

Specialist Disability Employment Programme

(NB This is a working title, programme name to be determined
by Spring 2009)

Specification

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Abbreviations

CEP	Commercial Employment Provision
DAF	Deprived Area Funding
DDA	Disability Discrimination Act
DEA	Disability Employment Adviser
DIUS	Department for Innovation, Universities and Skills
ESF	European Social Fund
EU	European Union
DWP	Department for Work and Pensions
FAM	Financial Appraisal and Monitoring
FE	Further Education sector improvement organisation
FTE	Full Time Equivalent
HR	Human Resources
IB	Incapacity Benefit
IS	Income Support
IS/IT	Information Systems / Information Technology
ItT	Invitation to Tender
JCP	Jobcentre Plus
JSA	Job Seekers Allowance
LEP	Local Employment Partnerships
LSC	Learning and Skills Council
NDDP	New Deal for Disabled People
NHS	National Health Service
OGC	Office of Government Commerce
OJEU	Official Journal of the European Union
OPU	Operational Procurement Unit
PQQ	Pre Qualification Questionnaire
PRaP	Provider Referrals and Payments
PSA	Public Service Agreement
PST	Provision Sourcing Team
SPV	Special Purpose Vehicle
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

1. EXECUTIVE SUMMARY

- 1.1. This document outlines the service which the Department for Work and Pensions (DWP) will require suppliers to deliver as part of the Government's modernisation of disability employment services. It also provides indicative budgets and customer volumes, an overview of the proposed funding approach and information about performance and contract management arrangements.
- 1.2. This information is provided to help prospective suppliers decide whether to compete in the first stage of this competition – the Pre Qualification Questionnaire (PQQ). A more detailed specification will be made available to those suppliers who are successful at the PQQ stage, are shortlisted, and are then invited to progress to the detailed Invitation to Tender (ItT) stage.

Introduction

- 1.3. This new programme takes forward changes to the Specialist Disability Employment Provision and will replace the existing DWP Work Preparation and WORKSTEP programmes and the Job Introduction Scheme. The aim is to provide a tailored, coherent range of specialist employment services which can respond more flexibly to the individual needs of disabled people and their employers and make better use of resources.

Background

- 1.4. The new Specialist Disability Employment Programme supports the implementation of recommendations in the Government's White Paper which references the Prime Minister's Strategy Unit report 'Improving the Life Chances of Disabled People' published in January 2005. This states that there is a need for people to access support from a range of choices, with their own package of support focused on personal needs. The initiative complies with the 1944 Disabled Persons (Employment) Act (partially repealed 2/12/96) and the Disability Discrimination Act 2005 by promoting equality of opportunity for disabled people.
- 1.5. It also supports the aims of the Green Paper "No one written off: reforming welfare to reward responsibility" which was a wide ranging consultation on the future of welfare. It set out plans for improving support and work incentives to create a system that rewards responsibility and delivers greater choice and control over the support that is provided.
- 1.6. Additionally the White Paper 'Raising expectations and increasing support: reforming welfare for the future' was published on 10 December 2008. It sets out

in detail the plan for the future as part of the vision for a personalised welfare state, where more support is matched by higher expectations for all.

- 1.7. The new Specialist Disability Employment Programme will be key to delivering against the objectives of Public Service Agreement (PSA) 16: Socially Excluded Adults. This PSA prioritises four excluded groups, including people with moderate to severe learning disabilities and severe mental health conditions, and aims to increase the numbers in employment and in settled accommodation.
- 1.8. The Government will announce further plans to improve the employment prospects of these groups through separate cross government strategies on employment of people with learning disabilities and mental health conditions later in Spring 2009. These will build upon existing publications such as Valuing People (2001) and Valuing People Now (2009) and the Government's response to the Black Review of mental health and employment. Together these will set the wider context for delivery of specialist employment services for these groups.
- 1.9. Most recently, the Government has committed to signing the Optional Protocol to the UN Convention on Rights of Disabled People to further demonstrate our commitment to the UN Convention on the Rights of Disabled People, and to the principle of ensuring that disabled people can enjoy their human rights on an equal basis with non-disabled people. The Convention is designed to promote, protect and ensure the human rights freedoms and dignity of disabled people.

See Supporting Information, Annex 2 for internet links.

Current Position

- 1.10. There are currently three programmes aimed at this customer group that will cease when the new Specialist Disability Employment Programme starts. WORKSTEP provides support for disabled people who face complex issues in finding and/or keeping a paid job, but who, with the right support for them and their employer (such as mentoring or job coaching) can develop a successful career. The programme also helps participants and their employers progress to a stage where WORKSTEP support can be reduced or withdrawn over time.
- 1.11. Work Preparation helps disabled people to address employment-related issues associated with their disability and prepare to enter work. This might include confidence-building, identification of suitable types of work and work experience.
- 1.12. The Job Introduction Scheme can pay a wage subsidy of £75 per week to an employer for up to thirteen weeks when they employ a disabled person.

Implementation

1.13. We are planning to award contracts in April 2010 and the Specialist Disability Employment Programme delivery will commence in October 2010.

The Specialist Disability Employment Programme Commissioning Cycle

1.14. The DWP Commissioning Strategy sets out principles which should be applied to the commissioning of all DWP provision. The Commercial Strategy for the Specialist Disability Employment Programme reflects those principles. It seeks to use competition as the main lever to drive value for money, and strives for a balance between the risks suppliers will carry in terms of working capital and the potential rewards available through outcome focused funding. The intention is that DWP contracts will be appealing to existing suppliers in the market, whilst encouraging new market entrants.

1.15. Suppliers should experience a seamless cycle from commissioning strategy to commercial strategy to procurement strategy to performance management arrangements.

1.16. The customer experience is also at the heart of the Commissioning Strategy. We expect to implement the capability framework in the course of these contracts, and accordingly adjust the external inspection, management and intervention regime.

The Commissioning Strategy

1.17. DWP published the Commissioning Strategy in February 2008. We will work with suppliers to ensure adherence to the principles of the strategy for the management of the Specialist Disability Employment Programme contracts and market development.

Contract Size and Duration

1.18. In line with the DWP Commissioning Strategy we will be providing longer and larger contracts than those that are currently in place for suppliers of disability programmes. Contracts will be let for a minimum of five years with potential to extend for a further two years dependent on the further allocation of funding and subject to satisfactory performance. The funding of any extension (whether during the original contract period or an extended contract period) will be subject to increases up to a maximum of 50% of the original contract value.

- 1.19. The contract structure will allow for packages based on city regions but will also ensure effective coverage in rural areas. Contract packages will not be as large as Jobcentre Plus English regions (or cover the whole of Scotland or Wales) but some will be larger than single Jobcentre Plus (JCP) Districts. This is in line with the wider DWP Commissioning Strategy and will rationalise the number of contracts.
- 1.20. There will be 28 contract packages throughout England, Scotland and Wales with one Prime Contractor per contract package. Full details are given at Annex 1.

Customer Choice

- 1.21. Whilst there will be no customer choice at Prime Contractor level, Primes may be able to offer customers an element of choice between sub-contractors within their contract package. This approach will provide customer choice and diversity of provision, as suppliers will be asked to demonstrate how they would meet individual customer needs through using specialist sub-contractors or Special Purpose Vehicle (SPV)/consortium partners. It should also be noted that Remploy currently deliver similar provision to the Specialist Disability Employment Programme across some parts the Contract Package areas and therefore customers may have a choice of service provider.

Right To Control

- 1.22. The Right to Control policy was proposed in the December 2008 White Paper, 'Raising expectations and increasing support: reforming welfare for the future', and forms part of the Welfare Reform Bill. The Bill creates a legislative right for disabled adults to have choice and control over some of the support they receive from the State. The powers in the Bill are broad, regulation-making powers. The services and support that come under the Right to Control will be set out in secondary legislation. The White Paper highlighted the Government's intention for existing specialist disability employment programmes to be included under the Right to Control. Legislation is likely to come into force during the contract period.
- 1.23. The Right to Control will give a disabled adult the right to know the monetary value of the support they are eligible for, to agree the outcomes that the money should be used to achieve with the public authority, to review and revise the plan as necessary and to have a direct payment if they wish. Disabled adults will have the opportunity to have certain services delivered in the way that best suits them, or to require a payment (a "direct payment") as an alternative to having their service arranged. It will also allow people to use a mixed approach.

1.24. Eight trailblazing areas will go live with the Right to Control (having been identified in January 2010) from October 2010 and will last for two years (with an option to extend for an additional year). Trailblazing areas will involve a number of public authorities working closely together to enable disabled adults to have greater choice and control over the support and services they receive. Contractors within these trailblazing areas will be expected to offer a service to customers in line with the principles of the Right to Control. These key principles are:

- a. Exercising the Right to Control will be easy and user friendly.
- b. An assessment of eligibility and needs will take place.
- c. Disabled adults who take part in the Right to Control trailblazers will be told how much they are eligible to receive in support and will be able to choose how the money is used to achieve agreed outcomes.
- d. If possible, the supplier will work with other agencies involved in the trailblazers to take a holistic view of all the money that the disabled adult is eligible for and all of their needs.
- e. Maximising choice and control should be made the key element of these arrangements and there will be an option of a direct payment if that is what is requested.
- f. The disabled person should have a range of options on how the support is delivered, they could take a cash payment, commissioned services or a mixed approach.

1.25. The evaluation of the trailblazers will be used to inform the government decision on whether to roll the right out nationally. We will work with impacted Specialist Disability Employment Programme providers to develop appropriate arrangements when this is rolled out.

<http://www.officefordisability.gov.uk/working/right-to-control.asp>

Transition Arrangements

1.26. This paragraph sets out the principles that will govern transition arrangements. It is not a detailed statement of process. Some further details are included in the Transitional Stage (para 2.8) of the Service Requirement and additional detail will be provided at the next stage of the bidding process. The transitional arrangements period will commence from contract award in April 2010 and some activities relating to transition will need to be completed prior to contract go-live in October 2010.

1.27. All current WORKSTEP participants will continue to be supported by the new programme where they have a relevant support requirement. This will entail a carefully managed transition plan for participants who will transfer from existing

to new suppliers. There are currently up to 14,000 WORKSTEP participants. The majority are employed, but a small number are registered with providers but have not yet found work. All these participants are guaranteed a place, so arrangements will need to be made to move participants to new suppliers and for each individual to be assessed to ensure that they continue to receive the support they need within the new programme.

1.28. New suppliers will have to:

- work with existing suppliers and with DWP to ensure that sensitive issues are managed effectively on behalf of all current participants;
- work closely with the existing provider to ensure a smooth and seamless transition for participants;
- conduct an assessment of the support and development needs for existing WORKSTEP participants in the Contract Package area prior to contract go-live;
- have support arrangements in place to help existing WORKSTEP participants understand the changes;
- effectively communicate the changes to employers of WORKSTEP participants;
- it should be noted that some participants who began work under the Supported/Sheltered Employment Programme (WORKSTEP's predecessor programme) and who are working fewer than 16 hours may transfer to the new programme and continue to receive support. Provided their support needs remain unchanged, they will not be required to increase their hours to 16 or more.

Supported Business Places

1.29. There are approximately 14,000 participants currently participating in WORKSTEP, of which there are approximately 3,000 Full Time Equivalent (FTE) places within supported businesses. These 3,000 places will receive some contractual protection for the full five years of the Specialist Disability Employment Programme contracts. The supported business protection will come in the form of a guaranteed financial payment of **£4,800** per FTE place per year. Please see Funding and Payment Model Annex 2 for further details.

