



Department
for Work &
Pensions



Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

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Summary

This report brings together and summarises the main evidence from:

- the 2013 and 2014 waves of the Work Programme evaluation about the commissioning model, finance and programme delivery; and
- provider surveys from 2012, 2013 and 2014.

The report explores the impact of the commissioning model on the provider market, the operation of the financial model and programme delivery.

The report draws on:

- qualitative interviews, conducted in 2013 and 2014, with Work Programme prime providers, selected subcontractors and DWP and Jobcentre Plus staff;
- national surveys of providers; and
- an analysis of Work Programme provider market data.

The Department for Work and Pensions (DWP) will use the results from this report in the continuous improvement of the Work Programme and the design of any future contracts.

The preface notes at the start of the report give an update of the DWP's response to the research findings.

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Glossary of terms

Black box	A term for minimum service prescription, which allows providers to decide which interventions to offer to programme participants into sustainable employment.
Customer	Used by some providers (and others) to refer to their Work Programme participants.
Differential pricing	A system of funding where providers are paid at different rates for outcomes achieved by different claimant groups with outcomes for the harder-to-help groups being paid at higher rates than those for groups closer to the labour market.
End-to-end provider	A provider that covers the range of general employment-related services a participant receives throughout their time on a programme.
Generalist provider	Such providers typically provide services for all Work Programme participants and deliver a wide range of employment support services including job matching and case management and, where necessary, refer participants to more specialist services.
Jobcentre Plus	Jobcentre Plus is part of the Department for Work and Pensions (DWP). It provides services that support people of working age from welfare into work, and helps employers to fill their vacancies.
Minimum Service Standards	When bidding Work Programme prime providers had to specify their own individual set of minimum service standards. These set out, for example, the frequency of contact and nature of support a participant can expect from the provider. The minimum service standards vary considerably between providers and are often not quantifiable or measurable.
Non-end-to-end provider	A service provider that is responsible for delivering support to participants for short spell, rather than the full, two-year Work Programme period. This includes providers of distinct stages of the programme journey such as a training routeway or the in-work-support stage, as well as 'spot provision' which includes short sessions of counselling or courses lasting a few days or less.
Outcome-based funding	Within an outcome-based funding programme, services are paid for on the basis of achieved outcomes (e.g. sustainable job outcomes) rather than for delivering the service (e.g. motivational training, interview techniques).

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Participant	A person on the Work Programme. (Also referred to as participant by some providers). Referred to as a claimant prior to participation on the Work Programme.
Payment Group	Work Programme participants are divided into nine payment groups based on the benefit they claim and prior circumstances (e.g. prison leavers, young people formerly not in education, employment or training (NEET)). Providers are paid at different rates for outcomes achieved by different payment groups.
Provider Referrals and Payments (PRaP)	PRaP is an IT system which automates the clerical referrals and payments process for providers. This was introduced to replace paper-based systems, as well as to facilitate the smoother exchange of information about participants referred for provision.
Quasi-market	This is defined as a market of independent agents competing with one another for custom, but unlike a normal market the purchasing power comes not directly from consumers but from the state.
Specialist provider	A specialist provider typically provides niche services such as provision of support for those wanting to become self-employed or support related to a participant's health or underlying issues, such as drug rehabilitation or debt management.
Supply chain	The organisations providing services to Work Programme participants under contract to a Work Programme prime providers.
Sustained job outcome	This refers to a form of employment that lasts for at least 13 or 26 weeks (depending on the claimant group).
The Department	The Department for Work and Pensions
The Merlin Standard	The standard is designed to ensure fair treatment of subcontractors, adherence to the Department's 'code of conduct', and promote high performing supply chains. The standard is constructed on four integrated principles; supply chain design, commitment, conduct and review, and is assessed by independent evaluators. All Work Programme prime providers are contractually required to undergo a Merlin assessment and to maintain accreditation through biannual reassessment. During the assessments evaluators obtained feedback from a representative selection of supply chain partners on how the prime provider had met the core elements of the standard.

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Transfer of Undertakings (Protection of Employment)

Protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same terms and conditions.

Welfare-to-work market

The welfare-to-work market consists of a range of organisations providing various services through the Government's series of programmes to encourage and support the unemployed in finding jobs. Organisations come from public, private and third sectors and can offer a range of general employment-related services or specialist provision.

List of abbreviations

ATM	Advisory Team Manager (called Work Services Manager from October 2013)
BEST	Business Employment Services Training
CDG	Careers Development Group
CPA	Contract Package Area
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
ESF	European Social Fund
ESOL	English for Speakers of Other Languages
HHI	Herfindahl-Hirschman Index
HMRC	Her Majesty's Revenue and Customs
IES	Institutue for Employment Studies
ITT	Invitation to Tender
JSA	Jobseeker's Allowance
MAPPA	Multi-Agency Public Protection Arrangements
MI	Management Information
MSS	Market Share Shift
NAO	National Audit Office
NEET	Not in education, employment or training
NHS	National Health Service
NIESR	National Institute of Economic and Social Research
NIR	Non-intervention rate
OECD	Organisation for Economic Cooperation and Development
PA	Personal Adviser (in Jobcentre Plus these were called Work Coaches from October 2013)
PbR	Payment by Results
PIP	Performance Improvement Plan
PMR	Performance management regime

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PRaP	Provider Referrals and Payment
SFA	Skills Funding Agency
SPRU	Social Policy Research Unit
VCSE	Voluntary and Community sector and Social Enterprise

DWP preface notes

The Department for Work and Pensions (DWP) is committed to using the results from this report in the continuous improvement of Work Programme and the design of any future contracts. However, it should be noted that this report necessarily reflects a historic view of the Work Programme, and that there have been, and continue to be, many changes made in both the approaches and processes to further drive up performance and quality of delivery. Changes that the DWP has made since the research phase of this report are set out below.

Contract renegotiations

The Department has, over the last few months, been renegotiating some aspects of the Work Programme contracts. Central to these changes are amendments to the validation system and performance metric. Our core principles when designing these changes have been fairness, transparency and programme neutrality. By introducing these changes the Department is seeking to ensure that we more accurately capture programme and provider performance. We are also looking to improve our financial controls and provide longer-term market stability as we seek to align our future labour market and disability employment programmes.

Performance and contract management roles

In 2013 a review was undertaken to address the major commercial challenges in the Department and to meet significant savings targets, whilst at the same time improving the service we provide. To meet this challenge our commercial functions were restructured into end-to-end category manager and supplier manager roles. The category manager role provides accountability for each category of contracts to deliver savings and continuous improvement. The supplier manager role is to manage the end-to-end performance of the Work Programme and other providers. Our ability to use both market and supplier intelligence, across categories, is crucial in taking out cost in our contracts, managing demand and obtaining lower cost contracts.

Minimum service standards (customer service standards)

The Department continues to work closely with providers to ensure the maintenance of minimum service standards, and to ensure providers are clear about the flexibility in delivery allowed above and beyond these standards.

The Department has accepted all the recommendations from the Andrew Sells Building Best Practice Group on minimum service standards. With regards to the new contract in CPA18 we have given customer service standards more prominence in the specification, and set out in more detail what the Department expects and how the Department will take consideration of the customer service standards going forward.

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Performance management

DWP has introduced a robust performance management regime (PMR), to consistently manage the performance of Work Programme contracts, particularly those in the bottom 25 per cent, with the aim of driving up performance and reduce variation.

The Department has been building capacity within the performance manager role via an externally developed two-day performance management training event, internal workshops on PMR, data analysis, and ensuring appropriate senior manager support through the senior performance manager and a national Work Programme performance manager. Performance managers hold monthly provider operations forums (for all providers) to review key performance areas and share best practice and ideas. We are further driving the quality of contract performance reviews through a new performance manager quality assurance framework. This has been piloted and a final version will be rolled out in the New Year.

The Department now uses cohort and profiled-cohort performance metrics to understand performance. These metrics provide the clearest measure of performance, and profiled-cohort metrics enable us to do this in real time. DWP has also introduced a new performance dashboard that provides performance transparency across all Work Programme contracts and brings together all performance data in one product. The Department has reviewed the PMR as we have learnt lessons from its operation and in response to feedback from the National Audit Office (NAO). The Department is also looking at how it can make effective use of improved data sources on employment from Her Majesty's Revenue and Customs (HMRC) to both understand and drive performance and to make further improvements to its validation regime.

Delivery for Employment and Support Allowance participants

Recognising the growing number of Employment and Support Allowance (ESA) participants on the Work Programme, the Department has taken specific actions to improve performance for this group which includes:

- improving the way Jobcentre Plus share information and hand off to providers;
- quality assurance work to build best practice for ESA participant action plans
- encouraging more focused employer engagement on ESA participants;
- Performance Management staff to sample more ESA cases to assess compliance with providers' service standards.

In order to help us better understand what support ESA claimants need to help them move into work we are running various pilots and will be introducing more from early 2015. These are exploring a variety of different approaches including supporting people while still in employment and supporting those with mental health conditions. From early 2015 we are introducing a number of pilots, these include: those awaiting a Work Capability Assessment will be offered voluntary employment-related Work coach interventions; for the first six months following the completion of the Work Programme, pilots will offer increased frequency and intensity of Work Coach support; more personalised Remploy support; enhanced Jobcentre Plus support and support from local health care professionals; and a local authority-led pilot in Manchester.

Payment groups

The Department acknowledges the findings regarding the current payment groups and will review the payment group structure for future contracts

Validation of payments

DWP has also significantly strengthened its validation and control processes – not least by introducing the extrapolation of sustainment payments. The Department is also exploring how to leverage enhanced employment information from HMRC to automate validation for future programmes.

Changing referral volumes and profile

Reducing volumes are an indication of the improvements seen in the labour market over recent years and the strong performance of Jobcentre Plus. However, the Work Programme is payment by results and lower referrals to the programme reduces the maximum earning power of contracts. The improvement in outcome performance of providers has increased revenue and providers are able to increase revenue earned by delivering further improvements in outcomes. Providers have not raised reducing volumes as a major issue during contract change negotiations.

The change in profile of referrals towards a higher proportion of ESA participants has increased the proportion of the hardest to help participants who traditionally require higher levels of investment from providers. The Work Programme offers higher prices in return for job outcomes and sustained outcomes for this demographic, therefore increasing the potential earning power of contracts.

DWP were clear at the contracting stage that volumes and mix of participants were not guaranteed and therefore providers were able to price accordingly to take account of the risk of volumes/mix not materialising in line with forecasts.

Market share shift

DWP have reviewed the merits of larger and/or more frequent changes to market share, acknowledging the primary consequence being the impact such changes have on an organisation's reputation. The Department, with agreement from Her Majesty's Treasury and Cabinet Office colleagues, concluded larger or more frequent shifts would not be progressed within the current Work Programme, but that they would be a key area for consideration in the development of a successor programme.

The report raises concerns about market share shift resulting in the provider gaining market share appearing to have a dip in performance as a result. The new performance metric, formalised as part of the contract changes, will eliminate this issue.

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Building Best Practice

In March 2013, the Department commissioned an externally led Building Best Practice group. A report from this work has made recommendations including the following:

- 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;
- to ensure minimum service standards should be incorporated into a customer service standard framework, which follows the customer journey through the Work Programme;
- to explore capacity building for the sector, to improve engagement with specialist Voluntary and Community Sector organisations.

The Department is committed to implementation of these recommendations

We have an increasing focus on sharing best practice and building the capability of the market to deliver. We have started this with the Work Programme Accelerated Performance Regime workshops, and we will continue to build this approach.

Contract termination

The Department is working to ensure the new contract is in place before the current contract with Newcastle College Group expires on 5 March 2015. A number of lessons learned during live running and the changes planned for the other Work Programme contracts have also been incorporated where practical to achieve the optimum solution in the time available. The key objective remains to award the contract in December 2014 with the new provider being able to accept referrals from 2 March 2015 (at the latest) and we are on track to achieve this.

Working with Jobcentre Plus

Recognising the importance of Jobcentre Plus involvement in the assessments of provider performance, particularly in relation to participant feedback and sanction processes, the Department has piloted a new closer working approach across West and North London. This involves Jobcentre Plus and benefit delivery centres having a pre-meeting with the Work Programme performance manager to discuss and agree performance issues. These issues are then taken to the monthly contract performance review meetings with representation from Jobcentre Plus in that Contract Package Area. DWP have also launched a range of activities to reduce the number of cancelled sanction referrals by improving data feeds, communications and streamlining the DWP processes.

Executive summary

This report brings together and summarises the key evidence available from the 2013 and 2014 waves of the Work Programme evaluation relating to the commissioning model, finance and programme delivery, together with evidence from provider surveys from 2012, 2013 and 2014. The report explores the impact of the commissioning model on the provider market, the operation of the financial model and programme delivery. Findings from the 2012 commissioning and programme provision research were reported in Lane et al., (2013) and Newton et al. (2012) respectively. (A parallel report, Meager et al., 2014, sets out the findings relating to Work Programme participants). As the findings from the evaluation build up, the Department for Work and Pensions (DWP) is able to use the evidence to improve programme performance and influence the design and management of future programmes. A note of recent DWP activity related to the findings in this report is provided in the notes (see page 25).

The report draws on qualitative interviews, conducted in 2013 and 2014, with Work Programme prime providers¹, selected subcontractors and providers outside supply chains, DWP and Jobcentre Plus staff, together with national surveys of providers and an analysis of Work Programme provider market data (Chapter 3).

Provider market structure

The Work Programme is delivered by 18 prime providers who were awarded 40 separate contracts to deliver services in 18 large Contract Package Areas across England, Scotland and Wales.² To help determine whether the Work Programme commissioning model³ has led to the development of an effective quasi-market, the research explored the changing structure and characteristics of the Work Programme provider market (Chapter 3). The overall number of Work Programme providers has fallen, with a decrease from 831 in 2013 to 806 in 2014. In addition to this a number of subcontractors reported that they had received no referrals so the number of providers actively delivering the programme is likely to be fewer than DWP supply chain data suggests.

Two different models of prime provider delivery practice have developed. The first model comprises a **prime managing agent** that provides no direct services but sub-contracts all Work Programme activities through a supply chain of contractors.

The other model is that of a **prime delivery agent** that combines direct delivery, of varying levels, and subcontracting with a supply chain.

¹ The Department directly contracts with prime providers. Prime providers, in turn, both deliver and/or commission and manage a supply chain of subcontracted providers to deliver the Work Programme (Section 3.1).

² www.gov.uk/government/uploads/system/uploads/attachment_data/file/253680/cpa-preferred-bidders.pdf

³ Key elements of the model include a prime-provider approach with minimum service prescription, large scale, longer contracts and ongoing performance competition. The funding element emphasises sustained outcomes and utilises a differential payment approach (Section 1.2).

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Prime providers reported a range of factors which affect their decisions to outsource provision. Managing agent prime providers noted their organisational expertise in outsourcing. Some also suggested this approach facilitated a more detached focus on performance which was not influenced by in-house delivery pressures. In contrast to this some prime delivery agents suggested that it was important that they delivered a proportion of the service themselves to ensure a thorough understanding of the programme. They reported that this facilitated their role in supporting practice development and performance improvement. There was, however, a suggestion from a small number of subcontractors that the decisions made by some prime delivery agents related to outsourcing and market share shifting were influenced by a desire to protect their own market share (and related income).

Analysis of Work Programme attachment data found that the provider market is not 'concentrated' by conventional measures (for example, it is considerably less concentrated than the UK supermarket sector or domestic UK electricity and gas supply market). At prime provider level, using attachment data from June 2011 to March 2014, the top four prime providers delivered around 54 per cent of the Work Programme. The market could therefore be described as an unconcentrated, competitive oligopoly, which has remained fairly stable over time, with a slight increase in concentration following the implementation of market share shift in August 2013.

Analysis of prime provider and Tier 1 subcontractor⁴ referral data showed a clearer increase in market concentration over time, with an inconsistent pattern across contract package areas (CPAs). The overall increases in market concentration could be linked with changes in the supply chains of particular prime providers. This, alongside previous experience from Britain and Australia, suggests that in order to offer an ongoing assessment of the effectiveness of the Work Programme market it will be important to continue to monitor the market concentration, the number and composition of providers and their market share. The analysis of referral data also indicates a need to consider these factors at both national and CPA level.

Generalist end-to-end providers dominate Work Programme delivery, and the majority of these deliver all support in-house with low levels of onward referral to specialist support, particularly where this involved formal contracting arrangements. An increase in onward referrals was only reported in the signposting of participants to providers outside supply chains. With around half of subcontractors being small organisations, the impact on the organisation of not receiving referrals can be significant and had resulted in some subcontractors choosing to leave their supply chains. There were also cases of prime providers terminating contracts or coming to mutual agreements for subcontractors to exit a supply chain as a result of underperformance.

In general there was little evidence of market entry into supply chains, with few new providers brought in to replace existing ones, or to provide additional services. Instead, in cases of market exit, prime providers were redistributing referrals from a leaving provider to existing supply chain members or taking the work in-house. There was, however, some evidence of market entry via acquisition and merger at the prime provider level.

⁴ Definitions of Tier 1 subcontractors vary from prime provider to prime provider although they are generally responsible for delivering end-to-end services to participants.

Contract and performance management

Providers and supply chains are diverse and it can be difficult to generalise about what Work Programme providers 'think' or 'do'. Relationship management in particular can be strongly affected by individual personalities and ways of working. As the Work Programme was contracted using a prime provider model, DWP's role in contract and performance management was focused at the prime provider level. As the contract has progressed, there were developments and changes to the performance management processes and systems used by DWP to manage Work Programme provider performance and contracts (Chapter 4). A restructure occurred in 2013 and, as part of this, there were changes made to some contract and performance management roles, including a move to a 100 per cent focus on the Work Programme contract for Performance Managers. The new structure and roles were still bedding in at the time of the 2014 research, and at this time some DWP staff felt that the split between DWP commercial and performance management staff was not helpful in getting the best out of providers.

A new performance management regime was introduced from summer 2013 which included more intensive processes for lower performing providers. Some DWP Performance Managers welcomed the changes and felt that they had the potential to make prime providers focus more on improvement activities. However, some DWP Performance Managers questioned whether the new regime was too intensive and/or prescriptive. There appeared to be an underlying tension felt by some DWP staff between offering flexibility to providers to deliver services as they see best and driving up performance by prescribing delivery methods that have been found to be effective. There were some indications in 2013 that the DWP performance management approach was becoming more prescriptive. Nonetheless, most staff also described having positive relationships with prime providers, underpinned by regular, open communication.

Black box contracting

One of the key elements of the DWP commissioning model was minimum service prescription by the Department (Chapter 5). This was termed the 'black box' approach, the aim of which was to allow providers considerable flexibility in deciding what interventions would best help participants into sustainable employment. However, as part of their bids, prime providers were required to specify the minimum service standards (later renamed customer service standards) that they would offer to programme participants. The research revealed a range of views on what the 'black box' model means in theory and practice. DWP Performance Managers felt the 'black box' had applied during contracting since providers were required to meet minimum performance and customer delivery standards once in contract. However, many providers believed they would have the freedom to flex delivery during live running to meet participant needs. Prime providers were able to choose how much prescription to apply to their subcontractors' provision and, in both the 2013 and 2014 research, there was variation found in the level of prescription applied by different prime providers (Chapter 4). Where subcontractors were afforded delivery flexibility, this was viewed positively by the subcontractors. There was some evidence that, like DWP performance management, some prime providers were becoming more prescriptive with subcontractors with an aim of driving performance improvement. However, subcontractor reports of the level of flexibility in service delivery they were given by their prime providers remained consistent across the waves of research.

Market share shift and contract termination

A key performance management mechanism utilised by DWP was 'market share shift' (MSS) which gave DWP the flexibility to move five per cent of new referrals within each CPA from lower to higher performing prime providers. The first MSS occurred in summer 2013 and DWP staff interviewed in 2014 did not report any noticeable impact of this on performance to date. Many prime providers also reported that MSS had lacked impact due to the relatively small percentage shift against the backdrop of falling referrals. Some DWP staff suggested that MSS and DWP's decision to terminate a contract due to underperformance had not negatively affected their relationship with prime providers, although some felt that it had potentially weakened previously positive relationships. In the early part of 2014 DWP reviewed the performance of the bottom 25 per cent of Work Programme contracts and put them under an enhanced performance management regime. Notice of a contract termination was also given to one prime provider⁵. Views from prime providers on the contract termination were mixed. Some prime providers were supportive of DWP's decision to terminate a contract. However, other prime providers were confused as to why this particular contract had been chosen for termination, leading to some uncertainty and concern over how future contract termination decisions would be made. Overall views from prime providers on DWP's approach to contract and performance management varied, with some positive and some negative. Key issues raised by prime providers included a perceived lack of consistency and clarity in DWP's approach, although in the most recent 2014 research, some providers also noted that the DWP approach was developing positively and improving over time. The preface notes (see page 25) provides an update on the DWP approach to performance management.

Supply chain contract and performance management

Under the prime provider model, the responsibility for managing a supply chain of subcontractors lies with prime providers rather than DWP. The research identified that prime providers appeared to be using two different approaches to driving subcontractor performance – competition and collaboration – with the majority utilising both, but to different degrees. Whilst some subcontractors in the 2013 research suggested that competition tempered supply chain relationships and the willingness to share best practice, by 2014 this was not reported as a problem, with trust and relationships between subcontractors appearing to be further developing over time.

Overall there was a spread of opinion in both the 2013 and 2014 research as to whether subcontractors felt the monitoring and management of their performance by their prime provider was effective, though a greater percentage of subcontractors felt their prime providers' monitoring and management was effective in 2014, suggesting improvements over time.

⁵ There is a 12-month notice period in relation to the notice of termination that was given to a prime provider in relation to one of their contracts. DWP has been conducting a procurement competition to identify a replacement provider. This aims to enable the Department to ensure continuity of service to the affected claimants currently being supported by the programme.

Finance

As noted above, providers and supply chains are diverse so it can be difficult to generalise about providers' views on specific issues such as the financial model and some provider views may appear contradictory. By 2014, however, it appeared that prime providers were broadly positive that finances were where they were expected to be, in terms of heavy upfront investment in delivery with later reward through sustainment payments (Chapter 6). A number of prime providers also felt that the peak of profitability had passed, particularly as referral volumes were generally lower than anticipated due to a stronger than expected labour market and continued to drop towards the end of the programme. Many prime providers did express concerns about the impact of changing and falling referral volumes on the future financial viability of the programme. Deductions from outcome payments based on the extrapolation of errors that DWP identified in routine checks of a sample of providers claims was also a key issue for many prime providers. However, prime providers were largely positive about the commercial attractiveness of the contracts and intended to sustain or increase their involvement with the programme.

Around half of prime providers were exposing their supply chains to the same incentives and financial risks as their own contracts with DWP. However, there was also evidence that prime providers saw a need to offer modified versions of the outcome payment model to certain subcontractors. This tended to result from a desire to maintain or attract specialists within the supply chain, often linked to a need to improve performance for the Employment and Support Allowance (ESA) participant group.

In 2014 subcontractors were more positive about the financial model than in earlier years of programme, with nearly two-thirds of those surveyed expressing satisfaction with payment terms. This may suggest that subcontractors experiencing most financial difficulties had then left supply chains, which in turn made the programme more viable for remaining organisations in receipt of redistributed referrals. Providers' views on the commercial attractiveness of the Work Programme contract appeared to be related to their current experiences of financial viability. As noted above, prime providers were largely positive about prospects over the long term, but only a small proportion of subcontractors were positive about the commercial attractiveness of their contracts with the primes. However, this was not reflected in subcontractors' intentions to remain involved with the programme with over two-thirds of subcontractors in 2014 indicating they would sustain or increase their involvement in the programme. For many of these subcontractors the provision of employment support was core to their business and thus they viewed involvement in the Work Programme or any successor programme as essential. Prime providers were also positive about their intentions to sustain or increase their involvement in both the Work Programme and other DWP programmes more widely. They did, however, perceive a need to review the Work Programme financial model, a view reflected both inside and outside supply chains. Specific issues raised included the construction of the differential pricing model and the complexity of the payment structure, as well as the administrative process for claiming and verifying outcome payments.

The differential payment model

An 'outcome-based commissioning' approach encourages commissioners to focus on ends, not means, and is seen as a way of promoting improvements in public services. Payment-by-results (PbR) aligns funding arrangements with this outcomes focus, paying for services, at least in part, on the basis of the outcomes that they achieve. Existing evidence on PbR

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models suggests that wholly outcome-contingent contracts are often less suitable for clients with multiple barriers to employment. The reasons for this are that providers may concentrate effort and resources on those participants for whom they believe they can achieve an employment outcome most quickly and/or cheaply, and offer only minimal services to more costly-to-help participants. Attempting to address such concerns the Work Programme model includes a 'differential pricing' structure under which providers are paid at different rates for outcomes achieved by different target groups (with outcomes for 'harder-to-help' groups being paid at higher rates than those for groups closer to the labour market).

The research suggests that differential pricing has had little impact in driving provider behaviour in how they segmented customers and prioritised support. (Chapter 6). For example, the development of services for the ESA participant group appeared to be driven by factors other than the payment model, including more intensive performance management by DWP. Providers reported that a key reason that differential payment groups did not drive their customer segmentation and delivery, was the heterogeneity in levels of support need within and between payment groups. In practice they also felt it was not possible to manage delivery and performance against the complexity of the payment model. In addition to this providers suggested that in some cases the costs of support for those with greatest need exceeded the payments available. These findings on the lack of affect of differential pricing on segmentation were also reflected by those reported in the parallel Work Programme participant experience report, (Meager et al., 2014). Both inside and outside the supply chain, providers suggested a need to review the Work Programme financial model. The preface notes (page 25) show that the Department will be reviewing the structure of the payment groups for future contracts

Changes in referrals

The majority of providers in the 2013 and 2014 surveys reported a decline in referrals in the previous year (66 per cent and 76 per cent, respectively) (Chapter 7). Over 40 per cent in each year had seen a significant change in the mix of referrals. Both changes were particularly marked for end-to-end providers. The main compositional change was a growth in ESA participants and decline in Jobseeker's Allowance (JSA) participants⁶.

Lack of confidence, work motivation and work-related skills amongst job seekers were the most prevalent barriers reported by providers in 2013 and 2014. However, the change in the mix of referrals appeared, by 2014, to have increased the extent to which participants faced barriers due to health conditions and disabilities; criminal record or history of offending behaviour; and drug or alcohol problems.

These changes were reported as being financially detrimental for end-to-end providers, reducing income or requiring more staff, physical resources and outsourced services in order to respond to the change in the composition of demand. For non-end-to-end providers, the changes more often led to an increase rather than decrease in income because the demand for their services increased and they were paid for their services (and not be result).

⁶ A change in the Work Programme eligibility rules resulted in an increase in ESA claimants, whilst improvements in the economy may have reduced the number of JSA claimants.

Support from Jobcentre Plus

Jobcentre Plus staff's most common contact with Work Programme participants was to monitor conditionality (Chapter 7). There was evidence of some continued ad hoc and light touch support to Work Programme participants.

There was some evidence that, between 2012 and 2013, relationships had strengthened between Jobcentre Plus and providers, although this varied by location and may depend on the willingness of those involved (i.e. Jobcentre Plus and provider staff) to collaborate. Where strengthened relationships were in evidence, examples were seen of co-location and information sharing which supported participants (including helping to engage hard-to-reach participants), providers and Jobcentre Plus staff in achieving their objectives.

Mandation, conditionality and sanctioning

The use of mandate varied substantially across providers: its use, the activities mandated; the degree of Personal Adviser discretion over mandate; and whether and which payment groups were targeted (Chapter 8). Providers differed in their views over the usefulness of mandate.

Sanctioning policies (i.e. whether non-compliance was automatically referred for sanctioning or whether there was discretion) were determined by the prime providers, although providers (both branches of the prime provider, as well as subcontractors) did not always comply with these policies. Changes in sanctioning policies and processes had resulted in more referrals for sanctioning by 2013, an increase which continued at a slower rate into 2014. The changes appeared to include some shift towards automatic referral for sanctioning for non-compliance, as well as improved processes, both due to in-house changes and due to the introduction of Provider Direct. However, there was tentative evidence that automatic referral of non-compliance resulted in more cases of cancelled or overturned sanctions. Providers varied in their beliefs about the effectiveness of sanctions, some seeing it as improving and others as reducing commitment. Providers' satisfaction with the sanctioning process had improved by 2014, albeit slightly.

Employer engagement

Most providers, particularly end-to-end providers, were involved in employer engagement activities (approximately four out of five) (Chapter 9). Vacancy identification was most common. Support to employers recruiting participants from disadvantaged groups or requiring adaptations to enter work were also common.

The organisation of employer engagement varied: centralised by the prime provider for its supply chain; centralised by the provider for its own provision; and dispersed to local offices, with dedicated employer engagement staff or Personal Advisers.

Collaboration with other providers for employer engagement was common (particularly for end-to-end providers), taking the form of sharing vacancies. Collaboration with Jobcentre Plus was also common and was seen, by both Jobcentre Plus staff and providers, as in the interests of Work Programme participants. Again, the nature of collaboration was largely in sharing vacancies, although there was some indication that vacancy information more often went from Jobcentre Plus to providers rather than vice-versa. The quality of collaboration varied and there may be a need for some Jobcentre Plus areas to take a more positive approach to collaboration.

Support provided to participants

Overview of changes in support

Support had been changing over the course of the Work Programme (Chapter 10). The main changes between 2012 and 2014 were in the nature and extent of provision for ESA participants; a switch towards a work-first approach; changes in participant contact; co-locating with Jobcentre Plus and with probation; an increase in employer engagement activities; and changes to in-work support. By 2014 there was also evidence of some shift of support towards the ESA group covered by DWP performance targets as well as towards those most job ready. The implication is that, to some extent, those participants deemed less job ready and those not in the three DWP performance target payment groups may receive less support.

Many of the changes were in response to the change in the composition of referrals and did not affect the level of support individuals received. However, others were driven by financial pressures (to achieve outcome payments or to reduce costs) and by Performance Improvement Plans. Whilst some of these changes sought to increase outcomes and meet performance targets, they also appeared to reduce assistance to some of those least likely to enter and remain in employment.

Initial engagement, identifying support needs and action planning

The way that support needs were identified has been changing. There was evidence of a move towards greater personalisation and increased use of assessment experts. Innovation included the trialling of 'client engagement advisors' to focus on participants in their first four weeks. The increase in ESA referrals had led to an increase in the average time for assessment.

Personal Advisers

Changes in Personal Adviser support include increased frequency of contact with participants and greater continuity of Personal Adviser. Innovations included a move towards specialist advisers, particularly for ESA participants, and linking frequency of contact more closely to need.

Training

The percentage of participants receiving vocational or work-related skills training appeared to have changed little since the first wave of the evaluation. However, the qualitative research suggested a decrease in training for the more job-ready. There seemed to be a move towards providing training in-house, particularly to support the least job-ready ESA participants. Providers sought to use training which incurred no cost to the Work Programme. However, awareness varied by provider and access varied across the country, leading to differences in the provision. Financial considerations, including the PbR incentives, featured strongly in the training support decision and appeared to reduce the use of externally paid-for training and increase in-house training.

In-work support

In-work support was provided by most end-to-end and some non-end-to-end providers. It tended to be delivered by telephone, provided either by a dedicated in-work support team or

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by the pre-employment Personal Advisers. The trend for dedicated in-work teams identified by Newton et al. (2012) appeared to have continued, with providers reporting improved retention stemming from such teams.

Although fewer than one-third of providers considered most of their participants required in-work support, nearly all (83 per cent) offered it to all participants in 2013. Providers offered the same support to all or based frequency of contact on assessed risk.

The nature of in-work support changed in the first three years of the programme. Between 2012 and 2013 the proportion of providers offering financial or benefits advice, help and advice on ensuring work was compatible with a health condition or disability and in-work mentoring had increased and there was more emphasis on helping participants in work to look for new jobs, particularly in locations with a high incidence of temporary employment. By 2014, the percentage offering each of these forms of support had declined, although the percentage for each remained higher than in 2012.

In 2013, around one-third of participants in work appeared to opt out of in-work support, with providers believing they saw it as a nuisance, stigmatising or participants having thought they would leave the Work Programme on gaining a job.

Providers' views on programme provision

By 2013 there had been an increase in the percentage of providers who believed the Work Programme to be broadly effective. The weight of opinion among end-to-end providers was towards the view that it was effective, whereas non-end-to-end providers were less positive.

Jobcentre Plus managers' views of the Work Programme

Jobcentre Plus managers' views on the effectiveness of the Work Programme tended to be fairly negative. There were calls for increased collaboration between providers and Jobcentre Plus to increase support to participants, and the ironing out of some issues such as clearer identification of who should offer support when participants moved CPAs and referral problems associated with prison leavers.

Outcomes

Based on end-to-end providers' reports, by 2013, the percentage of participants entering work appeared to have increased compared to the previous evaluation wave (Chapter 10). On average, end-to-end providers estimated that 50 to 59 per cent of their participants would return to Jobcentre Plus for support at the end of their two years on the Work Programme.

Jobcentre Plus reported that the quality of exit reports varied greatly. Jobcentre staff believed it would be useful to receive exit reports which gave a full history of the support received and information about the attitudes and motivation of returners.

Part 1

Introduction

Coverage of this report and methods

This, the fourth published report from the official Work Programme evaluation, draws together findings from the two evaluation strands, the commissioning model evaluation and the provider research carried out as part of the programme delivery evaluation, namely:

- **Three waves of commissioning focused qualitative research with Work Programme providers and Department for Work and Pensions (DWP) and Jobcentre Plus staff.** The findings from the first wave (2011/12) were published in Lane et al. (2013). The findings from the second and third waves of research, which took place in summer 2012 and spring 2014 are presented in this report.
- **Two waves of delivery focused qualitative research with Work Programme providers and Jobcentre Plus staff.** The findings from the first wave (2012) were presented in Newton et al. (2012). The findings from the second wave of research, which was carried out in summer 2013, are presented in this report.
- **Six national online quantitative surveys of Work Programme providers**, three of which had a commissioning focus and three a delivery focus and were carried out in 2012, 2013, 2014. The findings from the 2012 commissioning survey were published in Lane et al. (2013). The findings from the 2013 and 2014 surveys are presented in this report.
- **Analysis of Work Programme provider market data** was carried out in 2013 and 2014. The findings of this analysis are also presented in this report.

The overall structure of the evaluation and the reporting schedule are summarised in the table below.

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Work Programme payment groups

Report title	Content	Publication date
Newton <i>et al.</i> (2012). <i>Work Programme evaluation: Findings from the first phase of qualitative research on programme delivery</i> , DWP Research Report No. 821.	Findings from: 1 observational research; 2 wave 1 of qualitative participant study; 3 wave 1 of Jobcentre Plus and provider visits/ interviews (programme evaluation).	November 2012
Lane <i>et al.</i> (2013). <i>Work Programme evaluation : Procurement, supply chains and implementation of the commissioning model</i> , DWP Research Report No. 831.	Findings from: 4 wave 1 of qualitative study of unsuccessful bidders, non-bidders and market leavers; 5 wave 1 of qualitative commissioning study; 6 online provider survey (commissioning).	March 2013
Meager <i>et al.</i> (2014). <i>Work Programme evaluation : the participant experience</i> , DWP Research Report No. 892.	Findings from: 1 longitudinal survey of participants (both waves); 2 all waves of qualitative participant research.	December 2014
Bertram <i>et al.</i> (2014). <i>Work Programme evaluation : Operation of the commissioning model, finance and programme delivery</i> , DWP Research Report No. 893.	Findings from: 3 wave 2 of the programme delivery strand; 4 waves 2 and 3 of the commissioning study; 5 waves 2 and 3 of online provider surveys (commissioning and programme delivery).	December 2014
Work Programme evaluation : A synthesis of the evidence (provisional title)	Final synthesis of all the qualitative and quantitative evidence exploring the commissioning approach, programme delivery and participant experiences and outcome. Also including econometric analysis of administrative data examining the factors influencing provider effectiveness.	2015 (date to be confirmed)

Report structure

The report is structured in three parts:

- Part 1 (Chapters 1 to 2), '**Introduction**', introduces the Work Programme and its objectives, outlines the scope of the evaluation, and describes the characteristics of the Work Programme's target eligible population(s).
- Part 2 (Chapters 3 to 6) '**The Commissioning Model**' focus on the operation of the commissioning model: the market structure (Chapter 3), contract and performance management (Chapter 4), minimum service prescription and the black box approach (Chapter 5) and Finance (Chapter 6).
- Part 3 (Chapters 7 to 10) '**Programme Delivery**' focus on programme delivery: the context in which providers are operating, including referrals (Chapter 7), providers' policies and practices towards sanctioning, mandation (Chapter 8) and employer engagement (Chapter 9), support provided to participants (Chapter 10) and outcomes (Chapter 11).

1 The Work Programme

The Work Programme is an integrated welfare-to-work programme, implemented across Great Britain⁷ in June 2011. It replaces a range of predecessor back-to-work programmes for unemployed and economically inactive people including Pathways to Work⁸ and the Flexible New Deal⁹. This chapter outlines the genesis and design of this new programme.

1.1 A new model for welfare-to-work

The programme is designed to address concerns raised about the performance and cost-effectiveness of existing employment programmes targeted at unemployed and inactive people. For example, the National Audit Office (NAO) examined Pathways to Work and noted:

'Pathways has turned out to provide poor value for money and the Department needs to learn from this experience.'

(National Audit Office)

The Work Programme builds on previous approaches to commissioning welfare-to-work programmes delivered through private and voluntary sector contractors. A distinguishing feature of the Work Programme, compared with previous programmes such as the Flexible New Deal, is that it combines a minimum specification or 'black box' approach with payment by results (PbR)¹⁰. Thus, contracted providers are paid for getting people into work and are free to design their own support provision, with minimal intervention from the Department.

The invitation to tender for potential Work Programme providers stated that the programme's core objectives are to:

- *'increase off-flow rates for Work Programme customer¹¹ groups (more people into work);*
- *decrease average time on benefit for Work Programme customer groups (people into work sooner);*
- *increase average time in employment for Work Programme customer groups (longer sustained jobs);*
- *narrow the gap between off-flow rates/time in employment for disadvantaged groups and everyone else; and*
- *contribute to a decrease in numbers of workless households.'*

(DWP: Work Programme invitation to tender, pp. 3-4)

⁷ Different arrangements apply in Northern Ireland.

