Work Programme: Building Best Practice Report

Recommendations to the Department for Work and Pensions

December 2014

Ministerial Foreword

I would like to offer my thanks to Andrew Sells and the Work Programme: Building Best Practice Group for their work in producing this report, which challenges us to build further on the successes the Work Programme has already achieved.

Work Programme performance has improved significantly since this report was commissioned. For instance, for new claimants on Employment and Support Allowance, who are amongst the hardest to help, 1 in 10 people now achieve at least three months work within the first 12 months of joining the Work Programme; this compares to only 1 in 25 for those who joined in the first year of the programme. Performance for those on Jobseeker's Allowance is even higher; at least 1 in 5 achieve 6 months in work within the first 12 months of joining the programme. However, we still want to do more to support these claimants.

The Best Practice Group's in-depth examination of the current operation of the Work Programme has resulted in a series of recommendations that will help us to improve the existing programme further, and which will influence the development of future programmes. We have accepted the vast majority of these recommendations; some will be more difficult to put into practice than others, but we have already begun to implement many of them. This will help us to continually improve the support that we offer, and help transform the lives of even more claimants, as we help them to find sustained work.

Executive summary

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

The Report makes a series of recommendations for the Department for Work and Pensions in three key areas. Firstly, it recommends the Department should work to maximise transparency both in the current Work Programme and in future contracts to allow Providers and subcontractors to benchmark their performance against the best in their field. Secondly it recommends that Minimum Service Levels should be incorporated into a Customer Service Standard Framework, which follows the customer journey through the Work Programme. And thirdly, it recommends that the Department should explore capacity building for the sector, to improve engagement with specialist Voluntary and Community Sector organisations.

Introduction from Andrew Sells, the Chair of the Work Programme, Building Best Practice Group

Background to the group

Mark Hoban, the previous Minister for Employment, asked me to chair the Work Programme: Building Best Practice Group in March 2013. I agreed to chair the group for one year. My agreement with Mark was to look at what could be achieved within the constraints of current Work Programme contracts, in three key areas:

- Setting up a framework for the sharing of best practice between providers;
- Reviewing the application of Minimum Service Levels (MSL); and
- Considering how the Voluntary and Community Sector (VCS) can become better involved in supporting and delivering the Work Programme.

To do this, I set up three sub-groups, each dealing with a different point from the terms of reference; I chaired the framework sub-group myself, Steve Swann from Tomorrow's People chaired the VCS group, and Gareth Matthews from Serco chaired the MSL group. These groups reported to the main group, which I also chaired, to discuss and agree recommendations.

The group has made recommendations for the Department, as well as for the industry and voluntary sector to take forward. This introduction puts the work of the group into a broader context, and sets out the key themes that I have identified.

A framework for sharing best practice

Lack of timely and up to date data transparency was frequently raised as a barrier to the identification of good practice, by prime contractors, subcontractors and VCS organisations. While the Department's official statistics provide detailed and helpful breakdowns of the outcomes being achieved, there is a substantial lag between the activity undertaken to support a claimant, and the result being published. This is partly driven by the length of time that a claimant must be in work in order to achieve a job outcome; as such, job starts are an important indicator.

As a principle, I believe that the Department should work to maximise transparency going forward, both in the current Work Programme and in future contracts. In order to promote the identification of good performers, and thus the sharing of good practice, and to allow providers and subcontractors to benchmark their performance against the best in their field, I have recommended that Management Information including subcontractor performance and job start performance should be shared more widely.

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

workshops. To further facilitate the identification and sharing of best practice, DWP should explore setting up online forums for the sharing of case studies and performance information; these would allow providers to understand the different models of support that have been developed for harder to help claimants both in the Work Programme and beyond, and to contextualise this with performance data. To note, none of this will conclusively show what works for these claimant groups, but it will provide a starting point for people to challenge their current methods and explore new ones, and to benchmark their performance against other providers.

At a higher level, there are various forums which can capture elements of best practice including the Department's Operational Forum, which has a sub-group looking into support for ESA claimants, and a number of ERSA forums. These should be used on an ongoing basis for the identification and sharing of best practice.