Financial Incentives

1.30. Of the approximately 14,000 existing employed participants we estimate there are around 5,500 places where some financial incentive is being paid to an

employer. Further information about the volumes and values of financial incentives currently in payment in each contract area will be available to shortlisted bidders at the next stage of the bidding process. Where a financial incentive is being paid, the new supplier will not be able to withdraw or reduce this funding without the agreement of the employer as long as the individual continues on supported employment. More information about the way this affects the funding model can be found at Annex 2.

It should be noted that any future financial incentives can only be offered for duration of the life of the Specialist Disability Employment Programme contract.

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

1.31. As a consequence of these design changes, Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) may apply. Potentially, if TUPE applies there may be a transfer of employees from existing service suppliers to the new suppliers, this may include administration staff from existing suppliers and also those participants on the programme who are directly employed by existing suppliers. If TUPE applies, successful suppliers to whom public sector staff may transfer will also be required to comply with the provisions for pensions laid down in Annex 3 to “Staff Transfers in the Public Sector Statement of Practice”, including the provision of pensions certified by the Government Actuary’s Department as being broadly comparable to those provided by the Principal Civil Service Pension Scheme. Annex 3 provides further information relating to these requirements.

Budget and Funding Model

1.32. We will apply the standard DWP funding model approach to payments – with a service fee and job outcome payment. See Annex 2 for detail.

Procurement Approach

1.33. We will procure this service via a two stage procurement exercise.

1.34. The first stage will be via a Pre Qualification Questionnaire (PQQ) to shortlist a number of bidders for each contract against the criteria outlined in the Instructions to Bidders.

1.35. The second stage will be a full Invitation to Tender (ItT) for those bidders selected following the first stage.

- 1.36. The Specialist Disability Employment Programme will be delivered by a network of prime contractors. We expect all prime contractors to ensure that their sub-contractors whether in the private, public or third sector are treated fairly and in line with the Code of Conduct, part of the DWP Commissioning Strategy.
- 1.37. It is extremely unlikely that any prime contractor will be able to deliver the Specialist Disability Employment Programme without support from other specialist niche disability organisations. The DWP Code of Conduct spells out the key values and principles of behaviour that DWP expects of suppliers and which are essential for creating healthy and high performing supply chains.
- 1.38. We expect all prime contractors to develop effective delivery arrangements that ensure they have the capacity to meet a wide range of needs for this diverse customer group. The supplier capabilities laid out in the DWP Commissioning Strategy will need to be demonstrated at both the bid stage and during live running.
- 1.39. Both stages of the procurement exercise will include a number of bidder events – including events to support setting up Special Purpose Vehicles (SPVs). More information about these and the bidding process can be found in the Instructions to Bidders section of the ItT pack.
- 1.40. Proposals will be invited from organisations across the private, voluntary/non-profit and public sectors, either alone or in partnership, that have the expertise and commitment to work with this diverse customer group bringing them together with employers to achieve sustainable employment.

Flexibility within the contracts

- 1.41. In addition to the service requirements within this specification, DWP may make available further opportunities during the life of the contract, such as, changes in funding or the delivery model to reflect good practice or changing Ministerial and policy requirements. Such opportunities will be subject to discussion and agreement at the appropriate time.

2. THE SERVICE REQUIREMENT

The Aim

2.1. The introduction of the Specialist Disability Employment Programme will bring together the best elements of WORKSTEP and Work Preparation into a new unified programme which will improve our existing specialist employment services so they better equip disabled people to move into, retain and progress in employment. The new programme is aimed specifically at those customers who, by reason of significant disability, cannot be helped into employment through Jobcentre Plus mainstream programmes. It will create a more flexible, easy to use service that is better at enabling Jobcentre Plus frontline staff and our external partners to meet the needs of individual disabled people and their employers.

2.2. This will be delivered by a single programme with a flexible modular approach in which customer control and choice is embedded.

2.3. We will promote more active customer involvement in our programmes. Their experience will be important in shaping our future programmes. We are working with customer representative groups and advocacy organisations to develop ways of doing this.

2.4. The key principles to be observed for the new programme are:

- a greater focus on those who need specialist support;
- less prescription and greater flexibility;
- better links between elements of provision;
- better consistency and quality of provision;
- provision for all types of disability;
- more opportunity for the customer to exercise choice and control;
- a greater focus on job entries;
- improved support for people in either employment or self employment;
- improved progression to unsupported employment;
- a greater emphasis on achieving potential within longer-term supported employment.

Key Requirements:

2.5. Specialist Disability Employment Programme suppliers will need to:

- comply with the DWP Code of Conduct. This spells out the key values and principles of behaviour which DWP expects of suppliers and which are essential for creating healthy, high performing supply chains;
- ensure that the participant retains full choice and control at all times over the support that they receive;
- work with, and provide a quality service to, customers regardless of their employment related issues;
- provide appropriate support for each customer enabling them to achieve their potential;
- identify niche organisations to deliver specialist provision to meet the needs of a diverse customer group;
- work effectively with sub-contractors to ensure the efficacy of this programme for all customers;
- embed the social model of disability in all their interactions with customers, employers and third parties;
- form and maintain good working relationships with Jobcentre Plus, Disability Employment Advisers (DEAs) and Access to Work Business Centres;
- work closely with others, e.g. social care organisations, to identify customers for this programme and ensure the full available range of support is identified and utilised for the benefit of customers;
- work closely with education, learning and training organisations to support the transition of disabled customers leaving full time education, into the programme;
- support employers to retain staff who, as a consequence of an illness or disability, would otherwise be made redundant. This role will involve supporting and liaising with the NHS, social care services, occupational health workers and the DEA to ensure that appropriate 'back to work'/'work retention' action can be taken;
- provide an accessible service throughout the whole geographic area to which they have been contracted;
- support and encourage employers to employ disabled customers;
- build and maintain good working relationships with:
 - DWP;
 - JCP e.g. DEAs, Access to Work advisers, Work Psychologists and benefit advisers;
 - customers;
 - Centres for Independent Living;
 - supported businesses;
 - employers (in the public, private and third sectors);
 - social service teams and organisations;
 - carer groups;
 - organisations that represent the interests of disabled people. (e.g. user groups);
 - education and learning institutions;
 - Department of Health e.g. Mental Health Support Teams;
 - Healthy Working Lives Centres (Scotland only);

- Scottish Supported Employment Framework;
 - The Welsh Assembly Government;
 - The Wales Employment and Skills Board;
 - **NB: This list is not exhaustive**
- develop and maintain good quality communications that show what services and support individual customers can expect to receive;
 - operate a recognised quality standards toolkit for all customers;
 - have a robust feedback and complaints procedure;
 - ensure systems are available for inspection by DWP and/or representative organisations;
 - implement and continually develop a robust continuous improvement programme.

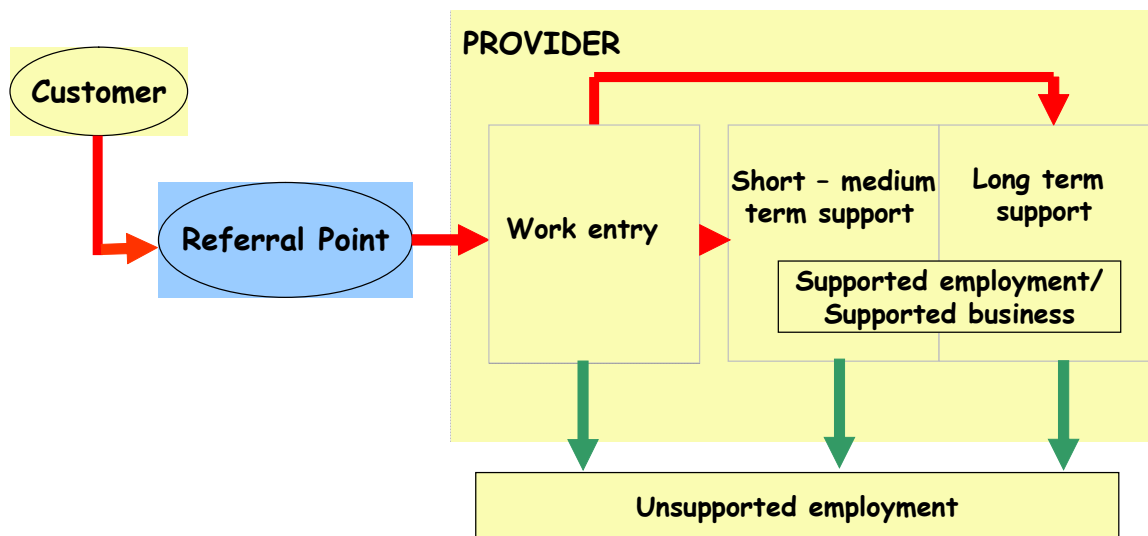
2.6 In addition, DWP also expects its suppliers to demonstrate four key principles in establishing their systems of internal control and these are:

- enabling supplier staff to report inappropriate behaviour by colleagues in respect of performance claims (i.e. a 'whistleblowers' charter);
- performance management systems within the organisation that do not generate perverse incentives among individual employees to falsely claim performance achievement;
- segregation of duties within the supplier's operations between those achieving performance and those reporting it to DWP; and
- an audit regime in place that provides for periodic checks of the performance reporting regime.

It should be noted that suppliers of this new programme will not be able to make direct referrals. Referrals will generally be made by Jobcentre Plus or organisations with specific expertise. Further information will be provided at the next stage of the bidding process.

Design

2.7.1. The high level process diagram below shows the customer journey through the Specialist Disability Employment Programme:



The design of the programme is described in the following stages:

STAGE 1: REFERRAL INTERVIEW

2.7.2. Referrals to the Specialist Disability Employment Programme will be generated by Jobcentre Plus using the PRaP system.

Suppliers will need to conduct a referral interview for each customer. The referral interview should include as a minimum:

- compilation of work history;
- assessment of individual barriers to work;
- completion of an employment assessment and vocational profile;
- a discussion of the features and benefits of the Specialist Disability Employment Programme, what support is available and how suitable support can be tailored to meet individual needs;
- establishment of clear goals and aspirations;
- completion of an action plan that adheres to the principles of SSMART (i.e that is Specific, Stretching, Measurable, Achievable, Realistic and Timebound) .

STAGE 2: WORK ENTRY SUPPORT – MODULE 1

2.7.3. Within the Work Entry Support module, suppliers will need to provide:

- choice of activities;
- individually tailored vocational guidance and action planning to help identify and address barriers (disability related and otherwise);

- personal and job-skills support, confidence building, and capacity building;
- Jobsearch support – advice, job matching of individuals to identified vacancies, active sourcing of suitable jobs, and advising employers on opportunities for ‘job-carving’;
- job application support – including managing disclosure of health/disability information, CV and interview preparation, skills development, advocacy to the employer if needed;
- labour market advice and support including:
 - providing better off (In Work) calculations;
 - promoting in work benefits;
 - assisting with tax credit applications;
- close working with employers to help them see beyond perceptions of a person’s disability and help them focus on abilities and strengths;
- brokerage between employers and participants – analysing the support needed with the participant prior to the support being put into place.
- an explanation to both the participant and the employer of the appropriate types of adjustment or customisation of the workplace and the wider support available from DWP and beyond;
- knowledge of support available within the local labour market that helps the participant manage their personal circumstances which is relevant to their job aspirations;
- help for participants wanting to enter self-employment;
- for all participants entering paid employment providers must:
 - obtain assurance that the individual has settled into their workplace;
 - ensure that their transport arrangements are working;
 - ensure that the individual is receiving appropriate benefits advice;
 - with the help of the individual and employer, put into place an agreed support plan that indicates how the support they receive will change over time;
 - help the employer make independent adjustments for the individual and where appropriate, offer advice to the employer and colleagues;
 - be available to provide advice and support where, for example, an unexpected issue occurs.

