

Work Programme

Invitation To Tender

Pricing Proposal Guidance

December 2010

Before completing the Invitation to Tender Pricing Proposal and Invitation to Tender Form you are advised to read carefully the:

- **Provision Specification and Supporting Information for this procurement and these instructions;**
- **Provider Guidance pages on the Contracted Employment Services section of the Supplying DWP website;**
http://www.dwp.gov.uk/supplyingdwp/what_we_buy/Provider_guidance.asp
- **DWP Terms & Conditions applicable to this contract, which are available as part of the Invitation to Tender document suite; and**
- **Invitation to Tender Instructions for Bidders.**

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INTRODUCTION TO PRICING PROPOSAL MODEL & SUPPORTING GUIDANCE

Format of Guidance

This document contains detailed instructions as to how Bidders are required to complete the Pricing Proposal Model. The key Work Programme Payment Model elements and the Financial Evaluation Strategy are also summarised and/or referenced within this guidance for ease of use.

Please read this document carefully and refer to it whilst completing the corresponding worksheets within the model.

Information Requirements

The Pricing Proposal requirements are split into “Primary” information requirements and “Secondary” information requirements as follows:

- **Primary Information Requirements**

The worksheet “**D: PAYMENT RATES**” is the sheet in which Bidders are required to input the Outcome Payment Prices they wish to offer in order to create their competitive bid.

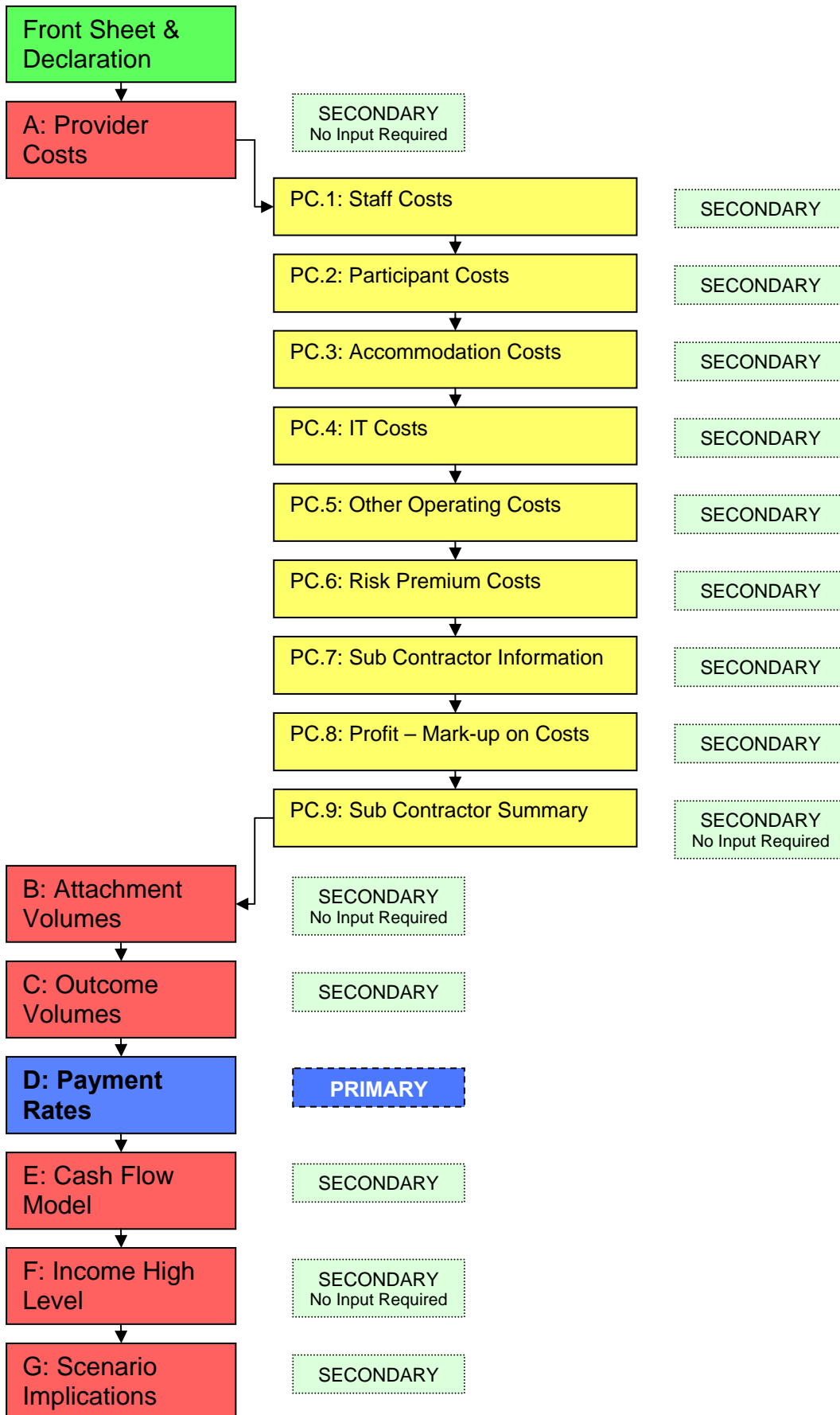
Instruction on how to complete the primary worksheet can be found in section 17 of this guidance.

The Outcome Payment Price Reduction Percentages and the resultant Outcome Payment Prices contained within this worksheet will form the only section of the Pricing Proposal Model that will be scored in the Pricing Proposal Evaluation (please refer to section 2 on page 8 of this guidance for full details of The Pricing Proposal Evaluation Strategy).

- **Secondary Information Requirements**

All other worksheets within the Pricing Proposal Model are required in order to support the bid prices input into worksheet “D: Payment Rates”. Although the worksheets will contain secondary supporting information, it is vital that they are completed accurately and in their entirety; in accordance with the instructions in this guidance.

PRICING PROPOSAL MODEL - FLOW DIAGRAM



**SUPPORTING GUIDANCE FOR THE COMPLETION OF THE WORK
PROGRAMME PRICING PROPOSAL**

1. Key Information

- 1.1 Indicative attachment volumes per Customer group have been provided in order to allow DWP to understand your costs, performance expectations and associated working capital requirements. Indicative attachment volumes can be found in Appendix B and within the Pricing Proposal in Section “B. Attachment Volumes”. Attachment volumes have been used for cash flow purposes within the Pricing Proposal Model as income will not begin to be generated until a referral becomes an attachment (please refer to Appendix C for definition of terms used within this document).

NOTE: DWP have stated minimum performance levels for payment groups 1,2 and 6 and provided illustrative performance levels for all other Customer groups (detailed in Appendix C and D respectively). Bidders will be required to provide DWP with estimations of their performance expectations however this information will **NOT** be used as part of the final evaluation. These expectations will be used only as part of the individual cash flow analysis.

- 1.2 Bidders will be required to provide detailed cost breakdowns related to delivering the contract along with their profit mark up requirements for each contract year. Year 0 should be used to detail the set up costs and any initial outlays necessary to create the required provision, years 6 and 7 should be costs relating to completing Customers’ provision and years 8 and 9 are for costs relating to the winding down of the contract. NOTE: Bidders should provide their costs exclusive of any VAT chargeable to DWP.
- 1.3 Bidders are also required to adjust annual cost assumptions according to their perception of future inflation however we would also expect Bidders to deliver efficiency savings throughout the life of the contract which should have the effect of counteracting inflationary pressure (either in part or in full).
- 1.4 All pricing proposal worksheets that require input must be completed fully and electronically, in line with the detailed guidance below. Bidders are at risk of non-compliance if the worksheets are not filled in correctly and we therefore advise you to read the guidance thoroughly and refer to it regularly throughout the completion process.
- 1.5 DWP will be offering finance surgeries at the beginning of January (dates to be confirmed) to give Bidders the chance to discuss any issues and ask questions relating to the pricing proposal documentation and guidance. Finance surgeries will be on a one to one basis which can be undertaken either face to face or over the phone.
- 1.6 Payment to Providers is as detailed below. Please refer to Appendix C for Work Programme definitions.

Contract Price Change Date

1.7 The national date that contract prices will change will be 1st April. For example the contract year 2 will run from 1 April 2012 to 31 March 2013 and so on.

1.8 Attachment Fee

An Attachment Fee gives Providers a payment at the point of engagement and is intended to help cash-flow. The payment does not need to be claimed and will be automatically triggered by the Provider entering the date of the initial discussion with the customer and registering that date in the Provider Referral and Payment system (PRaP). The Attachment Fee will be paid at different rates as defined in the payment schedule for each customer group.

The Attachment Fee will reduce over the first three years of the contract and will be nil from 1st April 2014 - the start of year four. The payment profile is:

- Yr 1 = 100%
- Yr 2 = 75% of the original amount
- Yr 3 = 50% of the original amount
- Yr 4/5 = 0%

In the unlikely circumstance of a customer completing, as defined in Annex 4 of the ITT specification, and then becoming eligible for WP support again, another Attachment Fee and subsequent outcome payments will be payable.

It should be noted that the rate payable for an Attachment Fee will be that rate prevailing for the contract year within which the Attachment Fee criteria was achieved and the Prime Contractor becomes eligible for payment. This may not be the prevailing rate at the time of the claim.

1.10 Job Outcome

Once a Customer has joined the Work Programme under the appropriate eligibility criteria and accumulated a designated number of employment weeks, a pre-determined, one-off Job Outcome fee will be payable on an individual basis.