⁸ See NAO (2010), for a summary of evaluation findings relating to Pathways to Work.

⁹ Several published reports set out the evaluation findings relating to the Flexible New Deal: see Vegeris *et al.* (2011a and 2011b).

¹⁰ Previous national employment programmes also incorporating a payment by results approach include the New Deal for Disabled People: see Stafford *et al.*, 2007.

¹¹ Note that, although this term (customers) was used in the original invitation to tender, throughout this report we refer to people in the target groups for the Work Programme as 'claimants' (during the period before their participation in the programme), and as 'participants' (during their period on the programme itself).

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While some of these objectives are similar to previous UK welfare-to-work schemes, the focus on sustainable employment is an important new emphasis. This confirms the intention to address a key deficiency of previous active labour market measures in the UK and elsewhere, namely their susceptibility to ‘revolving door syndrome’, where the emphasis on getting participants quickly into work results in short-term, unstable employment spells, with many participants quickly returning to benefit.

The programme therefore combines: a) a new commissioning approach, with PbR and flexibility for providers to innovate; and b) an emphasis on sustainable outcomes, with much of the payment to providers occurring only after participants have spent a significant period in work. This combination makes the programme’s performance of considerable interest not only as a welfare-to-work scheme, but more broadly as the largest example to date of PbR in the delivery of UK public services.

1.2 The commissioning model

The key elements of the Work Programme commissioning model were:

- **A prime-provider approach.** The Department contracts with a single provider (the prime provider, or ‘prime’). The prime, in turn, commissions and manages a supply chain of sub-contracted providers to deliver the contract.
- **Outcome-based funding.** This goes further than previous models, incorporating several new elements:
 - **Emphasis on sustained outcomes.** While the amount and timing of payments to providers vary between different participant groups (see below), the key principle is that the payment on ‘attachment’ (when the participant enters the programme) is a small part of the total. Participants remain attached to the programme for two years, irrespective of whether they have entered work, and the bulk of the payment is triggered for achievements later during these two years. In particular, a ‘job outcome’ payment is triggered after a participant has been in work for a number of weeks (13 to 26 weeks, depending on the target group). This aims to reduce ‘deadweight’ (the extent to which providers are rewarded for outcomes that would have happened anyway). Further ‘sustainment’ payments are payable (on a regular four-weekly basis, subject to a variable cap on the number of payments) after a trigger point when the participant has been in work for a longer period (17-30 weeks, dependent on the target group).
 - **Differential payments**¹². Providers are paid at different rates for outcomes achieved by different target groups (outcomes for harder-to-help groups paid at higher rates than those for groups closer to the labour market). This incentive structure aims to discourage providers from concentrating effort and resources on those participants for whom they can achieve an employment outcome most quickly or cheaply.

¹² Strictly speaking this approach is not entirely new in the welfare-to-work field. Indeed it has a provenance going back at least 20 years. Thus, in the early 1990s, Training and Enterprise Councils delivering government employment programmes under contract operated under a variable tariff for outcome payments, with higher rates for outcomes achieved by participants with ‘special training needs’: Meager (1995).

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- **Ongoing performance competition.** Department for Work and Pensions (DWP) manages the provider 'market' so that providers can compete for market share to reap rewards from good performance and suffer the consequences of poor performance. This happens through a process of 'market share shifting', under which better-performing providers are rewarded by being allocated more claimants, while poorer-performing providers (who remain above the minimum quality threshold) receive fewer claimants.
- **Minimum service prescription** by the Department. This 'black box' approach allows providers flexibility to decide what interventions will best help participants into sustainable employment. This is intended to encourage providers to develop a personalised approach customised to the needs of individual participants, and stimulate wider innovation in service delivery.
- **Larger, longer contracts** (typically five to seven years in length). The greater market stability this offers aims to facilitate the development of provider capacity and expertise and encourage investment to support service delivery innovation¹³.

1.3 Programme delivery and service design

1.3.1 Who participates in the Work Programme?

The Work Programme applies to benefit claimants in various categories¹⁴ ('payment groups') summarised¹⁵ in Table 1.1 below. This also shows the time during their benefit claim at which claimants will be referred to the programme, and whether their participation will be compulsory or voluntary.

¹³ The case for larger, longer contracts was first made by Lord Freud in 2007 in his review of welfare provision, *Reducing dependency, increasing opportunity: options for the future of welfare to work*.
[base-uk.org/sites/base-uk.org/files/\[user-raw\]/11-07/welfarereview.pdf](http://base-uk.org/sites/base-uk.org/files/[user-raw]/11-07/welfarereview.pdf)

¹⁴ In due course, these categories will be redefined in light of the new unified system of benefit payment known as Universal Credit, being implemented in stages from 2013.

¹⁵ Fuller details of each of the payment group categories can be found in:
www.dwp.gov.uk/docs/wp-pg-chapter-2.pdf

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Table 1.1 Work Programme payment groups

Payment group	Point of referral	Basis for referral
1 JSA claimants aged 18-24	From 9 months on JSA	Mandatory
2 JSA claimants aged 25+	From 12 months on JSA	Mandatory
3 JSA 'early access' groups	From 3 months on JSA	Mandatory or voluntary depending on circumstance
4 JSA ex-IB	From 3 months on JSA	Mandatory
5 ESA Volunteers	At any time from point of Work Capability Assessment	Voluntary
6 New ESA claimants	Mandatory when expected to be fit for work within 3-6 months*. Voluntary from point of Work Capability Assessment for specified participants.	Mandatory or voluntary depending on circumstance
7 ESA Ex-IB	Mandatory when expected to be fit for work within 3-6 months*. Voluntary from point of Work Capability Assessment for participants with longer prognoses.	Mandatory or voluntary depending on circumstance
8 IB/IS (England only)	From benefit entitlement	Voluntary
9 JSA prison leavers	From day one of release from prison	Mandatory

* Note: since autumn 2012, this mandatory requirement for ESA groups has been extended to cover claimants who are expected to be fit for work within 3-12 months.

1.3.2 What do providers offer participants?

Providers are expected to deliver an individually-tailored service for each participant, regardless of their benefit category. The nature of that service, and how it varies between participants and between participant groups is not specified by DWP, in line with the programme's underlying 'black box' principles. When tendering for the Work Programme, prime providers indicated the level and nature of the support they would offer each participant group. Minimum service standards were specified in their contracts and any revisions are made publicly available through the DWP website. Jobcentre Plus advisers also explain the minimum service standards to participants on referral to the programme. The rationale is that both DWP and participants will be able to hold the providers to these standards.

1.3.3 How do claimants enter the Work Programme?

Jobcentre Plus refers claimants to Work Programme providers through the 'Provider Referral and Payments System' (PRaP), giving the provider basic details of the claimant with each referral. At this point the provider makes initial contact with the participant, and agrees the action(s) that the provider and participant will undertake through the programme. This agreement should be recorded in an 'action plan', which also incorporates any mandatory activity which the provider requires the participant to undertake. If a participant fails to comply with any mandatory activities, the provider notifies Jobcentre Plus in order that sanctions can be considered.

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1.3.4 How long do participants stay on the programme?

Once Jobcentre Plus refers a participant to the Work Programme, the provider is expected to deliver two years (104 weeks) of continuous support regardless of whether the participant changes benefits or moves into employment. Early completion of the Work Programme occurs only when:

- the final outcome payment has been claimed by the provider;
- the participant is referred to Work Choice or a Residential Training College; or
- the participant dies.

Participants who leave benefit and return within the two-year period are referred back to the relevant provider. If, however, they return to claim benefit after two years, or when the provider has claimed a final outcome payment for them, they remain with Jobcentre Plus.

1.3.5 Who are the Work Programme providers?

England, Wales and Scotland are divided into 18 'contract package areas' (CPAs). Following a competitive tendering process, two or three Work Programme providers (drawn from the private, voluntary and public sectors) were contracted to operate as prime providers in each of the CPAs¹⁶. Prime providers may deliver services directly to Work Programme participants, or through a network of subcontractors, or both.

Eligible claimants are randomly allocated to one of the prime providers operating in the claimant's CPA. Claimants are not given a choice of provider, but competition is generated over time through the better-performing providers being offered an increased share of the claimants referred to the programme in each CPA.

¹⁶ For a list of prime providers and a map of CPAs, see: www.gov.uk/government/publications/work-programme-contract-package-area-and-prime-providers

2 The evaluation of the Work Programme

The Department for Work and Pensions (DWP) commissioned a consortium led by the Institute for Employment Studies (IES) to undertake an independent evaluation of the Work Programme. Research started in autumn 2011 and concludes in early 2015. The consortium includes the following organisations working alongside IES on various strands of the evaluation: Centre for Economic and Social Inclusion; National Institute of Economic and Social Research (NIESR); Social Policy Research Unit (SPRU) at the University of York; GfK NOP. This chapter provides details of the evaluation approach and research methodologies.

2.1 About the evaluation

The evaluation is exploring the delivery and effectiveness of the Work Programme by assessing participants' experiences and outcomes. Given the innovative manner in which the programme is commissioned, the evaluation also focuses on how the commissioning approach impacts on the provider market and influences service delivery and participant outcomes. Thus the evaluation is split into commissioning and programme evaluation strands with considerable overlap between the two.

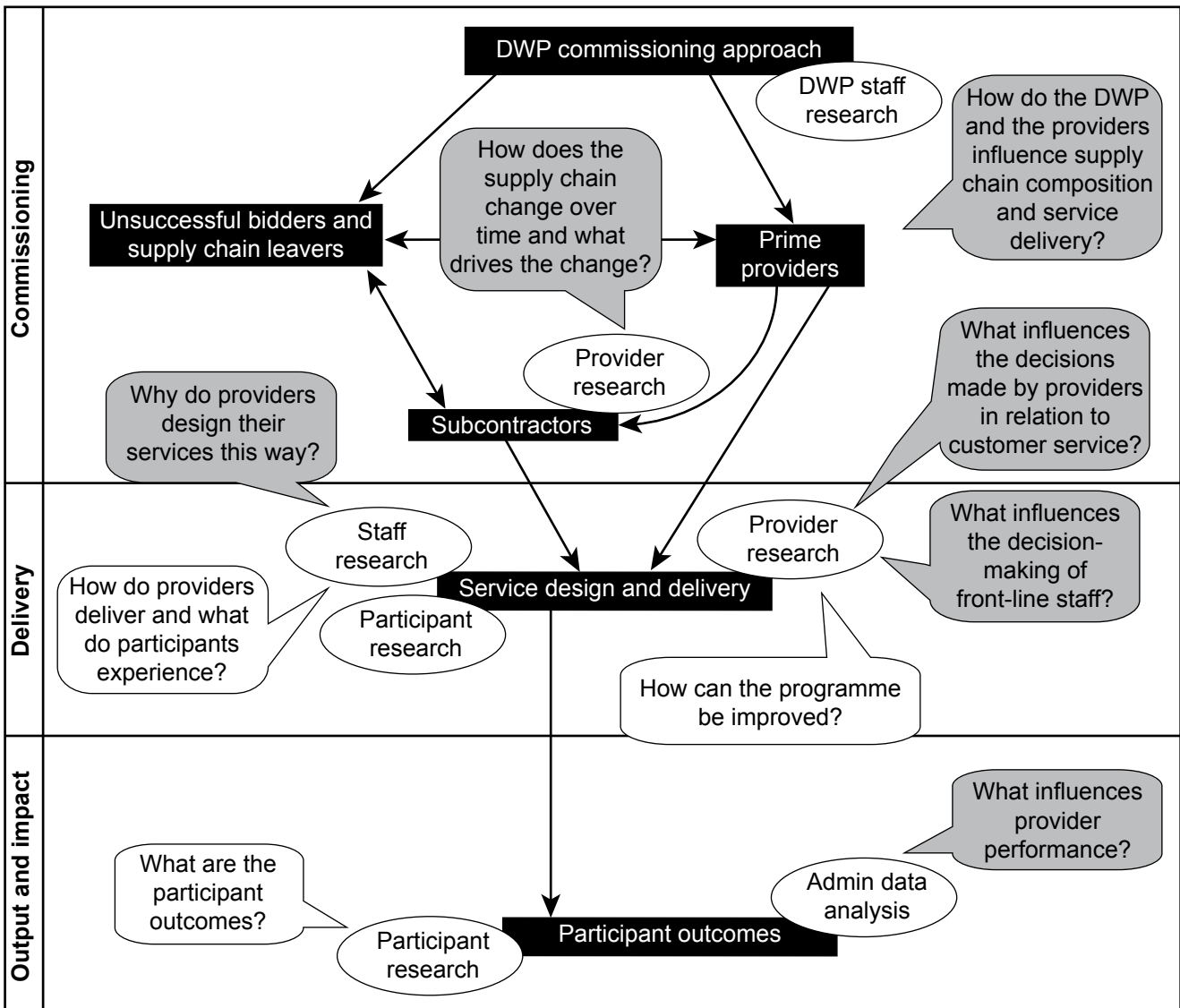
Key research questions for the evaluation as a whole include the following:

Commissioning: How does the commissioning model impact on the provider market? How do DWP and prime providers influence service delivery and outcomes? Why do providers design their services the way they do?

Delivery: What services do providers deliver to participants and how do they deliver them? What is the participant experience? What are the key operational lessons learnt from delivery?

Outcomes: What are participants' outcomes and destinations? How quickly do participants flow off benefit? How long do participants stay in work? What is the impact on benefit off-flows, job entry, retention and time in employment?

Figure 2.1 Structure of the Work Programme evaluation



2.2 The commissioning model evaluation

This strand of the evaluation examines how the commissioning approach impacts on the provider market and the decision-making processes of Work Programme providers, and thereby influences service delivery and participant outcomes.

The research design of this strand includes three fieldwork waves.

The first wave of research, undertaken during 2011/12, was reported in Lane et al. (2013) and included:

- in-depth qualitative interviews with unsuccessful bidders, non-bidders and providers who left the supply chain following contract award (autumn 2011);
- in-depth qualitative interviews with all Work Programme prime providers and a sample of subcontractors (early summer 2012);

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- in-depth qualitative interviews with DWP and Jobcentre Plus staff (early summer 2012);
- a national online quantitative survey of all subcontractors (early summer 2012).

The second, 2013, research wave is covered in this report and included:

- longitudinal in-depth interviews with unsuccessful bidders, non-bidders and providers who left the supply chain following contract award (summer 2013);
- in-depth qualitative interviews with all Work Programme prime providers and a sample of subcontractors (summer 2013);
- in-depth qualitative interviews with DWP and Jobcentre Plus staff (summer 2013);
- a further national online quantitative survey of all subcontractors (early summer 2013);
- an analysis of Work Programme provider market data at national and contract package area (CPA) level.

The final, 2014, research wave is covered in this report and included:

- in-depth qualitative interviews with providers who left the Work Programme in 2013/2014 (spring 2014);
- in-depth qualitative case study supply-chain interviews with Work Programme prime providers and subcontractors (spring 2014);
- in-depth qualitative interviews with DWP staff (spring 2014);
- a final national online quantitative survey of all subcontractors (spring 2014);
- an analysis of Work Programme provider market data at national and CPA level.

The 2011/12 wave of commissioning research considered how the Work Programme was procured, how that affected supply chain construction and how this may have had an impact on service provision in the first year of the programme. It also began to explore issues related to contract management and design such as whether the commissioning model was driving provider behaviour (and service delivery) as intended, through the use of outcome payments and differential pricing. Findings from this wave were reported in Lane et al., (2013).

This report covers findings from the 2013 and 2014 waves of fieldwork. These waves of research have continued to explore the impact of the commissioning model on the provider market and the operation of financial model during the second year of the programme. It has also focused the management of performance, exploring both DWP management of prime providers and the management of supply chains by prime providers. To facilitate a more in-depth exploration of these issues, in the 2013 research a number of the provider interviews were targeted via case studies of a single supply chain within three contract package areas, offering perspectives from both the prime provider and their related subcontractors. In the 2014 research, the greater part of the qualitative fieldwork was organised through eight case study supply chains to facilitate a deeper understanding of the operation of different supply chain model 'typologies' based on prime providers' different in-house/outsourced delivery structures and approaches to performance management. Further detail on methodology is offered in Appendix B.

2.3 The programme delivery evaluation

This strand of the evaluation involves research with both providers and participants. The black box model means that DWP has little information about the services that providers deliver to participants, so exploring the type and nature of the services delivered is a key objective of this strand.

2.3.1 Provider research

The provider research in this strand aims to identify the services being provided and the factors shaping their nature, which may vary between providers according to local conditions, the types of participants served and provider preference.

The research included:

- observational research (Jan/Feb 2012) examining key interventions and interactions between participants and Work Programme provider advisory staff from four prime providers;
- qualitative research with Jobcentre Plus staff and Work Programme provider managers and advisers in six contract package areas (spring/summer 2012);
- further qualitative research with Jobcentre Plus staff and Work Programme provider managers and advisers in six contract package areas (summer 2013);
- three national online surveys of Work Programme providers (summer 2012, 2013 and 2014).

Findings from the 2012 observational research and 2012 qualitative research with providers were reported in Newton et al. (2012).

The current report covers findings from the 2013 qualitative research and from all three surveys of Work Programme delivery. For these surveys, all providers who were active in delivery could respond, which included prime providers that delivered services to participants (whether in the CPA in which they were prime provider, or as a subcontractor in another CPA) as well as subcontractors.

The programme delivery research explores the differences and similarities in the delivery of the Work Programme between providers, and how delivery is coordinated between Jobcentre Plus and Work Programme providers. There is a particular focus on identifying changes that have been made since 2012 and the impact that these have had for prime providers and subcontractors. The issues explored in detail are: the organisation of delivery; the impact of the financial model; sanctioning; and the delivery of training, in-work support, and employer engagement.

2.3.2 Participant research

The research with participants is exploring their end-to-end experience of the Work Programme and ascertaining their views on services received, the relevance and helpfulness of services, and outcomes from the programme as a whole. This element aims to look beyond immediate job outcomes, to examine whether and how providers support participants to stay in employment, and work with employers to facilitate this.

Several waves of research are being undertaken, employing a mixed cross-sectional, longitudinal design.

Findings from the first wave of qualitative interviews with participants were published in Newton *et al.* (2012), and findings from the initial and follow-up surveys, along with further qualitative research are reported in the companion report published alongside this one (Meager *et al.*, 2014).

2.4 Measuring outcomes and impact

Analysts within DWP are undertaking econometric work to estimate the net impact of the Work Programme on employment outcomes and benefit receipt. The consortium is providing advice to support this element of the evaluation, which faces significant methodological challenges due to the absence of a clear control group or 'counterfactual' against which to compare participants' outcomes.

In addition, the consortium is undertaking a separate piece of econometric analysis, exploiting the opportunities offered by the random allocation of participants to the prime providers operating in each contract package area, drawing on administrative data and data generated by other strands of the evaluation to identify the factors associated with variations in provider effectiveness, asking:

- which prime provider characteristics (e.g. supply chain composition, whether for profit or not-for-profit) tend to lead to better performance;
- which participant groups appear to benefit most; and
- how strongly area characteristics (e.g. labour market conditions) influence delivery and performance.

It is planned that the findings from the work on provider effectiveness will be included in the final synthesis report in 2015.

2.5 Locating the evaluation within existing evidence

The DWP and evaluation consortium agreed that the evaluation findings should be located within the existing evidence base on welfare-to-work programmes and active labour market programmes, both within the United Kingdom (UK) and, where relevant, overseas. To do this systematically an 'evidence review group' was established. This group involved participants from all organisations in the evaluation consortium, supplemented with additional key experts including from DWP itself. The group facilitated a peer-based discussion and review process for UK and international evidence, to situate the Work Programme evaluation findings in the context of wider evidence and highlight differences and similarities between what is coming out of the Work Programme evaluation, and that corpus of earlier knowledge and experience.

The activities of the evidence review group included:

- ongoing review of findings emerging from the evaluation, in particular, contributing to the development of the evaluation synthesis report;
- ongoing review of evidence and data from previous UK and international research on active labour market programme interventions for relevant client groups and evidence on the underlying commissioning and funding regimes.

It is planned that summary findings from these reviews will be included in the final synthesis report in 2015.

Part 2

The Commissioning Model

The chapters in this second part of the report look in more detail at the operation of the Work Programme commissioning model to explore:

- the changing structure and characteristics of the Work Programme provider market (prime and subcontractor) between 2011 and 2014 (Chapter 3);
- Work Programme contract and performance management, and DWP and provider capabilities related to this (Chapter 4);
- minimum service prescription and the 'black box' approach within the Work Programme (Chapter 5); and
- the Work Programme financial model (Chapter 6).

3 Market structure

The Department for Work and Pensions (DWP) was keen to understand the impact of its commissioning model on providers of welfare-to-work services, and in particular how the model, as between 2011 and 2014 shaped the provider market during this period. One of the aims of the DWP commissioning model was to boost efficiency by stimulating competition between service providers.

At prime provider level, this was attempted by:

- offering organisations larger and longer contracts, partly to encourage them to compete for contracts; and
- awarding shifts in market share to better-performing providers during the contract period.

Beneath this level, prime providers were expected to manage sub-regional markets, ensuring that their supply chains were effective and delivering to high standards. To this end, prime providers were free to deliver services themselves or to outsource some or all of the Work Programme service to subcontractors. They were also free to manage competitive supply chains or to work more collaboratively in order to generate the performance and service quality required. A key focus of the evaluation therefore involved looking at the characteristics and structure of the provider market, at national and contract package area level, to identify evidence of competition and form a view on whether the 2008 version of the DWP commissioning model (deployed through the Work Programme) was leading to the development of an effective quasi-market for contracted employment provision.

Independent evaluations of contracted out employment services in other countries have typically derived their analytical frameworks from the work in institutional economics of Bartlett and Le Grand (1993). This work suggests that to be effective quasi-markets, amongst other things, require a market structure based on price and competition, with free entrance and exit of competing providers. Of course, some contracting systems may not promote the entry of new providers or facilitate the exit of inefficient ones. Providers may also look to reduce inter-firm competition through, for example, collaboration or mergers.

To help determine whether the Work Programme commissioning model has led to the development of an effective quasi-market, this chapter considers such factors by exploring the changing structure and characteristics of the Work Programme (prime and subcontractor) provider market between 2011 and 2014. The evidence presented in this chapter is based on qualitative interviews with DWP staff, prime providers and subcontractors, as well as providers not delivering the Work Programme. It also includes analysis of DWP supply chain data and incorporates findings from six provider surveys that focused on commissioning and programme delivery-related issues.

3.1 Prime providers, supply chains and third sector organisations

The Work Programme is delivered by 18 prime providers who were awarded 40 separate contracts to deliver services in 18 large Contract Package Areas (CPAs) across England,

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Scotland and Wales¹⁷ (see also Appendix A). Two different models of prime provider delivery practice have developed. The first model comprises a **prime managing agent** that provides no direct services, but sub-contracts all Work Programme activities through a supply chain of contractors. This is the model chosen by two of the largest for-profit primes, Serco and G4S, and by 'Rehab Jobfit'. The added value of these organisations lies in their expertise in building and managing supply chains and in organising finance and synergies with their other corporate activities.

The other model is that of a **prime delivery agent** that combines direct delivery, of varying levels, and subcontracting with a supply chain. Variants of this model are used by the other 14 prime providers, most of which directly deliver a wide range of employment programmes in both the UK and in other countries. About half of these organisations also act as key subcontractors in the supply chains of primes in other CPAs.

Work Programme prime providers were free to design their own delivery systems and supply chains, but had to do so in compliance with safeguards introduced after significant lobbying by third sector organisations. These safeguards are intended to protect the position of non-profit, specialist, community-based and other 'third sector' providers which have been associated with a record of innovation and of working with the 'hardest to help' populations and localities.

DWP does not prescribe quotas or specify contracting arrangements for primes, but the DWP Commissioning Strategy encouraged prime providers to maintain diverse delivery networks and outlined a 'code of conduct' to guide behaviour between prime providers and their subcontractors. The values expressed in the code focus on best practice in supply chain management and equitable treatment for smaller providers. Subsequently DWP, in partnership with providers, developed a 'Merlin Standard' as the assessment and enforcement tool that regulates compliance with the code of conduct (see www.merlinstandard.co.uk).

3.2 Current provider market and high-level changes in the last year

The number and type of organisations involved at prime provider level has remained unchanged since the programme went live in 2011.¹⁸ However, there is evidence of market entry via acquisition and merger at the prime provider level.

¹⁷ www.gov.uk/government/uploads/system/uploads/attachment_data/file/253680/cpa-preferred-bidders.pdf

¹⁸ Out of the 18 prime providers, 15 are private companies, one is not-for-profit (Newcastle College Group Intraining), one is a third sector special purpose vehicle (CDG-Shaw Trust) and one (Working Links) is a public, private and voluntary company.

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Although involved in Work Programme delivery via the special purpose vehicle, Rehab Jobfit¹⁹ (who hold two contracts), Interserve plc were unsuccessful in their attempts to get on the DWP Framework for the provision of employment-related support services. But in May 2012, Interserve acquired Business Employment Services Training (BEST)²⁰ to deliver the programme in West Yorkshire as Interserve Working Futures.

Similarly, Shaw Trust, a long-established provider of specialist disability employment programmes, did not hold any Work Programme contracts as a prime provider.²¹ However, in September 2012 Shaw Trust completed a merger with the Careers Development Group (CDG), so are now involved in delivery as a prime provider in East and South London.

In November 2012 Learndirect merged with JHP Group (the prime provider in CPA 12). In May 2014, Staffline, the parent company of EOS (prime provider in CPA 14), acquired Avanta (the prime provider in CPAs 5, 7 and 10).

In March 2014, Ingeus was acquired by Providence Service Corporation, a United States of America (USA)-based company specialising in the management and provision of human services and non-emergency transportation.

Looking beneath prime provider level, information collected by DWP on the structure of Work Programme supply chains has shown some fluctuation. The most recent data (March 2014) shows that there were 806 subcontractors which was a slight decrease compared with 830 in March 2013. However, the number of subcontractors that were actively delivering the Work Programme was fewer than these numbers suggest because some subcontractors had not received many, if any referrals (see Section 3.4 below). This was particularly the case for non-end-to-end providers.

The majority of providers were either voluntary, community or social enterprise organisations (40 per cent) or private organisations (46 per cent). Fourteen per cent were public sector organisations (DWP 2014).

The information collected by DWP also showed that the size and structure of supply chains vary (DWP, 2014):

- The number of end-to-end providers in supply chains ranged from 2 to 15 with an average (mean) of 7.
- Non-end-to-end providers ranged from none to over 100, with an average (mean) of 22.

Some DWP staff reported that they believed the current market structure posed some risks to the Department. Some felt that there was a lack of providers that had the potential to take over contracts at the prime provider level if DWP withdrew them due to underperformance or if the prime provider failed due to financial reasons. Prime providers were, however, generally positive about the financial viability of contracts.

A more systematic analysis of market structure exploring provider market share and concentration is presented in the following section.

¹⁹ www.interserve.com/news-media/press-releases-and-news/2011/04/04/1544/interserve-joint-venture-awarded-p130m-contracts-in-dwps-work-programme

²⁰ www.interserve.com/news-media/press-releases-and-news/2012/05/04/1747/interserve-acquires-welfare-to-work-business

²¹ CDG-Shaw Trust currently delivers as a subcontractor in four CPAs.

3.3 Provider market concentration

A risk of the prime provider model is that more of the Department's business could become concentrated in the hands of fewer organisations. It was therefore important to consider the share of the business that each provider delivered, to compare this to market concentration in other sectors, to assess how market concentration changed between 2011 and 2014, and to determine what this might mean for DWP.

The technical annex provides an outline of the methodology used for calculating market share and concentration, including an explanation of why Work Programme attachment data was considered the best metric to use for calculating share/concentration between 2011 and 2014. In short, Work Programme attachment data from the DWP Tabulation Tool and financial data on actual contract spend were used to calculate concentration ratios²² and Herfindahl-Hirschman Indices (HHI)²³ for the Work Programme provider market at particular points in time to establish whether the market was becoming more or less concentrated as a result of factors such as market share shifts at Tier 1 subcontractor level and market share shifts at prime provider contract level (implemented in August 2013).

3.3.1 Prime provider market concentration

To date, the four largest prime providers of the Work Programme in terms of attachments have been Ingeus, A4e, Working Links and Seetec. As shown in Table 3.1, using prime provider attachment data from June 2011 to March 2014 these providers delivered around 54 per cent of the Work Programme across England, Scotland and Wales. On this basis, the Work Programme prime provider market could be described as a very competitive oligopoly.

Table 3.1 Market concentration based on prime provider attachment data

	2011/12	2012/13	2013/14	2011/14
CR4 ¹	52.83%	54.77%	55.12%	54.03%
CR5	60.61%	62.70%	62.90%	61.86%
CR8	75.22%	77.11%	77.21%	76.21%
HHI	0.10739	0.10813	0.10955	0.10841

¹ CR – concentration ratio which measures the combined market share of the top 'n' providers.

To help put this into context, the Work Programme prime provider market during this period was considerably less concentrated than the UK supermarket sector in which the four largest firms held over 75 per cent of the business (according to 2011 figures).²⁴

²² The most commonly used concentration ratios are the CR4 and the CR8, which means the combined market share of the four and the eight largest firms, although the CR5 (the combined market share of the five largest firms) is sometimes used.

²³ The HHI is the sum of the squares of the market shares of the 50 largest firms (or summed over all the firms if there are fewer than 50) within an industry, where the market shares are expressed as fractions.

²⁴ tutor2u.net/economics/revision-notes/a2-micro-measuring-market-concentration.html

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The arguably more complete measure of market concentration, the HHI, produced similar results. The mean HHI between June 2011 and March 2014 was 0.10841, indicating an unconcentrated market at national, prime provider level.²⁵

These values compare to 0.1483 for British electricity generation based on total metered volume in 2012²⁶ or to over 0.2 for British domestic gas sales in 2011, in which there were only seven companies selling gas in the domestic sector.²⁷

HHI estimates for more comparable public sector markets within or outside the UK are not commonly available. However, in 2009, the market share of the top 10 Job Services Australia providers was 48 per cent, while that of the top 25 was 75 per cent (DEEWR, 2009). This suggests that compared to the equivalent Australian contracted employment provider market the Work Programme market may be more concentrated. However, until the data and method used to calculate market concentration is standardised across sectors and countries fair comparisons cannot be drawn.

Despite the absence of reliable comparisons with equivalent sectors, the overall conclusion is that the Work Programme prime provider market between 2011 and 2014 was not concentrated by conventional measures and is considerably less concentrated than the UK supermarket sector or domestic UK electricity and gas supply market. But how has concentration changed?

3.3.2 Changes in prime provider market concentration

The data above suggest a very small increase in prime provider market concentration (by all measures) between 2011 and 2014. However, with prime provider market share fixed at contract level until August 2013, in theory market concentration should have remained constant. More detailed analysis of the data reveals more.

Figure 3.1 shows the HHI calculated each month using prime provider attachment data from the Tabulation Tool and shows how the HHI fluctuated month to month. This can be explained by variations in attachment volumes and differences in the referral to attachment ratios between the prime providers operating in each CPA.

Against this 'natural' variation, there was a small, but noticeable, increase in concentration from August 2013 onwards when market share shift was implemented in several CPAs. This is better illustrated by calculating the mean concentration ratios and HHIs pre- and post-market share shift (MSS).

²⁵ An HHI below 0.15 (or 1,500) indicates an unconcentrated market; an index between 0.15 and 0.25 (or 1,500 to 2,500) indicates moderate concentration.

²⁶ www.ofgem.gov.uk/ofgem-publications/82755/2013greatbritainandnorthernirelandnationalreporttotheeuropeancommission.pdf

²⁷ www.gov.uk/government/uploads/system/uploads/attachment_data/file/65900/6801-uk-energy-sector-indicators-2012.pdf

Figure 3.1 Herfindahl-Hirschman Index at prime provider level

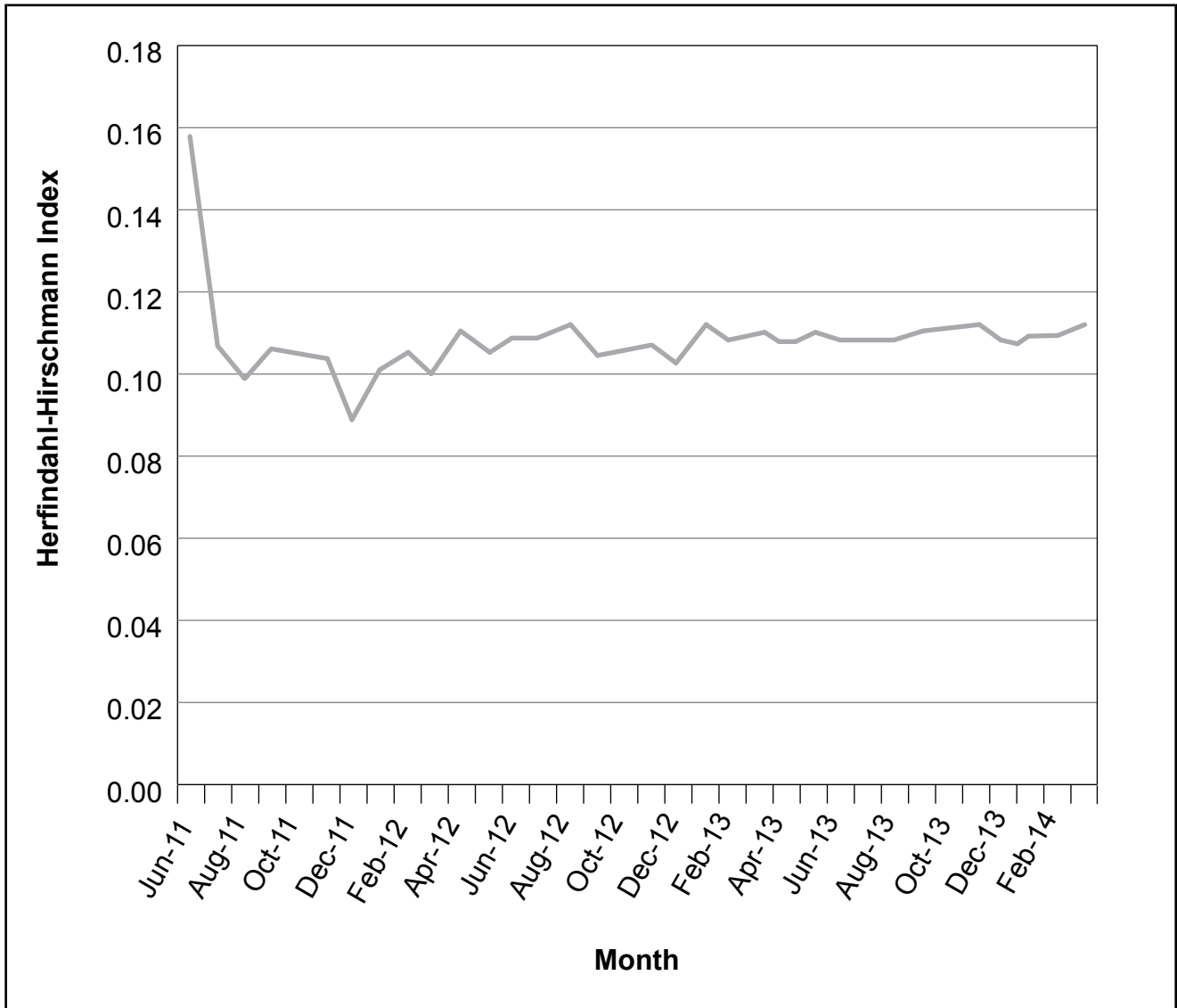


Table 3.2 Market concentration pre and post market share shift

	Pre-share shift mean	Post-share shift mean
CR4	53.85%	56.00%
CR5	61.68%	62.93%
CR8	76.00%	77.55%
HHI	0.10739*	0.11010

* Excluding the first four months of data the mean pre share shift HHI was 0.10614.

As Table 3.2 demonstrates, there was a small increase in the mean market concentration before and after August 2013, driven primarily by the five per cent shift in market share towards Ingeus in five of its seven contracts, thereby giving increased market share to the most dominant prime provider. It is worth noting that if data from the first four months of live running is excluded from the analysis the difference is greater still.

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The overall conclusion is that market share shift in August 2013 led to a small increase in prime provider market concentration at national level. However, the market following MSS could still be described as an unconcentrated, competitive oligopoly. Only with an HHI above 0.15 could it be described as moderately concentrated.

However, this analysis only tells part of the Work Programme story. There are significant problems associated with limiting analysis of market share and concentration to the prime providers, or only exploring changes at national level because it completely ignores the role of subcontractors. Furthermore, it regards the Work Programme market as a single unit, when in reality it is broken down into 18 sub-regional markets – the CPAs.

3.3.3 Market concentration including subcontractors

A key consideration when calculating market share/concentration in the Work Programme market was the fact that a significant proportion of the service – in some cases all – was contracted out to other suppliers. This meant that calculations of market share/concentration at prime provider level alone obscured the role of the subcontractors; potentially leading to overestimates of market concentration. This is especially important in the welfare-to-work market for two reasons:

- some prime providers earn significant additional income as Tier 1 subcontractors to other primes in other (and in some cases the same) CPAs; and
- some non-prime providers earn more money as subcontractors than some of the smaller prime providers earn as primes.

To demonstrate this, expenditure data for the welfare-to-work provider market as a whole, which incorporated providers of all DWP employment programmes,²⁸ was used to calculate indicators of market concentration in 2012/13 and 2013/14. The results are provided in Table 3.3.