It is expected that some people will move directly into unsupported employment following completion of ‘Module 1’.

STAGE 3: IN WORK SUPPORT – MODULE 2

2.7.4. Once a participant has found paid employment, (or self employment) the supplier will work with the employer and participant to identify the support required for the participant to start work.

This module will last up to two years, although the expectation is that the majority of participants will remain on the module for a shorter period.

2.7.5. Suppliers need to be fully conversant with the range of support that can be made available. Initially, this will be sufficient to help the participant start and settle into their new environment.

Suppliers and participants may decide that other employees need information about working with a disabled person. This should be discussed.

2.7.6. Within the In Work Support module, suppliers will need to:

- discuss with the participant what their career goals are;
- discuss with the participant and employer how these goals can be met;
- agree a support package that is tailored to the needs of the individual customer which will ensure the customer is able to stay in employment and develop further;
- ensure the participant is aware of any changes to their benefit entitlement and ensure that they are receiving all appropriate in-work benefits;
- work with Access to Work Business Centres, where appropriate, to provide advice and support about accessibility solutions;
- agree, with all parties, an action plan that will normally taper off the support from the supplier;
- conduct regular reviews* with the participants and their employer to ensure:
 - agreed actions have been fulfilled;
 - the participant is making progress towards unsupported employment;
 - appropriate adjustments to the support package and the participant's roles and responsibilities can be agreed;
 - progress is recorded and agreed;
- work with other organisations;
- ensure the participant is aware of their rights as a disabled person (e.g. under the Disability Discrimination Act - DDA).

*Normally, reviews will be face-to-face meetings and involve the supplier, participant and employer.

2.7.7. As life circumstances, including impairments, can change over time, some people are likely to start off receiving transitional support – because at the time unsupported employment looked an achievable goal – but subsequently require longer-term supported employment. A change could occur because it has become clear that the need for support is likely to be ongoing, or because the move to unsupported employment, whilst still achievable, is likely to take longer than two years.

2.7.8 When appropriate the provider will need to liaise between the participant, the employer and the DEA, as applicable, to ensure that the long term module is suitable and all is being done to fulfil the participant's needs to move them into the unsupported labour market.

Financial Incentives

2.7.9 Suppliers should note that any future financial incentives can only be offered for the duration of the Special Disability Employment Programme contract.

STAGE 4: LONGER TERM SUPPORTED EMPLOYMENT – MODULE 3

2.7.10 The longer-term supported employment strand will focus on helping provide a stable working environment and helping the individual develop their career. This module will recognise that, for some people, there will always be a need for them to be supported in the workplace. Longer-term supported employment will have a clear focus on the ongoing development of customers through their career.

2.7.11 Suppliers need to be aware there must be a continuing focus on the possibility that each participant can move into unsupported work (such work may necessitate the use of Access to Work).

2.7.12 There are likely to be circumstances in which some participants, for example those whose support started before 2001 (when Sheltered Employment was replaced by WORKSTEP), should be encouraged and assisted into unsupported employment.

2.7.13 As part of the longer-term service there should be regular checks to ensure that participants are receiving a quality service, they are in receipt of all in work benefits and that the support they are continuing to receive remains appropriate. Bidders are expected to set out how they will provide agreed support to long term supported employment participants.

Support Provided within Module 3

2.7.14. The support for each participant needs to be tailored for their individual support needs. Some examples of support include:

- taking on a job coach role, for example, to help a person with a learning disability adapt to new work tasks;
- delivering disability awareness training to an employer and co-workers to help them understand how everyone can contribute to a successful workplace, for example, explaining how to overcome some of the communication and social issues that may arise from working with someone with a moderate to severe form of autism;
- working with the employer and co-workers so that they become skilled in adapting tasks or training procedures to facilitate employing people with more significant disabilities; and

- helping an individual with an aspect of their home life that is adversely affecting their ability to do their job.

Financial incentives

2.7.15 Suppliers are reminded that any future financial incentives can only be offered for the duration of the Specialist Disability Employment Programme contract.

TRANSITIONAL STAGE

2.8 There are up to 14,000 WORKSTEP participants, the majority of whom are employed, but there are a small number of participants who are registered with providers who have not yet found work. Consequently, arrangements will need to be made to move participants to new suppliers and for each individual to be re-assessed to ensure they continue to receive the support they need within the new programme. This will require a carefully managed transition plan for participants who will transfer from existing to new suppliers.

2.9 Transitional arrangements for existing Work Preparation and WORKSTEP suppliers will be put in place to ensure that participants referred to the current programmes prior to start of the new programme will be able to either complete provision, (in the case of Work Preparation) or in the case of WORKSTEP, access the appropriate module with all the appropriate support from the first day of the new programme. This will involve joint working between the existing and new supplier.

2.10 An individual support package needs to be agreed and in place for all 14,000 (approx) transitional WORKSTEP participants and this work will need to be carried out, by the new suppliers, between contract award date and implementation in October 2010.

Work Preparation

2.11 New suppliers will not be required to support participants on existing Work Preparation provision. Existing suppliers will offer starts on provision up to and including the last day of their contract. All participants will be allowed to complete 13 weeks on the programme and contract extensions of up to 13 weeks will be offered to existing suppliers, where appropriate.

Referrals to WORKSTEP

2.12 WORKSTEP suppliers will continue to accept referrals up to and including the last day of the contract, after which point all referrals will be made to the new Specialist Disability Employment Programme suppliers.

Participants Currently on WORKSTEP

2.13 WORKSTEP suppliers will continue to support participants up to and including the last day of the contract.

2.14 As part of the transitional requirements to support a smooth handover of transferees, new suppliers will need to ensure that they:

- work closely with the existing provider to ensure a smooth and seamless transition for participants;
- conduct an assessment of the support and development needs for each existing WORKSTEP participant in the contract package area during the transitional period, prior to go-live;
- have support arrangements in place to help existing WORKSTEP participants understand the changes;
- effectively communicate any changes to employers of WORKSTEP participants.
- it should be noted that some participants who began work under the Supported/Sheltered Employment Programme (the predecessor programme to WORKSTEP) and who are working fewer than 16 hours may transfer to the new programme and continue to receive support. Provided their support needs remain unchanged, they will not be required to increase their hours to 16 or more.

Working with Supported Businesses and Employers of WORKSTEP Participants

2.15 A key aim of transitional activity is to ensure continued stability of employment for existing WORKSTEP participants.

Therefore, the project requires new suppliers to:

- ensure prompt payment to supported businesses of the monies paid to suppliers for that purpose;

- ensure prompt payment of any financial incentives agreed between existing WORKSTEP suppliers and employers to support participants in employment;
- not enter into discussions or agreements before contract start, to reduce or withdraw financial incentives.

TUPE and Pension Protection Activities

2.16 DWP is currently exploring how best to support suppliers in dealing with any potential TUPE (including Public Sector Pension Protection requirements) for:

- staff of existing suppliers who are employed to deliver the current programmes;
- WORKSTEP participants employed by the supplier within a host organisation; and,
- WORKSTEP participants employed within a supported business.

Annex 3 provides further guidance on TUPE. Further information will be provided within the ItT.

Blind Homeworkers Scheme (BHS) delivered under WORKSTEP

2.17 For a participant to be eligible for the BHS they must meet the eligibility criteria set out for WORKSTEP although there is no direct link to existing WORKSTEP contracts. DWP is currently assessing the impact, if any, on the new programme and further details will be provided at the next stage of the bidding process.

Re-referrals to Work Preparation & WORKSTEP

2.18 All re-referrals up to and including the last day of the WORKSTEP contract will be made to existing suppliers. Re-referrals after the start of the new programme will be made to the new supplier.

Returning to the programme

2.19. It is recognised that a significant barrier to people progressing to unsupported employment is the perception that once they have left the provision they could find it difficult to return to it, should they need to. We would want to give people the confidence to fulfill their potential by ensuring they are aware they can return for support if they get into difficulties. Where the job cannot be retained, participants will

have an automatic right to return to the programme for up to 12 months. Thereafter, participants can still return to the programme via the normal routeway.

2.20. For some disabled participants who have moved into unsupported employment there will be a need, if a serious problem arises or their employer makes them redundant, to return to supported employment.

Management Information

2.21. The supplier will be expected to provide any additional management information as required by DWP to support management of performance.

2.22. Regular management information required from suppliers by DWP will be included in more detail in the DWP Supplier Guidance, including the arrangements for collection of data and the timetables for returns. Where DWP requires additional information, suppliers must complete and return this within the agreed time limits. DWP will work with suppliers in developing the management information process.

Supplier Performance Targets

2.23. The Specialist Disability Employment Programme has three national key performance indicators.

- as a minimum, we expect 55% of new participants who start provision to achieve a supported employment outcome;
- as a minimum, for every hundred participants who either start or transfer onto the new programme, we expect 30% to achieve an unsupported employment outcome, which should be for a minimum of 16 hours per week and be expected to last 13 weeks, or to have lasted for 13 weeks. For customers entering self employment, the customer must have traded independently for 13 weeks;
- as a minimum, for every hundred participants who achieve an unsupported employment outcome, we expect 60% of these to be sustained in unsupported employment for at least 26 out of 30 weeks. This work must be at least 16 hours per week. Breaks in employment should not exceed 4 weeks. For self employment, once the customer has traded independently for 26 weeks out of a 30 week period the supplier can claim the sustained employment outcome.

3. ELIGIBILITY AND TARGET GROUP

3.1. Participation will be voluntary and open to anyone of working age with a disability, as defined under the Disability Discrimination Act, who cannot be helped into work by mainstream Jobcentre Plus provision e.g. Jobseeker's Regime Flexible New Deal, Pathways to Work and others.

Link to Disability Discrimination Act 1995

http://www.opsi.gov.uk/acts/acts1995/ukpga_19950050_en_1

3.2. Target groups are those with complex disabilities for whom other DWP provision is not appropriate and those who are in work but under threat of losing their job as a result of their disability.

3.3. It should be noted that mandatory provision for certain jobseeker groups will take precedence over the Specialist Disability Employment Programme provision, provided it is able to meet the disability-related needs of the customer. Please see Supporting Information for details.

3.4 It should be further noted that **suppliers of this new programme will not be able to recruit directly onto the programme**. Referrals will generally be made by Jobcentre Plus or organisations with specific expertise. Further information will be provided at the next stage of the bidding process.

Public Service Agreement 16

3.5 Although employment rates for disabled people have been improving, two groups, people with learning disabilities and mental health conditions, continue to have unacceptably low employment. To reflect the importance of these groups the government has introduced specific improvement targets in the form of Public Service Agreement 16 (PSA16). This is led by the Cabinet Office with the Department for Work and Pensions, the Department for Innovation, Universities and Skills, the Ministry of Justice, the Department for Children, Schools and Families, the Department of Health and the Department for Communities and Local Government. Both 'Valuing People Now' and the 'New Opportunities' White Paper announced that cross Government employment strategies are to be published in spring 2009. These strategies will need to be considered, alongside the new programme, as they are intended to support the Government's commitment to increase the employment rate of these two groups

3.6 There are examples of good practice in the UK, and particularly the US specifically aimed at people with learning disabilities. These bring together relevant customer support arrangements and funding into a single delivery team and target, from the outset, real jobs of at least 16 hours per week. The strategy will look at how to increase this type of good practice in the UK.