Minimum Service Levels

The current MSLs are of highly variable quality, with some being difficult to measure effectively by the Department. The measures tend to concentrate heavily on the attachment process, where there are the most contractual requirements, with far fewer MSLs in later stages of the claimant's journey through the Work Programme. Where measures exist, they emphasise the frequency of contact, but not the quality of service.

I propose that MSLs should be incorporated into a Customer Service Standard Framework which follows the customer journey through the Work Programme inclusive of:

- Pre-programme engagement;
- Programme engagement;
- Pre-work Support;
- In-work Support; and
- Programme Exit

These should comprise of two elements: a Standard Measure (quantitative) and a Service Standard (qualitative). The quantitative measure should incorporate current contract compliance measures where appropriate, and could include further measures set by the Prime Contractor. The qualitative measure should be set by the Prime Contractor and relate to the customer service standards set out in their bid. For example, a quantitative measure might be to update all claimant's action plans every two weeks. A qualitative measure might set out how the action plan should be developed i.e. all actions should be measurable, achievable and time-bound, should clearly set out the actions to be taken by both the claimant and provider, and should be mutually agreed and signed by both parties.

These Service Standards should be reviewed regularly by the Department and providers. In addition, the standards should be set out in plain English for claimants, in terms of the rights and responsibilities that the claimant will have under the programme.

This approach will provide a stronger conceptual framework for MSLs than is currently in place, and can be used to drive continuous improvement in customer service, by supporting organisations delivering the Work Programme to self-assess their capability in relation to customer-focused service, and by identifying areas and methods for improvement. This can have some benefit in the current round of contracts; however, without renegotiation, the Department would not be able to impose stronger contractual MSL requirements on providers. As such, the strongest benefit of such a framework may be in future rounds of contracting.

The Voluntary and Community Sector

There have been substantial changes to the Work Programme since the Best Practice group was set up. In particular, referrals have been lower than projected over this period, and future referrals also look to be low. In this environment prime providers will be considerably more reluctant to take on new subcontractors, as this will involve reducing referrals to existing subcontractors; under these circumstances, I do not think we are likely to see substantial additions to supply chains under the current contracting period.

One key area for the Department to explore is capacity building for the sector, to improve engagement with specialist VCS organisations that are not currently within the supply chain. Cabinet Office has previously run capacity building master classes for the sector, working with prime providers to support the VCS to better understand the risks and opportunities of Payment by Results programmes. These have met a genuine need for upskilling organisations within the sector, and the Department should consider providing further workshops of this type ahead of future commissioning rounds, to ensure that the sector is ready and able to engage with the programme from the first. Other activities could also promote future engagement of smaller organisations; for instance, the Department should work with interested parties such as ERSA, ACEVO and NCVO to provide practical toolkits for financial modelling and the commercial tendering process. Longer tendering periods for future provision should also be set. Unlike larger providers, small VCS providers will not have specialised bid-writing teams; these steps will reduce the complexity of bidding for subcontracts, and will enable smaller providers to better compete with larger providers.

Under the current programme, DWP, ERSA, ACEVO and NCVO should work together to showcase examples of good practice, including practical toolkits that have been developed to support specific claimant groups. These should cover best practice within Work Programme supply chains, and from complimentary support delivered outside of supply chains, as well as best practice identified by specialist advocacy groups.

Group members

I would like to thank Steve and Gareth for their work in chairing the sub-groups, the group members, many of whom devoted significant time and effort to the work of the group, and the Department's officials who supported me in the running of this group.

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1   Building Best Practice Group

1.1 Terms of Reference

The Work Programme: Building Best Practice group will:

- Develop a framework for the sharing of best practice between providers, their supply chains, and external organisations with expertise in supporting claimants into work, in order to drive improvements in performance particularly for harder to help groups like ESA claimants.

- Review the application of Minimum Service Levels, and develop a best practice framework for minimum service levels to help ensure all minimum service levels are transparent and measurable.

