportunities_to_tender.asp
- DWP Commissioning Strategy
 - <http://www.dwp.gov.uk/publications/dwp/2008/com-strategy/cs-re-08.pdf>