Table 3.3 Welfare to Work market concentration including subcontractors

	2012/13			2013/14		
	Income as prime provider only	Prime income – taking into account money passed down the supply chain	Combined income as prime and/or subcontractor	Income as prime provider only	Less money passed down the supply chain	Combined income as prime and/or subcontractor
CR4	49.72%	34.53%	42.25%	49.06%	34.28%	43.16%
CR5	57.18%	39.35%	48.52%	56.41%	38.77%	48.65%
CR8	72.08%	47.16%	61.63%	72.23%	47.23%	59.54%
HHI	0.0865	0.0392	0.0633	0.0887	0.0412	0.0643

When money passed on to subcontractors was taken into account, measures of prime provider market concentration were greatly reduced. Measures of market concentration were also significantly reduced when combined income as a prime provider and/or subcontractor

²⁸ Work Programme, Work Choice, Jobcentre Plus support contract, European Social Fund, Mandatory Work Activity, Residential Training Colleges and Access to Work.

was taken into account.²⁹ It was therefore deemed important to attempt to estimate the market share of the top 50 providers, regardless of their status as a prime provider or subcontractor. Tier 1 subcontractor referral data was requested from the prime providers to facilitate this analysis.

3.3.4 National market concentration including prime and T1 subcontractor delivery

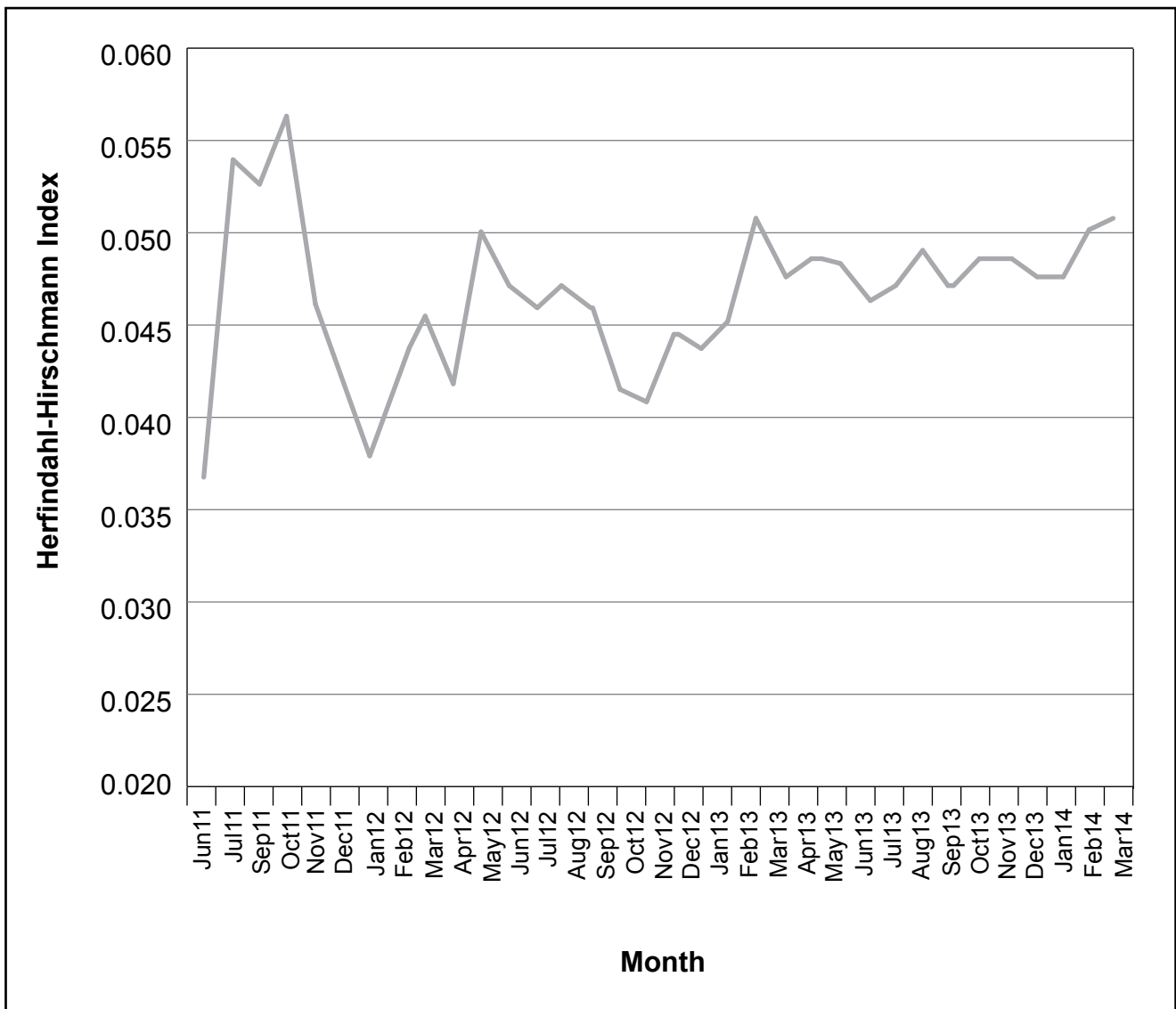
Once market share of all the Tier 1 subcontractors was taken into account, alongside direct delivery by the prime providers, the Work Programme provider market appeared much less concentrated. The median HHI between June 2011 and March 2014 was calculated to be 0.04710.

Time series data shown in Figure 3.2 demonstrates the pattern of referral profiles and the corresponding effect on supply chains reported through the qualitative research. Concentration was initially relatively high but dropped once the initial burst of referrals to prime providers filtered through to the rest of the supply chain. Concentration then increased during 2012 as the volume of programme referrals reduced, then increased further still in 2013 as many prime providers began rationalising their supply chains. See Section 2.4 for a discussion of changes to supply chains and reasons for supply chain contraction.

²⁹ These calculations were based on the top 50 earners in the welfare-to-work market, whether as a prime provider or subcontractor (i.e. including non-prime providers).

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Figure 3.2 HHI measured using prime and T1 subcontractor referral data



Simple linear regression analysis was applied to the supply chain data between October 2011 and March 2014.³⁰ Figure 3.3 shows the strength of the overall change in concentration at national level.

³⁰ Data from the first four months of the programme (June to September 2011) were excluded from the analysis because the design of some providers' Work Programme models (e.g. Serco and Ingeus) meant that referrals would not be established to significant portions of their supply chains until at least after four months of live running.

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Figure 3.3 Overall trend in prime and T1 subcontractor market concentration

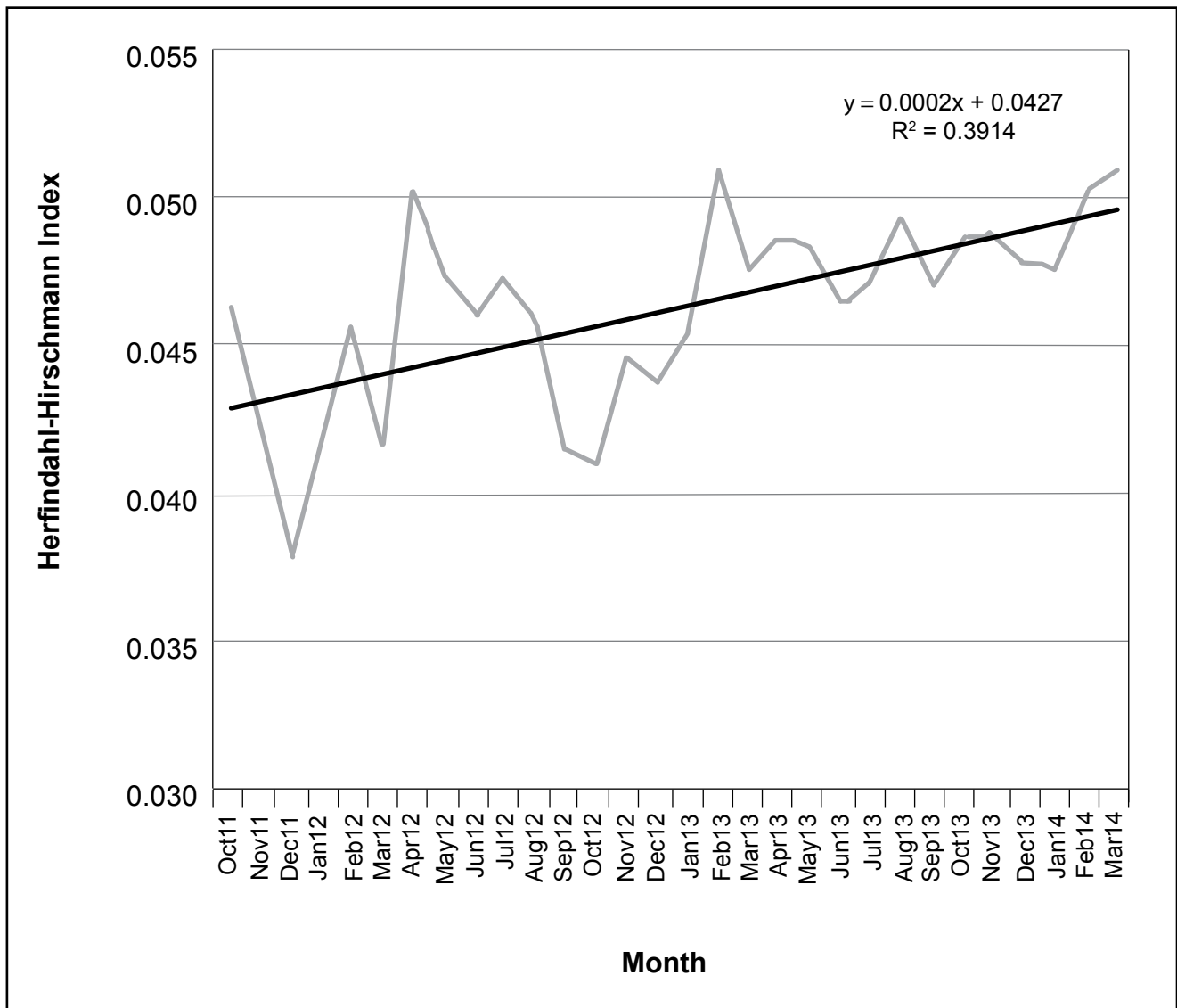
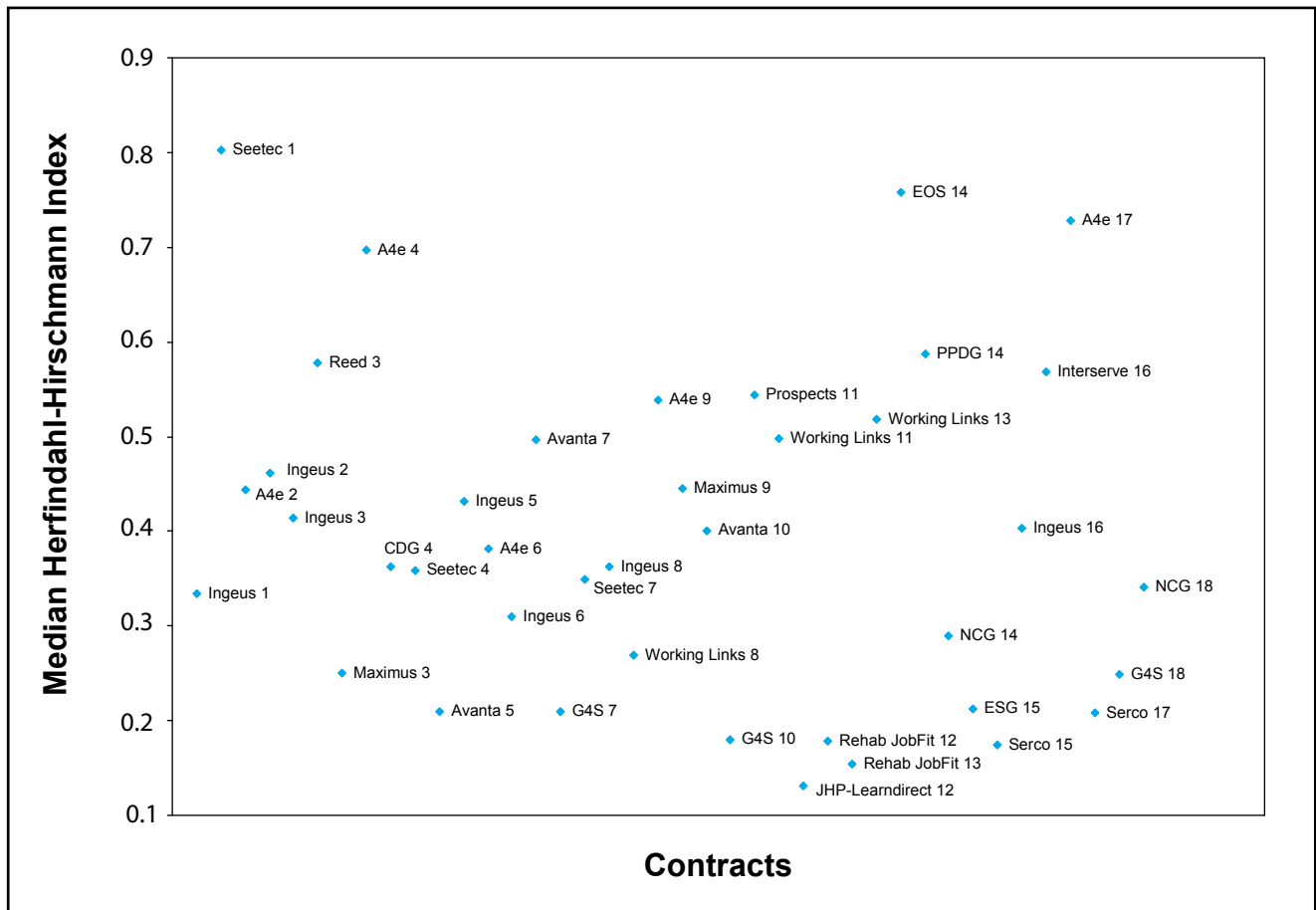


Figure 3.3 demonstrates the gradual increase in the Work Programme provider market concentration at prime and Tier 1 subcontractor level between October 2011 and March 2014. When the data were analysed in more depth it was possible to compare the concentration of each contract and CPA, and how this had changed between 2011 and 2014.

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Figure 3.4 Relative concentration of Work Programme contracts 2011 to 14



Taking the median HHI over the full period the most concentrated supply chains were Seetec in CPA 1, EOS, in CPA 14 and A4e in CPAs 4 and 17. In these CPAs the prime providers delivered the majority of the service directly with less reliance on subcontractors to fulfil their contracts. Unsurprisingly, the least concentrated supply chains were those of the managing agents and other primes that contracted out all or most of their support. Over the full period the four least concentrated supply chains were JHP/Learndirect in CPA 12, Serco in CPA 15 and Rehab JobFit in CPAs 12 and 13.

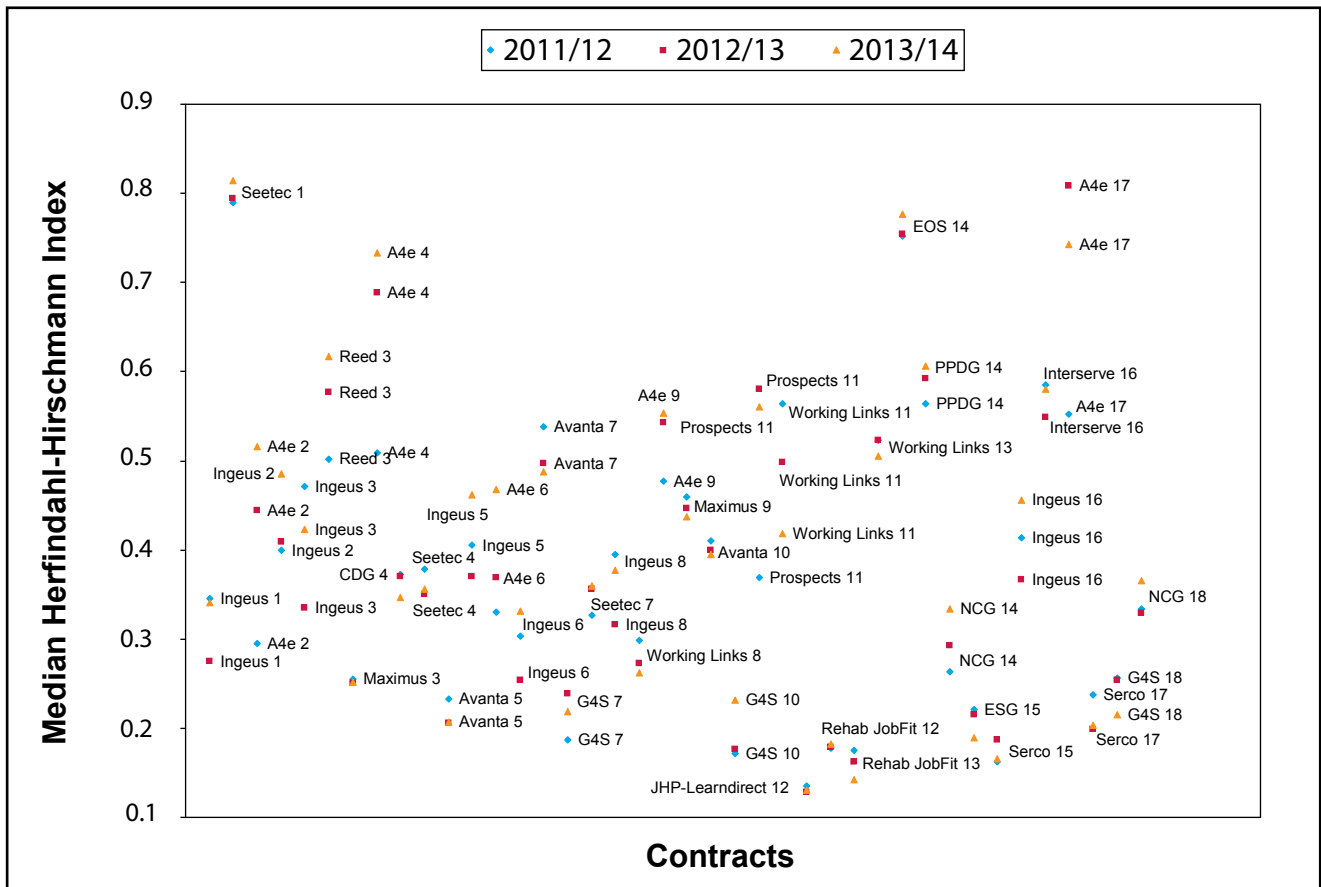
Analysis of these data over time (see Figure 3.5) shows how some supply chains remained relatively consistent between 2011 and 2014, whereas others either reduced or increased in concentration.

In 2011 to 12 the four most concentrated supply chains were Seetec in CPA 1, EOS in CPA 14, Working Links in CPA 11 and Interserve (then BEST) in CPA 16. By March 2014, Interserve and Working Links had been replaced in the top four by A4e in CPAs 4 and 17; the two most concentrated supply chains remained Seetec in CPA 1 and EOS in CPA 14.

In 2011 to 12 the four least concentrated supply chains were JHP in CPA12, Serco in CPA 15, Rehab JobFit in CPA 13 and G4S in CPA10, but by March 2014 the G4S CPA 10 supply chain had become more concentrated with Rehab JobFit in CPA 12 replacing it as the fourth least concentrated supply chain.

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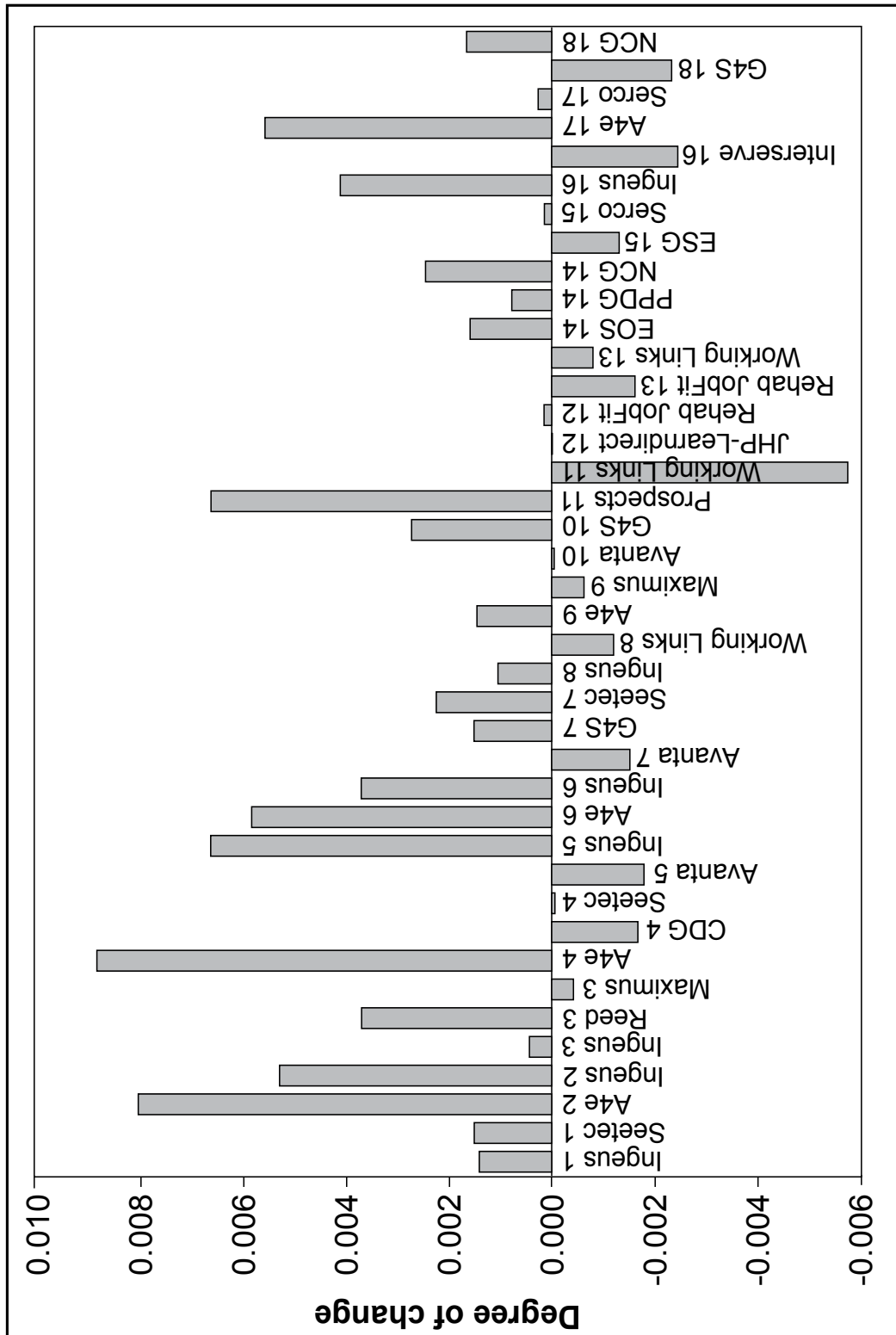
Figure 3.5 Changes in the concentration of Work Programme contracts 2011 to 14



In addition to identifying the starting and finishing points of each contract, linear regression analysis identified the strength of the overall change in concentration for each supply chain. Figure 3.6 shows the m-values for each supply chain and identifies the supply chains that became more or less concentrated by the largest amount according to the overall trend between October 2011 and March 2014.

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Figure 3.6 Trends in concentration of Work Programme contracts 2011-14



The four supply chains that increased in concentration the most between October 2011 and March 2014 were A4e in CPA 2, A4e in CPA 4, Ingus in CPA 5 and Prospects in CPA 11. The four supply chains to have reduced in concentration to the greatest extent in the same period were Working Links in CPA 11, BEST/Interserve Working Futures in CPA 16, G4S in CPA 18 and Avanta in CPA 5.

The four supply chains that increased in concentration the most between October 2011 and March 2014 were A4e in CPA 2, A4e in CPA 4, Ingeus in CPA 5 and Prospects in CPA 11. The four supply chains to have reduced in concentration to the greatest extent in the same period were Working Links in CPA 11, BEST/Interserve Working Futures in CPA 16, G4S in CPA 18 and Avanta in CPA 5.

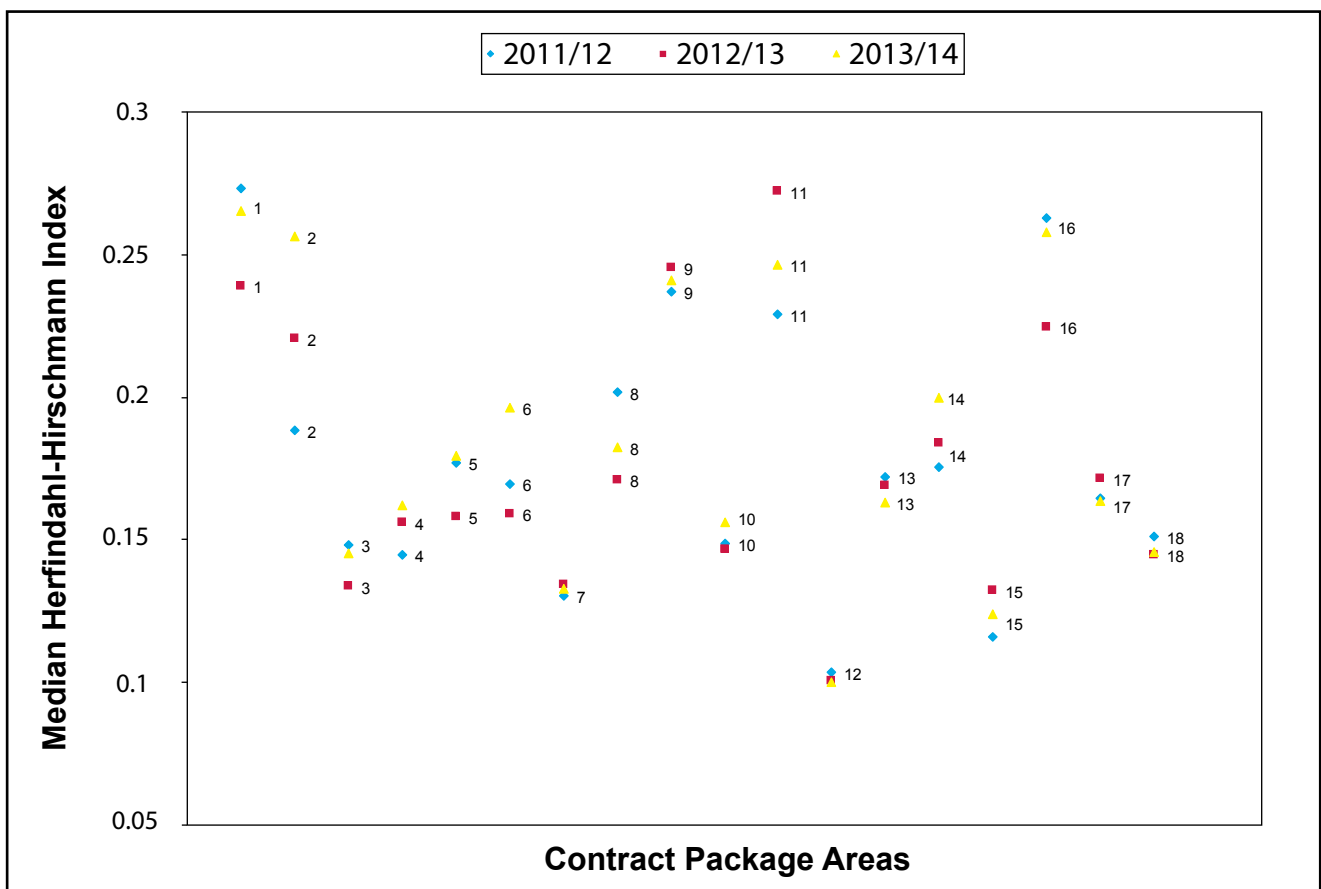
3.3.5 Effects of supply chain concentration changes at CPA level

The combined effects of prime providers' differing strategies and the amount of Tier 1 subcontractor overlap between prime providers within CPAs was explored by analysing the data at CPA level. The results are shown in Figures 3.7 and 3.8.

In 2011 to 12, the four most concentrated provider markets were CPAs 1, 16, 9 and 11. By March 2014 the top four were CPAs 1, 2, 11 and 16; a large increase in the concentration of CPA 2 driving the change.³¹

In 2011 to 12, the four least concentrated provider markets were CPAs 12, 15, 7 and 4. By March 2014 the bottom four were CPAs 12, 15, 18 and 7; driven by an increase in concentration in CPA 4 and a reduction in concentration in CPA 18.³²

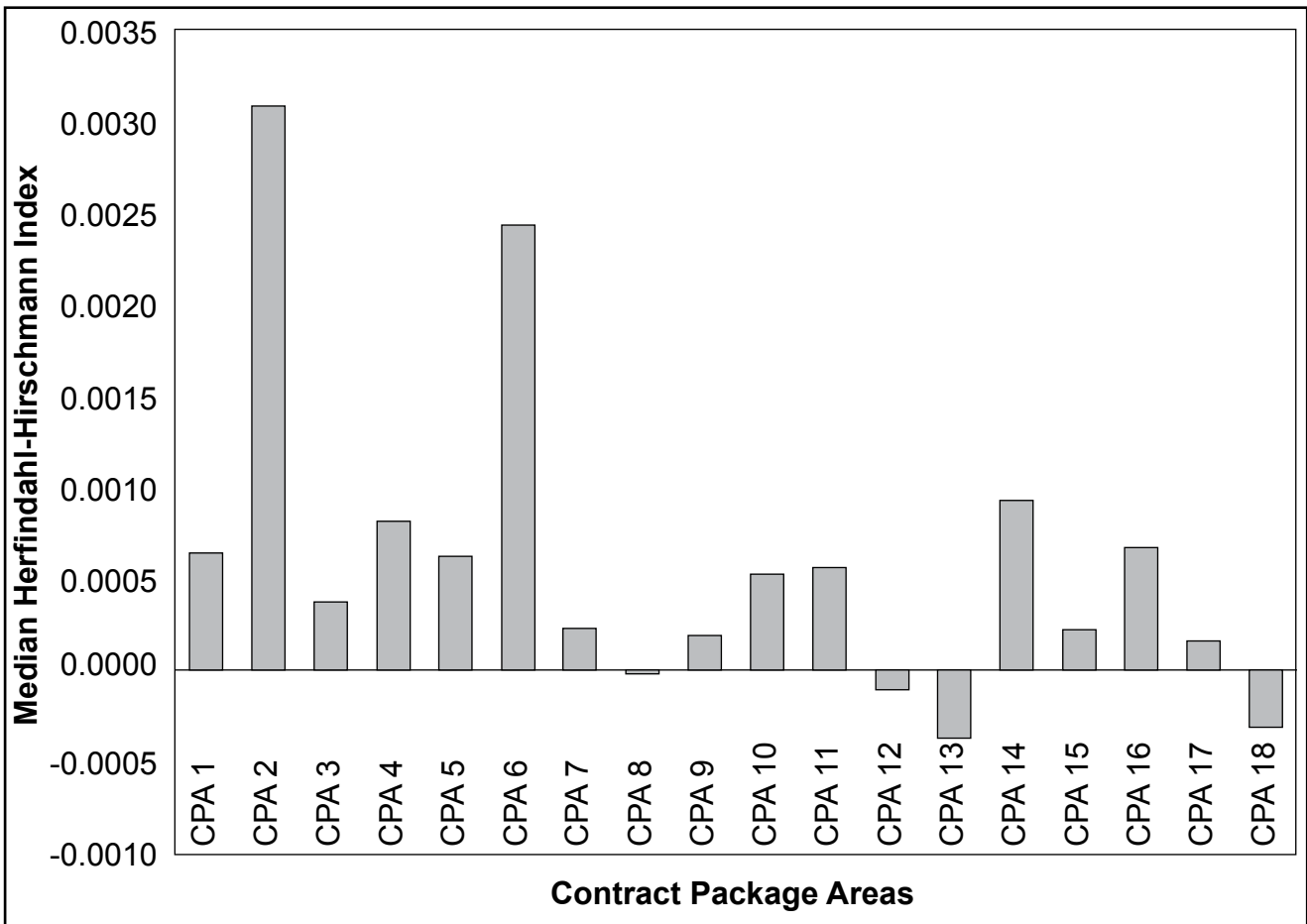
Figure 3.7 Relative changes in the concentration of CPA markets 2011 to 14



³¹ In March 2014 the HHI for CPA 9 was higher than the HHI for CPA 2, but the R2 value was higher, calling into question the strength of the trend identified in CPA 9.

³² In March 2014 the HHI for CPA 3 was slightly lower than the HHI for CPA 7, but the R2 value was higher, calling into question the strength of the trend identified in CPA 3.

Figure 3.8 Degrees of change in the concentration of CPA markets 2011 to 14

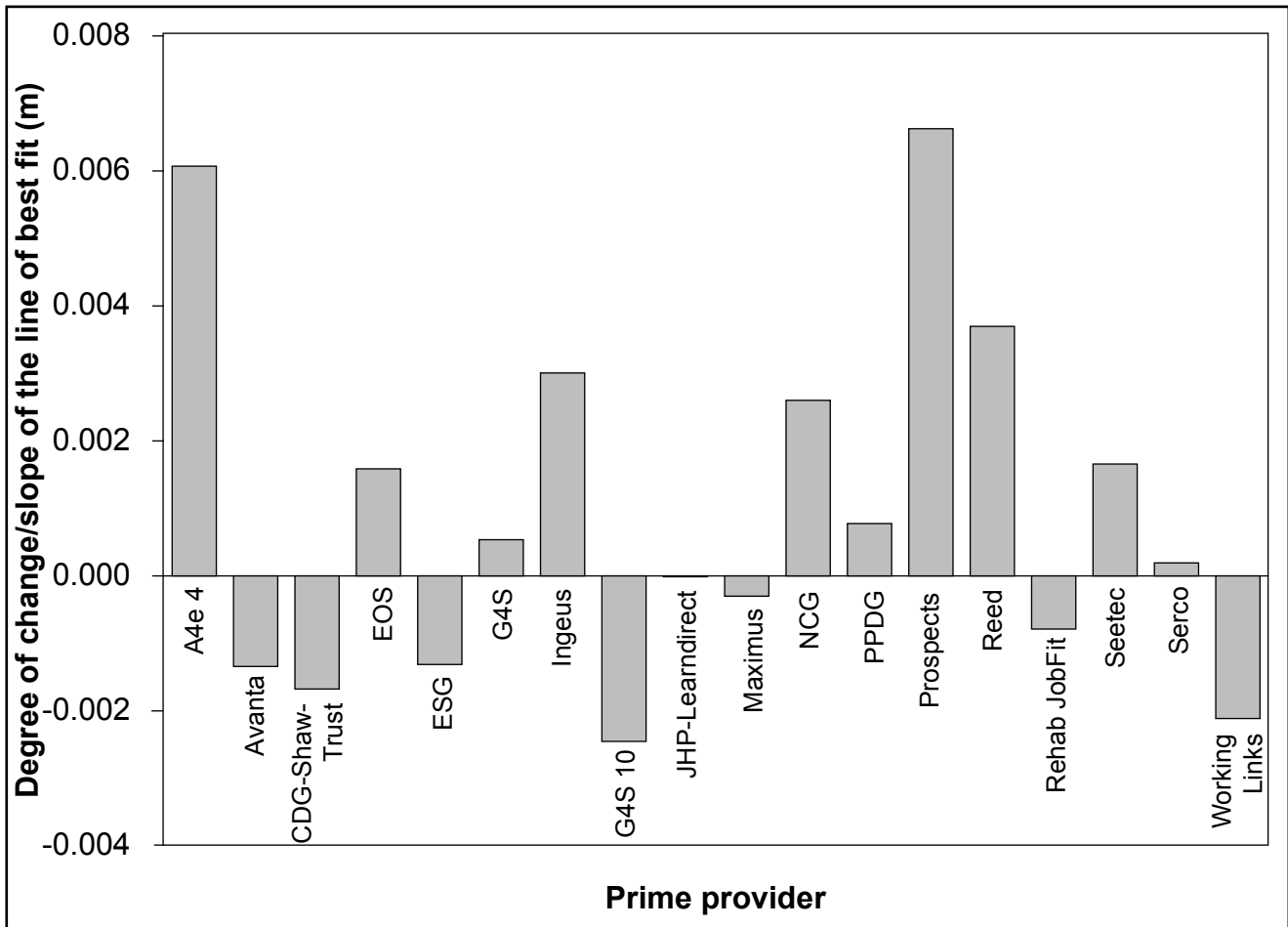


In terms of the amount of change at CPA level between October 2011 and March 2014, the vast majority of CPAs increased in concentration, with CPAs 2 and 6 standing out above all others. The large relative increase in concentration of the Prospects supply chain in CPA 11 was offset by an almost equal decrease in the concentration of the Working Links supply chain in the same CPA. Notably, the only two CPAs to have decreased in concentration to any significant extent are CPAs 13 and 18. So which prime providers were responsible for these effects?

3.3.6 Prime providers driving changes in market concentration

The same linear regression analysis was applied to the supply chain data between October 2011 and March 2014, this time at prime provider level. This identified the strength of the combined changes in concentration for all of each prime provider’s contracts. Figure 3.9 shows the m-values (i.e. the slope of the line of best fit) for each prime provider, providing evidence to suggest what the business strategy of each prime provider was during the period of measurement.

Figure 3.9 Degrees of change in the concentration of CPA markets 2011 to 14



In summary, although some prime providers such as Working Links and Interserve Working Futures appear to have increased subcontractor engagement and therefore reduced market concentration within their supply chains, the small increase in overall concentration of the prime and Tier 1 subcontractor provider market at national level, between October 2011 and March 2014, was driven mainly by the activities of Ingeus and particularly A4e, though the activities of EOS, Seetec, Reed and Newcastle College Group also played their part.

It is important to note, however, that when direct delivery by primes is considered alongside delivery by Tier 1 subcontractors, the market in 2013/14 was still unconcentrated at national level according to conventional measures (concentration ratios and the HHI). But there is still a valid question over whether you can regard the Work Programme market as a single, national market.

There is a potential argument that the Work Programme could be regarded as 18 separate markets – one for each CPA. Only at CPA level were there multiple purchasers (i.e. two or three prime providers), with suppliers relatively free to choose which prime providers they wanted to work with. At CPA level the vast majority of markets were moderately concentrated, with an HHI between 0.15 and 0.25. As of March 2014, only CPAs 1, 2, 9, 11 and 16 were rated as highly concentrated according to the HHI (HHI above 0.25). A separate strand of the evaluation will seek to establish whether supply chain concentration appears to have any relationship with performance.