Further details on Job Outcome Prices and the qualifying accumulative employment periods for each Customer group can be found detailed in Appendix A and Appendix C.

The accumulation of employment weeks does not have to be continuous and can be achieved with multiple employers. Please refer to the Business Rules for further clarification.

It should be noted that the rate payable for a Job Outcome Payment will be the rate prevailing for the contract year within which the initial referral was made. This may not be the prevailing annual rate at the time of the claim.

1.11 Sustainment Outcome Payment

Once a Customer has achieved the designated number of weeks in order to trigger a Job Outcome payment, sustainment outcome payments will be made for every four continuous weeks the Customer remains in employment so long as they have met the eligibility criteria. Sustainment outcome payments will be paid until a set maximum time limit for each Customer group has been reached.

The maximum periods are inclusive of the relevant Job Outcome period before sustainment outcome payments are made and are detailed in Appendix A.

It should be noted that the four weekly rate payable for a Sustainment Outcome Payment will be the rate prevailing for the relevant payment group. The weekly sustainment outcome payments are predetermined by DWP and are detailed in Appendix A.

1.12 Further Job Outcome and Sustainment Outcome Information

The maximum number of weeks that a Customer, in any of the 7 payment groups, may remain on the work programme is 104 weeks. Please refer to Appendix C for further clarification.

A Prime Contractor may claim Job Outcome and sustainment outcome payments for weeks a Customer works beyond the 104 maximum (up to the Customer group maximum number of weeks) so long as:

- the Customer began the employment during the 104 weeks maximum Work Programme period; AND
- the Customer does not have a break in employment outside of the 104 weeks maximum Work Programme period.

Example 1: A JSA 25+ Customer begins work 103 weeks after starting with the programme and continues in the same job for 18 months. The Provider would be able to claim the Job Outcome payment after 26 weeks as normal and 13 four weekly sustainment outcome payments.

Example 2: A JSA 25+ Customer begins work after 103 weeks after starting with the programme but leaves the employment after 30 weeks. The Provider would be able to claim the Job Outcome payment after 26 weeks as normal but then only 1 four weekly sustainment outcome payment, after which no further payments would be eligible for that Customer. Annex 4 of the ItT Specification provides further examples.

1.13 Incentive payments will be paid to Providers who have high performance for the payment groups 1, 2 and 6. Incentive payments will be made for jobs delivered beyond a given performance level, defined as non-intervention level

plus 30%. For the purposes of the Pricing Proposal Cash Flow Model and Working Capital Requirements, incentive payments have not been taken into account due to there being no guarantee that Bidders will actually achieve the required levels of performance. For further information on the incentive payments please refer to section 3 of the ItT Specification.

1.14 DWP will encourage ongoing competition between Providers in each CPA by shifting market share to those who perform most strongly and shifting from those who perform the least well. For the purposes of the Pricing Proposal Cash Flow Model and Working Capital Requirements, Market Share Shifting has not been taken into account. For further information on Market Share Shifting please refer to section 3 of the ItT Specification.

2. Pricing Proposal Evaluation Strategy

Introduction:

- 2.1 The full evaluation strategy is set out in the Invitation to Bidders.
- 2.2 The DWP will cross reference the delivery proposal to the individual elements contained in the financial pricing proposal to ensure consistency. Any discrepancies may impact on the financial risk rating section of the evaluation, through the questions outlined in section 6 of the Instructions to Bidders.
- 2.3 The financial price evaluation will consist of the assessment of the Job Outcome element of the contract.
- 2.4 There are 7 payment groups included in the Work Programme:

Customer Group	Payment Group
JSA 18-24	1
JSA 25+	2
JSA Early Access	3
JSA Ex-IB	4
ESA Volunteer	5
ESA Flow/Support Group	6
ESA Ex-IB Flow/Support Group	7

- 2.5 For each payment group DWP will supply indicative volumes by year and minimum/illustrative performance expectations (see appendix B for more information on the volumes provided).
- 2.6 For each payment group we set out the maximum prices we will pay for each year of the contract for Job Outcomes. We then invite price bids on the following basis:
 - a) a percentage reduction below the maximum rates for years 1-2 (a single percentage figure to two decimal places); and
 - b) a percentage reduction below the maximum rates for years 3-4-5 (a single percentage figure to two decimal places).

2.7 This will consist of one percentage reduction for a) and one percentage reduction for b) that will apply across all Customer groups. For example: a proposed 10.25% reduction for a) will result in a 10.25% price reduction being applied to every unit price in years 1-2 across all Customer groups. Illustrated below:

Years:	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
% Reduction 1	x.xx%				
% Reduction 2			x.xx%		
NOTE: Same % reductions will apply to all customer groups					

2.8 The Bidder’s two percentage reduction figures will then be combined into a single percentage weighted by the number of years covered.

2.9 For each percentage point that this weighted number comes in below the DWP maximum prices, we will award 1 point of evaluation marks on top of the maximum 60 that are available for quality. For each percentage point reduction above 20 this will drop to an extra 0.5.

Working Capital

2.10 The DWP is looking to obtain assurance and evidence that Bidders can secure the necessary internal financial and / or external financial resources to fund delivery. The DWP is not prescriptive around the type of financial instruments used for working capital as this will vary for each organisation, but tangible written evidence will be required at preferred Bidder stage to support Bidder’s maximum working capital requirements as per your bid, Bidders are required to include a 20% stretch in their working capital evidence.

3. Pricing Proposal Worksheets Introduction

3.1 **A separate pricing proposal must be completed for each contract package area (CPA) for which you have been short listed and for which you wish to bid.** Instructions on how to select the correct contract package area are detailed in section 4 below. The pricing proposal documentation comprises a schedule which is subdivided into 17 worksheets as follows:

- Front Sheet & Declaration
- A: Provider Costs – Tables A.1 – A.8
- PC.1 – Staff Costs
- PC.2 – Participant Costs
- PC.3 – Accommodation Costs
- PC.4 – IT Costs
- PC.5 – Other Operating Costs
- PC.6 – Risk Premium Costs
- PC.7 – Profit – Mark up on Costs
- PC.8 – Sub Contractor Summary
- PC.9 – Sub Contractor Information
- B: Attachment Volumes – Table B.1
- C: Outcome Volumes – Tables C.1 – C.13
- D: Payments Rates – Tables D.1 – D.7
- E: Cash Flow Model
- F: Income High Level – Tables F.1 – F.3
- G: Scenario Implications

3.2 Please note that we require bidders to complete detailed information relating to Sub Contractor costs.

Sheet PC.9 is an information sheet that must be completed in respect of every Sub Contractor, irrespective of size. We also ask you to detail which of these are your key Sub Contractors (Column C).

Where you have identified an organisation as a key Sub Contractor, bidders are required to ensure that all other worksheets asking for Sub Contractor information must be completed in respect of every key Sub Contractor.

For those Sub Contractors not identified as key Sub Contractors, bidders are required to provide an explanation in sheet PC.9 as to why they have not been considered a key Sub Contractor, for example, a Sub Contractor delivering ad-hoc provision.

4. Front Sheet & Declaration

4.1 As stated above, **a separate pricing proposal must be completed for each contract package area for which you have been short listed and for which you wish to bid.**

- Using the contract package area key in rows 19 – 39, please select the relevant contract package area from the drop down box in row 6; this will automatically populate the contract package number in row 9.
- Bidders are then required to input the name of the bidding organisation, in full, in row 12 next to “Supplier Name”.
- Please then save the document using the “SAVE AS” Excel function under a title that makes reference to the contract package area e.g. Jo Bloggs Ltd – CPA1.

4.2 Finally, Bidders are required to sign and date the declaration section at the bottom of the page upon submission of the pricing proposal.

5. Worksheet A: Provider Costs – Tables A.1 – A.8

5.1 Tables A.1 to A.8 do not require any input as they summarise the cost information input by Bidders in worksheets PC.1 to PC.8. Instructions as to how to complete these worksheets are shown in guidance section 6 to 14 below.

6. Worksheet PC.1 – Staff Costs

6.1 This worksheet, once completed, must detail your total annual staff costs throughout the lifetime of the contract. The costs are to be broken down into direct staff costs, indirect staff costs and other staff costs for the purpose of the template. Costs are then required to be apportioned to the 7 different Customer groups.

6.2 Where “please list/complete” has been stated, the cost element entered by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “Customer facing staff” or “Miscellaneous staff costs” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.

6.3 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

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Bidders will therefore be required to complete the “Staff Costs – Sub Contractor” section on the 2nd half of the worksheet.


6.4 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All yellow boxes in the tables will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

6.5 Staff Costs - Prime

6.5.1 Direct Staff Cost Tables (rows 18 - 175)

This section is split into the 7 different Customer groups with a table for each one. For clarity, “Direct Staff” are staff who are directly Customer facing. The costs required here should be for salaries/wages only (including all direct salary costs such as NI, Pension Contributions, and Tax as a minimum).

Each Customer group table requires:

- **Column B** - The Bidder is required to enter the job titles of the staff directly attributed to working with the corresponding Customer group. If you require more rows, please highlight the row which has the symbol  and the row above, rows 22 and 38. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.

For example in cells B18-B37 you would enter the job titles of staff that are directly attributed to JSA25+ Customers, so cell B18 may contain the job title ‘Customer Adviser’.

- **Columns C - Z** are split into Average Salary (“Av. Salary”), Full Time Equivalent (“FTE”) and “Total” sections for each year. The Bidder is required to input the average salary and number of full time equivalent staff employed for the corresponding job title and Customer groups each year into the “Av. Salary” and “FTE” columns. The “Total Cost” columns will then automatically populate and therefore do not require any input by the Bidder.