3.7 The Specialist Disability Employment Programme will contribute to an increased level of employment for disabled people, particularly, (but not exclusively) for customers with learning disabilities and mental health conditions. There is a wide cross government interest in achieving an improvement in the employment rate for customers who are covered by PSA 16. DWP, the Cabinet Office and the Department of Health are working closely together to provide a range of support. It will be important for providers to show how they will work with local services provided by the Department of Health, Local Authority Social Services and specialist education establishments to ensure customers have access to the full range of support they need to ensure successful transition into employment. We are considering how appropriate local specialist organisations, which already offer support to these customers, could have direct access to the new programme.

3.8 In addressing the needs of people with mental health conditions, we will be interested in understanding how you intend to proceed and any methodologies you intend to use. We are aware, for example, of the "Individual Placement and Support" approach supported by the Sainsbury Centre for Mental Health. The seven key elements include:

- aiming to get people into competitive employment;
- ensuring it is open to all those who want to work;
- trying to find jobs consistent with peoples preferences;
- working quickly;
- bringing employment specialists into clinical teams;
- providing time unlimited, individualised support for the person and their employer;
- benefits counselling.

Providers may wish to put forward their own ideas based upon other approaches which are evidence based.

Further information on PSA16 can be obtained through the link below.

http://www.hm-treasury.gov.uk/d/pbr_csr07_psa16.pdf

3.9 Pilots, similar to the Project Search models currently operating in the USA and offering services such as a Job Coach, are currently running in Leicester, Renfrewshire and Norwich. These pilots may be extended to other areas. Successful suppliers will be expected to work collaboratively with these organisations.

4. QUALITY, EVALUATION, PERFORMANCE AND CONTRACT MANAGEMENT

Purpose

4.1. This section describes elements of the contracted employment provision that relate to quality, evaluation, performance and contract management. Key policy areas covered are:

- the Provider Capabilities Framework;
- quality and inspection (including the DWP Quality Framework);
- contract management;
- financial appraisal and monitoring;
- Star Rating;
- evaluation.

Introduction

4.2. DWP is committed to raising the standards of its contracted provision. Continuous improvement is an integral part of our contracting arrangements. Our intentions for developing a high-performing supply chain are set out in the DWP Commissioning Strategy. Suppliers are required to apply the principles set out in the DWP Quality Framework which provides the foundation for maintaining and improving the quality of DWP contracted employment provision.

4.3. Continuous self- assessment and development planning are key aspects of quality improvement. All DWP suppliers are expected to self - assess against the relevant Common Inspection Framework. The suppliers' self - assessment process should culminate in an annual Self Assessment Report which feeds into the Contract Management Framework.

The Provider Capabilities Framework

4.4. The DWP Commissioning Strategy introduces the Provider Capabilities Framework. The framework spells out the specific capabilities and requirements that make up a high-performing supply chain and an effective prime contractor. DWP will contract, inspect, manage and intervene on the basis of these capabilities and requirements.

Principles

4.5. The capabilities described in the framework will need to be demonstrated by the supply chain as a whole. Some individual capabilities will be relevant to the prime contractors; others will more likely be evidenced by sub-contractors or partners. Some will need to be demonstrated by everyone.

4.6. DWP will work with organisations who share our commitment to promote equality in the workplace. We will ask potential suppliers about their equal opportunities policies as employers and will work with suppliers to raise the employment of under-represented groups, amongst other key equality outcomes. We want to contract with organisations that are prepared to work with us to make progress within their own workforce and supply chain; we believe this is an indispensable part of demonstrating the capability to deliver employment services to our customers.

4.7. Some capabilities will be reviewed as part of supplier management. This will include:

- ability to understand what works best for people who have complex disabilities and to describe the evidence base and preferred models of support, in particular for people who have mental health conditions or learning disabilities;
- ability to work effectively with other delivery partners, including those in the public sector, notably Jobcentre Plus, skills organisations and local authorities;
- ability to build good working relationships with other agencies working with disabled groups eg. mental health teams, social services, further education colleges etc;
- rigorous performance management;
- case management to assist people, particularly disadvantaged people, into sustained employment;
- strategic employer engagement to provide suitable and sustained jobs and a sound employer-facing infrastructure;
- local labour market knowledge and identification of skills needs and job opportunities;
- specialist understanding of sources of disadvantage and strategies to overcome it for all customer groups based on evidence;
- capacity and capability to respond to changing economic conditions.

4.8 Many will also be reviewed as part of the suppliers' self-assessment process and external inspection, which will then inform the contract management review process. Some may best be evidenced by this process such as:

- assessment of customer needs, and flexibility and personalisation in assisting them into employment;
- excellent customer experience;
- investment by suppliers in the development of their own staff and their supply chains.

DWP Quality Framework

4.9 Suppliers must invest in and be active in their own improvement and development. DWP will be actively involved in shaping and promoting the infrastructure that supports continuous improvement.

4.10 The DWP Quality Framework provides the basis of our approach to maintaining and improving in all DWP Contracted Employment Provision. The framework is supported by the Common Inspection Frameworks and the Provider Guidance. It reflects the key principles outlined in the Government's White Paper, Learning to Succeed.

4.11 Key principles of the DWP Quality Framework are:

- Learning and Development Plans;
- Continuous Self-Assessment and Development Planning
- Management and Review;
- commitment to develop and share good practice;
- independent external inspection.

4.12 In England, we will work with the Department for Innovation, Universities and Skills (DIUS), the Learning and Skills Council (LSC) and the new Further Education (FE) sector improvement organisation. The Learning and Skills Improvement Service is the new sector-owned body, formed from the Centre for Excellence (CEL) and the Quality Improvement Agency (QIA) to develop excellent and sustainable FE provision across the sector to develop integrated improvement strategies covering employability and skills provision and advisory services.

4.13 In Scotland, we will seek to align our services with those of the new skills body, Skills Development Scotland. In Wales, we will work closely with the Welsh Assembly Government and the new Wales Employment and Skills Board on the ongoing development of this shared agenda.

4.14 We will work with Lifelong Learning UK (<http://www.lluk.org>) to ensure that the implementation of the Workforce Strategy for the Further Education Sector in England and our framework are aligned.

4.15 We will work with the Office of the Third Sector and Devolved Administrations to identify ways in which specific support can be developed that will help third sector organisations grow and flourish in the welfare to work market.

Inspection

4.16 External inspection will be crucial when assuring supplier commitment to the capabilities framework. DWP will work with Ofsted in England and Estyn in Wales to ensure that their inspection processes remain focused and relevant.

4.17 The Common Inspection Framework set out the principles applicable to the external inspections of post-16, non-higher education and training. The framework also includes more specific evaluation requirements that apply to the inspection of individual suppliers of education and training.

Ofsted and Estyn Inspection

4.18 Suppliers of DWP contracted employment provision are subject to external inspection by Ofsted in England and Estyn in Wales. This is to provide assurance to the taxpayer, through the Secretary of State for Work and Pensions, that publicly funded provision is delivering a quality service. Currently there is no external inspectorate in Scotland however, DWP are in the process of reviewing the quality assurance arrangements. Suppliers who deliver provision in Scotland are still required to apply the principles set out in the DWP Quality Framework.

4.19 The primary focus of inspection is the experience and expectations of customers on provision, looking at:

- the evaluation of standards and achievements;
- the quality of training and learning;
- the effectiveness with which provision is managed, quality assured and improved;
- how efficiently resources are used to ensure value for money;
- the extent to which provision is educationally and socially inclusive;
- whether it promotes equality of access to employment and skills opportunities.

4.20 The key purpose of inspection is to:

- give an independent public account of the quality of provision, the standards achieved and the efficiency with which resources are managed;
- help bring about improvement by identifying strengths and weaknesses and highlighting good and poor practice;
- keep the Secretary of State and the funding body informed about the quality and standards of DWP contracted employment provision.

Suppliers must co-operate fully with all representatives of Ofsted or Estyn. An inspection process is being developed for Scotland and will be in place when this new programme starts.

Quality of provision delivered

4.21 The supplier will be responsible for ensuring that customers have access to suitable, high quality support and guidance in a way that provides a good service and an excellent customer experience. It must be clearly understood that the prime provider will be responsible for all sub contractors in this matter.

4.22 For the Specialist Disability Employment Programme to offer the most effective support possible to customers a number of key features need to be integral to its delivery. Suppliers must:

- demonstrate proportionate employment impact/outcomes across the spectrum of disabilities;
- focus strongly on performance;
- deliver quality support;
- provide minimum standards of support for all;
- build strong links with local employers and key partner organisations;
- support the DWP Diversity and Equality policy.

4.23 Given the long-term nature of support offered by the Specialist Disability Employment Programme it is important that there is a mechanism for measuring progression within the programme. We refer to this as 'Distanced Travelled'. Distance Travelled is defined as the "progress beneficiaries make in terms of achieving soft outcomes that lead towards sustained employment or associated hard outcomes". Based on this definition, distance travelled within the Specialist Disability Employment Programme can be defined as "the progress supported employees make towards achieving outcomes that can lead to sustained open employment". It can also be used for those remaining on long term supported employment to ensure they maintain skills to continue meeting the requirements of the job.

4.24 We will expect a distanced travelled mechanism to form a vital part of the planning and ongoing monitoring of the participants' development throughout their period on the Specialist Disability Employment Programme. We will explore with Suppliers how best to implement this at the next stage of the bidding process, and further information on 'Developing a Distance Travelled' approach in WORKSTEP development planning' can be accessed via the following link:

www.dwp.gov.uk/asd/asd5/rports2009-2010/rrep566.pdf

Contract Management

4.25. Specialist Disability Employment Programme contracts will be managed using the Contract Management Framework (CMF). This sets out a standard process for managing CEP supplier performance based on an assessment of risk against a range of factors including contract value, performance and an assessment of quality.

4.26. Suppliers of the Specialist Disability Employment Programme will need to take responsibility for managing issues and addressing poor performance with sub-contractors. Suppliers will be responsible for ensuring that sub-contractors meet all performance, quality, equality and legislative standards. This must include ensuring they understand their duty towards the protection of vulnerable adults.

4.27. Suppliers of the Specialist Disability Employment Programme will be managed by the Supplier Relationship Management (SRM) Teams in DWP. These teams which are based in Sheffield, Edinburgh and London have responsibility for the development and maintenance of working relationships with our major suppliers. Some smaller suppliers may be managed by the Local Procurement Management (LPM) teams which are based throughout the country.

4.28. DWP's Contract Management Framework is moving away from a basic contract compliance model and into an approach where we will be able to share future thinking and insights from other delivery/management experience, jointly identifying opportunities for efficiency gains or better outcomes. We will be looking to suppliers to signal changes they are experiencing in customer characteristics so that we can factor those changes into policy development.

4.29. The contract management process incorporates monthly analysis of management information, performance management, quality assessment and customer satisfaction feedback.