3.4 Changes to supply chains in the last year

All three waves of research saw subcontractors leave supply chains. In the 2012 and 2013 research many subcontractors that left were non-end-to-end providers that did not receive any referrals. In the 2014 research it was more common for end-to-end providers to leave on the basis of financial difficulties due to falling volumes of referrals or due to poor performance. As seen in Section 3.7 in the online 2014 provider survey (commissioning) ten per cent of subcontractors had received no referrals in the past 12 months compared to 17 per cent in 2013. It is likely that many of the subcontractors that did not receive referrals had left supply chains already by 2014.

In cases where subcontractors left due to poor performance this was usually by mutual agreement or, more rarely, via contract termination. In one case in 2014, a subcontractor reported a prime waiving contractual exit fees even though the decision to cease providing was the subcontractor's. Generally, supply chain exit came after a period of performance management activity by the prime provider which resulted in either a reduction in the number of participant referrals to the underperforming subcontractor or contract termination if performance did not improve. Some prime providers reported that they anticipated further exits if underperforming subcontractors did not improve. This was expected to be through a mixture of contracts being terminated and providers leaving by mutual agreement. See Section 4.3.1 for further discussion of prime providers' management of subcontractors' performance.

In other cases, end-to-end subcontractors leaving a supply chain was linked to finances and falling referrals. For example, Work Programme delivery was not perceived to be financially viable to subcontractors that reported that they were not receiving as many referrals as they had hoped. Sometimes this was in combination with lower than expected outcomes which exacerbated the limited funding. For example:

'The reality is it just wasn't viable to run a contract for 25 people [a month]. It just does not stack up and when you consider over 80 per cent of the money that comes in is about getting those people sustained outcomes you look at the front end and say it's okay it's bad, we're suffering now with 25 people a month coming through our doors.'

(Generalist end-to-end subcontractor, left some but not all supply chains, 2014)

Prime providers responded in a number of ways following subcontractors leaving their supply chains. Rather than replace organisations that left, it was common for prime providers to redistribute referrals among the existing supply chain or to take more business in-house. This approach has led to the increases in market concentration seen in most CPAs. Others offered the referrals to their existing list of approved suppliers only, which was broader than their existing supply chain. Some prime providers reported a lack of interest among non-Work Programme providers joining supply chains due to the ending of attachment fees³³ and falling referral volumes.

'At this point in Work Programme it's not really financially beneficial or particularly viable for organisations to come in fresh and new because obviously there isn't the attachment fee any more and the flows are decreasing.'

(Prime provider)

³³ The attachment fee reduced over the first three years of the contract to nil from 1 April 2014 – the start of year four. The profile for this payment is: Yr 1 = 100 per cent, Yr 2 = 75 per cent of the original amount, Yr 3 = 50 per cent of the original amount, Yrs 4 and 5 = 0 per cent.

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It was argued that redistributing referrals from leaving subcontractors to the rest of the supply chain rather than bring in a new supplier helped to make the remaining contracts financially viable.

'I think with the referrals dropping what we're probably seeing across the market is consolidation in supply chains as opposed to proliferation.'

(Prime provider)

In general, prime providers reported that supply chain contraction was advantageous because of the resource saving related to managing fewer subcontractors. A number of prime delivery agents also suggested that the initial size of their supply chains was related to a perceived DWP requirement that they utilise diverse supply chains, rather their organisational preference. This and other factors related to the outsourcing of delivery are discussed further in Section 2.7.

Some prime providers had added subcontractors to enhance or broaden the range of their provision. This was commonly to work with Employment and Support Allowance (ESA) claimants. One such subcontractor described responding to an advertisement on a prime provider's website inviting expressions of interest in providing specialist end-to-end support for Work Programme participants with health conditions. Provision of end-to-end employment services was a new area of work for the subcontractor, but was an area of their business they hoped to grow in future through gaining experience with this contract.

One prime provider reported operating an open procurement process to replace an end-to-end subcontractor. Despite advertising the opportunity widely, the only applications received were from subcontractors already working for the prime. Given this, and the resource expended in running an open procurement process, the prime questioned the use of such an exercise in future.

The extent of market entry by new Work Programme providers is unclear. Findings from the qualitative interviews suggest market entry is limited for the reasons discussed above. However, one in five (20 per cent) of subcontractors in the 2014 survey reported that had joined one or more supply chains since the programme went live³⁴. Specialist subcontractors were more likely than other types of subcontractors to have joined a supply chain in the past 12 months. Twenty-nine per cent of specialist end-to-end subcontractors surveyed in 2014 had joined a supply chain for the first time in the past 12 months compared to nine per cent of generalist end-to-end subcontractors and five per cent of non-end-to-end subcontractors.

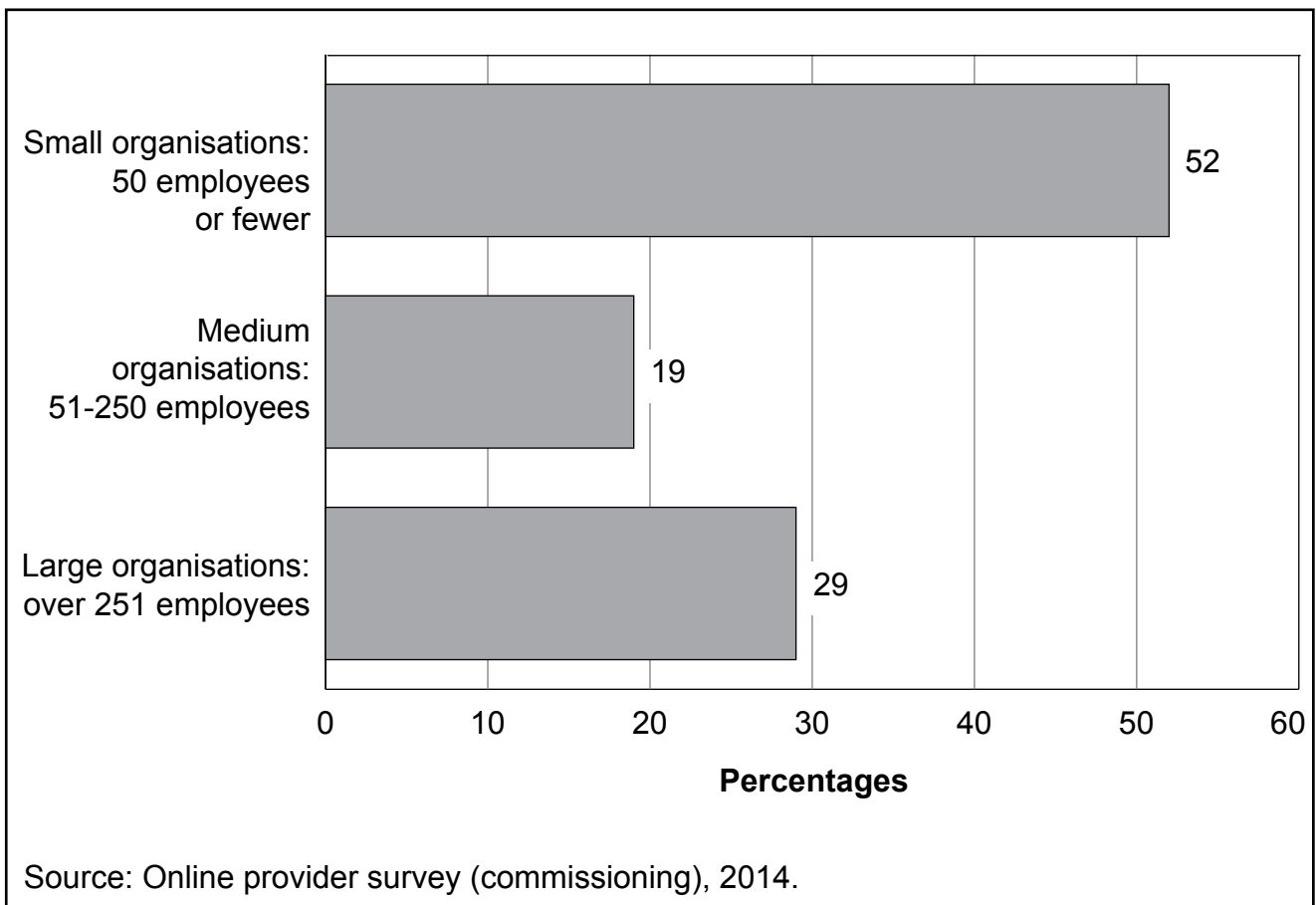
³⁴ Source: Work Programme Commissioning survey 2014. This includes both end-to-end and non-end-to-end providers. It may also include some who felt they were not in the supply chain from the start of the programme due to the length of time it took to finalise contracts.

3.5 Characteristics of Work Programme subcontractors and providers

During the bidding process, prime providers were asked to provide assurances of how they will maintain balance in their supply chains in terms of size and type of sub-contractor. The commissioning-focused provider survey (2014) provides feedback on their level of success in this area. It found that just over half of subcontractors (52 per cent) were small organisations with 50 employees or fewer in the UK. Nineteen per cent were medium-sized enterprises (between 51 and 250 employees) and the remaining 31 per cent were large organisations with over 250 employees (see Figure 3.10 below). This was in line with the size of Work Programme subcontractors in the previous two waves of the survey. As might be expected, non-end-to-end providers and specialist end-to-end providers tended to be smaller than generalist end-to-end providers (with 70 per cent of non-end-to-end providers and 68 per cent of specialists having 50 employees or fewer compared with 32 per cent of end-to-end providers). This was the same pattern observed in the 2013 survey, where 59 per cent of non-end-to-end providers had 50 employees or fewer compared with 37 per cent of end-to-end providers.

Public sector organisations tended to be larger than private or Voluntary, Community and Social Enterprise (VCSE) organisations in all three waves of research.³⁵

Figure 3.10 Size of organisation (subcontractors)



³⁵ However, the numbers are too small in this wave to report percentages.

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The programme delivery survey supplied information about service provision in 2012 and 2013. In the 2014 survey, a core set of questions covered this information. In all years, a majority of responding providers reported that they offered a generalist, end-to-end service (Table 3.4).

Table 3.4 Type of delivery

	2012 %	2013 %	2014 %
Generalist end-to-end	46	51	36
Specialist end-to-end	12	16	14
Non end-to-end	41	30	24
Not answered	0	4	25
<i>Base</i>	169	190	243

Source: Online provider survey (programme delivery), 2014, 2013 and 2012.

As might be expected, non-end-to-end providers tended to be smaller than generalist end-to-end providers (Table 3.5). More of all types of providers were in the VCSE sector, with concentration most marked for non-end-to-end providers (Table 3.6).

Table 3.5 Type of delivery, by size

	2012		2013			2014		
	All %	End-to- end %	Non end- to-end %	Delivery type not answered %	All %	End-to- end %	Non end- to-end %	All %
50 staff or fewer	48	37	59	0	42	42.1	69.5	51.9
More than 50 staff	52	63	39	88	57	57.9	30.5	48.1
Don't know		0	2	13	1	0	0	0
<i>Base</i>	106				190			189

Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

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Table 3.6 Type of delivery, by sector

	2012		2013		2014			
	All %	End-to-end %	Non end-to-end %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %
Public	18	25	13	0	21	29.8	10.2	22.2
Private	25	26	34	88	31	24	33.9	28
Voluntary, community, or social enterprise	58	48	52	13	47	44.6	54.2	48.1
Don't know		1	2	0	21	1.7	1.7	1.6
<i>Base</i>	<i>106</i>				<i>120</i>			<i>189</i>

Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

The programme delivery survey (of subcontractors and prime providers delivering support directly to participants) identified 30 providers in 2013 (16 per cent of the total) as specialist end-to-ends and in 2014, 26 providers (14 per cent of the total) indicated their organisation supplied specialist end-to-end services. Table 3.7 shows their specialisms. In both years, the most commonly cited specialisms related to participant groups were those for mental health conditions or learning disabilities and the least common were for those working with distinct groups such as veterans or gypsies/travellers. This pattern was very similar to that identified in the 2012 delivery survey.

The most common type of provision amongst non-end-to-end providers in the 2013 and 2014 delivery surveys was support in personal effectiveness or confidence-building, vocational training and help with job search skills (see Table 3.8). Less common was support related to distinct labour market barriers, such as debt management, transport and housing. This pattern again reflected that of the 2012 delivery survey, suggesting there had been no substantive changes in the composition of the specialist and non-end-to-end provider market.

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Table 3.7 Specialisms amongst specialist end-to-end providers

	2012	2013	2014
	%	%	%
People with mental health conditions and/ or learning disabilities	67	50	39
Young people (aged 18-24)	62	37	19
People with health conditions, lasting for a year or less	43	30	23
People with disabilities (health conditions lasting for longer than a year)	57	30	50
People with behavioural difficulties	-	30	19
Offenders or ex-offenders	52	30	19
People with literacy or numeracy needs	52	30	15
People with English as a second language	48	30	15
Older people (50 and over)	38	27	23
Lone parents	38	23	23
People with drug- or alcohol-related problems	43	20	19
Minority ethnic groups	43	20	19
Homeless people or people with other housing needs	38	17	15
People with debt-related or other financial problems	24	13	8
People with transport difficulties	10	15	
People with caring responsibilities	29	7	15
Gypsies/travellers	19	7	8
Veterans	19	7	12
Don't Know			8
Other	14	17	15
<i>Base</i>	<i>21</i>	<i>30</i>	<i>26</i>

Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

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Table 3.8 Specialisms amongst the non-end-to-end providers

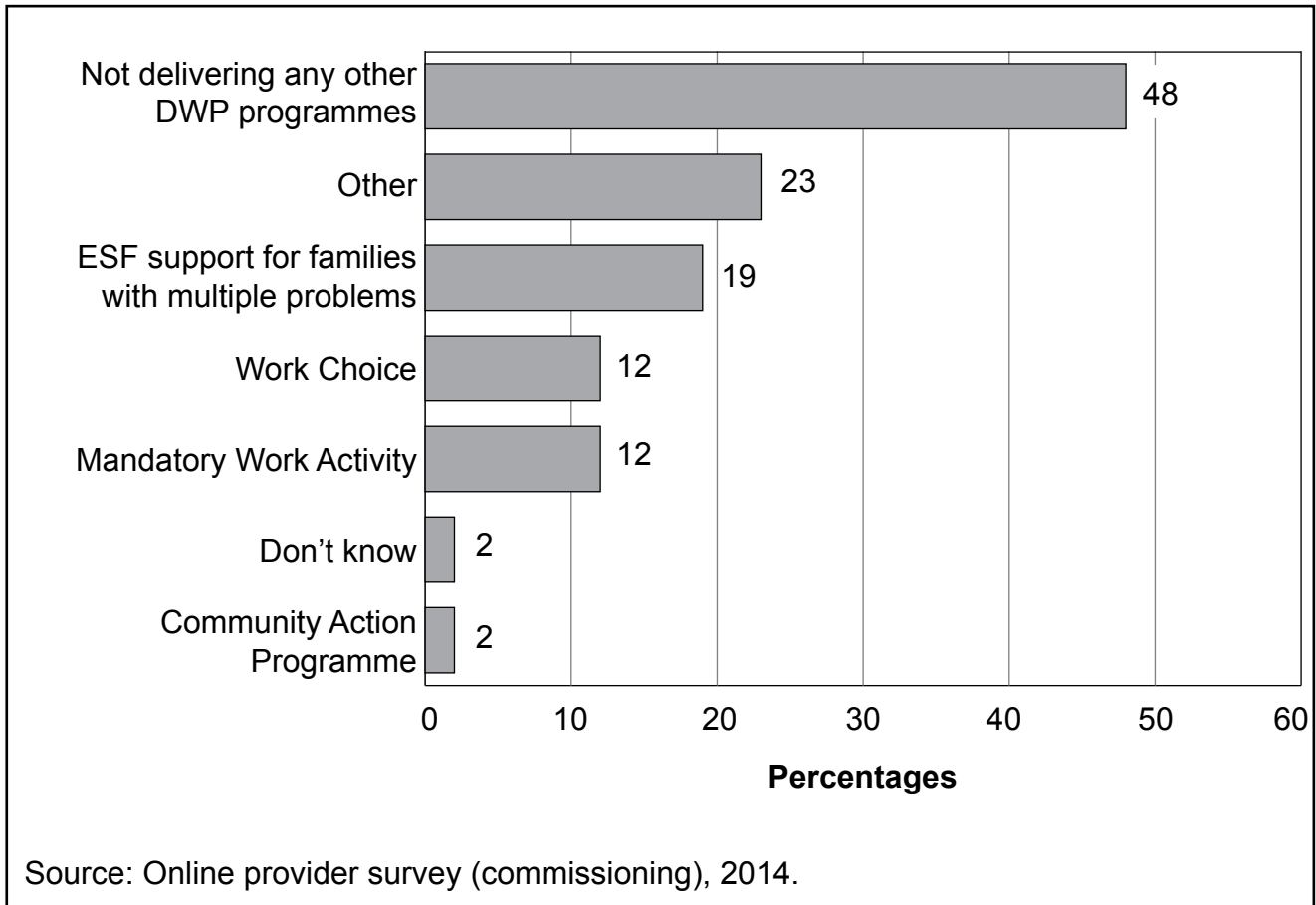
	2012 %	2013 %	2014 %
Support in personal effectiveness/confidence-building/motivation/mentoring/counselling	62	68	59
Vocational/work-related skills training	57	59	43
Job search skills support	56	52	55
Training towards recognised qualifications	49	45	51
Advice/support on self-employment or business start-up	31	27	40
Support in finding/brokering temporary work placements or volunteer work	31	25	42
Help with reducing offender behaviour/providing specialised support for offenders	13	16	32
Help/support with personal, family, childcare or caring issues	12	16	17
Financial advice or 'better-off' calculations	18	16	28
Help/support in finding work compatible with a physical health condition or disability	22	13	26
Help/support in finding work for those with mental health problems	-	9	30
Help/support with drug/alcohol misuse	12	13	25
Help/support with housing issues	12	11	15
Help/support with debt management	16	9	21
Help/support with transport issues	-	9	13
Other	19	13	6
<i>Base</i>	70	56	53

Base: All non-end-to-end providers who attempted the question in 2012, 2013 and 2014 (N=70, 56 and 53). Responses total more than 100 per cent because respondents could give more than one answer. Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

Around half (48 per cent) of all Work Programme subcontractors³⁶ were not delivering any other DWP programmes as either a prime provider or subcontractor (Figure 3.11). Those that were delivering other programmes for DWP were most frequently delivering European Social Fund support for Families with Multiple Problems, Mandatory Work Activity, Work Choice and 'other' programmes, which included the Jobcentre Plus Support Contract, Flexible Support Fund and the New Enterprise Allowance.

³⁶ Online provider survey (commissioning), 2014.

Figure 3.11 Work Programme subcontractors delivering other DWP programmes



3.6 Subcontracting to more than one prime provider in a CPA

Subcontractors that held contracts with more than one prime provider in a CPA were asked about what they believed the advantages and disadvantages were of doing so. Some subcontractors that only held contracts with a single prime reported that they believed there were conflicts of interest in subcontracting to more than one prime provider in a CPA. However, they were not prevented from doing so by their prime and this was not seen as a conflict of interest by DWP. Those that did so did not feel there were such conflicts of interest. Advantages to contracting with more than one prime were reported as twofold: financial benefits due to an increased volume of referrals and the ability to learn from good practice from different supply chains. One subcontractor described a specific example, where the economies of scale related to delivering in two supply chains within a CPA meant they were able to buy in the services of a mental health professional to work with participants. The subcontractor suggested it would not have been viable able to provide this type of specialist support if they were operating a single contract.

While many subcontractors said that there were no disadvantages to subcontracting to more than one prime, those that did cited the need for staff to use different systems and processes for each contract. Some subcontractors avoided this by operating in different geographical areas on each contract or by using separate staff on each contract.

2014 Case study

One of the qualitative case studies undertaken in 2014 aimed to explore collaboration between contractors at both a prime and subcontractor level in one CPA. Both of the CPA prime providers delivered services in addition to managing a supply chain of subcontractors. There was an overlap in subcontractors across the two supply chains and one prime provider also acted as a subcontractor within the other prime's supply chain.

Both prime providers appeared to be quite content with the subcontracting arrangements and felt there were no specific problems associated with the overlap of subcontracts,

'... that's absolutely fine ... we ourselves sub for [the other Prime provider] ... so we don't have an issue with subcontractors doing that as well.'

(Prime 2b)

This prime provider also noted a number of advantages to this arrangement. They felt that the higher referral volumes made subcontractor operations more cost effective and sustainable if one subcontract were to be reduced or terminated.

'... you've not got all of your eggs in one basket so it makes it more sustainable for those suppliers.'

(Prime 2b)

This view was echoed by subcontractors in this supply chain who also reported no conflicts of interest and some economies of scale related to shared delivery infrastructure. They also described the opportunity to compare and learn from practice across delivery models as a positive aspect of this arrangement. They did, however, also identify a difficulty in terms of working with the two operational systems used by the different prime providers. One subcontractor felt there was a strong case for having a shared prime provider operating system which they believed was the model operating within the Australian system. The difficulty of operating two systems was also described by the prime provider who also acted a subcontractor. They reported that although they operated delivery of both contracts from shared office bases they tended to have separate adviser staff working on the two contracts. They did, however, note that some delivery of group sessions for participants was shared, and that there was some degree of sharing vacancies across contracts.

Both prime providers reported that they shared comprehensive supply chain performance data with all of their subcontractors, although the relationship between the prime and their competitor who acted as a subcontractor was reported to be more nuanced. Both prime providers reported less information was shared which suggests some limitation to their collaboration, although both described their working relationship in positive terms.

3.7 Outsourcing by programme providers

This section examines subcontracting within the supply chain, whether by the prime providers or their subcontractors, including the factors which influence decisions to outsource, and the use of 'free'/non-contracted provision, another form of outsourcing. The latter was commonly done by 'signposting' participants to provision outside the Work

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Programme supply chain, funded by other government departments or charities and therefore free to the provider and participant. A typical example of this is training provision (discussed further in Section 9.4.3)

The findings presented here are based on interviews from the 2013 and 2014 research and the 2012, 2013 and 2014 programme delivery surveys, which targeted all subcontractors and prime providers known to deliver support directly to participants. Providers that indicated they had received referrals were asked about their arrangements for delivering provision.

As discussed above, two different models of prime provider delivery practice have developed, i.e. the prime managing agent and the prime delivery agent. Work Programme prime providers were free to design their own delivery systems and supply chains, although the DWP Commissioning Strategy encouraged primes to maintain diverse delivery networks. When prime providers were asked about the factors which influenced their decisions to outsource delivery the managing agent primes tended to refer to their organisational expertise in outsourcing, building and managing supply chains, and in organising finance. One prime managing agent noted that they were not 'distracted' by delivery which allowed them to focus on performance, compliance and quality. They also noted that their approach allowed them to treat providers equally, i.e. not to favour in-house provision. There was a suggestion from some subcontractors that the decisions made by some prime delivery agents were influenced by a desire to protect their own market share (and related income).

In contrast to this some prime delivery agents suggested that it was important that they delivered a proportion of the service themselves so that they had a good understanding of the programme and the challenges it presented. They reported that this facilitated their role in supporting practice development and performance improvement.

'Our strategy is to always to have a proportion of direct delivery ourselves. We just fundamentally believe that whilst there are benefits to a managing agent model, without directly delivering and experiencing the challenge that your supply chain are experiencing first hand it's actually a lot harder to come up with innovative solutions that work on the ground.'

(Prime provider)

Prime delivery agents also discussed the pros and cons of subcontracting delivery as opposed to in-house delivery. Some clearly indicated that the primary driver for their decision to outsource was related more to a perceived DWP requirement that they do so, rather than organisational preference. Prime delivery agents also outlined logistical reasons for the outsourcing provision, such as the need to expand service delivery beyond their previous geographic location, where working with existing services would allow rapid implementation in a new area.

A small number of prime delivery agents indicated that in general they would only outsource provision where they felt they lacked specific expertise, for example the delivery of specialist support to participants who had problems with substance misuse. There was, however, evidence that some services that were initially sub contracted, such as in work support or support for self employment, had subsequently been moved in house by delivery primes. There was also a suggestion from some subcontractors that prime delivery agents would maintain or expand their proportion of in-house delivery even where subcontractors were outperforming the prime provider. This was despite the prime using the shift of referrals as a performance management strategy elsewhere in their supply chain. The implication was that in this situation the prime would seek to protect their market share at the expense of performance (for further discussion of referral volume shifting see Section 4.3.1).

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The majority of providers responding to the surveys delivered all provision in-house (Table 3.9) no matter what type of service provision they offered (end-to-end or non-end-to-end) and most of these had done so since they began to deliver the Work Programme (Table 3.10). As might be expected, end-to-ends were most likely to outsource some or all of their provision although the number in practice doing so was low.

Table 3.9 Delivery arrangements

	2012		2013		2014			
	All %	End-to-end %	Non end-to-end %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %
The organisation delivers all provision in-house	79	80	86	0	78	78.8	85.7	76.7
The organisation outsources some or all provision	18	19	14	100	21	29.2	9.5	21.6
Don't know	3	1			1	0	4.8	0.8
<i>Base</i>	169				159		116	

* All providers who had received referrals and attempted the question.

Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

Table 3.10 Whether delivery arrangements had changed

	2013			2014		
	End-to-end %	Non end-to-end %	All %	End-to-end %	Non end-to-end %	All %
Yes, the organisation used to outsource some or all provision but now delivers all in-house	10	6	9	9.8	11.1	10.1
No, the organisation has delivered all provision in-house since it began to deliver the Work Programme	90	94	91	90.2	88.9	89.9
Don't know	1		1	0	4.8	0.8
<i>Base</i>	124			89		

Base: All active providers who delivered all provision in-house and attempted the question.

Source: Online provider survey (programme delivery), 2014 and 2013.

The 34 providers that in 2013 noted that they subcontracted some or all of their provision were asked whether they had made any changes to these arrangements over the last 12 months. Twenty-one said they had increased outsourcing between 2012 and 2013, and the most commonly cited reason for doing so was better to meet participants' requirements (Table 3.11). Only 11 providers noted changed subcontracting arrangements in 2014 and for this reason, it was not possible to comment on any trend.

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The qualitative interviews in this wave echoed the survey findings and findings from the previous programme evaluation (Newton et al., 2012), which highlighted that the extent of subcontracting varied across the different types of providers. Non-end-to-end providers delivered much of their provision in-house, whereas end-to-end providers subcontracted some of their services, such as training (see Section 10.3 for more information about subcontracting training provision). External specialist organisations had also been commissioned to work with participants with health problems. Some providers reported that they had increased their use of external health specialists, due to the rise in ESA participants over the past year.

Table 3.11 Reasons why organisations that outsourced had changed the proportion of provision they outsourced

	2013		2014	
	Reasons outsourcing increased %	Reasons outsourcing reduced %	Reasons outsourcing increased %	Reasons outsourcing reduced %
Better meeting our participants' requirements	48	46	100	57.1
Withdrawal of providers from supply chains	38	18	0	57.1
Cost or funding reasons	24	46	0	71.4
Changes to the make-up or balance of referrals	19	27	25	42.9
Availability of specialist expertise in-house	14	0	0*	14.3*
Changes to our contracting arrangements	10	9	50**	14.3**
Geography	0	18	0	14.3
Other	19	0	25	28.6
Other	0	0	0	0
<i>Base</i>	<i>21</i>	<i>11</i>	<i>4</i>	<i>7</i>

* Increased availability of specialist expertise in-house.

** Availability/lack of specialist expertise in-house.

Responses total more than 100 per cent because respondents could give more than one answer.

Source: Online provider survey (programme delivery), 2014 and 2013.

The 2014 commissioning focused survey of subcontractors demonstrated that 90 per cent of subcontractors surveyed had received referrals³⁷ since they had become involved with the Work Programme (see Table 3.12).

³⁷ The programme delivery survey, which, as well as subcontractors, covers prime providers which deliver support directly to participants, also gathered information on referrals. This showed a similar pattern to that reported for subcontractors and so is not reported here. The main difference was that a small number of respondents, which were likely to be primes, reported 50,000 or more referrals.

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Table 3.12 Number of referrals

Number of referrals in past 12 months		
0 (zero)	17	10%
01 – 09	8	5%
10 – 49	25	15%
50 – 99	21	13%
100 – 499	49	29%
500 – 999	21	13%
1,000 – 4,999	14	8%
5,000 – 9,999	6	4%
10,000 – 24,999	1	1%
25,000 – 49,999	1	1%
Don't know	4	2%
Grand total	167	

Source: Online provider survey (commissioning), 2014.

As discussed in Section 3.4, it appears that many subcontractors not receiving any referrals may have left supply chains by 2014. There were too few subcontractors that did not receive referrals in the 2014 survey to conduct further analysis. However, in the 2013 online provider survey (commissioning) smaller subcontractors were more likely than larger ones to have received no referrals (see Table 3.13 below).

Table 3.13 Referrals, by workforce size

	No referrals	Referrals	Don't know	Row percentage <i>Base</i>
50 staff or fewer	27	71	2	93
More than 50 staff	8	89	3	101

Source: Online provider survey (commissioning), 2013.

Failure to receive referrals was, perhaps unsurprisingly, much more common amongst non-end-to-end subcontractors compared with generalist end-to-end providers (see Table 3.14 below).

Table 3.14 Referrals by delivery type

	No referrals	Referrals	Don't know	Row percentage <i>Base</i>
Generalist end-to-end provision	3	96	1	96
Non-end-to-end provision	27	67	6	63

Note: The base for specialist end-to-end provision was too small to report.

Source: Online provider survey (commissioning), 2013.

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In both the 2013 and 2014 qualitative research, some subcontractors reported, in addition to a lack of referrals, a lack of what they considered appropriate referrals. For example, some providers that left a supply chain believed their prime providers (who were also directly delivering the programme) were keeping participants that were considered to be more likely to move into work and passing on those that were considered to be 'harder to help'.

'The brutal truth of it and the reason we pulled out of it was that [the prime] were sending us people that were so far removed from the job market they were never going to get a job and it was, how do they call it? Parking.'

(Supply chain leaver, 2014)

Another subcontractor mentioned struggling to manage their referrals as they were few in number and spread over a wide geographical area, believing the prime provider kept those based in cities to work with themselves.

A number of specialist non-end-to-end providers interviewed in the 2013 qualitative research had still not received any or many Work Programme referrals since the programme went live. Indeed, some reported having had no contact with their prime provider, despite being named a member of their supply chain and therefore counted in the DWP provider stock-takes.

While some supply chains were using specialist subcontractors, a number of delivery prime providers were taking specialist provision in-house. This was particularly the case for support for ESA claimants. Only one prime reported taking on additional specialist subcontractors to support this group in the 2014 research.

3.7.1 Signposting participants to support outside supply chains

A further demonstration of low levels of referral within supply chains was demonstrated by the survey of programme delivery. This showed that signposting participants to support, rather than entering formal subcontracting arrangements for delivery, was far more common than referring within supply chains. In 2013, around three-quarters (77 per cent; see Table 3.15) of the providers reported signposting participants to other organisations for services the provider did not have to pay for. In 2014, this had increased to 90 per cent of providers. Unsurprisingly, signposting was more common among end-to-end, rather than non-end-to-end providers in both years. This overall rate of signposting contrasted with the 59 per cent of providers who reported signposting in the 2012 programme delivery survey.

Accordingly, close to half of the providers who made referrals had 'significantly' or 'slightly' increased the proportion of participants signposted to other agencies (Table 3.15), most frequently because this was seen as a better way of meeting participants' needs or because they did not hold the necessary expertise in-house (Table 3.16). By 2014, however, there was some indication that the change was also driven by the changed mix of customers referred to the Work Programme (Table 3.17)

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Table 3.15 Signposting participants to non-funded provision

	2012		2013		2014				
	All %	End-to-end %	Non end-to-end %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %	
Yes, participants are signposted to non-funded provision	59	84	55	100	77	93.5	82.1	90.2	
No, participants are not signposted to non-funded provision	36	15	45	0	22	6.5	15.4	9	
Don't know	5	2	0	0	1	0	2.6	0.8	
<i>Base</i>	169				159				133

Base: All active providers who attempted the question.

Source: Online provider survey (programme delivery), 2014 and 2013 and 2012.

Table 3.16 Changes to volumes referred to non-funded provision

Volume signposted to non-funded provision has...	2013			2014				
	End-to-end %	Non end-to-end %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %	
Significantly increased	20	4	14	16	11.6	6.3	10	
Slightly increased	30	26	71	32	30.2	15.6	27.5	
Not made any notable changes	48	70	14	50	55.8	71.9	59.2	
Slightly decreased	1	0	0	1	0	0	0	
Significantly decreased	1	0	0	1	2.3	6.3	3.3	
<i>Base</i>	122				120			

Base: All providers who signposted to other agencies.

Source: Online provider survey (programme delivery), 2014 and 2013.

Table 3.17 Reasons to signpost participants to non-funded provision

	2013	2014
	%	%
Better meeting our participants' requirements	77	66.7
We do not have the specialist expertise in house	67	22.9
Cost reasons	30	10.4
Changes to the make-up or balance of referrals	30	41.7
Geography	7	6.3
Other	7	8.3
Don't know		2.1
<i>Base</i>	<i>61</i>	<i>48</i>

Responses total more than 100% because respondents could give more than one answer.

Source: Online provider survey (programme delivery), 2014 and 2013.

3.8 Variations in supply chain design

As stated above, the prime providers were free to deliver Work Programme services themselves or to outsource some or all of it to subcontractors. Where the service was outsourced, they were free to manage competitive supply chains or to work more collaboratively in order to generate the performance and service quality required.

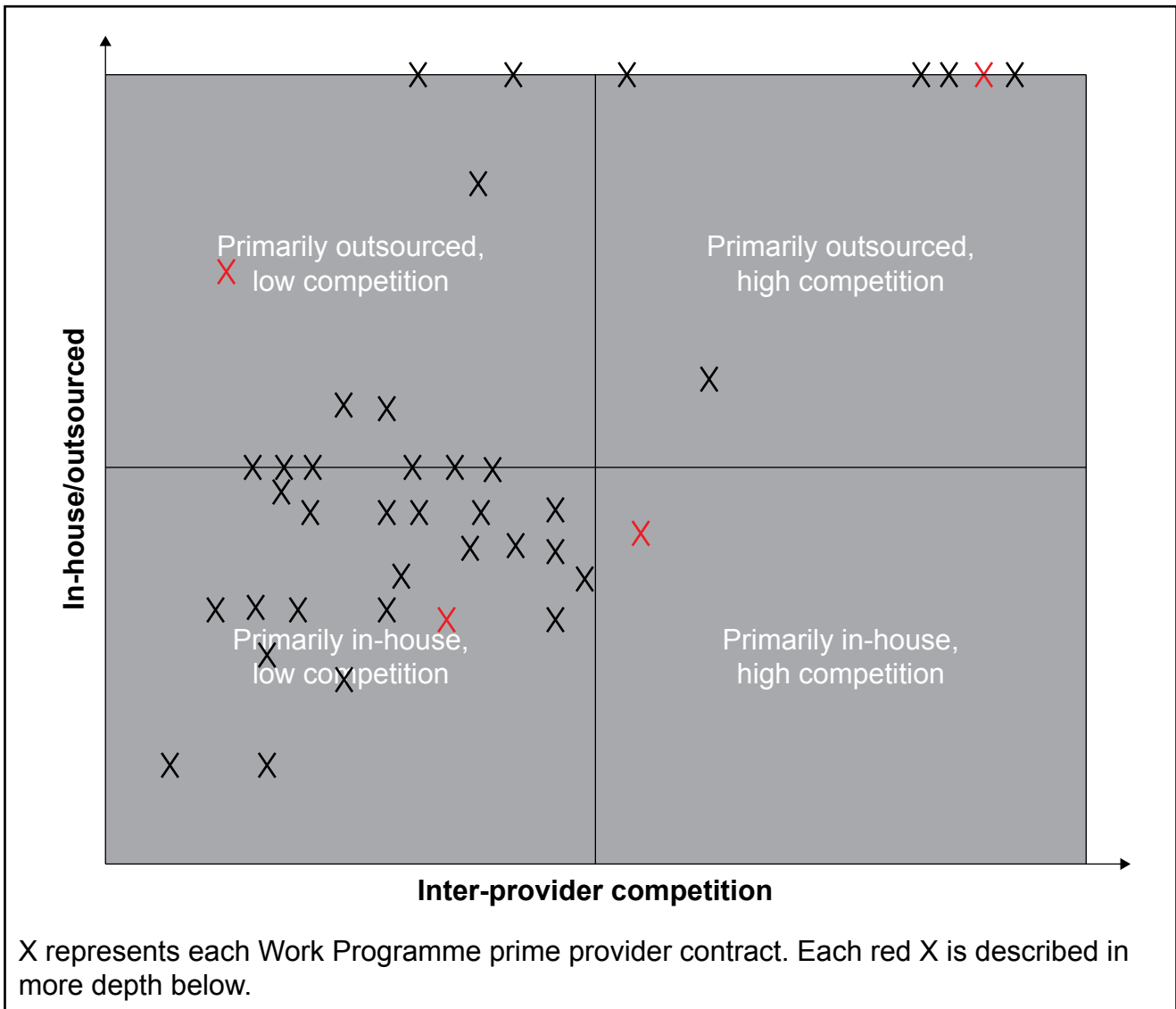
To develop the necessary insight on supply chain design and management practice, DWP approached all the prime providers for basic information on supply chain design and for Tier 1 subcontractor referral data (initially for the period between June 2011 and March 2013) in order to characterise each supply chain at contract/CPA level and identify the range of approaches being employed by prime providers at that time. This section explains how the data were used to develop a conceptual model to help categorise delivery models according to the extent to which the prime providers exploited market mechanisms and inter-firm competition to generate the performance demanded by the Department. The model also helped to demonstrate the diversity that existed in market structure and supply chain management at that point in time, allowing this to be tested and tracked through further research conducted in 2014. Further discussion of competition and collaboration in supply chains can be found in Section 4.3.3.