For example under Year 0, there are unlikely to be any Customer Advisers employed for the Work Programme, so the Bidder would enter 0 into cells C18 and D18 and then E18 would automatically calculate 0. Under year 1, however, say the Bidder calculates that the average salary for a Customer Adviser was £16,000 and that there will be 10.5 FTE Customer Advisers working on the Work Programme in that year on the Customer group JSA 25 +; the Bidder should enter 16,000 in cell F18 and 10.5 in G18. H18 will be automatically populate as 168,000 (F18 multiplied by G18).


- **Column AA** will automatically populate, therefore does not require any input.

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- **Column AB** - We are requesting the Bidder also input the average required employment contract notice period for the corresponding role in consideration of the impacts of potential market share shifting.
- **Row 178** will automatically populate with a total cost for each year for direct staff.
- The “Direct Staff Apportionment Table” (Rows 181-187) will automatically populate from the information entered above and therefore does not require completing.
- The “Ratio of Attachments to Direct Staff” (Rows 189-196) will automatically populate from the information entered above and therefore does not require completing.

6.5.2 Indirect Staff Cost Table (rows 198-220)

For clarity, “Indirect Staff” are staff who are not Customer facing but are involved in delivering the Work Programme Provision. The costs required here should be for salaries/wages only (including all direct salary costs such as NI, Pension Contributions, and Tax as a minimum).

- **Column B** - The Bidder is required to enter the job titles of any Indirect/Management staff involved in delivering the Work Programme contract. If you require more rows, please highlight the row which has the symbol  and the row above, rows 204 and 220. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.

For example in cells B200-B220 you would enter the job titles of staff who are involved in delivering the contract but are not directly Customer facing, therefore cell B191 may contain the job title ‘Contract Manager’ or ‘Recruitment & Training Officer’.

- **Columns C - AB** would be completed in the same way as for the Direct staff costs table (see above).

6.5.3 Indirect Staff Costs Apportionment Table (rows 222-229)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table (yellow cells).
- In order to do this, Bidders must determine the apportionment of total indirect staff costs for each Customer group in column B for each year.

For example, if the Bidder believes that they would attribute 34% of their Year 1 Indirect Staff costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell G223 and 11 into each of the cells G224-G229

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- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.


For example, the total in cell H223 would be automatically calculated by multiplying the total in the above table for year 1 (cell H220) by the percentage input into cell G223

- **Row 230** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells **MUST BE GREEN** for the worksheet to be compliant.

6.5.4 Other Staff Costs Table (rows 232-260)

- **Columns C - Z** are split into average cost per unit (Av. Cost per Unit”), number of units (“No”) and “Total Cost” sections for each year. The Bidder is required to input the average cost per unit and the number of units required for each cost, each year. The “Total” columns will then automatically populate and therefore do not require any input by the Bidder.

For example under Year 0, if the Bidder calculates the average cost of recruiting 1 staff member as £500 decides that they need to recruit 250 members of staff, the Bidder would enter 500 into cell C234 and 250 into cell D234. Cell E234 would then automatically calculate £125,000 (C234 multiplied by D234).

- **Column AA** will automatically populate, therefore does not require any input.
- If there are any other types of staff costs that are not already listed within the table, the Bidder may list them below cell B239 - “Miscellaneous including employee benefits” in the empty rows provided, in line with the requirements detailed in section 5.1 above. If you require more rows, please highlight the row which has the symbol  and the row above, rows 244 and 260. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.

6.5.5 Other Staff Costs Apportionment table (rows 262-269)

This should be complete in the same way as the Indirect Staff Costs Apportionment table (see above).

Row 272 This row is a total for all staff costs relating to the Prime and will populate automatically from the information input above.

6.6 Staff Costs – Sub Contractor Section (Rows 276 –)

6.6.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your

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key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

Bidders are required to complete the following three tables on a Sub Contractor by Sub Contractor basis:

- Direct Staff Costs
- Indirect Costs
- Other Staff Costs

In **Column B** on all tables insert the name of the subcontractor and the relevant Job Title of the staff directly attributed to the subcontractor, using as many lines as required. For example insert “Subcontractor A - Customer Adviser”.

All other columns should be completed in the same way as detailed in Staff Costs - Prime above.

NOTE: The “Other Staff Costs” table may be completed at a total level however the costs must include, as a minimum, the following:

- Recruitment
- Training
- Travel & Subsistence
- CRB Checks
- TUPE

For example insert “Subcontractor A – Other Staff Costs” in column B.

6.7 Additional Information/Notes Section

6.7.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

7. **Worksheet PC.2 – Participant Costs**

7.1 This worksheet, once completed, must detail your total annual participant costs per Customer group throughout the lifetime of the contract. The costs are to be broken down into the 8 cost categories in the table and there is space to input any other type of participant costs you may be expecting in the empty rows under the “Additional Support – Please specify below” category (explained further below). Any additional cost element entered on the sheet by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “miscellaneous support costs” or “other participant costs” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.

- 7.2 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete the “Participant Costs – Sub Contractor” section on the 2nd half of the worksheet in exactly the same way as detailed below for the “Participant Costs – Prime” section.

NOTE: The costs input in this section must be the TOTAL COSTS of ALL key Sub-contractors i.e. if you have 3 key Sub-contractors you would detail the total costs of all 3 combined. (A summary of all the sub-contractor costs can be found in PC.8).

- 7.3 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All yellow boxes in the tables will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.


7.4 Participant Costs – Prime (rows 12 - 233)

This section is split into the 7 different Customer groups with a table for each one.

Each Customer group table requires:

- **Columns C - Z** are split into average unit cost (Av. Unit Cost”), number of units (“No”) and “Total Cost” sections for each year. The Bidder is required to input the average cost per unit and the number of units required for each cost, each year. The “Total” columns will then automatically populate and therefore do not require any input by the Bidder.

For example under Year 1, if it costs on average £4 for a JSA 25+ Customer to travel to an interview via Public Transport and you anticipate that there will be 200 Customers travelling to interviews via public transport; the Bidder would enter 4 in cell C17 and 200 into cell D17. Cell E17 would automatically calculate £800 (C17 multiplied by D17).

- **Column AA** will automatically populate, therefore does not require any input.
- If there are any other types of participant costs that are not already listed within the table, the Bidder may list them below the “Additional Support (Please specify below)” section in the empty rows provided, in line with the requirements detailed in section 6.1 above. If you require more rows, please highlight the row which has the symbol  and the row above, rows 29 and 45. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.
- **Row 233** contains a total of Participant Costs-Prime and will automatically populate from the information input above.

- The “Ratio of Total Participant Costs to Attachments” (Rows 235-242) will automatically populate from the information entered above and therefore does not require completing.

7.5 Participant Cost – Sub Contractor Section (rows 245 - 477)

7.5.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete the “Participant Costs – Sub Contractor” section in **EITHER**:

- Exactly the same way as detailed above for the “Participant Costs – Prime” section using the total for ALL Sub Contractors per Customer Group **OR**
- By breaking the costs down per Sub Contractor, per cost item and per Customer group. Example – In The JSA 25+ table in cell B252 input over current heading with “Sub Contractor A – Travel (Public Transport)” completing all other columns as per the Prime Tables. Cell B253 would then be input as “Sub Contractor B – Travel (Public Transport)” etc.

7.6 Additional Information/Notes Section

7.6.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

8. **Worksheet PC.3 – Accommodation Costs**

8.1 This worksheet, once completed, must detail your total annual accommodation costs apportioned per Customer group throughout the lifetime of the contract. The costs are to be broken down into the 3 cost categories on the worksheet; Rent/Mortgage/Lease payments, Fit out costs and Other accommodation costs.

8.2 Where “please specify below” has been stated the cost element entered by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “miscellaneous fit out costs” or “other accommodation costs” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.


- 8.3 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete “Accommodation Costs – Sub Contractor” section on the 2nd half of the worksheet.

- 8.4 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All blue and yellow boxes will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

8.5 Accommodation Costs - Prime

8.5.1 Rent / Mortgage / Lease Payments Table (rows 18-47)

- **Column B** - The Bidder is required to list all premises that will be attributed to the delivery of the Work Programme contract (including any premises that will be used at no financial cost and shared premises – explanatory information on premises of this type should be detailed in the “Additional Information” section at the bottom of the page). Where additional buildings or additional floor space within existing premises will be required in future years (i.e. for the purpose of ramping up to meet Customer number expectations), this should be entered on a separate line. If you require more rows, please highlight the row which has the symbol  and the row above, rows 22 and 48. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 30.

For example in cells B18-B47 the Bidder should enter the details of the premises that are required for the delivery of contract. If the Bidder operates from Level 2, Mayfield Court, Sheffield they would simply enter “Level 2, Mayfield Court, Sheffield” in B10. However, if in Year 3 they intend to purchase an additional floor in the same building, they would enter “Level 3, Mayfield Court, Sheffield” in a separate row with the costs starting from year 3 as a new lease or contract would be required.

- **Column C** – In the blue boxes the Bidder is required to complete the M² being used for the corresponding premises in column B over the length of the contract.

For example Level 2 in Mayfield Court (entered in Cell B18) may cover 25 M² therefore you would enter “25” in cell C18.

- **Column D – AA** - Each year is split into 2 sections; “Cost Per M²” and “Total”. The Bidder is required to input cost per M² for each premises listed, under the columns headed “Cost Per M²” for each year. The “Total” columns will automatically populate therefore do not require any input by the Bidder.