4.30. The supplier will need to appoint a named Supplier Manager who shall co-operate with the DWP Contract Manager to ensure that the Specialist Disability Employment Programme is delivered as specified in the Contract, that the quality of service is high and that required standards and performance levels are met. Any change to sub-contractors must be agreed in advance with DWP Contract Manager.

4.31. The SRM/LPM team will regularly monitor the supplier's performance and will conduct regular supplier performance reviews. The risk assessment will inform the frequency of reviews. There will also be informal meetings and reviews, as required, to address specific issues.

4.32. Suppliers will also be required to attend provider engagement meetings with Jobcentre Plus to discuss local issues related to performance. These meetings will be important to develop good local working relationships with Jobcentre Plus and provide an opportunity to address local operational delivery issues.

Financial Appraisal and Monitoring

4.33. The primary purpose of the Financial Appraisal and Monitoring (FAM) function is to provide DWP with an assurance that payments to suppliers are valid, within the scope of the contract and that public funds are protected.

4.34. This is currently done through a series of visits to providers' premises to ensure that they have in place effective systems to support their claims to payment.

4.35. This function is currently being reviewed and the expectation is that the way in which it operates in future will change, not only in terms of delivery arrangements but also the scope of its activities.

Further information will be provided at the next stage of the bidding process.

Audit requirements

4.36. The supplier will arrange, where necessary, access to any of their delivery locations, including those operated by sub-contractors. More details will be included in the DWP Provider Guidance.

The Star Rating System

4.37. Star Rating is an assessment of a supplier's performance in terms of outcomes and quality at contract level, DWP plans to apply Star Rating to all contracted employment provision and details of how the process would apply to the Specialist Disability Employment Programme will be supplied at the next stage of the bidding process.

As an illustration you can learn more about Star Rating as it applies to Employment Zones at http://www.dwp.gov.uk/supplyingdwp/what_we_buy/starrating.asp

Contract Evaluation

4.38. DWP will require additional information from suppliers in order to monitor and evaluate the success of provision and their management and delivery of it. Suppliers must co-operate fully with any evaluation activity commissioned by Jobcentre Plus and/or DWP. This may include details of participants' age, gender, ethnicity, disability, progress and achievements. Further details will be included in due course at the next stage of the bidding process.

4.39. Independent evaluation will be an important element of the Specialist Disability Employment Programme. It will seek to investigate the extent to which the programme meets its objectives and critical success factors. This will include comparisons with previous initiatives for the same customer groups.

4.40. The evaluation will be contracted out to research organisations with the appropriate expertise within this field but managed by DWP. Suppliers must participate fully in the evaluation.

4.41. Researchers will wish to visit and interview suppliers, Jobcentre Plus, customers, employers and other strategic partners involved in service delivery. Suppliers will be contacted in advance of the fieldwork and given information on how the evaluation will impact on their time. The findings will be disseminated to all suppliers in order to facilitate a greater understanding of how to engage successfully with customers. Evaluation findings will also be published as part of the DWP research series.

4.42. Given the importance of supply chain management within the prime contractor procurement model, one strand of the evaluation will look at the management of sub-contractors and wider Third Sector involvement.

Provider Referrals and Payment system

4.43. From October 2009, DWP will introduce the Provider Referrals and Payment (PRaP) system to automate and e-enable the referral and providers' payment processes for new Commercial Employment Provision. PRaP will deliver a quicker, more secure and accurate service for both customers and providers than the existing clerical based systems.

4.44. Suppliers will use a standard web browser (Internet Explorer or Mozilla Firefox) to access PRaP via the secure Government Gateway to download referrals and customer action plans and to upload changes in customer status electronically. PRaP will also, where appropriate, initiate automated payment to the provider, e.g. for a job outcome.

5. EUROPEAN SOCIAL FUND REQUIREMENTS

5.1 DWP may choose the Specialist Disability Employment Programme provision to support our European Social Fund (ESF) co-financed programme. DWP has to identify a certain number of contracts to use as match funding for its ESF provision. When DWP has identified suitable contracts, the suppliers concerned will be informed that they will have to abide by certain publicity and audit requirements. Fuller details of ESF can be found at Annex 4.

Annexes

Annex 1 Contract Packages

There will be 28 contract packages throughout England, Scotland and Wales with one Prime Contractor per contract package. Details are given in the table on the following page:

Table 1: Summary of contract packages, indicative budgets and customer volumes (rounded)

Ref N	Region	Jobcentre Plus Districts in contract package	Indicative budget per area per year		Supported business places	Supported places	Indicative number of starts					Total participants at year end				
			Without supported business	With supported business			Oct 2010 to Sep 2011	Oct 2011 to Sep 2011	Oct 2012 to Sep 2011	Oct 2013 to Sep 2014	Oct 2011 to Sep 2015	Sep 2011	Sep 2012	Sep 2013	Sep 2014	Sep 2015
1	Scotland	Highlands, Islands, Clyde Coast and Grampian	£2.1m	£2.6m	100	400	250	300	250	250	250	550	600	550	550	550
2	Scotland	Forth Valley, Fife and Tayside	£1.8m	£2.5m	150	350	200	250	200	200	200	450	500	450	450	450
3	Scotland	Glasgow Lanarkshire and East Dunbartonshire	£1.7m	£2.4m	150	200	150	250	250	200	200	350	400	450	450	450
4	Scotland	Edinburgh, Lothians and Borders Ayrshire, Dumfries, Galloway and Inverclyde	£1.8m	£3.1m	300	350	200	250	200	200	200	450	500	450	450	450
5	Wales	North and Mid Wales South East Wales	£2.5m	£3.3m	200	400	250	400	350	300	300	550	650	650	650	650
6	Wales	South West Wales South Wales Valleys	£4.2m	£5.2m	200	800	450	650	500	500	500	1100	1150	1100	1100	1050
7	North East	South Tyne and Wear Valley Northumbria	£2.4m	£3.0m	100	450	250	350	300	300	250	600	650	650	600	600
8	Yorkshire and the Humber North East	North & East Yorkshire and The Humber Tees Valley	£2.3m	£2.8m	100	400	250	350	300	300	250	550	600	600	600	600
9	North West	Cumbria and Lancashire	£2.0m	£2.0m	0	400	200	300	250	250	200	500	550	500	500	500
10	North West	Greater Manchester Central Greater Manchester East and West	£3.0m	£3.4m	50	350	300	500	550	400	400	550	750	850	850	850
11	North West	Merseyside Cheshire, Halton and Warrington	£2.8m	£2.8m	0	400	300	450	450	350	350	600	700	750	750	750
12	Yorkshire and the Humber	West Yorkshire	£2.7m	£3.3m	150	300	250	450	500	350	350	500	650	750	750	750
13	East Midlands Yorkshire and the Humber	Derbyshire South Yorkshire	£3.2m	£3.6m	100	350	300	550	550	450	400	550	800	900	900	900

Ref N	Region	Jobcentre Plus Districts in contract package	Indicative budget per area per year		Supported business places	Supported places	Indicative number of starts					Total participants at year end				
			Without supported business	With supported business			Oct 2010 to Sep 2011	Oct 2011 to Sep 2012	Oct 2012 to Sep 2013	Oct 2013 to Sep 2014	Oct 2014 to Sep 2015	Sep 2011	Sep 2012	Sep 2013	Sep 2014	Sep 2015
14	East Midlands	Nottinghamshire Lincolnshire and Rutland	£2.6m	£3.3m	150	200	250	450	550	400	350	400	600	750	750	750
15	East Midlands	Leicestershire and Northamptonshire	£1.9m	£2.0m	0	350	200	300	250	250	200	500	500	500	500	500
16	West Midlands	The Marches Staffordshire Coventry and Warwickshire	£3.3m	£4.0m	150	450	300	550	550	450	400	650	850	900	900	900
17	West Midlands	Birmingham and Solihull Black Country	£2.7m	£3.1m	100	400	250	450	450	350	350	550	700	750	750	750
18	East of England	Cambridgeshire and Suffolk Norfolk	£2.8m	£3.3m	100	550	300	400	350	350	300	700	750	700	700	700
19	East of England	Bedfordshire and Hertfordshire Essex	£3.3m	£3.5m	50	350	300	550	600	450	450	550	800	950	950	900
20	London	Waltham Forest, Redbridge, Havering, Barking and Dagenham City and East London	£2.0m	£2.0m	0	200	200	350	400	300	250	350	500	600	550	550
21	London	West London Central London Barnet, Enfield and Haringey	£3.8m	£4.1m	50	200	350	700	850	600	550	450	850	1200	1150	1150
22	London	South London Lambeth, Southwark and Wandsworth	£2.6m	£2.8m	50	300	250	450	450	350	350	500	650	750	750	750
23	South East	Berkshire, Buckinghamshire and Oxfordshire	£1.9m	£2.4m	100	200	200	350	400	300	250	300	450	550	550	550
24	South East	Hampshire and Isle of Wight	£2.0m	£2.5m	100	400	200	300	250	250	250	500	550	500	500	500
25	South East	Surrey and Sussex Kent	£4.1m	£4.5m	100	800	450	600	500	500	450	1050	1100	1050	1050	1050
26	South West	West of England Gloucestershire, Wiltshire and	£2.2m	£2.8m	150	400	250	350	250	250	250	550	600	550	550	550

Ref N	Region	Jobcentre Plus Districts in contract package	Indicative budget per area per year		Supported business places	Supported places	Indicative number of starts					Total participants at year end				
			Without supported business	With supported business			Oct 2010 to Sep 2011	Oct 2011 to Sep 2012	Oct 2012 to Sep 2013	Oct 2013 to Sep 2014	Oct 2014 to Sep 2015	Sep 2011	Sep 2012	Sep 2013	Sep 2014	Sep 2015
		Swindon														
27	South West	Dorset and Somerset	£2.2m	£2.5m	100	400	250	300	250	250	250	550	600	550	550	550
28	South West	Devon and Cornwall	£2.6m	£3.9m	250	500	300	400	300	300	300	650	700	700	650	650

Annex 2 Funding and Payment Model

Programme Funding

2.1 The indicative funding available to deliver the national Specialist Disability Employment Programme over a five year period is £435m, subject to the necessary approvals.

2.2 Given that there are financial commitments that will need to carry through from existing Workstep contracts to the new programme (see para 2.10 for more information), DWP will effectively take out of this tendering exercise a proportion of the budget that will be needed to meet these ongoing commitments. Existing data suggests that this equates to £97m across the 5 year contract term leaving an indicative budget of £338m against which short-listed bidders would be expected to tender.

2.3 Of course it will become the responsibility of the new suppliers to actually pay these financial commitments so a proportion of the £97m (appropriate to the financial commitments within each individual contract) will be added to the successful bidder's agreed contract price at contract award stage.

2.4 Annex 1 provides data as we currently understand it broken down across the contract package areas and further information will be provided at the ItT stage.

Payment Arrangements

2.5 Bidders will be required to compete on price as well as quality for Specialist Disability Employment Programme contracts. The successful bidders will then be paid as follows:-

- **A service fee** which will be paid monthly in arrears. The service fee will equate to 70%* of the successful bidder's contract price and is intended to provide a degree of certainty in meeting fixed costs associated with delivery of the service.
- On achievement of **Job outcomes**. Payments will be made on a unit price basis, which will be calculated by dividing 15%* of the successful bidder's contract price by the number of job outcomes offered in the bid. (See Section 2, The Service Requirement, para 2.23 for the definition of a job outcome).
- On achievement of **Sustained job outcomes**. Payments will be made on a unit price basis, which will be calculated by dividing the remaining 15%* of the successful supplier's contract price by the number of expected sustained

job outcomes. The number of expected, sustained job-outcomes will be a minimum of 60% of the number of **unsupported** job outcomes offered in the bid. (See Section 2, The Service Requirement, para 2.23 for the definition of a sustained job outcome).