3.8.1 Development of the model

It was possible to use the data gathered to position each of the 40 prime provider contracts and their supply chains (at Tier 1 level only) on a conceptual graph to show the extent to which they had used the market and competition up to March 2013. Subcontractor referral volumes were used to estimate the proportion of the Work Programme service that was outsourced to subcontractors or delivered in house; factors such as geographical coverage, specialisation, provider entry/exit/substitution and MSS were used as indicators of competition between the providers. The position of each prime provider contract/supply chain is shown at Figure 3.12.

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Figure 3.12 Use of outsourcing and competition by prime providers at Tier 1 level



Whilst it was possible to calculate the percentage of the Work Programme service that was outsourced for each contract, evidence of competition was simply used to rank the contracts in terms of actual (or potential) use of inter-provider competition, for example, the extent of overlap in the geographical coverage of subcontractors. Using these two dimensions it was possible to allocate each supply chain into one of four broad conceptual categories:

- Primarily outsourced, high competition;
- Primarily outsourced, low competition;
- Primarily in-house, high competition; or
- Primarily in-house, low competition.

Examples of supply chains in each of these categories are described in detail below.

According to this conceptual model, the majority of contracts in 2013 were delivered primarily by the prime provider, supported by a supply chain where the Tier 1 subcontractors either covered specific locations within the CPA or delivered specialist services to different groups; thereby limiting the extent to which their suppliers can compete (directly) with each other.

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Contracts or supply chains deemed to exhibit lower levels of competition were those with:

- fewer homogenous providers/more specialist providers;
- little or no overlap in the geographical coverage of providers of the same services (e.g. generalist end-to-end providers or specialists targeting similar customers), and, where there is overlap, non-performance-based systems of allocation to providers;
- less supplier entry or substitution;
- little evidence of regular procurement activity³⁸; and/or
- evidence of market failure where one or more subcontractors had folded/withdrawn, and the prime provider had been unable to find a replacement via the market – forcing the prime to build in-house capability to deliver directly.

Note: There was no evidence in 2014 to suggest that fully-outsourced, competitive supply chain models were more effective in delivering job outcome performance than less competitive, predominantly in-house delivery models. A separate strand of the evaluation will seek to determine how approaches to supply chain design and management, alongside other factors, have influenced job outcome performance.

3.8.2 Primarily in-house, low competition delivery

As Figure 3.12 demonstrates, between 2011 and 2013 the majority of Work Programme contracts were delivered using a 'primarily in-house, low competition' model. Support under this model was delivered mainly by the prime provider (usually between 35 and 50 per cent outsourced), with the degree of direct, real-time competition between Tier 1 subcontractors limited by the fact that the majority of end-to-end generalist subcontractors covered very specific locations within each CPA with very little or no geographical overlap between providers. Most commonly, participants were either served by the prime provider or one of the end-to-end subcontractors according to their postcode or home jobcentre. In supply chains containing specialist end-to-end providers there was often only one such supplier, or where a number operated, these served different customer groups and/or geographical areas – again limiting opportunities for direct competition.

In a significant minority of supply chains where there was (limited) overlap in the geographical coverage of the end-to-end generalist providers, the prime provider agreed the split between the prime and its subcontractor(s) was agreed pre-contract, but the percentages could fluctuate depending upon the number of referrals or performance of each provider (including the prime).

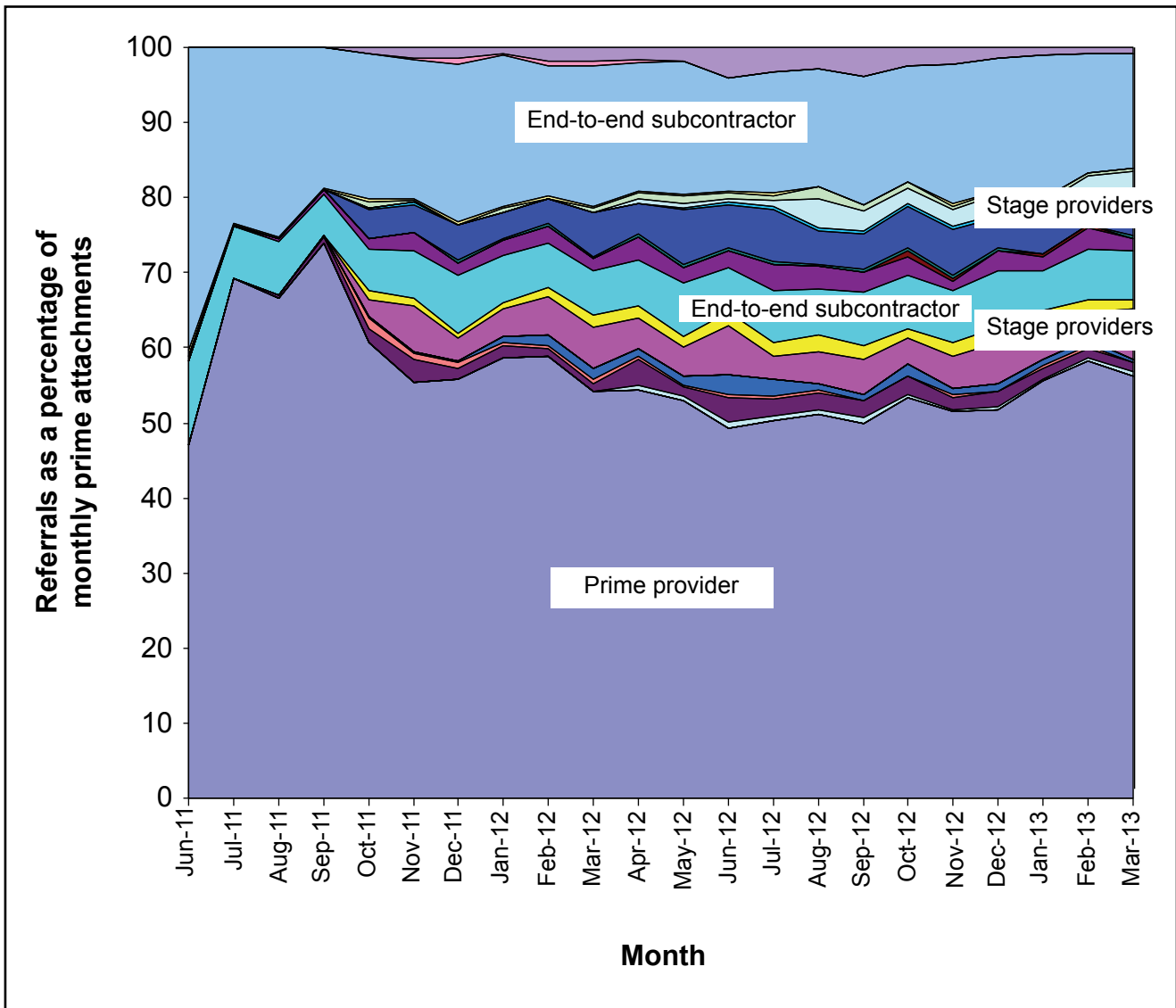
Tier 1 subcontractor referral data for a supply chain of this kind is shown in Figure 3.13. In this supply chain the prime provider delivered around 70 per cent of end-to-end support themselves, alongside four end-to-end generalist providers (two high-volume; two low-volume). Each generalist covered specific areas within the CPA, with no overlaps in geographical coverage and referrals based on the participant's home jobcentre.

³⁸ Many prime providers appeared to refresh their supply chain at regular intervals – usually every six months – with referrals beginning or ceasing every September/October or March/April. But some prime providers retained the same subcontractors at Tier 1 level from implementation in 2011 through to March 2013.

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The prime provider was supported by 16 stage providers (15 generalists; 1 specialist), each providing stages that started at specific points in the customer journey. As with the end-to-end providers, the stage providers covered specific areas within the CPA. However, for the stage providers there was overlap in geographical coverage in many locations, providing advisers with a choice between two or three providers, guided by participants' needs and/or adviser discretion.

Figure 3.13 Monthly referral volumes to T1 subcontractors including prime



As Figure 3.13 shows, referrals to each of the end-to-end generalists were stable between 2011 and 2013, with monthly fluctuations due to the distribution of participants across the CPA rather than deliberate shifts in market share. A gradual increase in the volume of referrals made to T1 subcontractors was observed throughout 2012 and into 2013 as the various stages within the prime provider's model kicked in; also reflecting the higher number of Work Programme attachments in 2011 and early 2012.

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It should be noted that all the end-to-end generalist (T1) subcontractors were encouraged to utilise the same stage providers that the prime provider used. However, the referrals shown in the data were those made by the prime provider only. It was not possible to explore the extent to which the end-to-end generalist subcontractors used the prime's network of stage providers or whether they used their own subcontractors to deliver equivalent stages of the programme.

Regardless of these data limitations, it was still evident that this model only partially exploited inter-provider competition at Tier 1 level, either between the end-to-end generalist providers or the stage providers used by the prime provider. There was no evidence to suggest a performance-based rationale for the choices made by advisers/participants where more than one stage provider could be used. Qualitative research suggested these choices were made according to participants' needs, based on differences in the nature of the support delivered by the stage providers, suggesting that these providers were not in direct competition with each other, either due to geography or specialism. It is possible that some of the end-to-end subcontractors exploited competition between their stage providers, but no data was captured to explore this and any direct competition found would have been at Tier 2 level and beyond the scope of the analysis. The overall view therefore, is that there was little evidence of direct competition within this supply chain model.

3.8.3 Primarily outsourced, high competition delivery

In contrast to the above model, some prime providers delivered little or none of the service themselves. Instead, the programme was delivered mainly or exclusively by subcontractors who were encouraged to compete with each other for business under a rigorous performance management regime.

One such prime provider had ten generalist and one specialist end-to-end subcontractors delivering across one CPA in 2011. There were no stage (non end-to-end) providers subcontracted at Tier 1 level, thereby maximising opportunities for homogenous competition (i.e. competition between organisations delivering similar services). Although none of the generalist subcontractors covered the whole CPA, there were some overlaps in geographical coverage and competition was encouraged in those areas underpinned by a policy of managing market share on a provider-performance basis.

2014 Case study

One of the qualitative case studies undertaken in 2014 involved interviews with this prime provider and a number of their subcontractors within one CPA. The prime provider noted that as a managing agent their performance was totally dependent on their subcontractors. They therefore utilised data driven systems to assess and drive performance, with differing aspects of performance reviewed daily, weekly or monthly, and rapid adjustments to referral flows made on that basis. This prime provider reported that they aim to manage risk by contracting with two providers in any area of the CPA in order to increase the resilience of delivery, and allowing them to intervene rapidly if there are performance concerns by transferring flows between providers. Whilst there was a strongly competitive aspect to this model of contract management the prime provider also described the need to support subcontractors and to reward good performance.

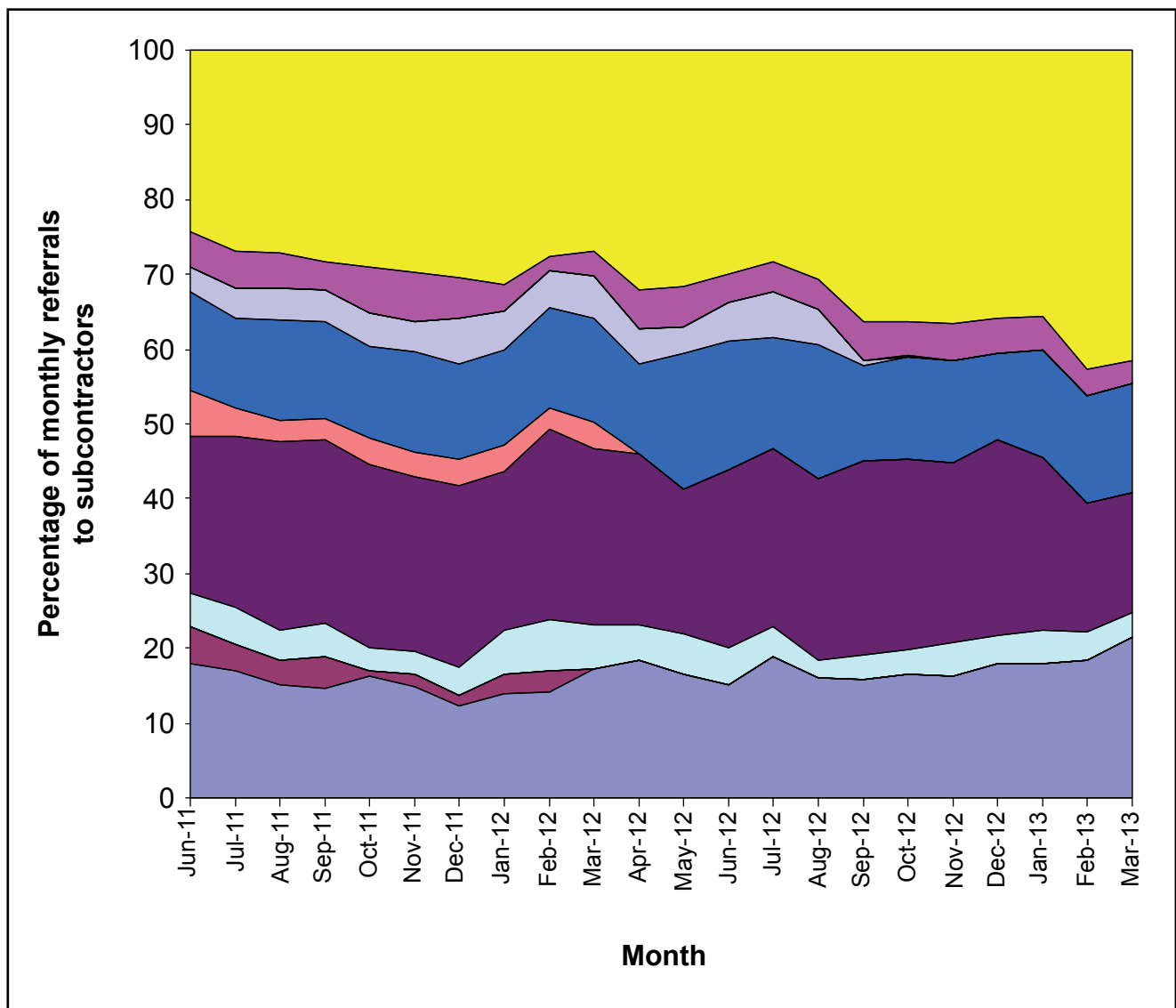
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Overall subcontractors reported they were content with the management model utilised by the prime provider. While they recognised the high degree of competition they also perceived the model to be transparent, fair and supportive. This view was also reflected by a subcontractor who had been managed out of two areas in the CPA due to their level of performance. All of the subcontractors reported opportunities to share good practice through meetings facilitated by the prime provider. They also appeared to be happy with the way in which the prime provider encouraged this degree of collaboration, despite the fact that they were operating in such a competitive environment.

Subcontractors were also positive about the non-prescriptive approach to service delivery utilised by this prime provider, who in effect passed on the 'black box' model of their contract with DWP. One of the subcontractors, who also delivered the Work Programme for another prime provider in this CPA, reported a distinct preference for the flexibility of the 'black box' to the more prescriptive approach used by their other prime (delivery agent) provider.

Figure 3.14 Referrals to Tier 1 subcontractors by one prime provider under a primarily outsourced, high competition model



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As Figure 3.14 shows, four main subcontractors dominated throughout the period with the most dominant provider gradually increasing its market share between 2011 and March 2013 with the other three maintaining their position in the market. For this supply chain there was clear evidence of real-time, homogenous competition between the Tier 1 subcontractors with performance-based shifts in market share and three providers ceasing to trade (two contracts ended by mutual agreement in spring 2012 and another in September 2012). Although no new providers were commissioned in this period, one new provider³⁹ was commissioned in April 2013 – providing evidence of market entry in this CPA at least.

3.8.4 Primarily outsourced, low competition delivery

Some prime providers, whilst primarily using the market to deliver on their behalves, chose not to fully exploit market forces in pursuit of performance. The prime provider whose data is shown in Figure 3.15, whilst having delivered around 25 per cent of the service themselves between 2011 and 2013, relied on four end-to-end generalist subcontractors to cover specific parts of this CPA, with referrals based on participants' postcodes (with some flexibility was allowed if public transport links were poor). There was overlap in geographical coverage in two towns within the CPA, where two providers were delivering. In these areas the prime provider alternated referrals daily between the subcontractors and monitored referrals to ensure there was an even split. Whilst there was a possibility of one provider taking share from another, this would only happen if there was clear underperformance by a subcontractor. This had not happened up to March 2013.

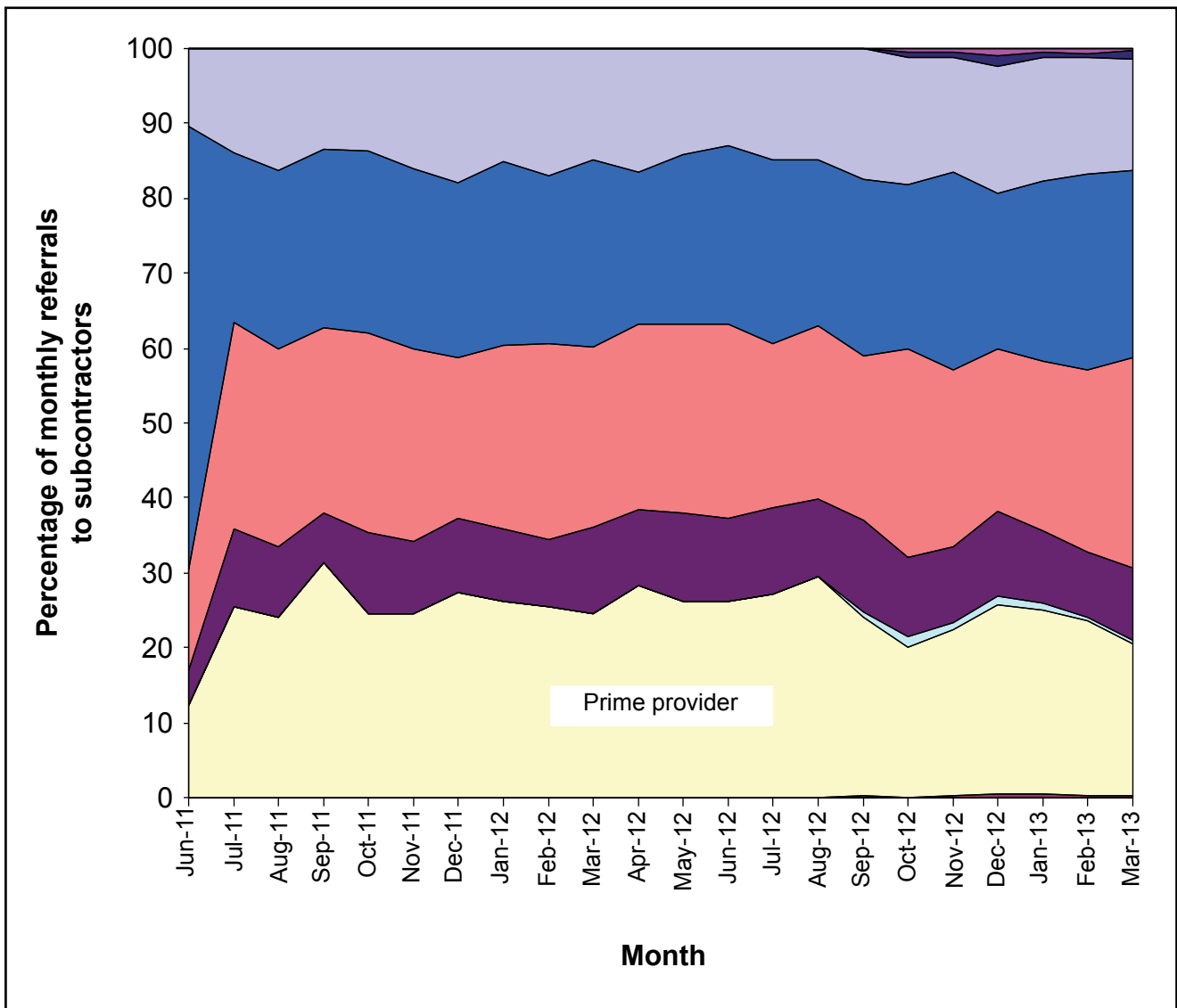
Four specialist providers were brought on stream from September 2012 to deliver very small volumes. There was more geographical overlap between these specialists as they tended to cover the whole CPA, but as they delivered different services there was little (if any) direct competition between these subcontractors.

As Figure 3.15 demonstrates, the share in referrals amongst the end-to-end generalist providers was very evenly balanced between 2011 and 2013; there were no clear shifts in the share of referrals to any provider(s).

It is notable that the presence of a number of end-to-end generalists offered potential for direct, homogenous competition between the subcontractors in this supply chain, but the data suggest that up to March 2013 the prime provider had not exploited this potential.

³⁹ This organisation was a longstanding provider of welfare-to-work services and already delivered as a Work Programme subcontractor in other CPAs.

Figure 3.15 Referrals to Tier 1 subcontractors by one prime provider under a primarily outsourced, low competition model



3.8.5 Primarily in-house, high competition delivery

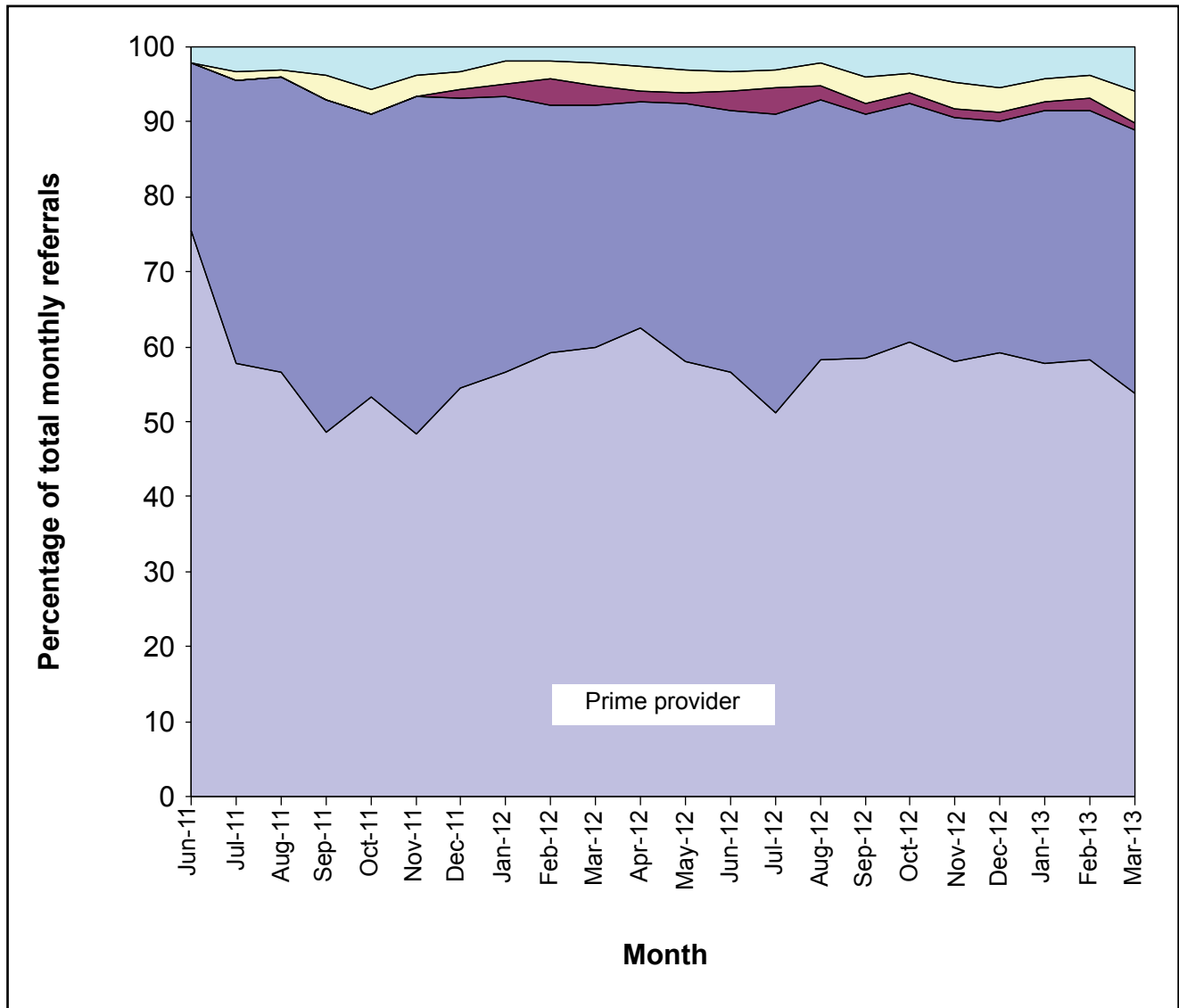
There is only one Work Programme contract/supply chain where initial data suggested that the prime provider encouraged a high degree of competition between Tier 1 subcontractors whilst also delivering primarily in-house. In this CPA, between 2011 and 2013, around 43 per cent of attachments were referred to one of four end-to-end generalist providers who had partial CPA coverage. No specialist providers were contracted at Tier 1 level.

Whilst there was no full-CPA coverage by any of the Tier 1 subcontractors, there was some overlap in geographical coverage, with the subcontractors understanding that they could have their referrals reduced for a period of time and allocated elsewhere if they underperformed. But as Figure 3.16 shows, no such reduction in the market share of any one subcontractor took place between 2011 and 2013, though one new provider was brought on-stream in late 2011. This subcontractor was commissioned in order to strengthen the supply chain, on the basis of their reputation for strong performance rather than any

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shortcomings in performance of the prime's existing suppliers at the time. As shown, they were not allocated significant market share over the remainder; the other subcontractors maintained their position in the market.

Figure 3.16 Monthly referral volumes to Tier 1 subcontractors by a one prime provider under a primarily in-house, high competition model



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2014 Case study

A qualitative case study aimed to further explore the operation of this supply chain model. Contrary to initial indications of a high degree of competition between Tier 1 subcontractors, the case study interviews carried out in 2014 with the prime provider and their subcontractors found little evidence of a highly competitive approach. Like many other prime providers this prime did circulate subcontractor performance league table information, although in the main referrals were allocated on a geographic basis. There was no evidence of changing referral patterns in response to levels of subcontractor performance.

In general, Tier 1 subcontractors described the prime provider as supportive and reported that the prime provider had developed mechanisms for sharing good practice. Overall this potentially indicates more of a reliance on a collaborative approach to service development to drive performance than a high degree of competition between subcontractors.

As Figure 3.12 shows, this supply chain model was anomalous for the Work Programme provider market as a whole (between 2011 and 2013). Whilst there is no evidence to suggest that competitive supply chain management goes hand-in-hand with the increased outsourcing it is true to say that there are less overall gains to be had through competitive supply chain management where less of the total service is outsourced.

A separate strand of the evaluation will seek to establish whether performance gains can be found by applying more competitive supply chain management principles, even where less than 50 per cent of the service is outsourced.

3.9 Summary

The overall number of Work Programme providers has fallen with a decrease from 831 in 2013 to 806 in 2014. In addition to this a number of subcontractors reported that they had received no referrals. In the 2013 research this was one in six of those surveyed and in 2014 one in ten. The number of providers actively delivering the programme is therefore likely to be fewer than DWP's published supply chain 'stocktake' data suggests.

An analysis of Work Programme attachment data at a national level found that the provider market is not concentrated by conventional measures. At prime provider level, using attachment data from June 2011 to March 2014, the top four prime providers delivered around 54 per cent of the Work Programme. The HHI for the same period was calculated at 0.10841. When data of all Tier 1 subcontractors was taken into account, alongside direct delivery by the prime providers, the Work Programme market appeared much less concentrated at 0.04710. At prime provider level this picture has remained fairly stable over time, with a very slight increase in concentration following the implementation of MSS in August 2013. Even with this increase the Work Programme prime provider market could be described as an unconcentrated, competitive oligopoly which is considerably less concentrated than the United Kingdom (UK) supermarket sector or domestic UK electricity and gas supply market.

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Whilst analysis of prime provider and Tier 1 subcontractor referral data at CPA level showed a clearer increase in market concentration over time, there was not a consistent pattern across the CPAs. The overall increases in market concentration could be linked to the activities of particular prime providers. Analysis of market concentration at CPA level also found the majority were moderately concentrated (HHI between 0.15 and 0.25) with five CPAs rated as highly concentrated (HHI above 0.25).

There has been a pattern of market concentration in comparable employment services markets, especially in Australia, where increased performance was associated with contracts being awarded to fewer, but higher performing providers (Organisation for Economic Cooperation and Development (OECD), 2012). The experience from Australia, and from the earlier British experience, suggests that in order to offer an ongoing assessment of the effectiveness of the Work Programme market it will be important to continue to monitor the impact of market concentration and to consider not just the number of providers, but changes in their composition and market share. Analysis of Work Programme referral data also indicates a need to consider these factors at both national and CPA level.

Prime providers reported a range of factors which affect their decisions to outsource provision. Managing agent prime providers noted their organisational expertise in outsourcing. Some also suggested this approach facilitated a more detached focus on performance which was not influenced by in-house delivery pressures. In contrast to this some prime delivery agents suggested that it was important that they delivered a proportion of the service themselves to ensure a thorough understanding of the programme. They reported that this facilitated their role in supporting practice development and performance improvement. There was, however, a suggestion from some subcontractors that the decisions made by some prime delivery agents were driven by primes concern not to lose their market share (and related income).

Generalist end-to-end providers dominate Work Programme delivery, and the majority of these delivered all support in-house with low levels of onward referral to specialist support, particularly where this involved formal contracting arrangements. An increase in onward referrals was only reported in the signposting of participants to providers outside supply chains. With around half of subcontractors being small organisations (with fewer than 50 employees) the impact on the organisation of not receiving referrals can be significant and had resulted in some subcontractors choosing to leave their supply chains. There were also cases of prime providers terminating contracts or coming to mutual agreements for providers to leave a supply chain as a result of underperformance by the subcontractor.

With falling referral volumes and the phasing out of attachment fees there was little evidence of market entry at supply chain level. Few new providers were brought in to replace exiting ones, or to provide additional services. Instead, in cases of market exit, prime providers were redistributing referrals from a leaving provider to existing supply chain members or taking the work in-house. These findings support the analysis of referral data which showed an increase in market concentration. There was, however, some evidence of market entry via acquisition and merger at the prime provider level. Overall there was evidence that despite continuing diversity in supply chains, both in terms of specialism and market sectors, the Work Programme model appears to favour the position of large and mid-sized generalist providers rather than the smaller providers delivering specialist services.

4 Operation of the commissioning model: contract and performance management

One of the key research questions for the commissioning strand of the Work Programme evaluation was to explore how both the Department for Work and Pensions (DWP) and prime providers influence service delivery and outcomes. An examination of DWP and prime provider contract and performance management within the Work Programme is a crucial part of exploring this issue. DWP will be reviewing the findings presented in this chapter to inform their future policy and delivery of contracted provision.

This chapter is based on qualitative interviews during 2013 and up to July 2014 with DWP contract and performance management staff, prime providers and subcontractors. It also includes findings from the online 2013 and 2014 provider surveys (commissioning). Whilst both the 2013 and 2014 research covered overall contract and performance management, the two waves of research also focused in on some different key elements of management. The 2013 research explored compliance and quality management while the 2014 research looked at the impact of market share shift. As such, this chapter provides a view from DWP staff interviewed whilst changes to their roles were still bedding in. The preface notes (see page 25) provide an update on DWP activity in the area of contract and performance management.

Providers and supply chains are diverse and it can be difficult to generalise about what Work Programme providers 'think' or 'do'. Relationship management in particular can be strongly affected by individual personalities and ways of working. However, where possible this chapter draws out patterns in views and behaviours and tries to explain these on the basis of provider characteristics.

4.1 DWP contract and performance management

As the Work Programme was contracted using a prime provider model, DWP's role in contract and performance management was focused at the prime provider level.

Studies of employment service quasi-markets in other countries have found that procurement and performance management systems have been in flux as policy makers have sought to secure the advantages of contracting out and payment-by-results

whilst minimising attendant risks⁴⁰ and delivery problems (for Australia see Productivity Commission, 2002, Considine, 2005, 2011; for the Netherlands see Struyven and Steers, 2003; for Denmark see Bredgaard, et al., 2005). Likewise, there have been developments and changes to the performance management processes and systems used by DWP to manage Work Programme provider performance.

4.1.1 Contract and performance management roles

A number of DWP staff had a role in the management of programme and provider contracts and performance. The contract and performance management roles changed significantly late 2013. A description of the pre-2014 and the new roles is provided below followed by findings from the staff research. It is important to note that this report covers research with DWP staff up to July 2014 whilst the new roles and responsibilities were bedding in.

DWP staff roles pre-2014

For the Work Programme contract prior to the 2014 research, key DWP staff roles and the relationships they had with providers were as follows:

- **Account Managers** acted as the lead interface with Work Programme prime providers. Their role was to engage with prime providers at senior board level to drive performance, innovation and value for money for DWP. Each prime provider had one Account Manager who managed their relationship across all the DWP contracts that the prime provider held.
- **Senior Performance Managers** and **Performance Managers** focused on specific contract package areas (CPAs) and worked with prime providers at a local operational delivery level to manage performance against contracts. Senior Performance Managers managed a team of Performance Managers. Performance Managers collated and analysed management information, and provided advice and support relating to performance and delivery, to ensure consistency of approach and implementation, and to support management of underperformance.
- **Compliance Monitoring Officers** undertook compliance visits to Work Programme providers and produced reports to ensure that providers met contractual and regulatory requirements across their supply chain.

In the 2013 research, Account Managers and Performance Managers could clearly describe the different focus of the two roles and the Account Managers interviewed felt that there was an appropriate split between the roles, but also some appropriate crossover. Some Performance Managers, however, did not feel the split between the roles was always clear and issues related to a lack of clarity with some DWP staff roles were also raised by some providers (see Section 4.2).

⁴⁰ Potential risks associated with contracting out and payment-by results (PbR) described in the literature include: 1) wholly outcome-contingent contracts can be less suitable for clients with multiple barriers to employment as providers may concentrate service provision on those closest to the market in order to achieve outcome payments and neglect those perceived to be more distant; 2) black box contracting can result in loss of commissioner insight into participant experience and 'what works'; 3) it requires strong performance management systems and skills that public services may not have; and 4) contracting systems may not promote the entry of new providers or facilitate the exit of inefficient ones (conditions required for an effective quasi market).

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DWP staff roles from 2014

DWP contract and performance management roles were restructured in early 2014 and the new system was still bedding when research fieldwork completed in August 2014. Under the new system, contract and performance management roles were split across two directorates; the Work Programmes Division (focused on maximising provider and provision performance) and the Commercial Directorate (focused on managing the commercial relationship with contracted providers and the wider market). Two new roles were established:

- The **Supplier Manager** (within Work Programme Division) is the interface between DWP/ primes and is responsible for the overall performance of an individual supplier-who may be delivering across a range of contracts, in a variety of locations. They work closely with performance managers and compliance monitoring officers to ensure they have detailed background on performance drivers across all contracts. By working with a senior manager at supplier level they are able to identify opportunities for provider-wide performance improvement activity.
- The **Category Manager** (within Commercial Directorate) has taken on some responsibilities of the old Account Manager role, at the time of the research this role was still in development. The Category Manager covers the commercial relationship with the primes. Category Managers looked beyond the contract at factors which affected the service delivered, for example, the supply chain market and how it affected the service delivered. At the time of the research this role was still under development

In the 2014 research, DWP staff described the introduction of the Supplier Manager role. Staff also described the movement of Account Managers to the Commercial Directorate and the change in this role to Category Manager, with some of the previous Account Management responsibilities being performed by the Category Managers and some remaining in the Work Programmes Division and taken up by the Supplier Managers.

When asked for their views on the 2014 changes, DWP staff highlighted that the changes had only just been implemented and so it was too soon to definitely say what the impact would be on service delivery and performance. Some felt the changes seemed appropriate as they believed there was a clear difference between commercial and performance elements of the contract and thus thought the split would provide more focus for staff. There was an expectation that Supplier Managers would be more closely integrated with the Performance Managers than Account Managers had been and this was seen as positive. However, there was also a perception that there may be even less interaction and communication between Performance Managers and Category Managers than there had been between Performance Managers and Account Managers. This was a cause for concern for some, who were not sure that commercial and performance issues could or should be dealt with separately given the commercial nature of the contract, and thus were not sure that splitting the roles across two divisions would be helpful.

Views were mixed on whether the changes would make contract and performance management easier or more difficult for DWP. Some DWP contract and performance management staff highlighted the potential for inconsistent messages and communications to providers as a result of the division between commercial and performance management. Issues related to a lack of consistency in the communications from DWP were also raised by some providers (see section 4.2).

Another recent change described by DWP staff in the 2014 research was a move to a 100 per cent focus on Work Programme for performance management staff. This was viewed

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positively by DWP staff. Many DWP contract and performance management staff interviewed in 2014 felt they had adequate support to effectively perform their role. However, a number of Performance Managers felt that more learning and development would be helpful to develop staff capability. An update on recent training activity is provided in the DWP preface notes.

4.1.2 Performance measurement by DWP

Work Programme contracts were originally assessed against targets called 'Minimum Performance Levels'. Minimum Performance Level targets were set for three groups of participants: Jobseeker's Allowance (JSA) 18 to 24 year olds; JSA 25 years old and over; and Employment and Support Allowance (ESA) new participants. These were the three largest participant groups for whom viable estimates could be made from an analysis of historical off-benefit flows and job entry rates. The Minimum Performance Level targets gave a target conversion rate for each financial year, but job outcomes did not always occur in that time period. The targets were also based on forecasted referral levels which were not always accurate.

The 2012 Work Programme commissioning research (Lane et al., 2013) found that Performance Managers were using a combination of DWP and prime provider generated data to assess provider performance against minimum performance levels, and felt that access to more DWP assured data would be helpful. The 2013 research found variation in terms of the data being used by Performance Managers and the data analysis they were undertaking. Some DWP Performance Managers described use of data and tools which helped them to make projections about how many job outcomes a provider might achieve. For example, information showing the number of clients in work, but yet to reach the number of weeks required for a job outcome and a performance management tracking tool that calculates sustainment rates from job entries and job outcomes. However, some of the Performance Managers using these data and tools reported that other Performance Managers were not using them and the 2013 research found varying levels of awareness of, and confidence in using, the data and tools available.