For example in Year 1 if the Cost Per M² is £35 then in Cell D18, 35 would be entered and F18 would automatically populate as 2,625 (C18 multiplied by D18).


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- **Column AB** will automatically populate, therefore does not require any input.
- **Column AD** – Please identify for each listed premises the length of the lease/contract held on that premises.
For example if the lease for Level 2 – Mayfield Court is for a 5 year period, the Bidder would enter “5 Years” in cell AD18.
- **Column AE and AF** - Please identify for each listed premises at what point there is an option to break the lease before the end of the contract period (break point) and the notice period required to do this.
For example the Bidder may have the option to break the lease on a building after 3 years as long as they give 12 months notice therefore the Bidder would enter “3 Years” in cell AE18 and “12 Months” in cell AF18.
- **Column AG** - The Bidder is required to identify the accounting treatment of the costs relating to the rent/mortgage/lease payments for the premises.
For example a Bidder may account for the expenditure in year as opposed to being depreciated over the life of the contract. This would need to be summarised within this box.

8.5.2 Rent / Mortgage / Lease Payments Apportionment Table (rows 51-57)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table.
- In order to do this, Bidders must determine the apportionment of total rent / mortgage / lease costs for each Customer group in column B for each year.
For example, if the Bidder believes that they would attribute 34% of their Year 1 Rental costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell D51 and 11 into each of the cells D52 – D57.
- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.
For example, the total in cell F51 would automatically calculate by multiplying the total in the above table for year 1 (cell F48) by the percentage input in cell D51.
- **Row 58** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

8.5.3 Fit Out Costs Table (rows 51-82)

- **Column B** - The Bidder is required to list all fit out costs that will be attributed to the delivery of the Work Programme contract. As detailed above, as “please specify below” has been stated, the cost element entered by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure, avoiding the use of blanket terms. Please also check the “Other Accommodation Costs” table before entering an item to make sure it is not already listed there. If you require more rows, please highlight the row which has the symbol  and the row above, rows 66 and 82. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.

For example the Bidder would enter the details of potential Fit Out Costs such as the Painting of a new building as “Painting & Decorating” in cell B62.

- **Column C** – In the blue boxes the Bidder is required to complete the M² over which the fit out cost in column B are covering over the length of the contract. The total M² does not need to be broken down into individual premises.

For example Painting & Decorating (entered in Cell B62) may be required over 45 M²; therefore 45 would be entered in cell C62.

- **Column D – AA** - Each year is split into 2 sections; “Cost Per M²” and “Total”. The Bidder is required to input cost per M² for each fit out cost listed, under the columns headed “Cost Per M²” for each year. The “Total” columns will automatically populate therefore do not require any input by the Bidder.

For example in Year 1 if the Cost Per M² is £75 then in Cell D62, 75 would be entered and F62 would automatically populate as 2,625 (C62 multiplied by D62).

- **Column AB** will automatically populate, therefore does not require any input.

- **Column AD** - The Bidder is required to identify the accounting treatment of the fit out costs.

For example a Bidder may, in the financial statements, depreciate the cost of fixtures and fittings over a 3 year period. This would need to be summarised within this box.

8.5.4 Fit Out Costs Apportionment Table (rows 85-91)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table.

- In order to do this, Bidders must determine the apportionment of total fit out costs for each Customer group in column B for each year.

For example, if the Bidder believes that they would attribute 34% of their Year 1 fit out costs to JSA 25 + and the rest evenly across the

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
other 6 Customer groups, they would input 34 into cell D85 and 11 into each of the cells D86 – D91.

- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.

For example, the total in cell F85 would automatically calculate by multiplying the total in the above table for year 1 (cell F82) by the percentage input in cell D85.

- **Row 82** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

8.5.5 Other Accommodation Costs Table (Rows 95-123)

- **Column B** – This column contains 8 cost categories with an additional category to input any other type of accommodation costs you may be expecting in the empty rows under the “Other – Please specify below”. As stated above any additional cost element entered on the sheet by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure, avoiding blanket terms. . If you require more rows, please highlight the row which has the symbol  and the row above, rows 108 and 124. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.
- **Columns C - AD** Should be completed in the same way as explained above for the “Fit Out Costs Table”.

8.5.6 Other Accommodation Costs Apportionment (Rows 127-133)

- This table should be completed in the same way as explained above for the “Fit Out Costs Apportionment Table”.
- **Row 136** will automatically populate and therefore does not require any input.

8.6 Accommodation Costs – Sub Contractor Section (rows 139 - 234)

8.6.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

8.6.2 Rent / Mortgage / Lease payments Table

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In column B insert the name of the Sub Contractor and the relevant building directly attributed to the subcontractor using as many lines as required. For example insert “Subcontractor A – DWP House”.

All the other columns should be completed in the same way as detailed in Accommodation Costs – Prime.

8.6.3 Fit Out Costs Table

Bidders are required to complete “Fit Out Costs – Sub Contractor” section on a Sub Contractor by Sub Contractor basis. This is only required to be at a total level.

In column B insert the name of the Sub Contractor and the relevant fit out costs directly attributed to the subcontractor using as many lines as required. For example insert “Subcontractor A – fit out costs”.

All the other columns should be completed in the same way as detailed in Accommodation Costs – Prime.

8.6.4 Other accommodation Costs Table

Bidders are required to complete “Other Accommodation Costs – Sub Contractor” section on a Sub Contractor by Sub Contractor basis. This is only required to be at a total level.

The other accommodation costs must include, as a minimum, the following:

- Lease set/admin costs
- Dilapidations
- Building Security
- Business Rates
- Insurance
- Maintenance and Repairs
- Cleaning
- Heating, Lighting and Power
- Other (Please Specify Below)

In column B insert the name of the Sub Contractor and the relevant other accommodation costs directly attributed to the subcontractor using as many lines as required. For example insert Subcontract A – other accommodation costs.

All the other columns should be completed in the same way as detailed in Accommodation Costs – Prime.

8.7 Additional Information/Notes Section

8.7.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

9 **Worksheet PC.4 – IT Costs**


9.1 This worksheet, once completed, must detail your total annual IT costs apportioned per Customer group throughout the lifetime of the contract. The costs are to be broken down into the 8 cost categories in the table and there is space to input any other type of IT costs you may be expecting in the empty rows under the “Other IT costs – Please specify below” category (explained further below). Any additional cost element entered on the sheet by the Bidder **MUST** be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “miscellaneous IT costs” or “other IT costs” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.

9.2 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete “IT Costs – Sub Contractor” section on the 2nd half of the worksheet.

9.3 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All yellow boxes in the tables will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

9.4 IT Costs-Prime Table (rows 17-44)

- **Columns B** lists a number of IT cost categories with the option to list any additional types of IT costs below cell B24 - “Other IT Costs (Please specify below)” in the empty rows provided and in line with the requirements detailed in section 6.1 above. If you require more rows, please highlight the row which has the symbol  and the row above, rows 29 and 45. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.
- Each year is split into 3 sections; Number of units (“No.”), “Average Cost per Unit” and “Total”. The Bidder is required to input the number of units required for each IT cost under the columns headed “No” for each year as well as the average cost per unit each year under the columns headed

“Average Cost per Unit”. The “Total” columns will automatically populate therefore do not require any input by the Bidder.

For example under Year 0, say the Bidder works out that they will need 400 lots of hardware, costing an average of £350 each, the Bidder would enter 400 into cell C17 and 350 into cell D17, E17 would then automatically calculate £140,000 (C17 multiplied by D17).

- **Column AA** will automatically populate, therefore does not require any input.
- **Columns AB - AC** requires the Bidder to apportion each listed IT cost into their fixed and variable elements. A cost would be 100% variable if it's costs varied directly in line with the volume of Customers and 100% fixed if volume of Customers has no effect on the cost.

For example, if IT maintenance costs are the result of a 5 year contract where a fixed monthly service fee is paid regardless of the number of times the service is used, this would make the costs 100% fixed. However if the costs are based on a flat service fee PLUS an amount relating to the number of times the service is required, the fixed element may be 50% and the variable element 50%. In the latter case, the Bidder would enter 50 into cell AB17 and 50 into AC17.
- **Column AD** will populate automatically as it contains a verification formula to check that the percentages in columns AB and AC total 100%. The cells will turn green if the percentage entries equal 100% and will stay red if they do not. The verification cells **MUST BE GREEN** for the worksheet to be compliant.

9.5 IT Costs Apportionment Table (rows 48-54)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table.
- In order to do this, Bidders must determine the apportionment of total indirect staff costs for each Customer group in column B for each year.

For example, if the Bidder believes that they would attribute 34% of their Year 1 IT costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell F48 and 11 into each of the cells F49-F54.
- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.

For example, the total in cell H48 would automatically calculate by multiplying the total in the above table for year one (cell H45) by the percentage input in cell F48.

- **Row 55** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

9.6 IT Costs – Sub Contractor Section (rows 58 - 92)

9.6.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

Bidders will therefore be required to complete “IT Costs – Sub Contractor” section on a Sub Contractor by Sub Contractor basis. This is only required to be at a total level, unless any one item exceeds £1m cumulatively over the contract life. Any items exceeding £1m over the contract life must be detailed separately.

The IT costs must include, as a minimum, the following:

- IT hardware
- IT software
- IT maintenance
- IT development (software development, website etc);
- IT security costs;
- Customer training system (development/purchase)
- Secure Server Costs (required for data protection);
- Other IT costs.