*This calculation will exclude the additional money that will be added to contract prices to cover the existing financial commitments. The money needed to continue to meet these ongoing financial commitments will be paid to providers as part of their service fee payment (in effect increasing the overall value of the service fee payments for each provider commensurate with the level of financial commitment involved in each contract package).

Further information will be provided at the next stage of the bidding process.

Service Fee

2.6 An important element of the Specialist Disability Employment Programme is to provide not only support to those who have a chance of progressing into unsupported employment, but to support and provide a quality service to those for whom working without support is not a realistic option. In view of this we will expect suppliers to maintain a minimum number of people on the programme at any one time. As part of the bid process, short-listed bidders will be asked to tell us if they are able to offer additional places over and above our minimum expectations.

2.7 Due to the relative high percentage of the Specialist Disability Employment Programme service payments, it may also be appropriate to consider the impacts on service fee payments should successful bidders not then deliver on the number of places offered in their bid. Further information will be provided at the next stage of the bidding process.

Job Outcomes/Sustained Job Outcomes

2.8 It will be the responsibility of suppliers to report achievement of job outcomes/sustained job outcomes to DWP and therefore initiate the claim for payment.

2.9 Before doing so, suppliers will need to satisfy themselves that their outcomes meet the standard definitions outlined in Section 2 of The Service Requirement, para 2.23 and that they have the appropriate evidence to support their claim. Further information on the evidence required to support claims will be provided at the next stage of the bidding process.

Honouring financial commitments within existing WORKSTEP contracts

2.10 Suppliers of the Specialist Disability Employment Programme will be required to honour some of the financial commitments already established within existing WORKSTEP contracts and, as such will be given guaranteed funding to do so.

2.11 This additional funding equates to around £97m across the five year contracts and can be broken down as follows:

- Supported business places within the contract - a guaranteed financial payment of £4,800 per full time equivalent place (FTE) per year.
- Financial Incentives for transitional customers within the contract – a guaranteed financial payment to the value of the financial incentive; with a depreciation year on year over the five years of the contract – this will occur through natural depreciation. In addition suppliers may wish to take a proactive approach to reduce, where appropriate, such incentives.

2.12 In all cases of the supported business protected funding the prime provider will be expected to pass on the full payment to the supported business.

2.13 The financial commitments based on current data are included alongside the indicative contract package values at Annex 1. These will be reviewed prior to issue of the next stage of the bidding process and further information provided as necessary.

Annex 3 Provisions Relating to Staff

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

3.1 As this programme replaces the existing DWP WORKSTEP and Work Preparation programmes and the Job Introduction Scheme, bidders are advised that they will need to consider the likelihood that the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply to this transfer of work.

3.2 The purpose of TUPE is to protect employment rights, continuity of employment and the terms and conditions of service of people who are transferred from one employer to another when a business or part of a business (“an undertaking”) in which they work is transferred. The new employer takes over all rights, duties and obligations of the former employer. It is as though the individual’s contract of employment was originally made with the new employer and not the original employer. TUPE also places obligations on both the existing employer (the transferor) and the new employer (the transferee) to inform, and where appropriate, consult, representatives of all “affected employees”

3.3 Under TUPE, where there is a relevant transfer, TUPE applies the principle of an automatic transfer of contracts of employment from the previous service supplier to the new service supplier, whether the new supplier is a prime contractor or a subcontractor. Note also that TUPE may also apply when it is only part of a service that is subcontracted: in that case, staff who worked in the relevant part can expect to transfer to the subcontractor delivering that part of the service. The operation of TUPE can become very complex when subcontracting is involved and/or the service ends up being delivered by a number of suppliers. Suppliers should seek their own advice in relation to TUPE.

3.4 Set out below is the DWP position with regard to TUPE and its application within this programme based on our legal advice.

In the context of the re-tendering of a contract, a relevant transfer under TUPE occurs:

- when there is a transfer of an economic entity that retains its identity in the hands of the new supplier;
- when there is a service provision change, as defined (i.e. where previously a supplier had an organised grouping of employees carrying out activities on behalf of a customer who intends that the same activities be carried out by another supplier).

3.5 Further, the Cabinet Office Statement of Practice Staff Transfers in the Public Sector, published in January 2000, requires that TUPE should apply to a re-tendering of contracts where staff originally transferred from the public sector.

Where there is a relevant transfer, employees assigned to the undertaking being transferred have their contracts transferred automatically to the new supplier.

3.6 DWP expects successful bidders to investigate whether TUPE applies in all cases to establish whether there should be an automatic transfer of staff from outgoing suppliers.

3.7 Where it is clear an employee is assigned to an undertaking which transfers to an identifiable new supplier, TUPE must be allowed to apply so that the contract transfers in the usual way. It is also open to preferred bidders to offer employment to staff working in the service even if TUPE does not strictly apply to transfer employment automatically.

3.8 DWP will take very seriously any failure by preferred bidders to apply the law further, any such failure will expose preferred bidders to legal action in the employment tribunal by redundant staff. It is imperative therefore, that each of the preferred bidders seeks its own legal advice as to the application of TUPE and the Statement of Practice.

Potential transferees

3.9 There are potentially several different groups of employees who may fall to transfer to new suppliers for the delivery of these services:

- staff, from existing suppliers, who manage and administer the current DWP contract;
- participants on the programmes, who are directly employed by the existing suppliers, but working within host organisations;
- participants on the programmes who are employed by existing suppliers in 'supported businesses' established for the purpose.

Initial investigations suggest there may be approximately 6000 transferees, 800 of whom provide administrative services, the remainder being participants who are employed direct by existing suppliers either in a host organisation or in supported businesses.

Support for bidders on supplier to supplier TUPE

3.10 Clearly it is in all our interests to ensure that there is an early exchange of information to allow all stakeholders to consider the options and effect transfers where this is legally required or where both parties agree that it will ensure a smooth transition to the new contracts.

3.11 DWP will facilitate, where necessary, the exchange of full and complete TUPE information between out-going suppliers of the service and the incoming service supplier in line with the statement set out in DWP Code of Conduct, Annex 1

to the DWP Commissioning Strategy 2008. (Link to be found in Supporting Information Annex 2) We shall expect the transferor and transferee to reach agreement on compliance with the information provisions of TUPE and will not be offering any warranties as to the completeness of any information where we facilitate exchange (since we have no way of assuring this).

3.12 Consequently DWP cannot provide an indemnity against any losses or liabilities resulting from failure to comply with TUPE.

Pensions

3.13 Whilst it is unlikely that any DWP staff will transfer to new suppliers, there will be groups of staff potentially transferring to new suppliers from existing suppliers for whom pension arrangements will need to be made.

3.14 These arrangements are set out in the following legislation and codes and statements of practice:

- Local Government Pension Scheme (Amendment etc.) Regulations 1999;
- Staff Transfers in the Public Sector (2000, rev 2007);
- A Fair Deal for Staff Pensions (2002) and (2004);
- Code of Practice on Workforce Matters in Local Authority Service Contracts (2003);
- Pensions Act 2004;
- Transfer of Employment (Pension Protection) Regulations 2005;
- Code of Practice on Workforce Matters in Public Sector Service Contracts (2005); and,
- The Best Value Authorities Staff Transfers (Pensions) Direction 2007.

3.15 Although the transfer of occupational pensions is excluded from TUPE, the Cabinet Office has set out best practice guidelines initially in Staff Transfers in the Public Sector (2000) and subsequently A Fair Deal for Staff Pensions (Fair Deal). A copy of these guidelines can be obtained from the Cabinet Office (www.cabinetoffice.gov.uk).

3.16 The guiding principles are that the new employer must provide public sector transferring staff with the option of membership to a pension scheme, which, though not identical, is certified by the Government Actuary's Department as "broadly comparable" to the public service pension scheme which they are leaving. Staff should also be given options for the handling of the accrued benefits which they have already earned (bulk transfer arrangements). This also applies to staff subject to a second or subsequent transfer who were originally transferred from the contracting authority) It will be a condition of the contract that the successful supplier will comply with these requirements.

3.17 In addition, transfers from local authorities are covered by the Code of Practice on Workforce Matters in Local Authority Service Contracts (the Code) which was set out in the Department for Communities and Local Government circular 02/2003. A copy of the Code can be found at:
<http://www.communities.gov.uk/publications/localgovernment/odpmmcircularbest>

3.18 The Code obliges the new employer to make pension provision for the transferred employees, as in Fair Deal above, or to apply for admitted body status, thus allowing employees to remain members of the Local Government Pension Scheme (LGPS), by virtue of the enabling provisions of the Local Government Pension Scheme (Amendment etc.) Regulations 1999.

3.19 Further, employees who transfer from local authorities or who had previously transferred from local government service are protected under The Best Value Authorities Staff Transfers (Pensions) Direction 2007 (the Pensions Direction). Made under section 101 of the Local Government Act 2003, the Pensions Direction requires that all employees and former employees of “best value” authorities (as listed in section 1 of the Local Government Act 1999) are entitled to enforceable pension protection after a change of employer on a contracting-out exercise or subsequent contract. ‘Pension protection’ is defined in the Pensions Direction as the right to acquire pension benefits which are the same as, or count as broadly comparable to, or better than, those which the employees had the right to acquire before the change of employer. The Pensions Direction can be found at:
<http://www.communities.gov.uk/publications/localgovernment/authorities-staff-transfers>

3.20 Transfers from public sector organisations other than local authorities are covered by the Code of Practice on Workforce Matters in Public Sector Service Contracts which requires a treatment of staff pensions similar to that provided for by the Code. It can be found at:
http://archive.cabinetoffice.gov.uk/opsr/workforce_reform/code_of_practice/index.asp

3.21 Suppliers’ employees who are in private pension schemes are excluded from the provisions of The Fair Deal for Staff Pensions and the Code. Pension provision for this group of employees is covered by the Pensions Act 2004 (the Pensions Act) at: http://www.opsi.gov.uk/Acts/acts2004/ukpga_20040035_en_1 and the Transfer of Employment (Pension Protection) Regulations 2005 at:
<http://www.opsi.gov.uk/si/si2005/20050649>

Identified employee groups for pensions purposes

3.22 Potential suppliers will need to consider the pension arrangements required for the following groups of employees who could transfer to them from existing suppliers:

- Local authority employees who are members of the Local Government Pension Scheme;

- Supplier's employees in private pension schemes - including Further Education Establishment employees and other Private Sector suppliers.

Local Authority staff

3.23 Local authority staff working for current local authority suppliers will be members of the Local Government Pensions Scheme (the LGPS). For these employees a new employer must either:

- provide, under Fair Deal, a pension scheme certified by Government Actuary's Department as "broadly comparable" to the relevant LGPS scheme for their future service and a bulk transfer agreement to allow them, if they wish, to maintain the link between their future earnings growth and their past service pension benefits. The authority will provide a bulk transfer agreement with the relevant actuarial assumptions specified; or
- under the Code, apply for admitted body status, thus allowing employees to remain members of the LGPS, by virtue of the enabling provisions of the Local Government Pension Scheme (Amendment etc.) Regulations 1999; and
- in either case, observe the Pensions Direction by providing for pensions protection (as defined) to be enforceable for the relevant staff transferring to them. This may be achieved by the inclusion in the relevant contractual documents with the DWP a provision for the right to pension protection to be enforced pursuant to the Contracts (Rights of Third Parties) Act 1999.