During the Work Programme contract DWP have developed new performance measures. At the time of the 2014 research, providers were being monitored on both the Minimum Performance Level measures and new measures. The new performance measures gave a target rate for the whole life of the contract and depended on actual referrals rather than forecasts. From spring 2014, DWP also introduced a new performance dashboard that brought together all relevant DWP performance information for each contract into one place and shared performance information for all contracts with all providers. On the whole DWP contract and performance management staff welcomed the new performance measures.

4.1.3 Management of performance by DWP

In both the 2013 and 2014 research, DWP staff were asked about the approach taken to performance management. Some previous evaluations of the DWP commissioning model (e.g. Purvis et al., 2013) have found that DWP's performance management approach is typically viewed as supportive rather than adversarial. In this research DWP Account and Performance Managers interviewed in 2013 generally reported trying to support and gently challenge underperforming providers with an aim of driving performance improvement. Use of more punitive measures including market share shift (MSS) and contract withdrawal were viewed as an option, but one only to be used after attempts to improve performance had failed. Most staff also described having positive relationships with prime providers, underpinned by regular, open communication.

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'I'm actually surprised sometimes about the level of detail the providers are willing to share with us.'

(DWP Account Manager, 2013)

From summer 2013, prime providers were classified into three groups – higher, middle and lower performing contracts – based on how many of the payment group minimum performance levels targets they have met. Lower performing contracts were subject to a more structured and intensive performance management regime including Performance Improvement Notices and weekly telephone conferences. Higher performing contracts were provided with some slight relaxations, for example, a change to bi-monthly rather than monthly contract performance review meetings.

In the 2013 research, some DWP Performance Managers welcomed the recent introduction of the more intensive measures for lower performing contracts and felt that they had the potential to make prime provider improvement plans and activities much more visible and transparent and drive providers to focus more on them. Some, however, highlighted the need for balance in engaging providers in performance management meetings/activity against other priorities for providers.

In the 2014 research, however, a small number of DWP staff suggested that their approach was more adversarial and less supportive than they would have liked.

Market share shift

One key performance management mechanism utilised by DWP was 'MSS'. This was adapted from the Australian model and was intended to intensify competition. This mechanism gave DWP the flexibility to move five per cent of new referrals within each CPA from lower to higher performing prime providers. The first MSS occurred in summer 2013 and was explored with DWP managers in the CPAs where this was implemented during the 2014 research. At this time the DWP contract and performance management staff reported that they had not noticed any impact of this on provider performance.

Relationships with prime providers

Whilst DWP's approach to performance management had increased in intensity as the contract had progressed, with MSS and a contract termination⁴¹ having occurred by the 2014 research, some DWP staff felt that this did not affect their relationship with the prime providers:

'Even though our approach has changed and obviously we're placing the providers under much more scrutiny, there's an appreciation of why we are doing that. They understand that we want the most out of the contract so in terms of the actual relationship, no it hasn't changed.'

(Performance Manager, 2014)

⁴¹ In the early part of 2014 DWP reviewed the performance of the bottom 25 per cent of Work Programme contracts and put them under an enhanced performance management regime. There is a 12-month notice period in relation to the notice of termination that was given to a prime provider in relation to one of their contracts. DWP has been conducting a procurement competition to identify a replacement provider. This aims to enable the Department to ensure continuity of service to the affected claimants currently being supported by the programme.

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In contrast, some DWP staff felt that they had started to lose some prime provider 'goodwill' as a result of the changes imposed by DWP. Some felt that prime providers had become more guarded and less open and willing to share information with DWP since DWP had taken the decision to terminate one contract due to poor performance. It was felt that a perceived lack of transparency from DWP in relation to the contract termination had contributed to this:

'We should be transparent, we should have it clearly laid out, what we're going to do, when we're going to do it and why, and then everyone knows where they stand.'

(Senior Performance Manager)

Relationships with subcontractors

In both the 2013 and 2014 research, the DWP contract and performance management staff interviewed reported that they did not have a formal, direct management relationship with subcontractors. DWP staff felt that this was appropriate, as managing subcontractors was recognised as the responsibility of the prime providers.

'We have let a contract to a prime provider and if I've got any issues, either with them or one of their subcontractors, there's only one conversation I want to have and that is with the prime provider ... The money we pay to the prime providers ... part of that money is to manage their subcontractors and they employ staff to do that.'

(DWP Performance Manager, 2013)

In the 2013 research, some DWP staff did, however, feel that they needed prime providers to offer more information about individual subcontractor performance. It was suggested that some prime providers already provided this, but that others were sometimes reluctant to do so.

More recently, in the 2014 research, some DWP staff described having some contact with subcontractors, for example during meetings with the prime provider or when DWP performance management staff were conducting provider visits. It was felt that this contact was of value, especially where the prime provider was a managing agent and thus subcontractors were responsible for all delivery. However, DWP staff were still clear that responsibility for managing the subcontractors was with the prime providers.

Payment by results

In the 2014 research, DWP contract and performance management staff were also asked for their views on the benefits or challenges of managing a PbR contract. A number of staff outlined benefits, including that it provided DWP with more 'power' over prime providers and made them easier to manage, that it focused providers, and that it was more cost effective. A number of challenges were also highlighted. Some DWP staff felt that a lot of prime providers did not really understand PbR contracts initially and that it took them time to get into the mindset and learn how to deliver and track their performance accordingly.

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4.1.4 Management of contract compliance by DWP

DWP Compliance Monitoring Officers visited prime providers to ensure that minimum service standards⁴² were being met. The 2013 research included interviews with some Compliance Monitoring Officers which explored their role and their views on its effectiveness.

Some Compliance Monitoring Officers felt that their role was useful for helping ensure providers meet their contractual requirements.

'I think in some ways it's effective in that ... it drives them down that path of making them think about it and what they should be doing. It makes them realise somebody's going to come in and look at all this, because I don't know what it would be like if nobody did that.'

(Compliance Monitoring Officer, 2013)

However, many felt that their role could be made more effective. Some suggested that their role could potentially be more effective if they carried out their visits less regularly in order to increase their sense of importance and allow them more time to analyse the information they collected.

'Because someone sees you so often, it becomes almost like they think it's nothing really to worry about. Where actually if we went less often and did a larger sample ... and more time to analyse the data.'

(Compliance Monitoring Officer, 2013)

At the time of research the working-links between the Compliance Monitoring Officer (performance management) and the new Account Manager role (contract management) were still in development. Staff felt that better links between these two roles would add extra leverage for the Compliance Monitoring Officer

4.1.5 Management of quality by DWP

The role of external quality inspection was explicit in the 2008 DWP Commissioning Strategy, which stated *'We will have an external assessment of provision'* (p.26). This approach changed prior to Work Programme procurement, in summer 2010, when a policy change was announced to discontinue external inspection and improvement support for the quality of DWP contracted employment provision. Linked to this, there was a general consensus from DWP Performance Management staff interviewed in 2013 that quality had not been a focus to date in DWP's management of the Work Programme contract.

From summer 2013, as part of the new DWP performance management regime being introduced, DWP Performance Managers were due to start undertaking quality checks. In the 2013 research, many Performance Managers believed that the introduction of quality checks had the potential to be beneficial and help address the perceived gap in quality management, but recognised a need for further training to fully equip staff for this role. The preface notes (page 25) summarises the recent training activity in this area.

⁴² When tendering for the Work Programme, prime providers were required to indicate the level and nature of the support that they would provide to each participant group in the form of 'minimum service standards' which were specified in their contracts. These were subsequently renamed as 'customer service standards'.

4.1.6 Black box contracting and performance management by DWP

One of the key elements of the DWP commissioning model was minimum service prescription by the Department. Providers were asked to provide minimum service standards (now known as customer service standards) in their contract bids but were allowed flexibility beyond those minimum standards in the way they deliver their service. This was termed the 'black box' approach. This section looks at the implications of this black box model of contracting for performance management by DWP. Implications of the black box for performance management by prime providers is covered in Section 4.3.2 and implementation of the black box approach and delivery flexibility is covered in Section 5.3.

Innovation and good practice

The black box model allows providers to be innovative in both their contract bids and their ongoing service delivery. When asked in the 2013 research whether they were involved in encouraging and facilitating the exchange of innovation and good practice, DWP Performance Managers generally suggested that they were, but some DWP staff highlighted a challenge in offering flexibility to providers to deliver services as they see best and driving up performance by promoting delivery methods that have been found to be effective.

'It's a fine line because ... it's a black box approach for Work Programme and you can't be telling them how to actually run their business.'

(DWP Performance Manager, 2013)

4.2 Prime provider views and experiences of DWP management

In both the 2013 and 2014 research, views from prime providers on DWP's approach to contract and performance management varied.

In the 2013 research, some prime providers felt DWP's management was effective and helped to focus and drive performance. However, others felt that DWP's approach was overly time-consuming and/or process driven.

'There's a lot when you add it altogether... I think there's a lot of demands made and it's understandable we're being contract managed I appreciate that, but I think its assessing the relevance that's missing a little bit.'

(Prime provider, 2013)

'The one thing it did for us was kill performance. Because you become systemised, auditised and you you're doing things in order to look great, but actually I found it a huge distraction to delivering good performance.'

(Prime provider on a Performance Improvement Notice, 2013)

In the 2013 research, some prime providers also raised issues over how DWP measured performance. For example, some felt the DWP's Minimum Performance Level targets were problematic as they were highly affected by referral patterns. Others felt that the focus by DWP on performance in just three payment groups encouraged providers to prioritise

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support to these groups over others. However, the inclusion of new ESA customers as one of the three payment groups did appear to have a positive impact on the development of services for participants who were disabled or had a health condition. In both 2013 and 2014 a number of prime providers described the development of such services. Some also noted that their relative in performance outcomes for this payment group had been an important factor in their overall performance assessment by DWP.

2014 Case study

A number of the 2014 case studies were comparative, exploring views on the impact of a range of factors on performance and the development of services. This included prime provider decisions to outsource delivery to subcontractors. A clear view emerging from two of these case studies was related to the positive impact on delivery and performance of specialist services for Work Programme participants who were disabled or had a health condition. This involved both the degree to which the prime provider was able to offer an appropriately tailored service in-house and their use of specialist subcontractors within the supply chain.

In one of these case studies a prime provider reported the view that their relatively poor performance, and subsequent loss of market share, was primarily related to their competitor's more robust system of support for participants with health conditions. An exploration of this competitor's delivery model (which was carried out within another CPA, although this was representative of their overall approach) appeared to confirm a very strong focus on service delivery for ESA customers. This prime provider employed specialist staff, including health professionals, as part of integrated health and wellbeing teams. They also reported extensive use of specialist disability subcontractors. This view was supported by the disability specialist subcontractors from their supply chain who were very positive about their working relationships with the prime provider. The prime provider who had lost market share went on to describe how their poor performance with this customer group has led to a range of service developments within their own delivery model aimed at better supporting ESA participants. This included the development of specialist ESA adviser roles and, in another, of their CPAs the development of a 'community ESA hub' which was reported to be working well.

Views from prime providers on their relationship with DWP were mixed in 2013. Some reported a positive, constructive, open and honest relationship involving lots of communication and interaction.

'Our contacts at DWP are enormously supportive and we have a fantastic relationship.'

(Prime provider, 2013)

Others raised issues with their relationship with DWP. These included a perceived lack of a partnership approach, a lack of consistency, long delays in response to queries, and overlap and a lack of clarity between DWP staff roles.

'I was asked for exactly the same information in five different formats from both sides of DWP two days apart. That's not unusual at all... It does seem a little bit like we repeat ourselves to DWP to different people.'

(Prime provider, 2013)

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There was also a feeling expressed by some prime providers in 2013 that the approach from DWP was changing over time and becoming more assertive, with a risk of negative consequences. This was felt to be linked to DWP experiencing pressure to drive improved Work Programme performance.

In the more recent 2014 research, some prime providers felt DWP's management was positive, describing clear expectations, open discussion, helpful feedback and sharing of good practice. Amongst the providers who described DWP's management positively in 2014, some suggested DWP's approach was developing and becoming better over time. The new performance measure being used by DWP was felt to have the potential to give DWP greater insight into real performance levels. There was also a sense from some that DWP's approach was becoming more intelligent and less process driven:

'With the new team there's a very different approach to performance management which is much more about not just following the process and going through standard agenda items but is much more about using discretion to meaningfully look at areas where there needs to be improvement. So I think there has been more intelligence put into the performance approach.'

(Prime provider, 2014)

However, other prime providers interviewed in the 2014 research disagreed. In direct contrast to the views above, some providers described a lack of transparency and clarity, confusion and inconsistency, a lack of best practice sharing and too much prescription and focus on process. For some providers, their perceived issues with DWP's management were being exacerbated by the DWP contract and performance management restructure (described in section 4.1.1) and the associated personnel changes:

'I think it's become more complicated, they've introduced more layers, and different people, so that's caused confusion. You're not quite sure who to ask a question of... or if you'd get a consistent answer from each of the 3 or 4 people involved.'

(Prime provider, 2014)

As in the 2013 research, views from prime providers in the 2014 research on their relationship with DWP were mixed. Where the relationship was felt to be positive, prime providers described the relationship as open and had typically experienced few changes to their DWP contacts. Where the relationship was described less positively, issues included a lack of clarity and transparency, a lack of consistency in the messages from DWP, a lack of partnership working and a lack of support to resolve issues. Again, the restructure and personnel changes were felt to have undermined relationships and led to prime provider staff not knowing who to talk to in DWP. It was felt by some that the changes could have been communicated better. In addition, some prime provider staff suggested that their uncertainty over why DWP had terminated a particular contract (see also Section 4.2.2) had undermined their trust in DWP and negatively affected their relationship with DWP. See the DWP preface notes (see page 25) for an update on the Department's recent changes to their performance management approach.

4.2.1 Provider views of DWP market share shift

Regardless of whether they had gained additional market share in the shift, lost market share or been unaffected, many prime providers in the 2014 research suggested that DWP's MSS had lacked impact due to the relatively small percentage shift (5 per cent) and against the backdrop of falling referrals overall:

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'Referrals were falling at such a rate anyway that it was almost unnoticeable ... they just fell at a little bit less of a rate for us than all of our competitors ... the benefit in some ways was, was kind of lost in just the fact that referrals were falling so dramatically.'

(Prime provider, 2014)

As a result of this, some prime providers suggested that MSS should have been carried out to a greater degree:

'They should have done it on a much grander scale. If you're going to do it, do it.'

(Prime provider, 2014)

Despite these views on the limited operational impact of MSS, some providers highlighted a reputational impact of MSS. Those that had gained market share felt they had received positive PR when it was announced. For those that had lost market share, there was some concern that this could lead to investors viewing them as a risk, leading to difficulty attracting funding:

'The commercial impact is negligible, it's the reputational impact that's more important.'

(Prime provider, 2014)

As also highlighted by a DWP Performance Manager (see Section 4.1.3) there was concern raised by some prime providers who had gained market share that this would make their performance appear lower, due to the way DWP measured performance.

There was also some concern expressed by some prime providers about what they perceived to be a lack of clarity from DWP about the way performance would be measured and decisions taken on MSS in future:

'The issue has been the lack of clarity... market share shift has been very fuzzy, we're still not clear what the next round of assessment means, what's actually being measured and we seem to get different answers when we speak to different people in DWP which is very disconcerting.'

(Prime provider, 2014)

4.2.2 Provider views on contract termination

Views from prime providers in the 2014 research on the termination of a contract by DWP were mixed.

Some prime providers suggested that this contract termination had not had any impact on their approach to the Work Programme contract, nor affected their view of DWP as they always knew the possibility of contract termination was there. However, for other prime providers, this decision was felt to have made the possibility of contract termination real for the first time:

'It certainly made us realise that the DWP were serious about performance and tougher than we had believed.'

(Prime provider, 2014)

Some prime providers were very supportive of DWP's decision to terminate a contract, with some even suggesting that termination of contracts due to poor performance by DWP should be done more frequently:

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'We were really, really pleased that we had finally seen DWP acting in the sort of way that we would have acted with our supply chain.'

(Prime provider, 2014)

However, a number of prime providers expressed concerns about this decision, most commonly underpinned by questions about how the decision was made to terminate this contract and a sense that the reasons were not clearly understood:

'The thing with the [contract] termination was just a lack of transparency or clarity really on how they came to the decision about that being the provider and the contract to be terminated when you could see the evidence of the fairly substantial performance improvement in the year.'

(Prime provider, 2014)

Whilst contract termination is a commercially confidential process the confusion expressed by some prime providers in relation to this decision had left a number of prime providers feeling more uncertain and concerned about how future DWP decisions in relation to contract and performance management would be made:

'I don't think it's really been openly and honestly transparently communicated as to why that's happened and the reasons behind that, so I think what that has done is made us more nervous, because... we're not quite sure what the benchmark is ... and how their decision process would be made for the next time.'

(Prime provider, 2014)

Finally, some prime providers also expressed concerns about whether this contract termination could unsettle the marketplace long term.

4.3 Supply chain management

Subcontractors account for a substantial proportion of Work Programme delivery nationwide. Under the prime provider model, the responsibility for managing a supply chain of subcontractors and their performance lies with prime providers rather than DWP.

4.3.1 Performance management by prime providers

In the 2013 research, some prime providers described their approach to performance managing their supply chain as mirroring DWP's approach to performance managing them. However, other prime providers felt that they were using a more effective performance management approach than that used by DWP. In some cases they linked this to their use of management information. For example, a number of prime providers were using job start data as a predictor of subsequent sustained outcomes performance⁴³, which they felt allowed them to be more proactive and intervene with potential performance issues at an earlier stage.

Some also reported that the effectiveness of the performance management approach was related to their use of subcontractor-level referral volume shift. At the time of the 2013 research, a number of prime providers were shifting referrals from lower to higher performing

⁴³ Research with DWP Performance Managers found that some were also using job start data as a predictor of future sustained outcome performance, but this was not consistent (see Section 4.1.2).

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generalist end-to-end providers in their supply chain and/or terminating contracts for underperformance. These were practices that DWP had not implemented at the time of the 2013 research (although they were subsequently used).

'We are ruthlessly focused on performance... we actually act on that information. So low performance providers get flows taken away from them and eventually their contracts taken away and the high performance providers get flows given to them, because there's no point having transparent performance unless you then act on that transparent performance.'

(Prime provider, 2013)

However, it is noteworthy that some prime delivery agents who used referral volume shift as a performance management strategy were maintaining or expanding their own referral volume share even where some of their subcontractors were outperforming them (see Section 3.7).

The evidence used by prime providers to support their performance management activity appeared to vary. In the 2013 research, all prime providers stated that they used management information received from their supply chains via their IT systems. Some, but not all, also stated that they carried out compliance and/or quality checks, e.g. through file checks, visits and/or observations. In some cases this was a recent development.

In the 2014 research, many of the prime providers described improvements and developments that had been made to their performance management approach and processes over the last year. A number of prime providers reported they had improved the data they provided to subcontractors, and some had started to use a cohort model to analyse the performance of their subcontractors. They felt this provided greater insight into performance. As well as changes to management information, some prime providers reported that they were trying to improve the clarity of their communications regarding performance expectations. Some also described working more closely with their subcontractors. Other prime providers, reported no changes to their performance management systems over that last year as they believed these were already fit for purpose.

Looking across all the prime providers, whilst sustained job outcomes were still the primary focus for all, the majority also described a focus on quality and compliance in the 2014 research. Quality and compliance were monitored in a variety of ways, including sampling of action plans, observations, customer feedback, and staffing level and caseload size checks.

In both the 2013 and 2014 qualitative research, prime providers typically described their relationship with their subcontractors as positive. A small number suggested that the relationship fluctuated relative to the performance of their subcontractors and how much intervention they have to make (with underperformance sometimes causing tension in the relationship), though others suggested that the relationships remained positive even during the implementation of performance improvement measures.

4.3.2 Black box contracting and performance management by prime providers

There was some evidence that some prime providers were becoming more prescriptive with subcontractors, with an aim of driving performance improvement. Some of these prime providers suggested that they were continuing to allow subcontractors who were performing well to deliver services flexibly, but that they were becoming more prescriptive with underperforming subcontractors, for example, mandating they use a certain diagnostic tool.

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'We really do try to allow providers to do as much as they can in the way they want to and especially if they're performing middle to top of our tables... it's just when they're not performing as they should be that we have to actually slightly cut the corners of that black box and make it a bit greyer.'

(Prime provider, 2013)

This increase in prescription to try to drive performance improvement mirrors reports of increasing prescription by DWP in their management of prime contracts and the experience within Australian contracted employment services (see Section 4.1.6).

In both the 2013 and 2014 research with subcontractors, the level of flexibility afforded to them was found to vary, depending on the prime provider(s) and the subcontractor's performance. Subcontractor reports of the level of flexibility in service delivery they were given by their primes remained consistent across the 2013 and 2014 waves of research. Further detail on subcontractor views on the level of delivery flexibility afforded to them by their prime provider can be found in Section 5.3.

4.3.3 Competition and collaboration in supply chains

In both the 2013 and the 2014 research, and also already highlighted in Section 3.8, a number of different approaches to supply chain performance management were identified, differing based on the extent of collaboration or competition encouraged by the prime providers. Rather than being seen as two distinct and mutually exclusive approaches, collaboration and competition can be viewed as on a continuum. The majority of prime providers utilised both to an extent, though the balance varied.

The prime providers who used the greatest degree of competition had set up their supply chains so that there was geographical overlap amongst their subcontractors, and proactively and regularly (monthly or quarterly) moved referral volumes between higher and lower performing subcontractors in order to protect overall contract outcomes and drive performance improvement. The prime providers who used subcontractor-level referral volume shift felt that this was a major element of their performance management strategy and had a significant positive impact on their performance.

Other prime providers did not use any referral volume shift. Whilst for some this was due to there being no geographical overlap amongst their subcontractors and thus no option to easily move referrals from one subcontractor to another, for some a deliberate decision had been taken to not use referral volume shift due to concerns that this would create an unhelpful level of uncertainty for their subcontractors. One prime provider who was unable to consider the use of referral volume shift due to a lack of overlap amongst their subcontractors highlighted both benefits and disadvantages to this:

'From a performance management perspective one of the challenges has been, if we have had partners in a certain area who are underperforming, we can't shift market share. However ... there is a point below which it doesn't become viable for an organisation if you're carving up the flows. There's a trade off if you want people to invest for the long term and make a go of the contract, you have a responsibility as a prime to ensure that contract is viable, that they can do that, and it enables us to plan.'

(Prime provider, 2014)

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The prime providers who adopted the most collaborative approaches described a number of ways this was encouraged including best practice sharing forums, the sharing of efficient processes (for example, in relation to tracking individuals and evidencing outcomes), cross-provider job shadowing and buddying, supply chain-wide training, joint employer screening days and vacancy sharing. Just as prime providers who predominantly used competition felt this was the key driver of their performance, the prime providers who predominantly focused on partnership working and collaboration saw this as the key driver of their performance.

As highlighted earlier, however, competition and collaboration were not mutually exclusive. The collaborative prime providers still tended to use league tables to encourage some healthy indirect competition and would ultimately consider removing contracts from poor performing subcontractors. Some prime providers who utilised a competitive approach also reported the facilitation of collaboration in their supply chains.

'There comes a point when organisations understand that activities are for the good of the contract, reputation of the contract, not just the individual provider.'

(Prime Provider, 2014)

2014 Case study

One of the qualitative case studies carried out in 2014 examined the operation of two supply chains within the same CPA. One supply chain was led by a prime provider that adopted a fully outsourced highly competitive approach to delivery. The other prime provider also outsourced a large proportion of delivery, although they adopted a less directly competitive approach to the management of their subcontractors.

The highly competitive approach involved subcontracting with multiple providers in most areas of the CPA, with a monthly performance review which led to reallocation of referrals towards better performers. The other prime provider described using 'friendly competition' via the publication of performance league tables and the use of prizes as incentives. Subcontractors within the latter supply chain generally operated in different locations, although there was some overlap with prime provider delivery in two areas. However, this prime reported that they rarely reallocate referrals as they felt that the threat of this was not a productive approach. The only occasions when referrals within this supply chain had been shifted were described as supportive moves to allow subcontractors 'breathing space' to recruit staff and improve performance.

Despite this apparent difference of approach there were also some clear similarities as both prime providers appeared to offer substantial support to improve the performance of subcontractors that encountered difficulties. Both prime providers and subcontractors also indicated a very similar degree of collaboration in terms of sharing good practice across their supply chain. Generally subcontractors in both supply chains reported positive and supportive relationships with their prime provider. The subcontractors in the more competitive supply chain tended to focus on the more collaborative aspects of the prime providers' approach and some suggested the shifting of referrals was relatively minor. In the other supply chain subcontractors also reported that they were listened to and received support from the prime provider. The one aspect of supply chain operation that they were less satisfied with was where they felt the prime provider was a little too prescriptive in terms of service delivery. They expressed a preference for a more 'black box' approach. This aspect of the prime providers' approach may be linked to the fact that they were also directly involved in Work Programme delivery.

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In the 2013 research, the extent of supply chain relationships between subcontractors was found to be varied. In the qualitative interviews, some end-to-end subcontractors described good links between all the end-to-end subcontractors in their supply chain, some described good links with some, but not others and some described limited contact between all. Where there was limited contact, views on this differed, with some wanting more contact and others satisfied with the current limited contact.

Whether or not supply chain relationships were supported and encouraged by the prime provider was also found to vary. In some areas prime providers were taking a key role in facilitating regular meetings between subcontractors, in some areas prime providers facilitated occasional meetings, in some the subcontractors were facilitating the relationships themselves and in some subcontractors felt the prime provider discouraged supply chain relationships.

In the 2014 research, it was common for subcontractors to describe having best practice sharing meetings with the other subcontractors in their supply chain, facilitated by their prime provider. Some subcontractors also reported informal links with the other subcontractors in their supply chain too.

The online 2013 and 2014 provider surveys (commissioning) suggested that the facilitation of good practice by prime providers was increasing over time. In 2013, 51 per cent of subcontractors surveyed reported that their prime provider(s) facilitated good practice within their supply chain. In 2014, this had increased to 58 per cent.

A smaller number of subcontractors reported not having any relationship with the other subcontractors in their supply chain. This was more likely to be the case for non-end-to-end subcontractors, although a small number of end-to-end subcontractors interviewed also did not have any links with other subcontractors.

In terms of the type of supply chain relationships in existence, the online 2013 and 2014 provider surveys (commissioning) found that collaborative relationships were more common than competitive relationships. Comparison of the two years of survey findings suggests that both collaboration and competition increased from 2013 to 2014, with collaboration increasing to a greater extent than competition.

Table 4.1 Relationships between subcontractors in supply chains

Which of the following statements describe your relationship with other subcontractors in your supply chain(s) (please select all that apply)	2013 %	2014 %
We have a strong collaborative relationship	10	11
We have reasonably collaborative contact with one another	12	32
We have a strong competitive relationship	2	5
We have reasonably competitive contact with one another	9	9
We share good practice and experience of what works	24	25
We communicate only when required to by our prime provider	25	21
None of the above	27	25
Don't know	3	1
<i>Base</i>	195	148

Source: Online 2013 and 2014 provider surveys (commissioning).

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In the 2013 qualitative research, end-to-end subcontractors likewise described a mix of competitive and collaborative relationships. Where relationships were felt to be competitive, some felt this was a healthy competition but many suggested the competition tempered their relationship and willingness to share best practice.

In the 2014 qualitative research, no subcontractors suggested that competition prevented or discouraged them from collaborating with other subcontractors. In supply chains where subcontractors described themselves as being in competition with each other, it was just as likely that the subcontractors would be in contact with each other as it was in supply chains where subcontractors described there being no competition between each other. This may be a reflection of the contract maturing; some subcontractors suggested that initially subcontractors were hesitant to share information and best practice but that, over time, trust and relationships had developed.

'There's a combination between camaraderie and competitive spirit. At the end of the day when you've got multiple organisations who want to succeed there's always going to be the aspiration of the success of your own organisation, but then there needs to be that shared vision for the success of the whole contract and there's a lot of joined up thinking in that so that does work well.'

(End-to-end Subcontractor, 2014 T1_6)

There were some examples of very strong partnership working and collaboration amongst some subcontractors, including examples of subcontractors sharing vacancies and spaces on in-house participant training courses.

4.3.4 Subcontractor views and experiences of performance management

In the online 2013 and 2014 provider surveys (commissioning), subcontractors were asked what prime providers used to monitor and manage their performance. There was little change between the two years and most commonly reported was the use of:

- monitoring through management information (62 per cent in 2013, 66 per cent in 2014);
- a contractual performance framework with penalties/potential contract termination for underperformance (54 per cent in 2013, 49 per cent in 2014); and
- monitoring of service delivery and quality through inspection (52 per cent in 2013, 49 per cent in 2014).

Other mechanisms reported included the relative assessment of performance amongst subcontractors, e.g. through league tables (44 per cent in 2013, 42 per cent in 2014) and opportunities for increased volumes of referrals based on good performance in relation to competitors (15 per cent in 2013, 11 per cent in 2014). Many of these reported mechanisms match provider reports of the use of a competition based approach to performance management.

In terms of the focus of the performance management approach, in the 2013 qualitative research some end-to-end subcontractors stated that their prime provider(s) focused on performance against targets and minimum service standard compliance and did not look at quality. However, quality did appear to be an element of focus for some as other end-to-end subcontractors described how their prime provider also monitored the quality of delivery and gave examples of prime providers conducting announced and unannounced visits to check the quality via participant file checks and observation of advisers.

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In the 2014 qualitative research, many subcontractors described quality checks by their prime provider(s), including through observations or the monitoring of distance travelled.

In both the 2013 and 2014 research, non-end-to-end subcontractors did not typically appear to be subject to targets and outcome-based performance management from their prime provider, as might be expected considering the 'spot purchase' nature of their provision. These subcontractors were typically subject to quality checks and observations by their prime provider instead.

There was a spread of opinion as to whether subcontractors felt the monitoring and management of their performance by their prime provider was effective. As part of the online 2013 and 2014 provider surveys (commissioning), subcontractors were asked to rate effectiveness on a five point scale. In 2013, 32 per cent felt monitoring and management was effective (choosing 4 to 5 on the scale), 29 per cent felt it was neither effective nor ineffective (3 on the scale) and 22 per cent felt it was ineffective (1 to 2 on the scale). In 2014 a greater percentage felt their prime providers' monitoring and management was effective (40 per cent), 27 per cent felt it was neither effective nor ineffective and 22 per cent felt it was ineffective.

In the 2013 qualitative research some end-to-end and non-end-to-end subcontractors expressed a feeling that the performance management from their prime provider was overly intensive, onerous and time consuming. One gave an example of sometimes being called twice a day by their prime provider to discuss performance.

'We are performance managed to death.'

(End-to-end subcontractor, 2013)

This did not appear to be linked to underperformance, as some subcontractors who were meeting or exceeding their targets expressed this view.

Subcontractor responses to the different performance management approaches they experienced also varied in the 2014 qualitative research. For example, some subcontractors who were more intensively and rigorously performance managed felt this was appropriate and helpful, whereas other subcontractors subject to similar performance management approaches felt that this level of management was disruptive.

In the 2013 research, subcontractors did not report feeling any direct impact of DWP performance activity. Similarly, the impact of DWP's MSS at subcontractor level was felt to be minimal, when explored in the 2014 research. In part this was felt to be due to the relatively low level of market share being shifted (five per cent) and due to the market shift coinciding with the wider overall fall in referrals.

'It was so minor really. It [gaining market share] didn't feel significant enough to have an 'oh right we'd better go out and recruit a lot more staff'.'

(End-to-end subcontractor)

In addition, some subcontractors had also experienced prime provider-led referral volume shift and this was typically felt to have a greater impact as the volumes gained or lost from this were often greater.

In both the 2013 and 2014 research, many end-to-end subcontractors also described their own internal performance management. Some utilised the management information systems introduced by their prime provider for this purpose, but others described using additional systems and/or data. Many also had their own monitoring systems for quality of delivery.

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Like the prime providers, some conducted file checks and adviser observations. Some also monitored participant satisfaction through surveys or participant feedback.

In the 2013 qualitative research, end-to-end subcontractors typically described their relationship with their prime provider(s) as good, although many went on to describe a mix of both positive and negative factors to the relationship they experienced. Two factors which were commonly raised as valued were access to training and good practice sharing. Other factors that were valued included having an equal relationship, good communications, transparency and an approachable prime provider.

A number of concerns related to the relationships with prime providers were also raised by end-to-end subcontractors in the 2013 research. Many of these related to subcontractors not being satisfied with the approach the prime provider was taking to performance management. Other issues raised included a lack of continuity in prime provider contract management staff, information overload and disputes over outcome payments.

In the 2014 qualitative research with subcontractors, many reported having a good relationship with their prime provider(s). Many of the reasons given for why relationships were considered positive were similar to those found in 2013, i.e. the relationship being open, honest and transparent; collaboration and equality; good regular communications; best practice sharing; and the provision of training. In 2014 subcontractors also raised delivery freedom and flexibility; trust and partnership working; keeping bureaucracy to a minimum; and the sharing of vacancies as positive factors in their relationships with prime providers.

Only a small number of subcontractors described poor relationships with their prime provider(s) in the 2014 research. Reasons included: poor communications; lots of staffing changes meaning new relationships were constantly having to be built; no investment or support; and too much paperwork. Echoing the comments of some prime providers, one subcontractor suggested their relationship with their prime provider varied depending on their performance, with the relationship generally being good but turning more challenging when targets were not met.

Comparison of the online 2013 and 2014 provider surveys (commissioning) suggested that an increasing number of subcontractors were viewing their relationships with their prime provider(s) as positive. In 2013, only 43 per cent of surveyed subcontractors reported a positive relationship with their prime provider(s) (six to ten on a scale). This included seven per cent who reported an extremely positive relationship (a score of ten out of ten). At the other end of the scale, ten per cent of subcontractors reported 'extremely negative' relationships with their prime provider(s). By 2014, 70 per cent of surveyed subcontractors reported a positive relationship with their prime provider(s) (six to ten on a scale). This included 18 per cent who reported an extremely positive relationship (a score of ten out of ten). Seven per cent of subcontractors reported 'extremely negative' relationships with their prime provider(s). This change may in part be related to the supply chain exit of some subcontractors discussed in Chapter 3.

4.3.5 Management of non-end-to-end providers

The non-end-to-end providers interviewed believed that their contribution to Work Programme provision was vital for the participants that they worked with. Some of these providers working with participants who had specialist needs saw their function in the Work Programme as not only to support the participants, but to also raise awareness among recruiters and employment professionals of the needs of their service users. There were

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significant differences in the specific functions of the non-end-to-end providers, as well as in the extent of their engagement with the Work Programme. Nevertheless, non-end-to-end providers across the spectrum raised concerns that aspects of the Work Programme model had prevented them from being as effective as they could have been.

Some providers noted that poor information flows between end-to-end and non-end-to-end providers could slow down provision. This included information about participants, such as their action plans, or information about wider strategic issues. Some non-end-to-end providers felt that they had not received clear guidelines about their role in relation to the development of participants. These providers reported that they would have liked to have had a better understanding about the work that other providers were doing with their participants. Disjointed information flows were also thought by some to have a negative impact on participants, who could at times be receiving inconsistent information from different providers.

Some providers suggested that co-location between end-to-end and non-end-to-end providers could contribute towards resolving some of these problems, as it could facilitate better communication between the providers. Non-end-to-end providers who were working on-site with end-to-end providers reported that this arrangement had been working well. Closer working arrangements could mean that participants viewed the two organisations as better integrated. Non-end-to-end providers also reported that when operating on-site with the end-to-end provider they received greater administrative and other forms of support from the end-to-end provider.

There was some confusion among non-end-to-end providers about the services that they were expected to deliver. Some non-end-to-end providers felt that their provision was being slowed down as they were undertaking work with participants that they felt that the end-to-end advisers should have carried out prior to referring the participant on. This included cases where non-end-to-end providers had received participants who did not have an action plan, CV or email address. More frequent provider audits were suggested as a way that providers could ensure that participants are equipped with these basic tools before being referred.

There were concerns raised by some specialist non-end-to-end providers that their services were being inconsistently employed by the end-to-ends. Some of the specialist providers that worked with disabled participants believed that not all participants who required their specialist support were being referred onto them. They believed this was due primarily to the lack of available funding although some also suggested that this was linked to a lack of understanding of participant needs and poor knowledge of the specialist services they provided. This also triggered concerns that some providers were concentrating effort and resources on those participants for whom they believe they can achieve an employment outcome most quickly and/or cheaply, and offering only minimal services to more costly-to-help participants. However, another notable concern felt by specialist non-end-to-end providers was that they felt that they were being referred only participants who were the furthest away from the labour market. A lack of what they considered to be appropriate referrals was also cited as a reason for leaving supply chains by some providers (see Section 3.7).

Non-end-to-end subcontractors typically had more limited contact and communications with their prime provider(s) than end-to-end subcontractors. Views on the relationship with the prime provider were much more mixed amongst non-end-to-end subcontractors in both the 2013 and 2014 research. Those that had received referrals typically described their relationship with the prime provider as good or acceptable. However, those that had not

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received any referrals typically described the relationship as poor. Many of these stated that they had not had enough engagement from the prime provider and, in some cases, reported they had not had any contact from the prime provider. In the online 2013 provider survey (commissioning), 24 per cent of non-end-to-end subcontractors reported an 'extremely negative' relationship with their prime providers compared with only two per cent of end-to-end providers.

No formal disputes or use of the Merlin mediation service⁴⁴ was mentioned by any prime provider, end-to-end subcontractor or non-end-to-end subcontractor.

4.4 Providers' views on the effect of performance targets on delivery

The 2013 programme delivery strand research explored prime provider and subcontractor views on the effect of performance targets on delivery and found a spread of opinion. Some providers felt that performance targets helped them to develop a clearer understanding of what they should be prioritising. Other providers, however, felt that the targets that they worked towards were poorly structured or unrealistic, and as a result did not help to improve delivery.