In **Column B**, insert the name of the Sub Contractor and the item. The item should be either the IT costs total or if the item is over £1m state the item. For example: Sub Contractor A – IT hardware. Use as many lines as required.

All the other columns should be completed in the same way as detailed in IT Costs – Prime above.

9.7 Additional Information/Notes Section

9.7.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

10 Worksheet PC.5 – Other Operating Costs

10.1 This worksheet, once completed, must detail your total annual other operating costs apportioned per Customer group throughout the lifetime of the contract. The costs are to be broken down into the 2 cost categories on the worksheet; “Other operating costs” and “Telephony and Communications”.

10.2 Where “please specify below” has been stated the cost element entered by the Bidder MUST be itemised in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “Sundry costs” or “Other operating costs” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.


10.3 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete “Other Operating Costs – Sub Contractor” section on the 2nd half of the worksheet.

10.4 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All yellow boxes in the tables will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

10.5 Other Operating Costs – Prime (row 12 – 73)

10.5.1 Other Operating Costs Table (rows 17-43) and Telephony and Communications Table (rows 45-71)

- **Column B** lists a number of other operating cost categories within the two tables with the option to list any additional types of operating costs below cells B22 and B50 (“Other (Please specify below)”) in the empty rows provided, in line with the requirements detailed in section 9.1 above. If you require more rows, please highlight the row which has the symbol  and the row above, rows 27 and 43. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’.. The rows will expand to a maximum of 20.

- Each year is split into 3 sections; Number of units (“No.”), “Average Cost per Unit” and “Total”. The Bidder is required to input the number of units required for each cost under the columns headed “No” for each year as well as the average cost per unit each year under the columns headed “Average Cost per Unit”. The “Total” columns will automatically populate therefore do not require any input by the Bidder.

For example under Year 1, if the Bidder works out that they will need 5000 units of Printing & Stationary, costing an average of £2 each, the Bidder would enter 5000 into cell C17 and 2 into cell D17, E17 would then automatically calculate £10,000 (C17multiplied by D17).

- **Column AA** will automatically populate, therefore does not require any input.

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- **Row 73** is the total Operating Costs for the Prime and will populate automatically from the information entered above.

10.5.2 Other Operating Costs Apportionment Table (rows 76-84)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table.
- In order to do this, Bidders must determine the apportionment of total indirect staff costs for each Customer group in column B for each year.
For example, if the Bidder believes that they would attribute 34% of their Year 1 Other Operating costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell F77 and 11 into each of the cells F78-F83
- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.
For example, the total in cell H77 would automatically calculate by multiplying the total in the above table for year one (cell H73) by the percentage input in cell F77.
- **Row 84** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

10.6 Other Operating Costs – Sub Contractor Section (rows 88 - 160)

10.6.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

10.6.2 Other Operating Costs Table

Bidders are required to complete “Other Operating Costs – Sub Contractor” section on a Sub Contractor by Sub Contractor basis. This is only required to be at a total level.

The other accommodation costs must include, as a minimum, the following:

- Printing and Stationary
- Postage
- Publications
- Advertising and Marketing

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- Finance Costs

In column B insert the name of the Sub Contractor and the relevant other operating costs directly attributed to the subcontractor using as many lines as required. For example insert “Subcontractor A – other operating costs”.

All the other columns should be completed in the same way as detailed in Other Operating Costs – Prime.

10.6.3 Telephony and Communications Table

Bidders will therefore be required to complete “Telephony and Communications – Sub Contractor” section on a Sub Contractor by Sub Contractor basis. This is only required to be at a total level, unless any one item exceeds £1m cumulatively over the life of the contract. Any items exceeding £1m over the contract life must be detailed.

The telephony and communications costs must include, as a minimum, the following:

- Line Rental
- Call Charges
- Internet Charges
- Mobile Phones

In column B insert the name of the Sub Contractor and the relevant telephony and communications costs directly attributed to the subcontractor using as many lines as required. For example insert “Subcontractor A – telephony and communications”.

All the other columns should be completed in the same way as detailed in Other Operating Costs – Prime.

10.7 Additional Information/Notes Section

10.7.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

11 **Worksheet PC.6 – Risk Premium Costs**

11.1 This worksheet, once completed, must detail your total annual risk premium costs apportioned per Customer group throughout the lifetime of the contract. Where “please itemise costs below” is stated the Bidder **MUST** itemise the cost element in detail to ensure DWP have a firm understanding of what is covered by that expenditure. Blanket terms such as “Contract failure risk”, “Staff costs risk” or “Delivery risk” should absolutely be avoided. Should a blanket term be used, DWP will deem the additional cost element non compliant unless a full and clear breakdown of what the expenditure covers

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and how the costs have been calculated is provided in the “Additional Notes” section at the bottom of the worksheet.


11.2 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors.

Bidders will therefore be required to complete “Risk Premium – Sub Contractor” section on the 2nd half of the worksheet.

11.3 All grey “Sub Total” boxes will automatically populate and therefore do not need to be completed. All yellow boxes in the tables will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

11.4 Risk Premium – Prime (rows 12 – 45)

11.4.1 Risk Premium Prime Table (Rows 15-34)

- **Column B** – The Bidder is required to list the title of any costs that they associate with risk premium in the rows provided. If you require more rows, please highlight the row which has the symbol  and the row above, rows 19 and 35. To expand these select ‘Format’ from the menu bar, then select ‘sheet’ and then ‘unhide’. The rows will expand to a maximum of 20.
- **Columns C-R** – The Bidder should input their annual risk premium costs exclusive of any VAT chargeable to DWP across the 7 years for the corresponding cost category in column B.
- **Column S** will automatically populate, therefore no input is required.

11.4.2 Risk Premium Apportionment Table (Rows 38-44)

- The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table.
- In order to do this, Bidders must determine the apportionment of total risk premium costs for each Customer group in column B for each year.
For example, if the Bidder believes that they would attribute 34% of their Year 1 Risk premium costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell E38 and 11 into each of the other cells E39-E44.
- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.

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For example, the total in cell F38 would be automatically calculated by multiplying the total in the above table for year 1 (cell E35) by the percentage input into cell E38.

- **Row 45** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

11.5 Risk Premium – Sub Contractor Section (rows 48 - 71)

11.5.1 As stated above, where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

Bidders will therefore be required to complete this table on a Sub Contractor by Sub Contractor basis.

In **Column B** insert the name of the Sub Contractor and the item. Bidders should insert the title of the risk premium referred to. Every risk premium item must be inserted separately for every Sub Contractor. Use as many lines as required.

All other columns should be completed as detailed in Risk Premium – Prime above.

11.6 Additional Information/Notes Section

11.6.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

12 **Worksheet PC.7 – Profit - Mark up On Costs**

12.1 This worksheet, once completed, must detail your required total annual mark up on cost as a percentage per Customer group throughout the lifetime of the contract.

12.2 Where a Bidder sub-contracts 10% or more of their total delivery (i.e. payments to Sub Contractors equal 10% or more of your total contract price), we require detailed costing information relating to your key Sub Contractors. Bidders are not required to breakdown these costs by customer group.

Bidders will therefore be required to complete “Profit - Mark up on Costs – Sub Contractor” section on the 2nd.

12.3 Profit – Mark up on Cost – Prime

12.3.1 Profit - Mark up on Cost Table (rows 14-23)

- **Column B** lists the 7 different Customer groups. In **columns C – J** (yellow cells) the Bidder should enter the mark up on costs as a percentage they expect in each of the years in for the corresponding Customer group. These percentages will be multiplied by the total cost per Customer group for the relevant year and fed through to the summary page to form part of your total contract price.

12.5 Additional Information/Notes Section

12.5.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

13 **Worksheet PC.8 – Sub Contractor Summary**

13.1 This worksheet, once completed, should contain your total Sub Contractor costs apportioned by Customer group.

13.2 Table A

Only the Yellow cells on rows 25 and 26 require input. The rest of the cells will feed through from previously completed Sub Contractor sections.

- **Row 25 – Other Sub Contractor Costs**
Please input any other Sub Contractor costs you expect and/or costs relating to Minor Sub Contractors for each year in the yellow cells.
- **Row 26 – Profit Margin**
Please input, in £'s, the Sub Contractor Profit Margin for each year in the yellow cells.

NOTE: Amounts input relating to the above categories must be broken down clearly in the “Additional Information” section at the bottom of the page in order to ensure DWP evaluators have a clear understanding of the cost items included.

13.3 Table B

The apportionment table is split into “%” sections and “Total” sections for each year. The Bidder is only required to complete the columns headed “%” in this table (yellow cells).

- In order to do this, Bidders must determine the apportionment for the total costs in row 27 of table A above for each Customer group for each year.

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For example, if the Bidder believes that they would attribute 34% of their Year 1 Sub Contractor costs to JSA 25 + and the rest evenly across the other 6 Customer groups, they would input 34 into cell E31 and 11 into each of the other cells E32-E37.

- The columns headed “Total” will populate automatically by multiplying the total costs in the above table by the corresponding percentage in the apportionment table input by the Bidder. The Bidder therefore does not need to input anything in the total columns in this table.

For example, the total in cell F31 would be automatically calculated by multiplying the total in the above table for year 1 (cell E27) by the percentage input into cell E31.

- **Row 38** will populate automatically as it contains a verification formula to check that the cells above total 100%. The cells will turn green if the above percentage entries equal 100% and stay red if they do not. The verification cells MUST BE GREEN for the worksheet to be compliant.