Suppliers' employees in private pension schemes (including further education establishment employees and other private sector suppliers)

3.24 These employees will be covered by the Pensions Act and the Transfer of Employment (Pension Protection) Regulations 2005 which require the new employer to offer transferring employees the opportunity to participate in an occupational or stakeholder pension scheme following the transfer if they are eligible to participate in an occupational pension scheme before the transfer.

3.25 Minimum benefits of the schemes to be offered are set out in the Pensions Act.

3.26 Suppliers are advised to check the status of Further Education Establishment pension schemes. If there is any doubt whether they are private pension schemes or not advice should be sought from DWP on the expected treatment of such schemes.

Supplier Requirements

3.27 Suppliers must provide details of their proposals for providing a pension scheme for all the above groups of staff.

3.28 In order to achieve the requirements of Fair Deal in respect of provision of broadly comparable pension schemes and bulk transfer agreements it is **mandatory** that suppliers start these negotiations as soon as possible so that the likely outcome of these negotiations is transparent before the award of contract.

3.29 Suppliers must provide details of their proposals for negotiating a pensions bulk transfer including a timetable with the incumbent service supplier and the employer's actuary.

3.30 In addition, consideration must be given to pensions arrangements for new joiners to the workforce following commencement of the contract, as required by the Code, which applies to employees transferring out of local government service, and the Code of Practice on Workforce Matters in Public Sector Service Contracts, which applies to employees transferring out of other public sector organisations.

Prevention of a “Two-Tier” Workforce

3.31 Any transfers from DWP or other government Departments are subject to the Code of Practice on Workforce Matters in Public Sector Service Contracts (2005); <http://archive.cabinetoffice.gov.uk/opsr/documents/pdf/copwm.pdf>

3.32 Similarly, transfers from local authorities are covered by the Code of Practice on Workforce Matters in Local Authority Service Contracts (2003). <http://www.lge.gov.uk/lge/core/page.do?pagelId=119743>

3.33 These codes of practice should be applied where a public sector employer transfers its employees to a private or voluntary sector partner as part of a contract to provide any service to the authority. They will ensure that new joiners to the transferred-out workforce are offered terms and conditions which are, overall, no less favourable than those of the transferred staff. and will prevent the damaging ‘two-tier’ situation where TUPE transferred staff on good conditions work beside newly recruited staff on much poorer terms and conditions.

3.34 Potential suppliers will need to consider the provisions of the respective codes and the extent to which they will apply to this transfer of work.

Annex 4 The European Social Fund

Background

- a. The European Social Fund (ESF) is one of four European Structural Funds¹ designed to strengthen economic and social cohesion in the European Union (EU). Broader background information about all the European Structural Funds and their administration in the United Kingdom is contained in the UK National Strategic Reference Framework, available from the Department for Business, Enterprise and Regulatory Reform website (www.berr.gov.uk).
- b. The ESF aims to:
 - i. help unemployed and inactive people enter work;
 - ii. provide opportunities for people at a disadvantage in the labour market;
 - iii. promote lifelong learning;
 - iv. develop the skills of employed people;
 - v. improve women's participation in the labour market.
- c. The ESF channels money into strategic, long-term programmes in member states and regions across the EU, particularly those where economic development is less advanced. Seven-year programmes are planned by member states together with the European Commission and then implemented through a wide range of organisations, both in the public and private sector. These organisations include national, regional and local authorities, educational and training institutions, non-governmental organisations (NGOs) and the voluntary sector, as well as social partners, for example, trade unions and works councils, industry and professional associations, and individual companies.
- d. The ESF is administered differently across the United Kingdom. England, Northern Ireland, Scotland and Wales each receive their funding allocations separately and have chosen to deliver ESF programmes differently. As a Government department with responsibilities across England, Scotland and Wales, DWP plays a different role in the delivery of ESF programmes in each country.

¹ The other three Structural Funds are the European Regional Development Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund.

England

- e. ESF Division, within the Joint International Unit, has overall accountability for ESF in England and manages central funding that is used to add value to national policy initiatives. ESF Division distributes the funding via Government Offices in the English regions. The Government Offices work with regional committees to develop and approve the proposals of organisations such as the Learning and Skills Councils, DWP, Regional Development Agencies and other organisations such as local authorities. These organisations (known as Co-financing Organisations) then deliver or arrange delivery of ESF projects at regional level.
- f. Most ESF money in England is distributed to projects through Co-financing Organisations (CFOs). These organisations are responsible for finding the match funding. This system of 'co-financing' enables successful applicants to receive 100 per cent funding for their projects.
- g. All Government departments and their local representatives (i.e. the Regional Development Agencies, local authorities, Learning and Skills Councils and Jobcentre Plus regions) work within this framework to develop delivery plans in order to secure ESF monies from the Government Offices. Since the strategic delivery model for DWP involves delivery through the private and voluntary sector, DWP must contract with suppliers to deliver the agreed projects.

Scotland

- h. The Scottish Government is responsible for administering ESF programmes in Scotland. Each of the Scottish regions has its own Intermediate Administration Body (IAB), which performs certain functions on behalf of the Scottish Government within each region (a bit like the Government Offices do for ESF in England). However, rather than Jobcentre Plus Office for Scotland working with DWP to develop a Co-financing Plan and submitting it to the Scottish Government, suppliers of DWP/Jobcentre Plus programmes including the Jobseekers Regime Flexible New Deal will submit bids direct to the appropriate IAB. This is called 'direct bidding'.

Wales

- i. The Welsh European Funding Office (WEFO) is responsible for administering ESF programmes in Wales. Like the Scottish Government, WEFO uses the 'direct bid' approach, inviting all potential ESF providers to submit bids directly to them.

ESF requirements in England

Match funding

- j. The ESF only funds a proportion of the total overall project costs; the rest must be found by the (publicly funded) organisation(s) delivering the project(s). As one of these organisations, DWP has to identify broadly similar domestically funded contracts to secure ESF monies. These contracts are known as 'match funded'.
- k. Contracts can be part funded by ESF or entirely by ESF. DWP has chosen to fund all its co-financed ESF contracts entirely by ESF, but it can only do this if the total value of other match contracts is in the right proportion to the value of ESF contracts. For example, if ESF provide a 50 per cent proportion and domestic funding 50 per cent, for every £50 spent on ESF provision DWP has to show that £50 has been spent on match provision.
- l. It is expected that the majority of DWP match funding will be from the Provider-led Pathways to Work, Programme Centres and the Jobseekers Regime Flexible New Deals programme. Any contracts used by DWP as match funding cannot be used by suppliers as match funding for ESF direct bids to Government Offices, the Welsh European Funding Office or the Scottish Government.
- m. Like the ESF-funded contracts, suppliers of domestic match contracts must also comply with ESF programme requirements in the following areas:
 - i. Marketing and publicity;
 - ii. Document retention; and
 - iii. ESF audit requirements.
- n. It will be possible that, owing to a change in the amount of match funding required, a supplier may be asked part way through a year to either start following these requirements or indeed to cease doing so in cases where sufficient match funding has been obtained.

Marketing and publicity

- o. There are a number of regulatory requirements in terms of marketing and publicity and these apply equally to those suppliers who deliver ESF funded provision and those who deliver match funded provision. ESF funding can be withdrawn if the requirements are not followed.

- p. To meet the regulatory requirements providers must have specific ESF publicity measures, which must include but are not restricted to the following:
- i. Publicising funding opportunities to potential applicants;
 - ii. Ensuring that all ESF and match funded support activities are publicised to customers and the general public;
 - iii. Providing DWP with “Good News” stories, this includes collecting the relevant information and obtaining customer permissions;
 - iv. Displaying an ESF plaque in each delivery location, in a prominent place, where it is clearly visible to staff, customers and wherever possible, others using the building;
 - v. Reminding ESF and match funded customers of EU and ESF support throughout their activity;
 - vi. Supplying provider and provision details for inclusion in the ESF public databases;
 - vii. Using the ESF logo in line with guidance on any documents including forms and letters concerning the administration of the ESF/ match funded activity. Information and a copy of the ESF 2007-2013 logo can be found at <http://www.esf.gov.uk>;
 - viii. Approving all publicity materials with DWP before publishing and use; and
 - ix. Issuing customers with a leaflet which explains ESF funding.

Document retention

- q. There are specific rules that apply to ESF provision about the length of time documents must be retained. This includes documents and information generated by suppliers. For the 2007-2013 programme, for example, ESF documentation must be retained until at least 31 December 2022. Suppliers will be updated should this date be changed at any stage in the future. Suppliers with programmes (both ESF and match funded) part or fully funded by ESF are required to keep evidence of the project costs they claim from DWP for the full retention period. The contract will specify what these costs are and the documentation that must be kept. There is a requirement under EU Regulations that these costs must be actual, eligible and relevant to the project and be supported by original documents. Non-compliance can result in recovery of funds.
- r. Where a subcontractor ceases to trade or is no longer doing business with the prime contractor, the prime contractor must ensure that all original documents are retained for the full retention period.

- s. Where a prime contractor ceases to trade or is no longer doing business with DWP, all original documents must be passed to the DWP Contract Manager.
- t. Suppliers can keep documents as either the original paper copies or as an electronic copy of the originals. If keeping copies of original documents electronically, they must meet with Commission Regulation (EC) 2355/2002. Please see Annex 7 of Chapter 12a of the DWP Provider Guidance.

ESF audit requirements

- u. Both prime contractors and subcontractors of match funded provision are subject to audit controls and review. The following is a list of the bodies, which require access for audit purposes - it is not exhaustive:
 - i. European Social Fund – ESF Audit Authority;
 - ii. The European Court of Auditors;
 - iii. The European Commission’s Auditors;
 - iv. The National Audit Office;
 - v. DWP and Pensions Risk Assurance Division; and
 - vi. Other bodies as required by or on behalf of DWP/European Commission.
- v. Failure to meet audit requirements results in a high financial risk for both suppliers and DWP, as funds used inappropriately or for ineligible customers or purposes are recoverable.

ESF evaluation

- w. Independent evaluation is an important element of ESF provision. Match funded provision, is also subject to evaluation. Suppliers may be asked to support a variety of evaluation projects, including:
 - i. evaluation by ESF Division;
 - ii. regional evaluation commissioned by or on behalf of the Regional Skills Partnership; and
 - iii. programme delivery evaluation commissioned by DWP.
- x. Other interested parties may administer further evaluations.
- y. Suppliers will also be asked to report on progress and evaluate their own provision at regular intervals to support DWP’s reporting requirement to the Managing Authority (ESF Division) at regional and national levels. An end of project evaluation report will also be

required, summarising project activities and outcomes achieved, and highlighting key issues.

Further information about the ESF in England

- z. To comply with these requirements in full, suppliers must familiarise themselves with the Chapter 12 of the DWP Provider Guidance:

http://www.dwp.gov.uk/supplyingdwp/what_we_buy/provider_guidance.asp

- aa. More general information about administration of the European Social Fund in England and the implications of ESF match funding can be found at: <http://www.esf.gov.uk>.

ESF arrangements in Scotland and Wales

- bb. Information about the ESF in Scotland can be found at: <http://www.esep.co.uk>.