- Consider how voluntary and community sector organisations, and national charities, can become better involved in supporting and delivering the Work Programme.

1.2 Membership of the Building Best Practice Group

Chair:

Andrew Sells

Sub-group chairs:

Andrew Sells

Steve Swan, Tomorrow's People

Gareth Matthews, Serco

Organisations represented on the main group or sub-groups:

ACEVO

Advance UK

APM

A4e

Business in the Community

The Business Services Association

Career's Development Group

CBI

Community Links

Crisis

ERSA

G4S

Gingerbread

Ingeus

Ixion Holdings

NCVO

Pertemps People Development Group

The Prince's Trust

RBLI

Rehab Jobfit

Scope

Serco

Tomorrow's People

Wisability

Working Links

1.3 Work undertaken by the group

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

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

2 Recommendations from the Group

2.1 Building a framework for the sharing of best practice

2.1.1 Building a framework for the sharing of best practice- Currently, there is a lack of timely data transparency around subcontractor data, which can act as a barrier to the identification of good practice, and prevent subcontractors from benchmarking their own performance against other subcontractors.

2.1.2 **Recommendation 1:** We propose three ways in which transparency can be increased:

a) Subcontractor Management Information (MI) should be shared across all supply chains (i.e. so that a subcontractor or prime in CPA1 can see subcontractor MI from all other CPAs).

b) The Department should look to publish (or allow to be published by a third party) subcontractor MI in the periods covered by official statistics (i.e. data up to the most recent statistical release, but no further).

c) The Department should look to publish (or allow to be published by a third party) subcontractor MI in the period that is yet to be covered by official statistics, to allow for the more rapid sharing of what works.

The Group recognises that the Department will need to consider the guidelines of the UK Statistics Authority with regards to publishing MI; while this may present particular challenges the Department should strive for this degree of openness.

2.1.3 **Recommendation 2:** We recommend putting together a comparative performance database for employment programmes, collecting standardised information from across employment programmes, including those commissioned by DWP and other bodies such as local authorities. Currently, it can be hard to identify good practice in the welfare to work sector due to quality of data issues. Many organisations have already tried many different models of support, some of which may have a place in the Work Programme; however, the data they have to support the effectiveness of their programme is often poor, and not easily comparable to data of other providers within programmes or to other programmes. Collecting data in a standardised

format, so that, for instance, it is clear which claimant groups were supported and what outcomes were sought and achieved, and over what period data was collected, would allow for more sensible comparisons to be made. This database should allow for community uploading and validation of data, and should be hosted by an organisation outside DWP.

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

> There are also various forums which can capture elements of best practice including the Department's Operational Forum, which has a sub-group looking into support for ESA claimants, and a number of ERSA forums. These should be used on an on-going basis for the identification and sharing of best practice.

2.2 Minimum Service Levels

- A review of the current MSL showed them to be of highly variable quality, with considerable disparity both in content and in style. The standards tend to concentrate heavily on the attachment process, where there are the most contractual requirements, and few MSL are set to measure the support provided throughout the customer journey. Where measures exist, they emphasise the frequency of contact, but not the quality of service.

- Although there are superficial differences between the MSL's, in general they address the same fundamental points in a claimant's journey:
    - o pre-programme engagement;
    - o programme engagement;
    - o pre-work support;
    - o in-work support; and
    - o programme exit.

- As such, there are opportunities for a degree of standardisation and measurement, while retaining the black box approach to specifics. These

segments also mirror the current compliance checks – if named slightly different.

2.2.1 **Recommendation 4:** the description Minimum Service Level is replaced with Customer Service Standards (CSS), to ensure the service is structured to meet the personal needs of all customers and not a minimum level of service.

2.2.2 **Recommendation 5:** CSS to be written in Plain English and understood by all customers

2.2.3 **Recommendation 6:** CSS are incorporated into a Customer Service Standard Framework which follows the customer journey through the Work Programme inclusive of:
- Pre-programme engagement;
- Programme engagement;
- Pre-work Support;
- In- work Support; and
- Programme Exit.