13.4 Table C

This table automatically populates from worksheet PC.2 Participant costs and therefore requires no input.

13.5 Table D

This table automatically populates from tables B and C above and therefore requires no input.

13.3 Additional Information/Notes Section

- 13.3.1 Bidders should use this section to include any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

14 **Worksheet PC.9 – Sub Contractor Information**

- 14.1 In this section we require additional information relating to ALL of your Sub Contractors irrespective of their size.

All yellow boxes in the table will require completing unless otherwise stated in the instructions below, however for ease of use, all cells that do not require input have been protected.

14.2 Detailed Sub Contractor Information Table (rows 27 onwards)

- 14.2.1 The information and costs requested in this section do not require breaking down into the 7 Customer groups.

- **Column B** – Please list the names of the Sub Contractors you intend to use to aid your delivery of the Work Programme provision; avoiding any

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acronyms. There are currently 30 rows in the table however Bidders may insert more rows as required.

- **Column C** – Please identify whether the Sub Contractor in Column B is a “Key” or Minor” Sub Contractor. Where you have labelled a Sub Contractor as “Minor”, please explain your reason for this in the “Additional Notes” Section at the bottom of the worksheet.
- **Column D** – The Bidder is required to input the average annual spend per Sub Contractor. The figures input here should support the totals in the Sub Contractor costs table above.
- **Column E** – Should the Bidder be required to pay their Sub Contractor a fixed level of service fee as opposed to an entirely unit based payment model, i.e. the Sub Contractor receives no Customers but is still entitled to a payment from you, the amount of this fixed element must be detailed here (the average monthly total).
- **Column F** – Please indicate here whether, within the contract with the Sub Contractor, there is a minimum guaranteed volume of Customer referrals over the lifetime of the contract.
- **Column G – I** – The Bidder is required to detail the funding approach for paying the Sub Contractor, i.e. Whether the Sub Contractor will be paid per referral, paid on delivery of the service, paid on outcome etc. Should you require more space to input the Sub Contractor funding model approach please use the additional information section.
- **Column J** – The Bidder is required to input the contract period, in months, for the contract they will have with the sub contract for the delivery of the Work Programme Provision.
- **Column K** – We are requesting the Bidder also input the required contract notice period in consideration of the impacts of potential market share shifting.
- **Column L** – Please specify whether the terms and conditions of the contract with the corresponding Sub Contractor will mirror those of the contract terms and conditions between DWP and yourselves using either “YES” or “NO”. If you wish to provide any further details around the sub contractor contract terms and conditions please use the “Additional Information” table at the bottom of the page.
- **Column M – O** – The Bidder should list the activities/services the Sub Contractor will be providing in as much detail as possible.
- **Column P – R** – In this column the Bidder should specify the geographic coverage of the subcontractor, i.e. Pan-CPA, Specific districts/areas within a CPA, in as much detail as possible.

14.3 Additional Information/Notes Section

14.3.1 Bidders should use this section to include details as to why a Sub Contractor has been considered a “Minor” Sub Contractor and any necessary supplementary information/further details of their funding model that may aid the evaluators in their understanding of what has been input in the above sections. NOTE: To move to another row within the box please press Alt + Return.

15 **Worksheet B: Attachment Volumes – Table B.1**

15.1 This worksheet contains the DWP indicative number of Attachments for each Customer group each year of the 5 year contract.

15.2 The worksheet will populate automatically as a result of the CPA chosen on the front sheet, therefore as long as the correct CPA has been chosen in line with the instructions in section 4 of this guidance, the DWP indicative number of Attachments will be correct. No input is required for this worksheet.

16 **Worksheet C: Outcome Volumes – Tables C.1 – C.13**

16.1 Tables C.1 – C.7 contain the annual DWP minimum/illustrative performance levels per Customer group based on the attachment volumes detailed in worksheet “B. Attachment Volumes”.

16.2 Tables C.8 – C.9 do not require any input by Bidders and contain the DWP minimum/illustrative performance levels per Customer group broken down into months and the DWP number of 4 week block sustainment claims per month per Customer group.

16.3 Tables C.10 – C.11

Table C.10 requires the Bidder to input their proposed Job Outcomes for each month, for each Customer group in the yellow cells in columns C to I.

Grey cells (which cannot be completed) are found within the table as Job Outcomes cannot be claimed for a certain number of weeks as per the qualifying criteria (please refer to Appendix A of this guidance for the number of weeks required to achieve a Job Outcome per Customer group).

Table C.11 is an automatically populating summary to check that the Bidder’s performance expectation meet or exceed the DWP minimum/illustrative performance levels for each year. The rows containing the number of Job Outcomes per Customer group per year will remain RED should the Bidder enter a performance expectation that is LESS than that required by DWP.

16.4 Tables C.12 – C.13

Table C.12 requires the Bidder to input the number of 4 week block sustainment payment claims they expect to make in each month, for each Customer group in the yellow cells in columns L to R.

Just as in Table C.10, grey cells (which cannot be completed) are found within the table to correspond with the qualifying criteria per Customer group which can be found summarised in Appendix A of this guidance.

Table C.13 is an automatically populating summary to check that the Bidder's performance expectation meet or exceed the DWP minimum/illustrative performance levels for each year. The rows containing the number of Sustainment Outcomes per Customer group per year will remain RED should the Bidder enter a performance expectation that is LESS than that required by DWP.

17 Worksheet D: Payments Rates – Tables D.1 – D.7

17.1 This worksheet is made up of 7 tables; one for each Customer group, containing the fixed/maximum (whether it is a fixed or maximum amount is specified in the tables) DWP payment rates for that Customer group.

17.2 Table D.1 allows the Bidder to enter one Job Outcome Fee percentage reduction rate for years 1 and 2 and one percentage reduction rate for years 3 to 5 (both percentages are to be input to two decimal places). Both reduction rates will apply uniformly to all Customer groups (as explained earlier in section 2 of this guidance).

17.3 Table D.1 – D.7

In table D.1 the Bidder is required to complete the two orange cells (Cells L22 and M22) with one percentage reduction rate for years 1 and 2 and one percentage reduction rate for years 3 to 5.

NOTE: The percentage reduction rates should be entered to 2 decimal places. The rates entered will impact upon the financial evaluation as per section 2 of this guidance.

The reduction rates entered in table D.1 will automatically populate tables D.2 to D.7 with the same reduction rates.

Example using the table D.1: If the Provider wishes to make an offer of a 10.25% reduction to the maximum Job Outcome Fee for years 1 & 2 and a 5.25% reduction in years 3 to 5 you would enter "10.25" in cell L22 and "5.25" in cell M22 which would reduce the Job Outcome Fee for JSA 25+ to £1,077 in years 1 & 2, £1,023 for year 3, £910 for year 4 and £796 for year 5. These reduction rates will automatically flow through to the rest of the Customer group tables (tables D.2 to D.7).

NOTE: All the yellow cells within the tables must be completed.

18 Worksheet E: Cash Flow Models

18.1 Monthly Income Table - This table shows the cash flow based on DWP's Minimum/Illustrative Performance Levels using DWP's maximum prices. No input is required.

18.1.1 DWP have used assumptions to calculate the monthly Job Outcome cash totals, this is to reflect different outcome prices being chargeable in any one period depending on the Customer start date.

18.1.2 The Sustainment Outcome cash totals are based on the DWP's average length of stay in employment for the particular Customer group.

18.2 Cash Flow 1 - This table shows the cash flow based on DWP's Minimum/Illustrative Performance Levels using the Bidder's prices input in "D: Payment Rates". Once the Bidder has completed the monthly costs in Cash Flow 2 below, this will be fed through to this cash flow and then deducted from the income on a month by month basis.

Following this, in the yellow cells on row 166, columns Q - CV (Incremental Cost Reduction), Bidders have the opportunity to reduce their costs, if appropriate, due to the levels of minimum/illustrative performance provided by DWP. This adjustment will amend the cash flow accordingly. Bidders are required to explain in detail any adjustment in the "Additional Notes" section below Cash Flow 2.

18.2.1 As stated earlier, the Sustainment Outcome cash levels are based on the DWP's average length of stay in employment for the particular Customer group.

18.3 Cash Flow 2 - This shows the cash flow based on Bidder's Performance Expectations, using the Bidder's Job Outcome prices. Income from Attachment Fees will be based on DWP indicative volumes.

- The Monthly expected Job Outcome cash levels are to be **input directly** into the cash flow in the yellow cells in columns Q – CV by the Bidder against each Customer group (detailed in column C). In order to do this the Bidder will need to calculate and forecast their own cash levels as a result of their expected performance input into C: Outcome Volumes and prices input into D: Payment Rates.
- Sustainment Outcome cash levels will be automatically calculated using DWP Sustainment Outcome payment rates and the Bidder's monthly expected number of 4 week block claims as detailed in C: Outcome Volumes.

18.4 Provider Costs/Reconciliation of Provider Costs & Profit to Contract Value Table

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- The amalgamated Total Annual Costs, Profit and Contract Price filter into rows 283, 284 and 285 respectively (the grey cells in columns G to O), from Worksheet “A. Provider Costs” table A.8, therefore no input is required here.
- The grey cells labelled “Total Costs ANNUAL Provider Monthly Breakdown” in row 268, columns G to O will automatically update once the Bidder has completed the monthly expenditure table in columns Q to CV as explained below:

The detailed Provider Cost Breakdown is a table that asks Bidders to breakdown their annual expenditure from Worksheet “A. Provider costs” into months and input their monthly expenditure in the yellow cells in columns Q to CV for each of the Provider Cost Categories (Staff costs, Participant costs, Accommodation costs, Other Operating costs, IT costs, Sub Contractor costs and Risk Premium).