While performance targets were for the most part set for end-to-end providers, there were some non-end-to-end providers who worked towards job outcome targets. These included non-end-to-end training providers who worked with participants for a limited number of weeks. Some of these providers felt that the use of targets was inappropriate for their type of organisation, as the allocation of targets did not take into account the relatively short duration that the provider was engaged with each participant.

Some providers felt that the setting of targets with reference to payment groups was ineffective. Some providers suggested that the number of payment groups should decrease, as they felt that working with nine payment groups could be confusing. However, other providers argued that there should be an increase in the number of payment groups, as the nine groups did not adequately represent the diversity of the participants' ability levels.

ESA participants were cited as a group for whom reclassification was particularly needed. Some felt that targets for ESA participants would be more effective if they were broken down by participants' disabilities. This was because ESA participants' needs and their likelihood of entering into employment were seen as being largely dependent on their specific disability. Furthermore, some providers felt that the job targets for ESA participants were unrealistic, and did not reflect their view of how far away from the labour market many of these participants were. This was argued by providers across the spectrum, including disability specialists and prime providers. One disability specialist sub-contractor reported that only ten per cent of their caseload were likely to find work within their time on the Work Programme. This sub-contractor felt that as a result of this they would be likely to have to end their involvement with the Work Programme in the future.

⁴⁴ The Merlin Standard comprises a code of conduct to which prime providers are expected to adhere in their relationship with their subcontractors. The Merlin mediation service can be used to resolve disputes about code of conduct-related issues raised by subcontractors that the prime provider's internal dispute resolution processes have failed to resolve.

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Some providers felt that the emphasis of targets on job sustainment was effective because it prevented advisers from placing participants into jobs that they were not suited for. However, other providers argued that the focus on sustained work could mean that they were not rewarded for their efforts in preparing participants for re-engagement with work. A recurring criticism made by providers working with participants judged to be furthest away from the labour market was that the Work Programme model does not give sufficient weight to 'soft outcomes', such as progress in areas such as confidence and motivation building. These areas of work were considered by providers to be especially important for participants who were thought to be unlikely to find work within their two years on the Work Programme. Some providers felt that they had put in much effort and resources in order to make significant improvements in the employability levels of these participants, but the Work Programme model entailed that these efforts were not adequately rewarded.

'We haven't got anything for soft outcomes, say somebody's achieved voluntary work, somebody's achieved a qualification, there's no soft outcome 'well done'. So you can see why other people just wouldn't bother. But unless we can tidy up our guys a little bit, they're never going to make any progress. So we spend a lot of energy on stuff that's going to pay no money for us.'

(Provider, 2013)

Suggestions were made for a greater emphasis on monitoring softer outcomes, and rewarding providers accordingly. Increased monitoring of the distance travelled by participants was also thought by some to be able to prevent providers concentrating effort and resources on those participants for whom they believe they can achieve an employment outcome most quickly and/or cheaply.

'It [distance travelled] is just something that would give a little bit more validity in terms of other things that are done in the Work Programme, because it would be very easy for a provider to be able to focus on the 50/60 per cent most job-ready clients or 20 per cent most job-ready, the 40 per cent that we know are very short term, move them forward and not do anything with the other lot and then the figures would be comparable, but you don't see the distance moved in terms of the other people that possibly haven't gone into work.'

(Provider, 2013)

4.5 Summary

Providers and supply chains are diverse and it can be difficult to generalise about what Work Programme providers 'think' or 'do'. Relationship management in particular can be strongly affected by individual personalities and ways of working. As the Work Programme was contracted using a prime provider model, DWP's role in contract and performance management was focused at the prime provider level. As the contract has progressed, there were developments and changes to the performance management processes and systems used by DWP to manage Work Programme provider performance.

A number of DWP staff had a role in the management of programme and provider contracts and performance. At the time of the 2013 research these included Account Managers and Performance Managers. These roles were restructured just prior to the 2014 research and, under the new system, contract and performance management roles were split across two directorates. The Account Manager role ceased to exist and two new roles (Supplier Manager

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and Category Manager) were introduced. The new structure and roles were still being implemented at the time of the 2014 research but, under both structures, some DWP staff felt that the split between DWP contract and performance management staff was not helpful.

At the time of the 2013 research, Work Programme contracts were assessed in financial years and included minimum performance levels for three groups of participants. By the time of the 2014 research, providers were being monitored on both minimum performance level and new measures. DWP contract and performance management staff welcomed the new performance measures on the whole.

In the 2013 research DWP staff generally reported trying to improve performance, with the use of punitive measures viewed as a last option. A new performance management regime was introduced from summer 2013 which included more intensive processes for lower performing providers. Some Performance Managers welcomed the changes and felt that they had the potential to make prime providers focus more on improvement activities. However, other Performance Managers questioned whether the new regime was too intensive and/or prescriptive. There appeared to be an underlying tension felt by some DWP staff between offering flexibility to providers to deliver services as they see best and driving up performance by prescribing delivery methods that have been found to be effective. There were some indications in the 2013 research that the performance management approach used by DWP was starting to become more prescriptive.

A key performance management mechanism utilised by DWP was 'MSS', which gave DWP the flexibility to move five per cent of new referrals within each CPA from lower to higher performing prime providers. The first MSS occurred in summer 2013 and, in the 2014 research, DWP staff interviewed did not report any noticeable impact of this on performance to date. Some staff felt MSS should be conducted by DWP at a higher level and frequency. Some DWP staff also felt that MSS and DWP's decision to terminate a contract due to underperformance had negatively affected their relationship with prime providers.

In the early part of 2014, DWP reviewed the performance of the bottom 25 per cent of Work Programme contracts and put them under an enhanced performance management regime. Notice of a contract termination was also given to one prime provider. Views from prime providers on the contract termination were mixed. Some prime providers were very supportive of DWP's decision to terminate a contract. However, other prime providers were confused as to why this particular contract had been chosen for termination, leading to some uncertainty and concern over how future contract termination decisions would be made.

In both the 2013 and 2014 research, views from prime providers on DWP's approach to contract and performance management varied, with some positive and some negative. Issues raised by prime providers included a perceived lack of consistency and clarity in DWP's approach. Many prime providers reported in the 2014 research that DWP's MSS had lacked impact due to the relatively small percentage shift and against the backdrop of falling referrals overall. An area where the DWP approach did appear to have a more notable impact was in driving the development of services for participants who were disabled or had a health condition. This was related to the inclusion of a specific minimum performance target for new ESA customers.

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Subcontractors account for a substantial proportion of Work Programme delivery nationwide. Under the prime provider model, the responsibility for managing a supply chain of subcontractors and their performance lies with prime providers rather than DWP. In the 2013 research, some prime providers described their approach to performance managing their supply chain as mirroring DWP's approach to performance managing them. The 2014 research found numerous examples of improvements and developments made by prime providers to their performance management approach and processes.

Overall, in both the 2013 and 2014 research, prime providers appeared to be using two different approaches to drive subcontractor performance – competition and collaboration – with the majority utilising both, but to different degrees. The extent of the competition-based methods available to prime providers did appear to vary dependent on the supply chain structure and the local provider market. There was some evidence that, like DWP, some prime providers were becoming more prescriptive with subcontractors with an aim of driving performance improvement. There was a spread of opinion in both the 2013 and 2014 research as to whether subcontractors felt the monitoring and management of their performance by their prime provider was effective, though a greater percentage of subcontractors felt their prime providers' monitoring and management was effective in 2014, suggesting improvements over time.

Prime providers typically described their relationship with their subcontractors as positive in both the 2013 and 2014 research. Comparison of the 2013 and 2014 provider surveys (commissioning) suggested that an increasing number of subcontractors were viewing their relationships with their prime provider(s) as positive. As might be expected, subcontractors who had received referrals were much more likely to describe a positive relationship than those who had not. Whilst some subcontractors in the 2013 research suggested that competition tempered supply chain relationships and the willingness to share best practice, by the 2014 research this was not reported as a problem, with trust and relationships between subcontractors appearing to be further developing over time.

5 Minimum service prescription: Customer service standards and the ‘black box’

Providers are expected to deliver an individually tailored service for each participant, regardless of the benefit they are claiming. In keeping with black box procurement the Work Programme ‘Invitation to Tender’ (ITT) made clear that there would be no detailed prescription of service provision from central government and that providers had freedom to deliver in the ‘most efficient and innovative way possible’ (Department for Work and Pensions (DWP) ITT, 2010). Bidders were instead invited to indicate how they would support potential participants to obtain and sustain employment and in response the bidders gave detailed outlines of their varied service delivery strategies. Prime providers were required also to specify the minimum service standards (later renamed customer service standards) that they would offer to participants.⁴⁵

The ‘black box’ approach to the design of Work Programme services does not apply to performance, programme delivery and post-contract supply chains. DWP monitored prime provider performance and if a prime provider wished to make changes in service delivery or in their supply chains they had to justify them to DWP with significant alterations requiring contract variations. Prime providers did, however, have greater operational flexibility and the scrutiny of service delivery was ‘light touch’ in comparison with earlier programmes.

5.1 Changes to customer service standards

In both the 2013 and 2014 research, some prime providers reported that they had made some changes to their customer service standards and this was corroborated by DWP contract and performance management staff. DWP staff reported that the changes that had been requested had mainly been minor and also suggested that, on the whole, only minor changes would be accepted.

‘There isn’t going to be any large scale changes because they won the contracts on these things so [DWP] are not gonna accept changes now, bigger changes.’

(DWP Performance Manager, 2013)

DWP and prime provider reports of the Customer Service Standard changes that had been approved included the rationalisation of delivery offers that were not being taken up and a change from recording interventions on paper-based forms to an IT system. A very small number of subcontractors were aware of changes to their prime provider’s customer service standards and typically described these changes as minor.

⁴⁵ There are other non-negotiable requirements for prime providers that concern compliance with legislation, e.g., on data confidentiality, health and safety and equalities legislation; with DWP ‘codes and standards’; and with procedures to meet European Social Fund auditing and regulatory requirements. Providers also must ensure effective anti-fraud control mechanisms are in place for themselves and their contractors.

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Some prime providers reported that they had requested a number of Customer Service Standard changes, but only had some approved by DWP. In both the 2013 and 2014 research DWP contract and performance management staff stated that they would refuse any requests for changes that moved 'too far away from the original intent' unless they would result in delivery improvements.

'The Department would only accept the proposal if it was going to be an enhancement to what they had originally offered.'

(DWP Performance Manager, 2013)

DWP staff reported that they had rejected some prime provider minimum service standard change requests which they felt would reduce the level of service provided.

5.2 Effect of customer service standards at the delivery level

Customer service standards may affect delivery directly or indirectly. The effect may be direct through delivery staff knowing the standards and seeking to meet them. The effect may be indirect with prime providers setting delivery targets and performance standards to meet the customer service standards. In 2013, qualitative research with providers explored the direct effect: providers' knowledge of the customer service standards and how this affected their behaviour. It also investigated providers' views on participants' use of the customer service standards.

At the subcontractor level, awareness of the prime provider's customer service standard varied: some generalist and specialist end-to-end subcontractors and some non-end-to-end providers said they were aware, whilst others (including some who were prime providers) said they were not. However, it was apparent that some confused the prime provider's customer service standards with other targets and performance standards set for the provider by the prime provider. The importance of knowing the prime provider's customer service standards was unclear, given the targets and performance standards set for each provider might require meeting the customer service standards. As one provider said 'we do what the Prime tells us'.

The types of standards described included engagement timescales, minimum frequency of contact, having a better-off-in-work calculation and ensuring participants had a CV.

5.2.1 The impact on providers' delivery

The 2013 programme delivery strand research found that awareness of the prime providers' customer service standards (formerly known as minimum service standards) appeared to encourage compliance with these standards at the provider delivery level. Indeed, some providers saw meeting the standards as more important than meeting performance targets (an essential, contractual requirement) and, for some, the standards were built into delivery management, monitoring and IT systems. Nevertheless, some providers reported failure to meeting their customer service standards, attributing failures to rises in referrals, financial constraints and participants moving out of the area. Some appeared to have met customer service standards by interpreting these flexibly.

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Customer service standards were used by some providers to encourage participants' compliance: participants were told they had to comply with some demands because they were part of the customer service standards.

Whilst compliance with the standards might be seen as beneficial, some providers reported customer service standards which formed part of their Work Programme bids were having an unexpected negative effects. In these cases they were seen as leading to inappropriate provision for some participants, either discouraging participants or erecting a barrier to more appropriate provision. Concerns here tended to focus on Employment and Support (ESA) participants. For example, the manager in a generalist end-to-end (itself a Prime) believed that the requirement to do a back-to-work prognosis after 12 months for all ESA participants was counterproductive: CVs and better-off calculations were seen as dispiriting for participants who were still very distant from employment. Other difficulties arose with the appropriateness of support for, for example, severely or terminally ill participants.

Other reported negative effects were that they diverted resources into administration, were a waste of resources and added to paperwork:

'We've got to hit all these ticks before we get to do what we're good at.'

'It would be very easy to deliver your [Customer] Service Standards without actually delivering any people into work; the programme is about sustainable employment, not hitting every [Customer] Service Standard.'

Customer service standards were also criticised because of their limitations: that they inadequately addressed quality, for example, they prescribed contact, but not the quality of contact. There were also criticised as being contrary to some providers' expectations about the black box model.

5.2.2 Participants' perceived awareness of customer service standards

Providers reported only limited awareness of the customer service standards amongst participants. Some use of the customer service standards by participants to increase the support provided to them was reported by some providers in the 2013 research, but the numbers reported by each organisation were small (for example, two uses from around 1,700 participants). Participants had used the customer service standards to secure meetings and support, when meetings had not been scheduled or, in the words of one provider, 'when participants have been left behind on the system, so once they raise this with [us] they are picked up again and put on the system.'

Providers who thought their participants were aware of the customer service standards, but had not used them generally believed this was because their participants were happy with the provision.

5.3 The 'black box' and delivery flexibility

Sections 4.1.6 and 4.3.2 looked at the implications of black box contracting for performance management. This section explores how the black box approach was implemented in the Work Programme contract and the level of delivery flexibility experienced by providers.

5.3.1 Flexibility in service delivery

In the 2012 wave of research looking at implementation of the commissioning model (Lane et al., 2013), prime providers identified a fundamental difference in understanding between themselves and DWP Performance Managers about how much flexibility providers were allowed in their delivery models, these providers felt that DWP were not allowing the level of flexibility they expected.

Similarly in line with the 2012 research, some prime providers expressed a view that there was less flexibility and opportunity to innovate than they had originally expected there would be.

'We went into Work Programme believing in the black box concept but only to find out that there's no such thing... we thought we'd be able to innovate and change our delivery model and package where we found glitches in the system, only to find out we are beholden to the minimum service levels written into our bid for the whole period of the contract.'

(Prime provider, 2013)

Some prime providers also felt that the flexibility provided by DWP was further reducing over time as new guidance and performance management measures were introduced (see Section 4.1.6 for more details).

'It's as black box as it can be. I think there's always this kind of creeping bureaucratisation which happens and that DWP really need to try and guard against it.'

(Prime provider, 2013)

Prime providers also reported receiving conflicting messages from staff within DWP on the level of flexibility allowed to them and requested greater consistency and clarity on this point. The preface notes provide an update on DWP work to improve clarity on minimum service standards.

The black box model allows for a provider to innovate within the limits of the contract in order to test out new ways of working, however, there appeared to be limited evidence of innovation in service design and delivery at the prime provider or subcontractor level. The factors which potentially limited innovation were not fully explored in this research, although these may be linked to perceived limitations to contract flexibility, though also they may be potentially linked to the financial elements of the contract (see also Chapter 6). Examples of service innovation which were identified included one prime provider conducting a personal budgets pilot, another piloting new approaches to in-work support and another that had commissioned specialists to develop tools for use by their whole supply chain. One subcontractor was co-locating with Jobcentre Plus. It was in IT that the most common examples of innovation had occurred. For example, two prime providers mentioned using Cloud technology, one had rolled out a new online client portal and a further one was developing e-learning

5.3.2 Impact on supply chain diversity

Prime providers also highlighted the challenge they faced in ensuring all subcontractors meet acceptable standards whilst supporting supply chain diversity and allowing subcontractors the flexibility to deliver things in the way that best works for them. In the 2013 research,

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around a third of prime providers reported that they were increasing the level of delivery prescription with an aim of driving performance improvement (see Section 4.3.2 for more details).

Subcontractor views on the level of flexibility in service delivery they were given were mixed, but consistent, across the two waves of research. In both the online 2013 and 2014 provider surveys (commissioning), half of subcontractors reported that they had flexibility (approx 50 per cent answered 6 to 10) and approx 40 per cent said they had no or little flexibility (1 to 5 on scale). These findings were also broadly similar to the 2012 survey findings. In other words there was no significant decrease in flexibility as experienced by sub-contractors, which might have been expected given the reports from some prime providers of increased prescription for underperforming subcontractors.

The 2013 and 2014 qualitative research also found mixed subcontractor views on flexibility. Some felt they were operating within a 'black box' model whilst others felt they were not, as much of the basic structure of their model of provision was prescribed by the prime provider. Some, who subcontracted to more than one prime provider, reported that the level of flexibility could vary between prime providers.

'The black box model is only as black as the prime allows it to be.'

(Subcontractor, 2013)

Delivery flexibility was viewed positively by subcontractors. For those subcontractors that were afforded flexibility, this was typically viewed extremely positively and was felt to allow them to perform well.

'The black box approach has really allowed individual companies to shine.'

(Subcontractor, 2014)

Some subcontractors suggested that the black box approach had enabled them to be more innovative. However, a small number of subcontractors did suggest that it was difficult to take advantage of the freedom afforded by a black box approach due to limited funding and high outcome targets.

The qualitative research did capture some subcontractor experiences of increased prime provider prescription. In some cases this related to an increased prime provider focus on customer service standard compliance. Others described prime provider prescription of delivery approaches considered best practice. This was not always felt to be helpful by subcontractors however. For example, in the 2013 research one subcontractor highlighted that they were asked to implement practices that had been successful for the prime provider. However, this subcontractor felt that some practices that were successful in the prime provider's urban delivery were not appropriate in the subcontractor's rural delivery. In the 2014 research, one subcontractor reported that their prime provider had become highly prescriptive about how they should deliver, despite the subcontractor outperforming the prime provider's own delivery. This subcontractor therefore felt that the prime provider's requirement for a change to their service delivery was inappropriate and likely to be ineffective.

5.4 Summary

As part of their bids, prime providers were required to specify the minimum service standards (later renamed customer service standards) that they would offer to programme participants. In both the 2013 and 2014 commissioning strand research, some prime providers reported that they had made changes to their customer service standards, although changes that had been approved by DWP generally appeared to be minor. DWP staff reported that requests for change that could result in a lesser service for participants were rejected.

In the 2013 delivery strand research there was some indication that customer service standards were not always met, either through direct failure or through the requirements of the customer service standard being reinterpreted. However, given some providers confused the performance standards set for them by their prime provider with their prime provider's customer service standards was not always clear.

Some providers felt that, whilst the customer service standards might provide a useful minimum for most participants, they might be inappropriate for some participants, resulting in discouragement or a diversion from more useful activities. There also appeared to be minimal use of the customer service standards by participants to raise the quality of the service provided to them. Whether this was due to providers meeting the standards, participants' lack of awareness of the customer service standards or participants' lack of belief, they could be used to raise standards would need to be explored with participants.

Some prime providers expressed a view in the 2013 commissioning strand research that the 'black box' model provided less flexibility and room to innovate than they had originally expected there would be, and some also felt that the degree of flexibility offered by DWP was further reducing over time. As discussed in Section 5.3 above, there was limited evidence of innovation in service design and delivery. Prime providers highlighted a challenge in ensuring all subcontractors meet acceptable standards whilst supporting supply chain diversity and allowing subcontractors the flexibility to deliver things in the way that best works for them. A number of prime providers reported that they were increasing the level of delivery prescription with an aim of driving performance improvement although this was not always felt to be helpful by subcontractors. Subcontractor reports of the level of flexibility in service delivery they were given by their primes generally remained consistent across the waves of research however.

The conflicting understanding of the 'black box' model identified in the 2012 wave of the evaluation continued in the 2013 wave. Some providers felt that the level of flexibility allowed in service delivery did not meet their original expectations. Prime providers were able to choose how much prescription to apply to their subcontractors' provision and, in both the 2013 and 2014 research, there was variation found in the level of prescription applied by different prime providers. Where subcontractors were afforded delivery flexibility, this was viewed positively by the subcontractors.

6 Finance

In the Work Programme, the Department for Work and Pensions (DWP) has rolled out possibly the 'largest single payment by results employment programme in the world'.⁴⁶ The use of payment by results (PbR) in employment programmes is part of a wider, long-term shift towards the contracting out of public services to the private sector and to paying for services on the basis of their outcome rather than their inputs.

This 'outcome-based commissioning' approach encourages commissioners to focus on ends, not means, and is seen as a way of promoting improvements in public services. PbR aligns funding arrangements with this outcomes focus, paying for services, at least in part, on the basis of the outcomes that they achieve. The attractiveness of this approach for the Government is that some of the 'risk' of funding provision (which may or may not lead to an outcome) is transferred from government to the provider. However, it can have downsides if the payment model is not appropriately specified for the aims of the programme.

This chapter will briefly describe the Work Programme financial model and its key features before considering the impact of this model on prime provider behaviour, how they pay their own supply chains, the commercial attractiveness of the programme and how financial terms impact on the service received by participants. Findings are based on qualitative interviews with prime providers and subcontractors, and results from the 2013 and 2014 online provider programme and commissioning surveys.

A diverse range of organisations are engaged in the Work Programme thereby generating a great deal of variety in practice and experiences across the supplier market. Where possible this chapter draws out patterns in views and behaviours and tries to explain these on the basis of observable characteristics.

6.1 PbR in the Work Programme

The Work Programme model goes further than previous outcome-based funding models, incorporating several new elements. For the purposes of this chapter the key elements to consider are the focus on sustained job outcomes (including transfer of financial risk), differential pricing and longer, larger contracts.

6.1.1 Emphasis on sustained job outcomes

Participants remain attached to the Work Programme provider for two years, and their investment in services will be rewarded mainly from placing and sustaining participants in jobs. The payment system gives providers a strong incentive to ensure a better match between jobseeker and vacancy, to encourage retention, and to quickly intervene with re-engagement services where a participant leaves or loses employment before the respective payment points. There are four elements to the payments made to Work Programme contractors:

⁴⁶ As stated by former Minister for Employment Chris Grayling, interviewed in Ethos online magazine, September 2012 'Interview with Chris Grayling MP on tackling unemployment'.

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An attachment payment for each individual participant. This is paid when an individual referral to the Work Programme provider results in a successful 'attachment', usually triggered in the first meeting with an adviser. The attachment fee diminishes over the duration of the contract and was reduced to nil at the start of the fourth year of the contract. The programme is now solely funded by outcome payments. Fieldwork for this report took place in the summer of 2013 and 2014, when providers would have experienced a reduction in attachment fees to half their original value (2013) and then to zero (2014).

A job outcome payment for each individual successfully placed in a job. This is paid when a participant has been in work for either a continuous or cumulative period of employment, as defined by the payment category they are in (see Section 6.1.2). Job outcome payments are only paid once for a participant over a two-year period. No payment is made for an initial 'job entry'.

A sustainment payment for each individual successfully retained in employment. This is paid every four weeks for keeping a participant in employment after a job outcome payment has been made. The maximum number of sustainment payments differs between payment groups, with up to 26 sustainment payments possible for those facing the most complex barriers to work ('harder-to-help' groups).

An incentive payment: This flat rate fee will be paid only for jobs sustained by Jobseeker's Allowance (JSA) participants above a given performance level, defined by DWP as 30 per cent above the non-intervention rate (NIR), where the NIR is the number of participants who would have found employment without assistance from the Work Programme.

6.1.2 Differential pricing

The existing evidence on payment-by-results (PbR) models suggests that wholly outcome-contingent contracts are often less suitable for clients with multiple barriers to employment (Koning and Heinrich, 2010). For this reason, and more specifically to avoid providers focusing only on those closest to the labour market and providing a limited service to those furthest from the labour market, the Government introduced a differential payments model within the Work Programme. This pricing model aimed to reflect the different levels of investment required to secure employment for people facing multiple barriers. It was one of a number of measures which aimed to manage 'creaming and parking', which also included performance management against targets for specific payment groups.

There are nine Work Programme 'payment groups', most of which are based on an individual's benefit type which is used as a proxy for their level of need. Providers are paid at different rates for outcomes achieved by these nine groups, with outcomes for the 'harder-to-help' groups being paid at higher rates than those for groups deemed to be 'closer to the labour market'.

The differential amounts for each group were determined by DWP which set the maximum prices for each payment category by assessing the benefit savings of placing a participant in sustained employment combined with their estimates of the cost to the provider of delivering an outcome (based on evidence from earlier programmes). In addition, for the largest group of expected participants, i.e. JSA claimants unemployed for over 9 or 12 months, the Department reduced the maximum 'Job Outcome Payment' from year three of the contract as they wanted to secure a share of the benefits expected as providers learned 'what works and how to deliver efficiencies'.

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The pricing model was influenced also by the Department's estimate of performance and of the 'non-intervention rate' – the estimated percentage of participants that would have got work if they had only undertaken fortnightly signing at Jobcentre Plus (derived from historical benefit off-flow and job entry rates).

DWP has made a number of changes to the payment group structure since the start of the contract. From February 2012 prison leavers claiming JSA were referred on a mandatory basis to the Work Programme from the first day of their release ('Day One'). This created the new Payment Group 9. From November 2012 the ESA payment groups (6 and 7) were expanded to include anyone due for a repeat Work Capability Assessment within 12 months. These groups formerly included those due for a repeat Work Capability Assessment within three to six months.

6.1.3 Longer, larger contracts

The Work Programme was designed to be delivered by a small number of prime providers which would commission and manage a supply chain of delivery organisations. The intention was that Work Programme contracts would be attractive to large, well-capitalised prime providers which would be awarded long-term and larger contracts of up to five years in length (with payments up to seven for entrants in the final year of the contract). The greater market stability offered by this contractual framework is intended to facilitate the development of provider capacity and expertise and encourage investment to support innovation in service delivery. These prime providers were expected to be able to afford the up-front costs of delivery in the expectation of profitability later in the contract term.

6.2 Financing Work Programme Delivery

The 2012 Work Programme commissioning research (Lane et al., 2013) found that prime providers and subcontractors had experienced significant problems in the transition to a new delivery system which included higher caseloads and lower levels of employment outcomes than had been anticipated, largely as a result of the economic climate. These factors had a number of negative impacts on their financial outcomes and on the ways in which they managed their supply chains and delivered services. This was reflected in low performance levels in the first year of delivery. A key focus for subsequent waves of research was therefore to uncover how providers were managing the financial challenges of these PbR contracts in a steady state across the lifetime of a longer contract. Experiences appeared to be affected by the organisation's status in the supply chain, i.e. prime/sub, end-to-end/non-end-to-end, generalist/specialist.

6.2.1 Prime providers' financial models

In the 2014 research most prime providers reported that by the start of year four of the programme they were able to manage the costs of delivery. This was usually through a combination of outcome and sustainment payments, attachment fees (until they tapered off entirely) and some use of reserves. The capacity of the prime providers to manage the deficits accumulated in the earlier phase of delivery varied, but most had been able to draw on reserves, the support of parent companies and the larger corporate groups they were part of. For some organisations the Work Programme represented a relatively small proportion of their overall portfolio.

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'There's been different pockets of the Work Programme where we've had cash flow issues but given the size of the organisation we've obviously been able to mitigate those... There was a period of time when, I would say it was a few weeks actually, there were no [Work Programme] payments being made at all. In light of that we kept paying the supply chain but because we were a large organisation we were able to fund that.'

(Finance Manager, prime provider, 2013)

Few prime providers made any direct reference to cross-subsidy of Work Programme delivery through income generated by other contracts (DWP or otherwise). Although it is possible that the reserves which prime providers mentioned drawing upon include funding from other programmes. One prime provider reported that as previous DWP employment programmes had been subsumed into one Work Programme, they were actually less able to cross-subsidise from mature programmes than they would have been in the past. However, a small number of prime providers did mention that income from other government contracts (including European Social Fund and Skills Funding Agency in England) had enabled them to manage Work Programme costs until sustainment payments came through in sufficient volumes.

Of those prime providers that were willing to share details of the financial status of their Work Programme contracts, a number stated that by the start of year four the programme had become profitable. Many prime providers commented that the scope for profit was slim, given the high fixed costs of the programme, although this was not necessarily seen to be a problem.

'Work Programme, right from the start has been a challenge. The reason for getting involved with the Work Programme was never down to the fact that we thought we could make a lot of money out of it... It's never been easy but I think everybody, right from the start, was aware it was never going to be the cash cow the media portrayed it as.'

(Employment Services Director, prime provider, 2014)

Early expenditure with later reward was understood to be the core of the PbR model and many prime providers had anticipated such a; 'classic bell curve in terms of profitability.' Many prime providers stated that by the start of year four the 'peak of profitability' had been passed. Although the programme was still viable, prime providers reported that referrals had fallen so much that income had decreased, in spite of better performance on job sustainment. As the labour market improved, the lower numbers flowing into the programme also meant that providers had to do more with the 'stock' of harder to help participants for whom job outcomes were more difficult to achieve, potentially reducing profitability.

Some primes commented that the programme was possibly less viable for subcontractors, now that attachment fees were not available to meet upfront costs and with less time for job outcomes to materialise.

Providers' views on financial viability and the overall commercial attractiveness of the programme were affected by factors such as referral volumes, attachment fee reduction and discounting. These issues are discussed in Section 6.5.

6.2.2 Transfer of financial risk

PbR schemes allow commissioners to transfer some practical and financial delivery risks to providers (Audit Commission, 2012). By linking payment to defined results, DWP ensures that it does not pay for poor performance. This transfers much of the financial risk of setting up a new programme from the taxpayer to the provider market (see Battye and Daly, 2012).

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The financial model described in Section 6.1 refers to how DWP pays its prime providers. It is then up to the prime provider how they pay their supply chain. They may decide to pass on the financial risk to their supply chain by handing down the full outcome-based model or they may retain more of the risk themselves and operate a fee-based model with subcontractors. Subcontractor survey findings suggest a wide variety of practice.

Prime providers appear to be largely passing the financial risk down the supply chain with half of subcontractors surveyed currently paid on outcomes to some extent. However, the extent to which the risk is passed down has changed over time.⁴⁷ In 2013 over half of subcontractors surveyed reported that their prime provider(s) paid them on the basis of either sustained job outcome fees alone or on a combination of attachment fees and job outcomes (56 per cent). A further 17 per cent were paid by service fees⁴⁸ only and 11 per cent were paid by a combination of service fees and outcome payments.

By the time of the 2014 survey attachments fees were disappearing, so unsurprisingly there was a decrease in those paid partly on that basis (41 per cent compared to 53 per cent), with slight increase in those paid on sustained job outcomes alone (six per cent compared to three per cent). However the greatest change in subcontractor payment terms is that twenty-six per cent of subcontractors surveyed were paid on a service fee only basis; an increase of nearly ten percentage points between 2013 and 2014. This may not represent a change in subcontractors' payment terms as, in 2014, 84 per cent of subcontractors surveyed had, had no change to their payment terms over the course of the programme. Rather it may be that those subcontractors that were receiving outcome payments were more likely to have left supply chains by 2014.

Table 6.1 Basis on which subcontractors are paid by prime provider(s)

Method of payment	2013 %	2014 %
Attachment fee and sustained job outcome payments	53	41
Sustained job outcome payments only	3	6
Combination of service fees and outcome payments	11	11
Service fee only	17	26
Don't know	6	1
Other	10	14
<i>Base</i>	<i>192</i>	<i>153</i>

Source: 2013 and 2014 Work Programme Provider Commissioning Survey.

As discussed in Chapter 2, all three waves of research saw subcontractors leave supply chains; often on the grounds that low referrals had made Work Programme involvement financially unviable. As discussed in Chapter 3, in the 2014 online provider commissioning survey ten per cent of those surveyed had received no referrals in the past 12 months compared to 17 per cent in 2013. It is likely that many of the subcontractors that did not receive referrals had left supply chains already by 2014.

⁴⁷ In 2012 the question was asked differently and therefore responses cannot be usefully compared with 2013 and 2014.

⁴⁸ A fee for the delivery of a service which is not contingent on any subsequent job outcome.

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Table 6.1 also shows that in 2013 around ten per cent of all subcontractors were operating under some 'other' form of payment structure. The early waves of the evaluation identified that some providers were making use of local providers whose services could be obtained free of charge. Some of the organisations within that ten per cent may therefore have been receiving no payment at all from their prime provider(s). Subcontractors reporting no payments tended to be either Voluntary and Community sector and Social Enterprise (VCSE) organisations which do not ordinarily charge for their services, or organisations which were funded through other programmes. Examples of other alternative models included: spreading attachment payments over full duration of the contract rather than phasing them out, not discounting for all payment groups and paying sustainment payments earlier, i.e. at three months instead of six months. For a small number of prime providers offering alternative payment terms was a new feature of their payment model, but many offered such terms from the start

However, as discussed in Chapter 3, a common practice amongst providers appeared to be signposting participants to free support outside the supply chain and this practice appeared to have increased by the 2014 research.

Prime providers described a variety of reasons for offering modified payment terms to subcontractors. In some cases it was a recognition that smaller organisations would struggle to manage their cash flow until sustainment payments came through. Where a subcontractor's payment terms had changed since the start of the contract this was sometimes as a result of their having struggled under an outcome-based payment model. In these cases the prime provider was prepared to be flexible to retain these (often specialist) organisations. One prime provider explained that it was important to maintain relationships with supply chain partners with a view to bidding for other non-Work Programme contracts.

As well as preventing exits, one prime provider emphasised the need to vary payment terms to attract new entrants at this point in the contract, i.e. with attachment fees reducing to zero and less time remaining in the contract to achieve sustainment payments. This flexibility is important otherwise primes may find it difficult to attract new subcontractors when seeking to replace poor performers from their supply chains. One prime provider described how they incentivise new, replacement subcontractors to join the supply chain by passing over the backlog of sustainment payments from previous underperforming providers.

2013 Case study

The prime provider reported that contracts and funding models for subcontractors generally mirrored their contract with DWP in relation to length and payment (minus management fee). This arrangement was confirmed in interviews with two of the end-to-end subcontractors. In the 2013 research the prime provider noted that financial pressures were felt more by the supply chain, in particular smaller subcontractors with a more limited cash flow. As a result, they made some 'positive adjustments' to payments to some subcontractors, particularly specialist disability providers working with Payment Group 6. For example, they reported that they pay a specialist subcontractor higher outcome payments than DWP for this group of participants. This was to make the model viable for these subcontractors and ensure that they remained within supply chain.

6.2.3 Subcontractors' financial models

As discussed, Work Programme subcontractors were found to be operating within a range of different payment models. It is therefore unsurprising to find considerable variation in subcontractors' levels of satisfaction with the basis on which they were paid.

In 2014 nearly two-thirds (63 per cent) of subcontractor survey respondents were satisfied with their payment terms. This is an increase of 13 percentage points since 2013 (50 per cent).⁴⁹ This may suggest that year four of the programme is the point at which the payment model becomes viable for subcontractors due to sustainment payments flowing through in larger volumes. However, those subcontractors paid on sustained job outcome payments only were much less likely to be satisfied than those paid on a service fee basis (44 per cent compared to 75 per cent).

As discussed in Section 6.2.2, higher levels of satisfaction may result from those subcontractors that were unhappy with payment terms having left supply chains in the intervening period, often due to lower than anticipated referrals. In 2014, organisations with 1,000 or more referrals since go live were more likely to be satisfied with the payment terms than organisations which had received less than 100 referrals (74 per cent compared with 51 per cent).⁵⁰

Interviews with subcontractors confirmed the view expressed by prime providers that some were experiencing difficulties with Work Programme funding. However, some providers agreed with the PbR model and actually found it preferable to other forms of programme funding where money was granted upfront, but then could be clawed back. Nonetheless, in general, subcontractors tended to be smaller or less cash-rich organisations than prime providers, without the reserves to meet the upfront costs of delivery. Therefore the level of risk involved in upfront investment in 'harder-to-help' groups was seen to reduce their capacity to get these participants into work.

'Initially the concept was of the prime contractor taking the weight of the financial investment. That risk passed through the supply chain means that we have had to dig very deep to find the level of investment necessary [for certain participant groups] and I think that's been very difficult for us as a charity. We're very fortunate; we have the financial support of our wider charity to do that but it does mean serious financial commitment.'

(Generalist, end-to-end subcontractor, 2014)

A significant minority of subcontractors noted that other sources of funding had helped to ease the pressure of financing Work Programme delivery. These alternative funding streams were diverse and included European Social Fund, local authority, other DWP and devolved government contracts. In one instance a subcontractor mentioned using income from one prime provider (fixed fee contract) to meet shortfall in delivery costs for another (outcome-based payment contract).

As discussed in Section 6.2.2 many providers reported referring participants onto 'free' support financed by other public sector contracts and delivered by other organisations. Examples included Skills Funding Agency (SFA) or local authority-funded training courses,

⁴⁹ This question was not asked in 2012.

⁵⁰ Too few supply chain leavers responded to the subcontractor survey to say anything meaningful about their satisfaction with payment terms or referral levels.

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use of National Health Service (NHS) resources and Welsh Government programmes. In the case of training, courses are often funded on the basis of participation so this arrangement worked well for both the prime provider and the training provider. This practice was part of the design of the programme and encouraged by DWP, although a guidance note to providers stated that they expect providers to agree with the external provider how referrals will operate before any referrals are made⁵¹.

However, in some cases training providers were not being paid by the prime provider despite being named as a subcontractor and receiving referrals. This could be unpopular with other subcontractors:

'They are looking for free provision from people who are funded through SFA. Last time I spoke to the Prime ... she said "can't you get SFA money?" So where she is sitting there on a contract where she is supposed to be paying me she actually suggested I go off and get some SFA money. So you know, that implies they are very tight financially.'

(Specialist, spot-purchase subcontractor, 2013)

'We have needed additional funds to be injected to be able to make it work for us financially.'