- cc. Information on the ESF in Wales can be found at: <http://www.wefo.wales.gov.uk>.

Annex 5 Legislative Requirements

Equality of Opportunity

5.1. Suppliers are responsible for ensuring they comply with all Equal Opportunities legislation - the Race Relations Act 1976, the Race Relations Act (Amendment) Act 2000, the Sex Discrimination Act 1975, the Disability Discrimination Act 1995 and, if they are a public sector organisation, they are required to adhere to the requirements of the Disability Equality Duty (DED), which came into force in December 2006.

5.2. Participants must be provided with an environment free from discrimination or harassment, which protects their dignity. Suppliers must ensure that provision makes a positive contribution to achieving the Government's equal opportunities objectives. They must work with DWP and Jobcentre Plus to achieve outcomes set out in equal opportunities action plans, which will be developed by Jobcentre Plus locally. These action plans should identify specific activities to improve equality of access and outcome for participants on DWP provision. Suppliers must be aware of and deliver provision that takes account of equal opportunities issues in their local area and more generally, for example providing full access and support for disabled people, avoiding age and gender stereotyping, encouraging and facilitating access by people from minority groups and tailoring provision to meet the needs of all participants.

5.3. Whilst equality of opportunity is enshrined in law and increasingly embedded in culture, suppliers must be especially mindful that all of the participants in this particular provision will have a disability. A sound awareness of all the implications that this entails must underpin every dealing and contact with programme participants, or potential participants.

5.4. Before the award of any contract (to the value of £50k and over), suppliers will be required to complete the accreditation process unless they are already accredited through Momenta, (an external organisation who undertake this work on behalf of DWP) within the last 12 months. As part of this they will be asked how they have ensured that any previous or existing provision meets the requirements of the relevant Acts, including whether they have a written equal opportunities policy that adheres to the requirements of the following:

- Sex Discrimination Act 1975;
- Race Relations Act 1976 and Race Relations (Amendment) Act 2000;
- Disability Discrimination Act 1995;
- Employment Equality (Religion and Belief) Regulations 2003;
- Employment Equality (Sexual Orientation) Regulations 2003;
- Age Discrimination 2006.

National Mental Health and Employment Strategy

- 5.5. In November 2007 a Written Ministerial Statement committed to producing the first ever cross-government National Mental Health and Employment Strategy.
- 5.6. As reflected in *Improving health and work: changing lives*, the Government's response to Dame Carol Black's review of the health of the working age population, the Strategy aims to bring health and employment services closer together, support employers and healthcare professionals and tackle stigma and discrimination in the workplace
- 5.7. Dame Carol Black chairs the National Mental Health and Employment Steering Group of mental health specialists, academics, business and third sector leaders who are overseeing the development of the Government's Strategy. The Steering Group is focusing in particular on how mental health provision can be better tailored and integrated to help people find, stay in or return to work quickly.
- 5.8. The Strategy will cover the continuum of mental health conditions, from mild to moderate conditions such as anxiety and depression to more severe conditions such as schizophrenia. It is scheduled to be published in June 2009.

Welsh Language

5.9 The Welsh Language Act 1993 established the principle that the Welsh and English languages should be treated on a basis of equality in the conduct of public business and the administration of justice in Wales. DWP operates a Welsh language scheme which helps the public in Wales to use Welsh as part of their day to day lives. It is our normal practice to ensure that all the services we provide for the public in Wales are available in Welsh and that our customers are aware of this fact. The principle also applies to all services delivered on our behalf by our agents and contractors. Suppliers must, therefore, ensure that they are able to satisfy this requirement when tendering to deliver services to our customers in Wales.

Health and Safety

- 5.10 Suppliers must:
- ensure appropriate precautionary measures are taken when customers could come into contact with vulnerable groups such as children or the elderly;
 - ensure that all elements of provision (including work placements) are delivered in a safe environment and customers receive health and safety

induction, supervision, training and equipment, including safety equipment, which is appropriate to the provision being delivered (these are statutory requirements for all employees and customers);

- ensure that the health and safety arrangements set out within the contracting process are monitored and reviewed as appropriate, both at the providers' and at any sub-contractors' premises;
- provide Jobcentre Plus with timely and accurate reports of any relevant accidents occurring to Jobcentre Plus customers. Further details are supplied in Jobcentre Plus Provider Guidance which can be viewed on the DWP website at:
[http://www.dwp.gov.uk/supplyingdwp/what we buy/provider_guidance.asp](http://www.dwp.gov.uk/supplyingdwp/what_we_buy/provider_guidance.asp)

5.11 This requirement is in addition to Health and Safety legislation e.g. RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) and the provider's own accident and investigation arrangements.

5.12. Through tender documents bidders will be asked to give details of their knowledge of the particular needs of the customer groups included in the specification, and the services they require. Evidence must be provided on how their organisation has met the specific needs of those most disadvantaged, including disabled people, people with particular learning difficulties, and people from black and ethnic minority communities. Evidence must also be provided on how their organisation has met the specific needs of those most vulnerable who, because of their disability or lack of exposure to the labour market, could be inappropriately influenced by provider staff, subcontractors etc. Where providers do not have relevant experience they will be asked to explain how they plan to address this.

5.13. Organisations providing a health, social, or education service for these vulnerable groups have a duty to protect these individuals from harm. The term used to denote these duties and responsibilities is 'Safeguarding'. Safeguarding relates to all DWP provision and is generally the principle that all people accessing provision should be safe from abuse, bullying etc.

5.14. In addition, new legislation will be introduced from Oct 09 which includes a new Vetting and Barring Scheme (VBS) to safeguard vulnerable groups. For DWP provision this will relate to provision targeted at Vulnerable Adults e.g. our disability programmes.

5.15. It is important for all our providers to have a Safeguarding policy - this could be an extension to a provider's current policies. It is recommended that there should be a whole organisational approach to Safeguarding (i.e. not just for vulnerable adults) and the following areas should be covered:

- accountabilities;
- adopting a whole organisational approach to safety and security;
- policies and procedures;
- recruitment;
- induction, training and awareness;
- protecting vulnerable adults from abuse;
- how are participants involved;
- how is information disseminated.

5.16. DWP's Provision Quality Improvement Team is responsible for external inspection policy and both Ofsted and Estyn make judgements on providers' Safeguarding policies which is just one of many important areas they consider during inspection.

Data Protection

5.17 Suppliers will be required to comply with DWP data storage and data movement requirements and standards. Suppliers will be required to work with DWP to put in effect and maintain appropriate technical and organisational measures to ensure the prevention of unauthorised or unlawful processing of personal data and accidental loss or destruction of, or damage to, personal data.

5.18 Data must not be transferred outside the UK without the express permission of DWP, which must be applied for in writing.

5.19 Further information on Data Protection and Freedom of Information can be found in the draft terms and conditions of the contract which is included in the Invitation to Tender pack.

Security Policy for Suppliers of services to the Department for Work and Pensions

5.20 In order to protect Departmental information appropriately, our suppliers must provide the security measures and safeguards appropriate to the nature and use of the information. All suppliers of services to the DWP must comply, and be able to demonstrate compliance, with the Department's relevant policies and standards.

5.21 All suppliers must comply with the relevant Standards from the DWP Information Systems Security Standards. The Standards are based on and follow the same format as International Standard 27001, but with specific reference to the Department's use.

5.22 The following are key requirements and all suppliers must comply with relevant DWP policies concerning:

Personnel Security

- staff recruitment in accordance with government requirements for pre-employment checks;
- staff training and awareness of Departmental security and any specific contract requirements.

Secure Information Handling and Transfers

- physical and electronic handling, processing and transferring of DWP data, including secure access to systems and the use of encryption where appropriate.

Portable Media

- the use of encrypted laptops and encrypted storage devices and other removable media when handling Departmental information.

Offshoring

- the Department's Data must not be processed outside the United Kingdom without the prior written consent of DWP and must at all times comply with the Data Protection Act 1998.

Premises Security

- security of premises and control of access.

Security Incidents

- includes identification, managing and agreed reporting procedures for actual or suspected security breaches.

5.23 The supplier shall develop, implement and maintain a Security Plan during the period of the Contract, showing how they will address the key requirements of the Security Policy, and how they will implement appropriate arrangements which ensure that the Department's information and any other Departmental assets are protected in accordance with prevailing statutory and central government requirements. These arrangements will clearly vary according to the size of the organisation.

5.24 Draft Security Plans may be required at the Invitation to Tender stage of the tendering exercise. The final version of the Security Plan will need to be submitted

to and approved by the Department within 20 days of the Effective Date of any contract awarded.

5.25 It is the supplier's responsibility to monitor compliance of any sub-contractors and provide assurance to DWP.

Annex 6 Sustainable Development

6.1 DWP supports the main goal set out in the UK Strategy for Sustainable Development, *Securing the Future*, (Securing the Future: <http://www.sustainable-development.gov.uk/publications/uk-strategy/index.htm>) which is to “enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations”.

6.2 The UK Strategy for Sustainable Development has four main aims:

- social progress that recognises the needs of everyone;
- effective protection of the environment;
- prudent use of natural resources;
- maintenance of high and stable levels of economic growth.

6.3 An overview of sustainable procurement in DWP can be found at http://www.dwp.gov.uk/supplyingdwp/doing_business_with_dwp/sustainableprocurement.asp This document also gives details of the targets towards which DWP, along with all other central Government departments, must make progress.

6.4 When delivering services outside the DWP estate, suppliers (including subcontractors) should, where possible, make all reasonable endeavours to comply with the principles set out in the UK Strategy for Sustainable Development and the Sustainable Operations on the Government Estate (SOG E) targets.

6.5 When delivering services on the DWP estate (Jobcentre Plus premises) suppliers (including subcontractors) should, where possible, work with DWP to assist in making progress towards the SOGE targets and the wider sustainable development principles.

6.6 Suppliers will be required to complete a policy statement (within six months of the contract start date) to demonstrate how they will satisfy and adhere to the principles of sustainable development. As part of this policy statement, suppliers will need to give an assurance that their waste is disposed of by a registered waste collector, in accordance with current regulations, and that items such as ink cartridges and toners are recycled or disposed of in the correct way. Assurance must also be provided that Waste Electrical and Electronic Equipment (WEEE) regulations are observed with regard to the disposal of electrical and electronic equipment.

6.7 Suppliers must produce an action plan (within six months of the contract start date) to explain:

- a. how waste produced will be minimised and the promotion of recycling within their business;
- b. how energy consumption will be minimised;

- c. how the use of transport will be minimised and how they will promote the use of public transport;
- d. how staff awareness of sustainability will be increased;
- e. details of a baseline assessment of their current position in terms of waste minimisation, recycling levels and energy consumption (energy consumption will only be required if current energy usage is available); and
- f. annual estimates of the progress of their actions detailed in their plan.

6.8 Sustainability must be integrated into services so that they are delivered through a sustainable, innovative and productive economy that delivers high levels of employment and a just society that promotes social inclusion, sustainable communities and personal well being. This will be done in ways that protect and enhance the physical and natural environment and uses resources and energy as efficiently as possible.

6.9 Provision will improve the employability of participants and deliver environmental or community benefits by:

- g. using innovative methods (including those that reduce travel requirements) to deliver services;
- h. supporting skills and jobs identified that will work towards improving conservation;
- i. identify skills needed in work areas that will have a positive effect on the environment;
- j. reduce skills gaps locally;
- k. providing placements delivered through local and charitable organisations.