18.5 Check 1 (Row 287)

This check is a comparison of the annual costs in Worksheet “A. Provider Costs” and the monthly expenditure input in the Detailed Provider Breakdown table.

Row 287, columns G to O calculates any variance between these two figures. If no variance is identified, the cell is highlighted in GREEN, however if a variance is identified, the cell is highlighted in RED, along with the variance total.

Bidders are required to give an explanation for the variance occurring in the “Additional Notes” Section below the table.

18.6 Check 2 (Row 291)

This check is a comparison of the Total Annual Contract Price in Worksheet “A. Provider Costs” and the Total Annual Cash Flow (Total revenues by year CF.2- row 270, less annual expenditure - row 289).

Row 291, columns G to O calculates any variance between these two figures. If no variance is identified, the cell is highlighted in GREEN, however if a variance is identified, the cell is highlighted in RED, along with the variance total.

Bidders are required to give an explanation for the variance occurring in the “Additional Notes” Section below the table.

19 Worksheet F: Income High Level – Tables F.1 – F.3

19.1 This worksheet will populate automatically from the worksheet E: Cash Flow Model and therefore requires no input. The worksheet is split into 3 tables as follows:

- Table F.1 contains the Provider income based on the DWP maximum prices against the DWP minimum/illustrative performance levels.
- Table F.2 contains the Provider income based on the Bidder's prices against the DWP minimum/illustrative performance levels.
- Table F.3 contains the Provider income based on the Bidder's prices against the Bidder's performance expectations.

NOTE: All of the above are based on DWP indicative volumes.

20 Worksheet G: Scenario Implications

- 20.1 The Authority (DWP) wishes to assess the robustness of the Bidder's delivery model and the financial impact of changes in key business parameters to the bid.
- 20.2 The Bidder should consider the 6 scenarios on the worksheet and provide a full response (not exceeding 500 words and supported by cost and revenue financial data where appropriate and by reference to your delivery model as set out in your Quality submission).
- 20.3 All scenarios are independent of each other and should be considered and responded to separately and with reference to the relevant Cashflow projections.

APPENDIX A

Additional Funding Model Information:

Table A

To Note: these are applicable for all CPAs

Customer groups	Payment Group	Yr 1 Attachment fee (£)	Yr 2 Attachment fee (£)	Yr 3 Attachment fee (£)	Yr 1 Max Job Outcome Fee (£)	Yr 2 Max Job Outcome Fee (£)	Yr 3 Max Job Outcome Fee (£)	Yr 4 Max Job Outcome Fee (£)	Yr 5 Max Job Outcome Fee (£)	Job Outcome paid week:	Sustainment payment per 4 weeks (£)	Sustainment: maximum amount of 4 weekly payments
JSA aged 18 to 24	1	400	300	200	1,200	1,200	1,080	960	840	26	170	13
JSA aged 25 and over	2	400	300	200	1,200	1,200	1,080	960	840	26	215	13
JSA Early Access	3	400	300	200	1,200	1,200	1,200	1,200	1,200	13	250	20
JSA Ex-IB	4	400	300	200	1,200	1,200	1,200	1,200	1,200	13	250	20
ESA volunteers	5	400	300	200	1,000	1,000	1,000	1,000	1,000	13	115	20
ESA flow	6	600	450	300	1,200	1,200	1,080	960	840	13	235	20
ESA Ex-IB	7	600	450	300	3,500	3,500	3,500	3,500	3,500	13	370	26

Bidders should note that when DWP conducts the financial evaluation will we use the assumptions below for the average number of weeks qualifying for sustainment payments at indicative performance level (per Job Outcome) for each customer group to inform our decision on the viability of their offer and ultimately the financial risk rating.

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These levels should not influence bidders expected performance.

Customer groups	Payment Group	Average number of weeks qualifying for sustainment payments at indicative performance level (per Job Outcome)
JSA aged 18 to 24	1	22
JSA aged 25 and over	2	28
JSA Early Access	3	26
JSA Ex-IB	4	44
ESA volunteers	5	68
ESA flow	6	76
ESA Ex-IB	7	60

Information on **Fixed** Elements of the Payment Model

The following payment model elements are pre-determined by the Authority (DWP) and are applicable to ALL contract package areas:

1. Attachment Fee (paid in years 1 to 3 ONLY)
2. Number of weeks a Customer is in employment in order for the Provider to become eligible for a Job Outcome Payment
3. Weekly Sustainment Outcome Payment
4. Maximum number of weeks the Provider may claim Payments

Information on **Variable** Elements of the Payment Model

1. Indicative Attachment Volumes

The Authority (DWP) gives no guarantees of volumes. Any volumes mentioned in the Pricing Proposal are indicative only and shall not be binding on the Authority.

2. Job Outcome Fee

The Authority has provided maximum Job Outcome Fees for each of the Customer groups however the Bidding Organisation may wish to bid for Job Outcomes at a lower price than the maximum stated in the table using either of the two Job Outcome Fee percentage reduction options detailed in section 17 of this guidance.

3. Incentive Payments

This table does not take into account incentive payments. Please see section 3.12 of the ItT Specification for further information on this aspect.

APPENDIX B

DWP Indicative volumes (attachments) per CPA

NOTE: To ascertain the number of volumes per contract, the number of volumes for each CPA in the table below should be divided by the number of contracts in that CPA E.g. CPA 1 – East of England has 2 contracts available in that area therefore the JSA 25+ referrals for year 1 would be 27,000 / 2 contracts = 13,500 referrals per contract.

This table and the pricing proposal model contain only indicative attachments, as income will only start to be generated once a referral has become an attachment Note that minimum performance and incentive payments will be based on the number of referrals. For details on the ratio of referrals to attachments see Annex 1 of ITT.

CPA	Suppliers	Payment Group	2011/12 ¹	2012/13	2013/14	2014/15	2015/16
1 East of England	2	JSA 18-24	6,000	5,000	4,000	4,000	4,000
		JSA 25+	24,000	19,000	17,000	16,000	14,000
		JSA Early Access	3,000	3,000	3,000	3,000	3,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	4,000	4,000	3,000	1,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	4,000	5,000	2,000	-
		Total	44,000	40,000	37,000	30,000	25,000
2 East Midlands	2	JSA 18-24	8,000	7,000	6,000	5,000	5,000
		JSA 25+	22,000	17,000	16,000	14,000	13,000
		JSA Early Access	3,000	3,000	3,000	3,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	4,000	4,000	3,000	1,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000

¹ Figures for 2011/12 are based on a full year of volumes assuming contracts begin in April 2011. A later contract start date will result in lower volumes.

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		ESA Ex-IB	3,000	5,000	5,000	2,000	-
		Total	44,000	41,000	38,000	29,000	24,000
3 London	3	JSA 18-24	4,000	3,000	3,000	2,000	2,000
		JSA 25+	21,000	17,000	16,000	14,000	13,000
		JSA Early Access	3,000	3,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	3,000	4,000	3,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000
		ESA Ex-IB	3,000	4,000	4,000	2,000	-
		Total	37,000	35,000	32,000	24,000	20,000
4 London	3	JSA 18-24	5,000	4,000	4,000	3,000	3,000
		JSA 25+	26,000	21,000	19,000	17,000	16,000
		JSA Early Access	3,000	3,000	3,000	3,000	3,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	4,000	4,000	3,000	1,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	4,000	4,000	2,000	-
		Total	45,000	41,000	38,000	30,000	26,000
5 North East	2	JSA 18-24	6,000	5,000	4,000	4,000	3,000
		JSA 25+	20,000	16,000	14,000	13,000	12,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	3,000	4,000	3,000	1,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	4,000	4,000	2,000	-

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		ESA Ex-IB	3,000	4,000	4,000	2,000	-
		Total	38,000	36,000	32,000	26,000	21,000
6 North West	2	JSA 18-24	6,000	5,000	4,000	4,000	4,000
		JSA 25+	20,000	16,000	14,000	13,000	12,000
		JSA Early Access	3,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	2,000	2,000	2,000	1,000	-
		ESA Volunteer	4,000	5,000	4,000	2,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	5,000	5,000	2,000	-
		Total	41,000	38,000	34,000	27,000	22,000
7 North West	3	JSA 18-24	7,000	6,000	5,000	5,000	4,000
		JSA 25+	20,000	16,000	14,000	13,000	12,000
		JSA Early Access	3,000	3,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	5,000	5,000	4,000	2,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	5,000	5,000	2,000	-
		Total	42,000	40,000	35,000	28,000	22,000
8 Scotland	2	JSA 18-24	8,000	7,000	6,000	5,000	5,000
		JSA 25+	26,000	20,000	18,000	17,000	15,000
		JSA Early Access	4,000	4,000	3,000	3,000	3,000
		JSA Ex-IB	2,000	3,000	3,000	1,000	-
		ESA Volunteer	7,000	7,000	5,000	2,000	2,000
		ESA Flow	5,000	5,000	5,000	5,000	5,000