2.2.4 **Recommendation 7:** Each CSS should comprise two elements, a Standard Measure (quantitative) and a Service Standard (qualitative). The quantitative measure should incorporate a contract compliance measure where appropriate, or a measure set by the Prime Contractor. The qualitative measure should be set by the Prime Contractor and relate to the customer service standards set out in their bid. To note, an example of how this would work is set out from paragraph 2.2.10.

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

2.2.6 **Recommendation 9:** In addition to the Claimant Commitment setting out how a claimant is expected to behave and the activities they must do to remain entitled to benefit, issued by a claimants Jobcentre Plus work coach, the CSS while setting out the support each customer can expect from the Prime Contractor and sub-contractors on the Work Programme, should also set out the customer rights and responsibilities, including the behaviour expected of them.

2.2.7 **Recommendation 10:** All Prime Contractors have a customer complaints and customer feedback process in place, with complaints sampled by DWP Contract Monitoring Officers as part of their Contract Monitoring Review. Complaints and feedback are a rich source of data which Prime Contractors

use to improve the quality of their customer service and performance. However, there is no programme wide analysis or sharing of this information by either DWP and/or the industry to identify common issues of customer concerns and share best practice in their resolve. Such sharing should contribute to an overall improvement in customer service.

2.2.8   **Recommendation 11:** The Work Programme ITT set out the following requirement for MSL's:

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

- The Department has published provider's contractual MSL's. These are of variable quality, and vary in the extent to which they meet the policy intention set out in the criteria above. In setting out such a requirement in future commissioning, DWP should as a minimum:
    - Clarify and elaborate on the contractual requirement, to better ensure the policy intent is being met;
    - Work with successful bidders to develop their CSS during transition to ensure they are appropriate to measuring the quality of service provided to customers and to track customer progression towards sustainable employment.

2.2.9   **Recommendation 12:** The proposed Customer Service Standards Framework and Contract Monitoring Officer (CMO) Report should be aligned in terms of consistency of language, segmentation of the customer journey and alignment of contractual measures. The Contract Monitoring Officer Report should be fully integrated into DWP's performance management regime to measure Customer Service Standards and should form part of a 'balanced scorecard' approach to measure the performance of the Work Programme – including Minimum Service Levels, Cohort Performance Analysis and Prime Contractor performance offers.

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

where the relationship with the customer is defined as one of 'deep value'. Further information can be found at http://www.customerserviceexcellence.uk.com

In setting out these recommendations, it is recognised that the effective design, management and evaluation of CSS's can:

- Drive continuous customer service improvement - by supporting organisations delivering the Work Programme to self-assess their capability in relation to customer-focused service, by identifying areas and methods for improvement;
- Build the capacity and skills of the Welfare to Work sector - by allowing individuals and teams within delivery organisations to explore and acquire new skills in the area of customer service thus building their capacity for delivering improved services and improved performance.
- Support the validation of performance - by enabling organisations to evidence 'what works' in helping customers into sustainable work.

- The recommendations are made on the basis that CSS's are applicable to all parties involved in the delivery of the Work Programme (or any contracted service).

- An example of a CSS and its supporting measures is set out below:

Pre-programme Customer Service Standard

- Customer Service Standards are openly displayed.
- Qualitative measure – Customer Service Standards set out the service customers can expect to receive, clearly explains the Prime Contractors feedback and complaints procedure.
- Quantitative measure – Customer Service Standards are displayed at Prime Contractor sites and available in written form for Jobcentre Plus Advisers for issue to customers at their referral interview to the Work Programme.
- The DWP Customer Charter to be shared with Work Programme Prime Contractors to inform the assessment of customer need and customer service design.

Programme Engagement

- The aims of the Work Programme, the service each customer can expect to receive and their personal responsibilities are explained to them at the point they start on provision.
- Qualitative measure – each customer understands what service they will receive and what is expected of them in return.
- Each customer to be engaged on the programme in a timely manner.