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		ESA Ex-IB	5,000	7,000	7,000	3,000	-
		Total	57,000	53,000	47,000	36,000	30,000
9 South East	2	JSA 18-24	3,000	3,000	2,000	2,000	2,000
		JSA 25+	14,000	12,000	10,000	9,000	9,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	2,000	2,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000
		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	26,000	25,000	22,000	17,000	16,000
10 South East	2	JSA 18-24	4,000	4,000	3,000	3,000	3,000
		JSA 25+	15,000	12,000	11,000	10,000	9,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	-	-
		ESA Volunteer	3,000	3,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000
		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	29,000	28,000	25,000	19,000	17,000
11 South West	2	JSA 18-24	2,000	2,000	2,000	1,000	1,000
		JSA 25+	8,000	6,000	6,000	5,000	5,000
		JSA Early Access	1,000	1,000	1,000	1,000	1,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	3,000	3,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000

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		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	19,000	18,000	17,000	11,000	10,000
12 South West	2	JSA 18-24	2,000	2,000	2,000	2,000	1,000
		JSA 25+	9,000	7,000	7,000	6,000	5,000
		JSA Early Access	1,000	1,000	1,000	1,000	1,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	2,000	2,000	1,000	1,000	1,000
		ESA Flow	1,000	1,000	1,000	1,000	1,000
		ESA Ex-IB	1,000	2,000	2,000	1,000	-
		Total	17,000	16,000	15,000	12,000	9,000
13 Wales	2	JSA 18-24	6,000	5,000	4,000	4,000	3,000
		JSA 25+	14,000	11,000	10,000	9,000	8,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	2,000	2,000	1,000	-
		ESA Volunteer	4,000	5,000	3,000	2,000	1,000
		ESA Flow	3,000	3,000	3,000	3,000	3,000
		ESA Ex-IB	3,000	5,000	5,000	2,000	-
		Total	33,000	33,000	29,000	23,000	17,000
14 West Midlands	3	JSA 18-24	8,000	7,000	6,000	5,000	5,000
		JSA 25+	23,000	18,000	16,000	15,000	14,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	3,000	3,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000

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		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	41,000	36,000	32,000	26,000	24,000
15 West Midlands	2	JSA 18-24	5,000	4,000	3,000	3,000	3,000
		JSA 25+	14,000	11,000	10,000	9,000	8,000
		JSA Early Access	2,000	2,000	2,000	2,000	2,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	3,000	3,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000
		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	29,000	26,000	23,000	18,000	16,000
16 Yorkshire and The Humber	2	JSA 18-24	4,000	3,000	3,000	2,000	2,000
		JSA 25+	15,000	12,000	10,000	9,000	9,000
		JSA Early Access	2,000	2,000	2,000	2,000	1,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	2,000	2,000	2,000	1,000	1,000
		ESA Flow	2,000	2,000	2,000	2,000	2,000
		ESA Ex-IB	2,000	3,000	3,000	1,000	-
		Total	28,000	25,000	23,000	17,000	15,000
17 Yorkshire and The Humber	2	JSA 18-24	3,000	3,000	2,000	2,000	2,000
		JSA 25+	8,000	7,000	6,000	5,000	5,000
		JSA Early Access	1,000	1,000	1,000	1,000	1,000
		JSA Ex-IB	1,000	1,000	1,000	-	-
		ESA Volunteer	2,000	2,000	1,000	1,000	-
		ESA Flow	1,000	1,000	1,000	1,000	1,000

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		ESA Ex-IB	1,000	2,000	2,000	1,000	-
		Total	17,000	17,000	14,000	11,000	9,000
18 Yorkshire and The Humber	2	JSA 18-24	3,000	2,000	2,000	2,000	2,000
		JSA 25+	9,000	8,000	7,000	6,000	6,000
		JSA Early Access	1,000	1,000	1,000	1,000	1,000
		JSA Ex-IB	-	1,000	1,000	-	-
		ESA Volunteer	1,000	1,000	1,000	-	-
		ESA Flow	1,000	1,000	1,000	1,000	1,000
		ESA Ex-IB	1,000	2,000	2,000	1,000	-
		Total	16,000	16,000	15,000	11,000	10,000
National Total			605,000	565,000	510,000	395,000	335,000

APPENDIX C

THE PAYMENT MODEL AND PERFORMANCE

WP DEFINITIONS (As per Annex 4 in the ItT Specification)

Referral

A4.01 The date Jobcentre Plus records a referral to the WP Provider on a DWP prescribed IT or clerical system.

Allotted Time

A4.02 The WP Allotted Time is 104 weeks from and including the date of the referral from Jobcentre Plus, unless a customer has completed the programme before the end of the Allotted Time (see definition of a completer in paragraph A4.12). If a customer has not completed the programme within the Allotted Time they must return to the Provider.

Allotted Time Start

A4.03 A customer is defined as 'starting Allotted Time' on the WP from and including the date of the referral from Jobcentre Plus.

Attachment Activity

A4.04 The Attachment Activity is the initial two way engagement between the customer and the WP Provider and recording of this activity by the Provider resulting in an Action Plan. This may be by any manner and media they deem appropriate.

Attachment Date

A4.05 The date the Attachment Activity is recorded on a DWP prescribed IT or clerical system by the Provider.

Attachment Fee

A4.06 An Attachment Fee will be paid, where appropriate, upon recording of attachment activity, following confirmation of an Attachment Date on a DWP prescribed IT or clerical system.

A4.07 Only one Attachment Fee will be payable for each customer per period of Allotted Time.

Job Start

A4.08 The date the customer starts a job which:

- takes them off benefit; and
- is within the 104 weeks Allotted Time; and

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- is after the Attachment Activity has been recorded on a DWP prescribed IT or clerical system by the Provider.

NB: This job definition will be subject to change when Universal Credits is introduced without materially altering the economic balance of the contract.

Job Outcome payment

A4.09 A Job Outcome payment can be claimed when:

- the Job Outcome is after the Job Start date; and
- a customer has been in employment and off benefit each week: and
- there has been a either continuous or cumulative individual period of employment (Job Outcome payment trigger point) as defined for each customer group in paragraph 3.03.

To note:

- this period begins to accrue from and including the Job Start date;
- only one Job Outcome payment can be claimed for each customer per period of Allotted Time; and
- following a break in employment after the 104 weeks Allotted Time a Provider will no longer be eligible to a Job Outcome payment.

Sustainment Outcome payments

A4.10 Providers can only claim a Sustainment Outcome payment where:

- a customer has been in employment and off benefit each week: and
- a Job Outcome payment has been paid; and
- four **continuous** weeks in employment have elapsed between the Job Outcome payment date and the Sustainment Outcome payment date for a maximum period of four weekly payments as outlined paragraph 3.03.

A4.11 Following a break in employment after the 104 weeks Allotted Time a Provider will no longer be eligible to receive further Sustainment payments.

Completer

A4.12 A completer is a customer:

- who has reached the end of the Allotted Time from the date of referral; or
- for whom the Provider has claimed the final eligible outcome payment; or
- who has had a decision made by JCP that it is appropriate for them to be referred to Work choice; or
- who has died.

If a customer has left benefit for a period of time which brings them beyond the Allotted Time and then returns to benefit the completer will return to Jobcentre Plus.

Incentive payment

A4.13 A Job Outcome that will count towards an Incentive payment will be for outcomes achieved:

- that meet the Job Outcome definition at A4.09; and
- beyond the trigger level (non-intervention performance + 30%) for the relevant year when comparing Job Outcomes over the previous 12 months to referrals for the same period.

Did not engage

A4.14 A customer who has moved off benefit for a period of more than four weeks, where an Attachment Date has not been recorded on a DWP prescribed IT or clerical system.

Minimum performance levels and incentive payment model

A4.15 Minimum performance expectations and Incentive payments will apply to payment groups 1, 2 and 6.

A4.16 The minimum performance and trigger level for incentive payments will be based on referrals in the respective years to the Job Outcome ratio calculated by DWP. This level has been calculated based on:

- the expected non-intervention performance on a cohort basis;
- the profile for the length of time taken for a start to become a Job Outcome; and
- expected referrals in each year. (see Annex 1 for details on the ratio of referrals to attachments).

A4.17 Any Provider who does not deliver the expected minimum proportion of jobs to referrals in a given year will be defined as not meeting minimum performance standards. The minimum performance standard is non-intervention level plus 10%. The non-intervention performance is outlined at A4.20 below.

A4.18 Providers will be paid an additional incentive payment, on top of the Job Outcome payments, for any Job Outcomes achieved beyond the trigger level for payment groups 1, 2 and 6 only from year 4 of the contract. Incentive payments will be made for Job Outcomes above non-intervention performance plus 30%.

A4.19 Incentive payments will be calculated and paid after the end of each contract year from year four.

Non-intervention Performance

A4.20 DWP will set a non-intervention performance for payment groups 1, 2 and 6 reflecting the number of Job Outcomes that would be expected to occur in the absence of the WP. This is calculated by DWP based on analysis of historical job entry rates.

The non-intervention performance profile is:

Jobs / Referrals	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
JSA 18 to 24	5%	30%	40%	40%	40%	30%	10%
JSA 25 and over	5%	25%	30%	30%	30%	25%	5%
ESA Flow	5%	15%	15%	15%	15%	10%	5%

APPENDIX D

Non-intervention Performance Levels

Payment Group	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
JSA Early Access	5%	15%	20%	20%	20%	10%	2%
JSA ex-IB	2%	10%	10%	40%	15%	1%	0%
ESA ex-IB	1%	5%	5%	15%	90%	15%	1%
ESA Volunteers	10%	25%	40%	70%	50%	25%	5%

To note: We have provided the above non-intervention performance levels for illustrative purposes as DWP will use these levels plus 10% when considering the viability of your offer. These are rounded.