- Quantitative measure - X% [bid specified MSS % or contract minimum] of eligible customers referred to be attached to the Work Programme, with 100% of eligible customers attached to the programme within 15 days of the referral (25 days for PG9 Prison Leavers- as they are referred 5 weeks before release)

Pre-work Support

- Each customer participates in an assessment to establish their job goal(s) and identify and agree the appropriate personalised support required to achieve their job goal(s) based on individual needs and circumstances.
- Quantitative measure - each customer attached to the programme agrees a personal action plan within X days [bid specified MSS], with on-going assessment conducted at least every 13 weeks and prior to commencing work.
- Qualitative measure – the action plan clearly sets out the commitment and actions to be undertaken by both Provider and customer to help the Customer achieve their agreed job goal(s) and to sustain them in employment. All actions are SMART and comply with the Prime Contractors Customer Service standards.
- All Action Plans are mutually agreed and signed by the customer and Provider.

In- work Support

- Each customer has access to in work support to help them sustain in work.
- Quantitative measure – the offer and acceptance/decline of in work support to the customer is recorded and capable of being measured
- Qualitative measure – the support each customer receives to help them sustain work is explicit and specific to the needs of each Customer, and reviewed in accordance with the Prime Contractors customer service standards.

Programme Exit

- An Exit Report is completed for each participant in receipt of a benefit and due to return to Jobcentre Plus after 104 weeks on the Work Programme.
- Qualitative measure – the exit report is tailored to each customer and provides a comprehensive record of their time on the Work Programme, an insight to how each customer has benefitted from their 2 years on the programme with recommendations to Jobcentre Plus on the most appropriate next steps for the customer.

- Quantitative - all Exit Reports are completed and sent to Jobcentre Plus within 10 working days of Jobcentre Plus having submitted their request for the Exit Report.

2.3   Voluntary and Community Sector

- Prime providers, relevant umbrella organisations like ERSA, NCVO and ACEVO, and government – as commissioners and enablers – have a role to play to support capacity building and to help create and facilitate feasible and sustainable commercial opportunities for VCS providers.

- The group approached capacity building by looking at the three key stages of delivering welfare to work contracts – entry, live running, and exit – and considered how the sector can best adapt and build its expertise in engaging with or delivering each stage, what support or protection can be offered by primes, government and umbrella organisations, and what roadblocks to success can be cleared out the way.

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

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

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

2.3.3   **Recommendation 17:** Where possible, more should be done to combine funding streams at both a local and national level. For instance, skills funding could be channelled through the next phase of Work programme providers.

Combined funding streams could better enable specialists to meet the needs of claimants with multiple barriers to work.

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

2.3.5 **Recommendation 19:** DWP, ERSA, ACEVO and NCVO to work together to provide a practical toolkit on financial modelling and the commercial tendering process for VCS organisations.

Financial Capability

- Many VCS organisations are dependent to an extent on donations, funding or grants from Local Authorities and/or Central Government Departments. The Payment by Results funding for the Work Programme is beyond reach for a lot of these organisations due to a combination of limited financial reserves, increased risk and reduced financial certainty under these contracts.

- There is a perception among some VCS organisations that there is an unfair sharing of risk between prime providers and their subcontractors. More financial transparency would allow VCS organisations to understand the balance of risk between a prime provider and a subcontractor, and make a reasonable assessment as to whether the terms offered are reasonable.

- It is also important that VCS organisations have strategies in place so that they are able to 'exit' contracts and/or the market where things are not working out as anticipated and in the event of failing Prime providers, resulting in contract termination, it is important that high-performing sub-contractor are protected.

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

2.3.7 **Recommendation 21:** When contracts are first being let, there should be greater transparency in what Primes are prepared to pay, their Terms and Conditions, and what support/management services they offer. In the event that a sub-contractor cannot accept, but the Prime wishes to do more to

secure them as a delivery partner, any subsequent negotiations are likely to be "commercial in confidence".

Complimentary and Specialist Support

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

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

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

Sharing Good Practice

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

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

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