(Employment Director, prime provider, 2014)

Other subcontractors had themselves made use of this 'free' provision to increase the level of support they were able to offer participants within their budgets.

'You start to learn and you try to identify additional funding to support clients or not funding but delivery that would be available free of charge so basic skills support perhaps through the local authority or community learning development provider so try and source as much as possible for free to add value to that.'

(Generalist, end-to-end subcontractor, 2013)

'We are using SFA-funded provision, yes. It probably doesn't make up any more than 10% of the delivery work we undertake.'

(Generalist, end-to-end subcontractor, 2014)

Subcontractors in Scotland and Wales suggested that this was not possible to the same extent as in England due to a limited adult skills budget and this appeared to reduce the support participants received in these countries.

⁵¹ webarchive.nationalarchives.gov.uk/20130703143803/http://www.dwp.gov.uk/docs/work_programme_memo_064.pdf

2013 Case study

Contracts and funding models between the prime provider and their subcontractors were reported to mirror those between DWP and the prime provider in relation to duration and payment model (minus management fee). Therefore whilst end-to-end subcontractors could contract specialist services from specialist/spot providers in the provider pool, they bore the financial risk of commissioning such support and the use of specialist/spot providers in the provider pool was very rare. Some end-to-end subcontractors reported using specialist services, but only those provided free of charge i.e. outside the supply chain. This was confirmed in a 2013 interview with the prime provider which noted that end-to-end subcontractors made use of provision funded by the Department for Business, Innovation and Skills and other funding streams such as the European Social Fund.

6.2.4 Budgeting at the delivery level⁵²

The above models set the framework for budgeting at the delivery office level. At the delivery level, the link between the budgetary process and decisions over provision to individual participants is of most interest for the evaluation. Such decision making did not occur for providers (both spots and end-to-ends) which received fixed fees to provide identical support for each participant or which charged by the hour.

For others, three types of budgeting models were identified (in qualitative research):

- devolution to the provider level of the budget covering external payments and payments to the participant (e.g. for courses, clothing, travel);
- devolution to the provider level of a wider budget, covering staffing, as well as external payments and payments to the participant;
- no devolution of budgets.

The first two approaches, but not the third, allowed the local provider to balance costs across participants, providing more flexibility over support for each participant. This could focus support more effectively, but could also result in certain participants being prioritised for support over others. One provider described how Model 2 had allowed them to shift to group provision for most participants (instead of one-to-one) when their outcome payments had been lower than expected, whereas others, with Model 1, described reducing external payments, particularly for training.

Within these models, there were a number of ways in which decisions on specific support were managed:

- participants could select a set number of courses from a menu of training; although course costs differed, it was expected that, on average, costs would be within budget;
- Personal Advisers were allowed to authorise activities up to a given cost per participant or per type of activity (per participant); higher costs had to be agreed by the manager; in some cases managers had complete control, in others managers in their turn had to seek Head Office authorisation above a given level;

⁵² For those delivering a fairly standardised package of support, irrespective of participant characteristics, and on a set fee basis (i.e. no PbR), the financial model has been fully covered above and so is not discussed here.

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- Managers and, to some extent Personal Advisers, could take a cost/benefit approach to their decision, i.e. to weigh up the likelihood of achieving outcomes or outcome payments against the cost of support. Personal Advisers did not necessarily know the size of outcome payments nor the payment group of the participant; in these cases, the judgement was over outcomes, not outcome payments.

Some providers mixed approaches b) and c), particularly at the managerial decision level.

Although each budgeting model could be found with any of the decision-making approaches, all those which operated a decision-making approach did not have a devolved budget.

Limits set per type of provision, rather than per participant, allowed greater scope for tailoring support to each participant's needs, but also allowed more scope for concentrating support on those most likely to deliver paid outcomes. This was exacerbated where a cost-benefit approach was taken and, particularly, where a participant's payment group and related payment levels were known. However, a lack of knowledge of participants' payment group in some providers reduced the likelihood of direct discrimination by payment group.

The cost-benefit approach was reported as affecting support at different stages and for different employment outcomes. Some, largely limited external expenditures (other than travel costs to the office) to payments directly linked to gaining a job (i.e. where a job was guaranteed with the outcome from the payment), some reported payments were more likely once a person was in employment (to maintain employment). Willingness to make external expenditures increased with job readiness. Success in entering self-employment was seen as more uncertain and so could be less likely to receive support requiring expenditure. Given that external expenditures and payments to participants other than travel to attend the office were highly restricted, these limitations suggested that many participants received no additional expenditure or access to paid courses. The budget limitations were a result not only of the size of outcome payments, but also because of the risk entailed and because outcome payments lagged behind the costs incurred.

Budget limitations also resulted in Personal Advisers directing participants to free provision, as described in Section 6.2.2. In some cases this was done by direct referral, with the knowledge of the service provider; in other cases participants were encouraged to refer themselves and no link with the Work Programme was made.

6.3 Differential pricing

The 2012 Work Programme evaluation commissioning report (Lane et al., 2013) found that, in so far as providers differentiated the provision they offered, they determined the support to be provided according to their own assessment of participants' needs, rather than according to the payment groups defined by DWP. When explaining this phenomenon, providers reported that they found the broad benefit type categories quite a poor way of segmenting client needs and that it was not feasible to develop specific services for the low number of referrals in some of the payment groups. These issues have been further explored in subsequent waves of research.

6.3.1 Differential pricing in the supply chain

The results of the 2014 online provider commissioning survey show that prime providers were often passing down the differential payment model to their subcontractors. Over half of subcontractors surveyed (55 per cent, down from 59 per cent in 2013) received different

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payments for the different Work Programme payment groups. One third received the same payment for all participants (which is an increase from 25 per cent in 2013 and is likely to reflect the increase in subcontractors paid according to service fees). Three per cent received payment based on the prime provider's assessment of participants needs and ten per cent did not know.

Interviews with prime providers in 2013 and 2014 reported increased investment the Employment and Support Allowance (ESA) payment groups since the start of the programme. This was expressed through increased use of specialist provision either within their supply chain or their own organisations. Prime providers stated that this was in part because the expected volumes of ESA referrals, which were not seen in the early part of the programme, had now come through. Prime providers described how economies of scale now made it possible to invest in support for ESA groups in a way that had not been achievable in the past. However, others reported that this investment was only made possible by the profit made from payments achieved from the JSA groups who tended to have lower support costs. Again, falling referral volumes for JSA groups was expected to affect providers' ability to cross-subsidise ESA support in this way.

Some prime providers explicitly stated that the differential payment structure did not drive provider behaviour. This was also echoed by the majority of subcontractors.

'We're certainly aware of the reasons why the payments are weighted against certain groups ... but it doesn't drive our delivery model. We don't think "right, there's a PG7 now let's throw everything in the kitchen sink at that person because it's worth more money". We very much see the person in front of us and try to do the best for the person that we can.'

(Tier 1, end-to-end, generalist subcontractor, 2013)

In 2013, a small number of prime providers indicated that underperformance against minimum performance levels and DWP performance management had played a greater role in their behaviour change in relation to the PG6 group. Some subcontractors also reported having targets set by their prime provider which led them to focus on supporting Payment Groups 1, 2 and 6 (the groups subject to minimum performance levels).

'[Differential pricing] has no bearing on front line delivery. The key factors are MPLs and the increase in the ESA caseload.'

(Policy Director, prime provider, 2013)

Chapter 4 discussed the increasing intensity of DWP's approach to performance management as the Work Programme contract progressed. It seems likely, therefore, that more intensive performance management was a key factor driving the increased provider focus on developing services for some 'harder-to help' groups.

6.3.2 Impact of differential pricing on delivery

Qualitative research with providers involved in delivery suggested that the most frequent drivers of the decision of whom to prioritise were linked, for some providers, with a cost benefit approach. Certainly, the way that some providers tended to focus support on participants for whom a job outcome or retention in employment looked certain, was based on a cost-benefit approach. A minority of providers did try to target in respect of differential pricing, but the driving force more often seemed to be proximity to employment and support decisions were taken without regard to the payment group. These findings were also

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reflected by those reported in the parallel Work Programme participant experience report, (Meager et al., 2014) which noted that payment groups have not significantly influenced the support being received by participants. Further discussion of the prioritisation of participants can also be found in Section 9.8.

The qualitative evidence is supported by subcontractor survey findings. Around four in ten subcontractors reported that they prioritised participants with the best chance of moving into work and less than ten per cent making decisions based on payment fees, Table 6.2.

Table 6.2 Factors driving providers' decisions about prioritisation of participants

Factors affecting prioritisation	2013 %	2014 %
A high payment fee	4	7
Whether the cost of supporting a customer is covered by the payment likely to be received	13	15
Customers with the best chance of moving into work	39	43
Those with the greatest support needs	28	40
None of the above	n/a	27
Don't know	8	3
Other	31	11
<i>Base</i>	195	150

Source: 2013 and 2014 Work Programme Provider Commissioning Survey.

A significant change in survey responses between 2013 and 2014 is that subcontractors were more likely to say that they prioritised participants with the greatest support needs. In previous evaluation waves, providers had expressed frustration with their inability to meet the needs of those requiring most support. However, this appears to have changed over the course of the programme. This is likely to be the consequence of a number of factors, including the economies of scale resulting from increased ESA referrals and supply chain consolidation (driving higher volumes to remaining providers). It may also be the result of the stage in the programme where income from sustainment payments was flowing through in larger volumes.

Of those reporting 'other' reasons behind their decisions about support many cited targets from their prime and the remainder reported that they treated all participants in the same way.

'It makes no difference to us... we're used to dealing with clients across the groups, whether they're in Work Programme or not, we would deal with them individually depending on what they require.'

(Generalist end-to-end subcontractor, 2013)

Where subcontractors were paid on a fixed-fee basis it was all the more common to find that the support they provided was the same for all participants. In most cases this was because they were contracted for very specific services such as self-employment support or job clubs.

6.3.3 Explaining the impact of differential payments

The 2012 research found that most, but not all, organisations receiving differential payments did not differentiate the services they provided to participants by payment group. A number of explanations for this are discussed in this section and are similar to those identified in the 2012 research (Newton et al., 2012 and Lane et al., 2013).

Firstly, prime providers stated that accounting and performance systems did not operate in a way that made it possible for them to monitor and base their delivery on differential payments. Although their initial plans for delivery were made against expected referral patterns (Lane et al., 2013), in practice this was not feasible to manage against.

'It's too complicated. Too many groups with varied payment terms... too many variables ... when you put all that together [it is] too complex to really track the data in such a way as to drive you to improve.'

(Chief Operating Officer, prime provider, 2013)

Secondly, prime providers and their supply chains reported that payment groups, which are determined largely by benefit type, were not truly reflective of the needs of the participants within them. In theory, those in Payment Group one, claiming JSA and actively seeking work, should be easier to move into and sustain in work than participants in some of the higher value payment groups with more significant barriers to work. However, some providers cited instances of Payment Group 1 participants requiring more support than Payment Group 6 (ESA claimants). The impact of the profile and volume of referrals on financial viability is further discussed in Section 6.5.1.

The level of heterogeneity within payment groups also comes through in prime providers' discussion of whether the payments for each group are sufficient to meet the associated costs. A number of prime providers suggested that it was impossible to judge because the level of diversity within each payment group made it difficult to generalise about the costs associated with any one group in particular.

The extent to which costs of support match the total payments on offer is a third, key issue raised by providers in relation to the impact of differential payments. In qualitative research prime providers said that they thought that overall, payments pretty much covered costs and subcontractors reported mixed views. For both groups of providers views on costs of support were closely linked to their views on the financial viability and profitability of the programme overall.

Taking a closer look at how costs of support vary by payment group a clear pattern emerges. In qualitative interviews, a common theme across prime and subcontractors was that for ESA participants the costs of support exceeded payments.

'Generally speaking people are spending more money on ESA customers than they're getting in so when you're looking at what provision you can provide for them then clearly the first fundamental conversation is around actually can we afford to do it or can we afford not to do it?'

(Employment Director, prime provider, 2014)

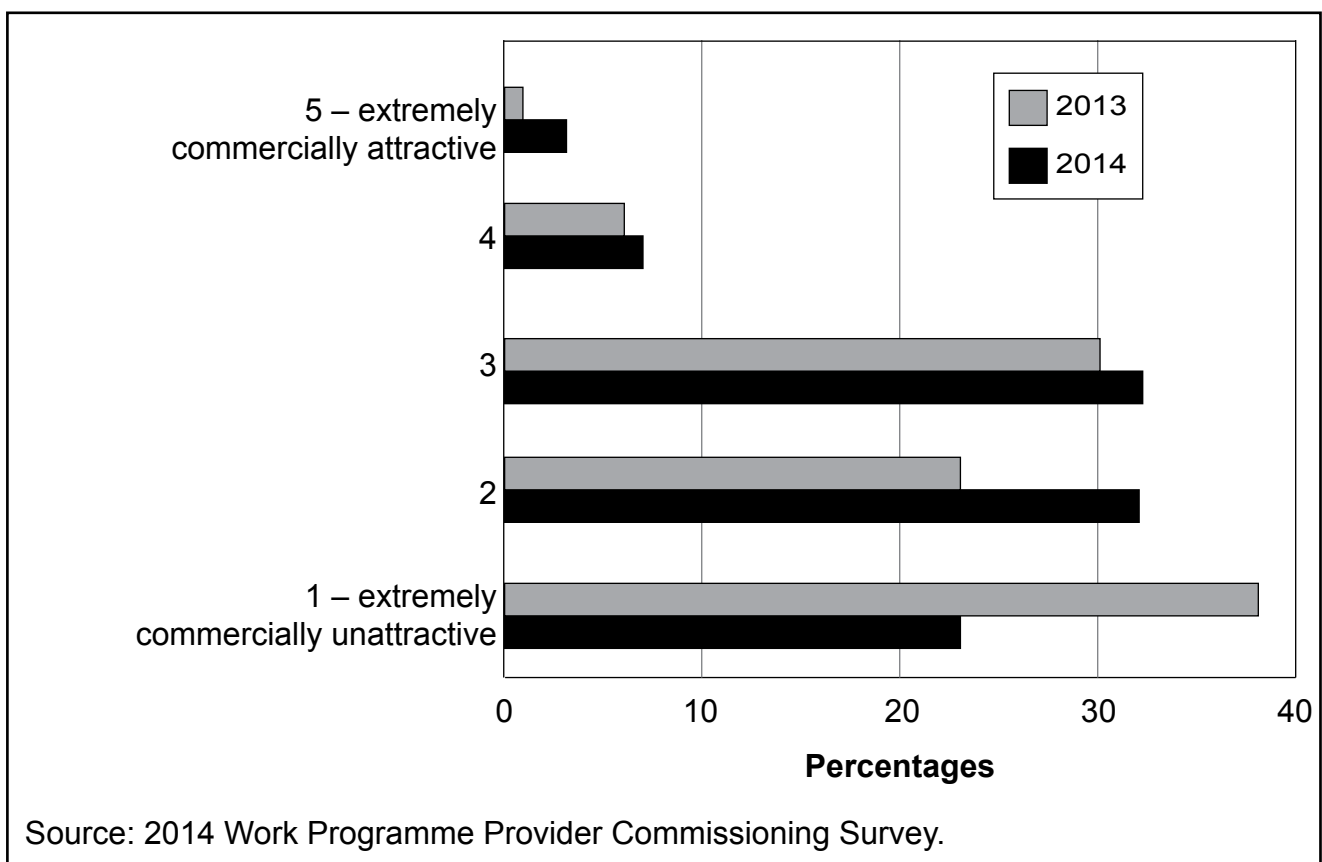
As discussed in Section 6.1.2, the ESA payment groups (PG6 and PG7) were expanded in early 2012 to include participants judged to be further away from employment. Whilst increased ESA referrals were found to enable economies of scale, the eligibility changes also meant that many ESA participants were likely to be more difficult to move into work than

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planned for the same level of payment. As discussed in Chapter 3, in both 2013 and 2014 qualitative research a small number of end-to-end subcontractors (including supply chain leavers) also expressed a concern that prime providers were only passing on those ESA participants from whom they felt they were unlikely to achieve an outcome themselves. This made the costs of support to the subcontract higher still, relative to outcome payments.

In both the 2013 and 2014 surveys, the ESA groups were cited as being the area of greatest payment shortfall for subcontractors. In 2014, around half of subcontractors reported the payment did not cover the cost of support for ESA groups (i.e. PG5, 47 percent, PG6, 62 per cent and PG7, 56 per cent), Figure 6.1.

Figure 6.1 Subcontractor views on payment groups and cost of support



Finally, a small number of subcontractors commented that the difference in payment amounts between the payment groups was not sufficiently large to change their behaviour:

‘There are some different payments but most of them are pretty minimal ... so we’re not sitting there rubbing our hands thinking we could do extra with these clients because they’re bringing in money. It’s really small.’

(Specialist, VCSE subcontractor, 2013)

6.4 Contract length

Prime providers and end-to-end subcontractors all reported that the length of subcontractor contracts mirrored the length of prime providers' contracts with DWP, although some were subject to satisfactory annual reviews of performance. A number of positive effects of longer contracts were highlighted by the prime providers in 2013. These included that they provided supply chain stability and sufficient time for prime providers to plan and to properly manage performance improvements in subcontractors, or time to manage them out of the supply chain if they did not improve. Longer contracts were also felt to help attract providers.

'Without that length of contract you probably wouldn't attract people in the first place ... I think it needs to be that long to give people a chance to then make it viable.'

(Employment Director, prime provider, 2013)

Positive impacts of the commissioning model reported by subcontractors getting referrals included the long (five-year contract) providing stability and enabling advisers to develop their expertise and others reported becoming more performance and outcome focused under the PbR model. This suggests that longer contracts may have enabled providers to develop their capabilities as intended.

Prime providers also felt that longer contracts reduced the relative risk of investing in new provision both for themselves and for subcontractors as well as providing them with security.

'Subcontractors gain security from having a longer contract in which to plan their staffing for it to fit in with their overall business strategy.'

(Director, prime provider, 2013)

'Longer contracts are better because they offer more security meaning we could invest more as an organisation.'

(Generalist, end-to-end subcontractor, 2014)

There was also a suggestion that a longer programme duration would help encourage providers not to park participants, as they have more time to work with participants who were further from the labour market. However, there were suggestions from some providers that two years was not long enough for some participants. In 2014 this was mentioned in respect of ESA participants by one subcontractor interviewee, who explained that the bulk of their customers would need at least 40 weeks on the programme before entering work, particularly those undertaking psychiatric interventions.

One end-to-end subcontractor who had ended their involvement with the Work Programme over the past year had done so because they felt that the funding model's emphasis on job outcomes within the two-year period was not financially viable for their organisation. They had experienced cases where participants who had completed their two years on the Work Programme had found work very soon after returning to Jobcentre Plus. This provider felt that the two-year limit had meant that they had been forced to stop working with these participants shortly before they were ready to enter into work. This provider believed that while they had worked hard to develop these participants' skills, they were nevertheless not being rewarded when the participants found work after leaving the Work Programme.

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No negative effects of longer contracts were raised by any providers:

'There are enough clauses in the contract to protect both parties.'

(Director, prime provider).

6.4.1 Investment

The greater market stability offered by longer and larger contracts was intended to encourage providers to invest in service delivery. Prime providers identified a number of ways in which they had invested in Work Programme delivery to date. In the main these were investments in technologies, services and intellectual property which could be directly linked to improving performance and much of the investment had taken place towards the start of the programme rather than more recently.

Around half of all prime providers in 2013 and 2014 reported that they had invested and continue to invest in new IT systems and infrastructure. This was often in conjunction with Participant Relationship Management systems for recording and monitoring activity and outcomes. As discussed previously, it was in IT that the greatest examples of innovation had occurred. For example, two prime providers mentioned using Cloud technology, one had rolled out a new online client portal and a further one was developing e-learning. This was often with the aim of improving services and achieving efficiencies along the supply chain.

Some prime providers cited investment in additional staff resources and premises, often to meet higher than anticipated participant referral volumes at the beginning of the contract. Where specific expertise had been brought in later on this included: employer engagement staff, finance and business analysts, developing ESA-targeted training programmes and dedicated ESA advisers. In the 2014 research, one prime provider reported that they had increased call centre resources to improve their ability to verify claims. This was alongside a text messaging systems to keep track of participants once in work.

A small number of prime providers reported investment in staff capability within supply chains. This occurred in a number of ways including training on leadership, performance management and processes (such as sanctions) as well as seconding central staff into subcontractors to support service delivery. One prime provider mentioned the creation of a 'model office' to facilitate staff training in real-life scenarios.

There was not a great deal of evidence of recent investment by subcontractors in either 2013 or 2014. If anything, the level of investment appeared to be reducing over time, see Table 6.3. What investment subcontractors did report tallies largely with the initiatives described by primes to ensure IT systems were up to date and support efficient delivery.

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Table 6.3 Subcontractors' investment in Work Programme delivery

Investment over the previous 12 months	2013	2014
IT systems	52	38
Staff development (e.g. training, investment in skills or staff)	70	59
Recruitment of specialist staff	46	29
Acquisition of new premises	37	17
None of the above	18	29
Other	4	5
Don't know	1	1
<i>Base</i>	<i>195</i>	<i>150</i>

Source: 2013 and 2014 Work Programme Provider Commissioning Survey.

In 2014, two spot-purchase subcontractors spoke specifically of investing resources in marketing their services to their prime or Tier One providers in order to increase referrals to their organisation. Other investment included staff resources; in 2013 this seemed to focus on specialist staff to work with ESA participants, employer engagement and for in-work support. However, in 2014 some subcontractors had laid off staff as a result of lower or different to expected referrals.

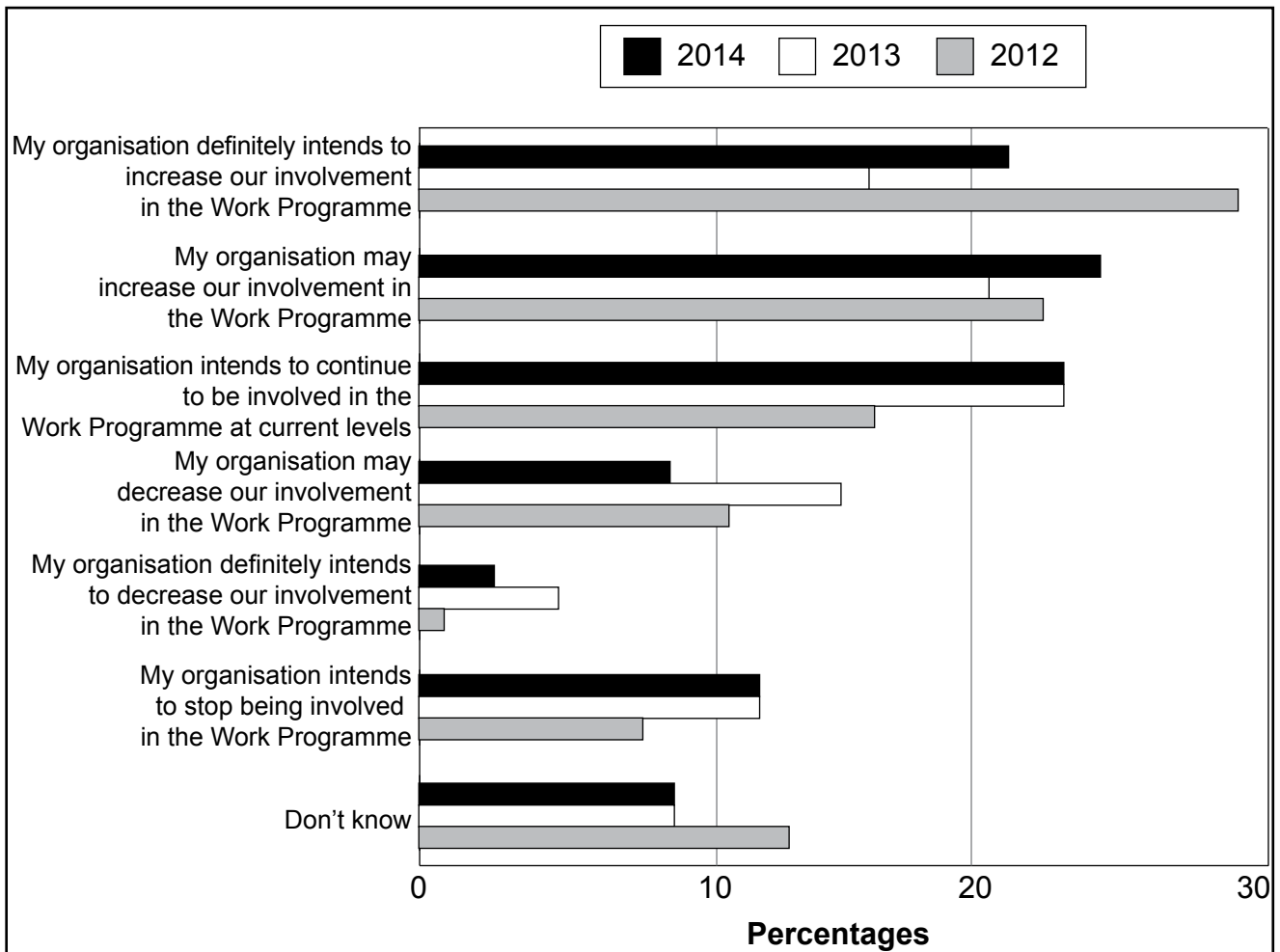
6.5 Financial viability

In the 2012 research, concern was expressed by prime providers that delivery had been harder to finance than expected in the early stages of the programme. This was perceived to result from the different mix and initial high volumes of participants attracting the lowest attachment fees referred to the programme. However, in 2013 and 2014 prime providers appeared to be fairly positive about their financial position. In turn this appeared to have had a positive impact on their views of the commercial attractiveness of the contract as a whole.

By 2014 prime providers largely agreed that the Work Programme was, or at least had the potential to be, a financially viable and commercially attractive proposition. One prime provider commented that this was particularly the case where the provider delivered in more than one contract package area (CPA).

However for subcontractors the picture was different. In 2014 just one in ten subcontractors reported that the Work Programme was commercially attractive. Over half of all subcontractors surveyed stated that they felt that their contract was extremely or slightly commercially unattractive (55 per cent), Figure 6.2. Just under a third reported it was neither attractive nor unattractive (32 per cent). However, in line with increased satisfaction with payment terms in 2014, slightly fewer subcontractors found the Work Programme commercially unattractive than in 2013 and slightly more found it attractive. Voluntary sector providers were also more likely to find the Work Programme commercially unattractive (63 per cent) compared to private and public sector providers (both 47 per cent). This is likely to be related to lower levels of reserves, as previously discussed. Nonetheless, as discussed in Section 6.7 below, the majority of sub-contractors stated they would seek to maintain involvement or increase their involvement with the programme (see Figure 6.4).

Figure 6.2 Subcontractor views on Work Programme commercial attractiveness



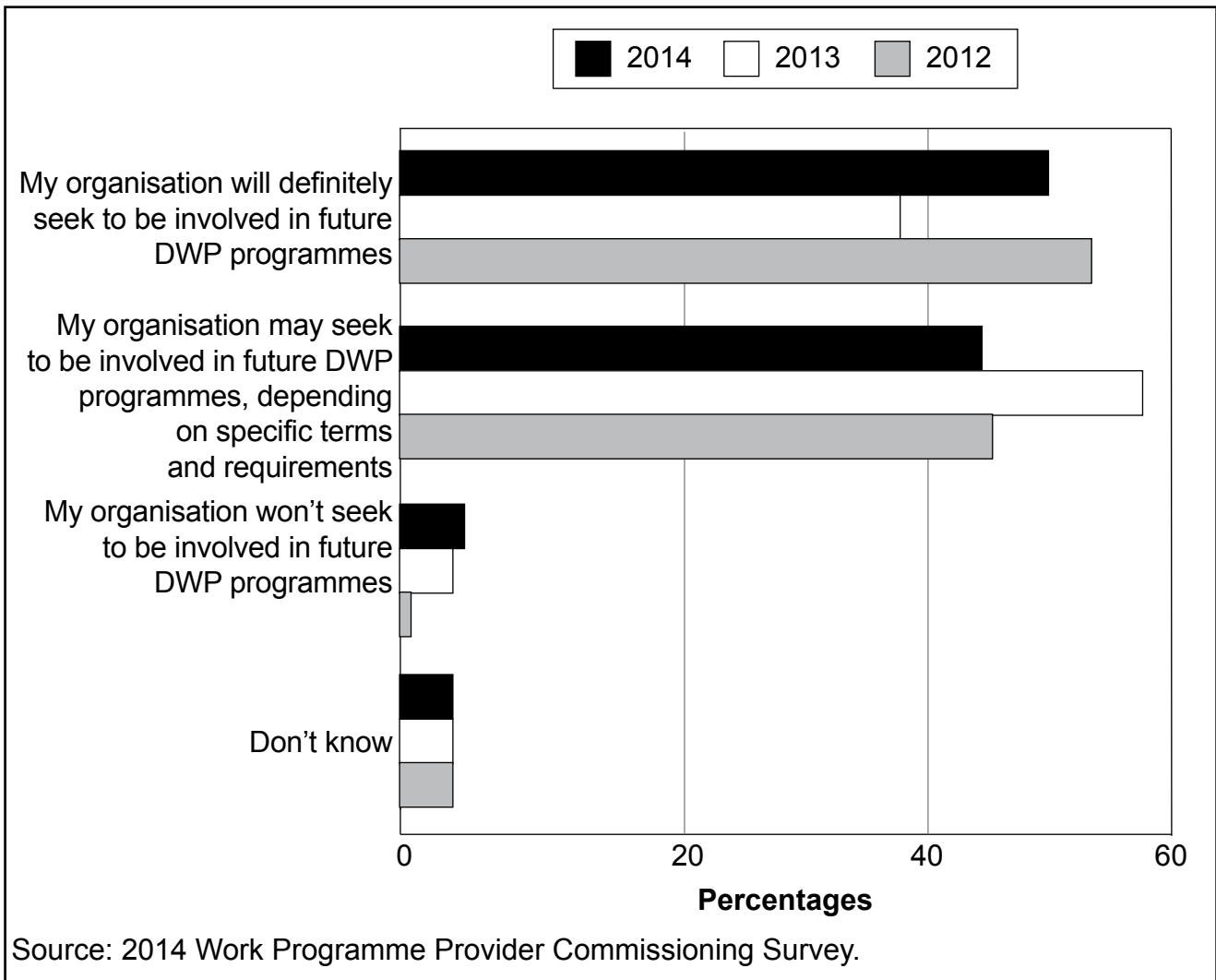
Source: 2013 and 2014 Work Programme Provider Commissioning Survey.

In 2014 subcontractors paid on sustained outcomes only were more negative about the financial viability of the programme; 78 per cent of those surveyed described it as either slightly or extremely commercially unattractive, see Figure 6.3. In the 2013 qualitative research some subcontractors paid via outcomes payments expressed a desire for more upfront funding to make their contracts viable. Some commented how they would have had to have withdrawn had their prime provider not offered them an adapted payment scheme, in their first 18 months, with less emphasis on outcomes. In line with these qualitative findings, Figure 6.3 shows that in 2014 providers paid on outcomes, but also attachment payments or service fees were less negative about commercial viability.

Although subcontractors paid on service fee only basis tended to be more likely to view their contracts as commercially attractive, these providers were also more likely to be those receiving low or insufficient volumes of referrals which negatively affected their view of financial viability over the long term. In 2014 subcontractors surveyed who had received less than 100 referrals since the start of the contract were more likely to say their contracts were extremely unattractive (63 per cent) compared with subcontractors who had received 1,000 or more referrals (39 per cent).

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Figure 6.3 Subcontractor views on Work Programme commercial attractiveness by payment terms



The 2013 qualitative research on Work Programme delivery found that providers (both prime providers and subcontractors) varied in the extent that they saw the budget as adequate for provision for their participants: some found it fine, but others did not. Some providers found their funding adequate, adjusting support to fit the budget. However, other providers found budgets problematic. Others were able to subsidise their support with other funds, either from internal charitable resources or from other provision (for example, Skills Funding Agency), enabling them to meet their aims and those of the Work Programme.

6.5.1 Impact of changes to referrals

For both prime providers and subcontractors the financial viability of the programme depended heavily on the volume and profile of referrals. The better than expected recovery in the labour market has had a significant impact on referral volumes.

Changes in referral volumes are described in more detail within Chapters 3 and 7. However, around half of all prime providers voiced concerns in year three about declines in overall referral volumes and the impact on their ability to be profitable over the duration of the contract. They suggested that without sufficient referral volumes at that point of the contract,

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there would be insufficient sustainment payments towards the end of the contract term. When combined with the reduction of attachment fees over the duration of the contract, low referral volumes was felt to be a major risk to prime providers' finances. By the start of year four the reduction in referral volumes was a key theme in qualitative research with prime providers due to the expected drop in JSA referrals and no big uplifts in ESA referrals.

This decline in volumes was also reported to be interacting with changes in the profile of referrals to make sustained job outcomes more difficult to achieve. Primes reported that the balance of ESA to JSA was higher than outlined in tender documentation and that the introduction of ESA claimants with longer prognoses was making the ESA cohort more difficult to achieve outcomes for. Whilst they accepted that DWP was unable to guarantee steady flows onto the programme, a number of prime providers called for more accurate referral forecasts.

Changes in referrals and, particularly, the initial low referral numbers, affected staffing. Falling referrals impacted supply chain staff in two main ways. The first of these was a reduction in adviser caseloads. The average impact across supply chains appeared to be a reduction of approximately 40 participants per adviser which was reported to have been positive for staff as it made caseloads more manageable and improved quality.

'Caseloads perhaps, you could argue, are more manageable now than at the start of the Work Programme and therefore the customer should be receiving a better service and we should be able to achieve better results from that.'

(Employment Director, prime provider, 2014)

However, the flip side of the lower caseloads was reported to be the potential impact on adviser job security. The other main response to changes in referral volumes was a reduction in staffing levels. At the start of year four more prime providers reported that they were not actively seeking to reduce staffing levels than reported that they had made redundancies, but a number did foresee that it may become necessary in the future.

'The intention is currently to maintain adviser numbers despite falling caseloads, with a view there is still a lot more to be done in terms of quality of interventions.'

(Head of Operations, prime provider, 2014)

'As the exits significantly outweigh the referrals now... it won't take long to get to the point where case loads aren't actually at a good level, they're too low. We'll need to make staffing decisions in light of that.'

(Operations Director, prime provider, 2014)

Changes in referral numbers had occurred within the flow to prime providers, but also to subcontractors. One prime provider reported bringing delivery for higher cost ESA participants back in house rather than referring to specialist provision as they had previously. However, another prime provider reported having ring-fenced referrals to a specialist provider to keep them on board, for reasons of their long-term relationship and a lack of other similar providers.

Alternatives to staff cuts included not replacing staff who had left, reductions in staff hours, a switch from employees to self-employed, and transferral of staff to other contracts. Some providers reported substantial fluctuations in staffing, with redundancies followed by recruitment and, in response, one had built a flexible 'bank' of staff which could be deployed

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in line with referrals. The impact on provision of staffing changes included restricted office opening hours and lack of continuity in the Personal Adviser assigned to each participant.

For some subcontractors the impact of referral changes was a withdrawal from the work programme entirely. This in turn could have positive impact on the other providers in the supply chain to which referrals (and often a backlog of outcome payments) were redistributed. This 'market consolidation' is discussed further in Section 2.4.

6.5.2 Impact of financial viability on the nature of support

The 2013 qualitative research on Work Programme delivery found that PbR and the decline of the attachment fee appeared to have shifted support further towards work first, in-work support and re-employment support. Whilst this might have been expected for end-to-end providers, changes were also found with some other providers, including some with a focus on training. For the provider themselves, this could lead to problems adjusting provision and developing new skills. For some providers in the voluntary sector, it also led to tension, as some saw their mission as providing skill training. In-work support is described in Section 10.4).

Financial stringency in some cases had shifted support from individual to group provision. Although driven by costs, one provider felt the change had been beneficial, resulting in participants receiving a broader range and more frequent support. For example, it had allowed the organisation to bring in employers for seminars. This organisation said one-to-one support was still offered, if it seemed required.

6.5.3 Impact of outcome payment process

A second issue which was perceived to impact on Work Programme financial viability for many prime providers and some subcontractors was the ability to claim payment for the outcomes they had achieved. Providers referenced two areas of concern. The first was the administrative burden of providing evidence for sustainment payments and issues with the validation process.

Providing evidence for sustainment payments

The invitation to tender for the Work Programme stated:

'DWP will validate payments on a regular basis by conducting a series of pre- and post-payment checks. These checks will be performed at the optimum time to allow DWP systems to be updated. This will include an off benefit check for outcome payments in all cases which matches participant benefit records with the information held on [Provider Referrals and Payment] PRaP. The off benefit check will be supplemented by a post payment check using Her Majesty's Revenue and Customs (HMRC) records and/or direct contact with the participant or employer on a sample basis.'

In practice the HMRC checks are used only to validate job outcomes and providers have had to submit auditable contact with participants to claim sustainment payments. This requires cooperation from employers and participants. In line with findings from the previous wave, many providers reported that there were limits to the extent and level of cooperation that could be expected from participants and employers. This meant that providers were sometimes unable to claim for outcomes which they knew had been achieved, but struggled

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to collect evidence against.⁵³ The administrative costs of this process for providers were judged to be fairly high, particularly for subcontractors.

Validation rules

The second major concern that providers raised about the verification process was the 'extrapolation' rule. In the Work Programme payment system once the provider is satisfied that they have evidence for a job outcome or sustainment payment they make the claim through PRaP and receive payment. The Department validates the claim through an automatic check that the participant has not received an out-of-work benefit for the period. The Department subsequently undertakes a further check of a sample of claims made in a certain period to verify that the participant was actually in employment for the period claimed. If the sample check finds, for example, that five per cent of such claims cannot be verified the Department extrapolates this to five per cent of the whole cohort from which the sample was selected and then retrospectively recovers this overpayment from the prime provider. Whilst prime providers understood the need to protect the public purse, they suggested that the verification process was more complex than expected and to some extent further discouraged them from claiming outcomes that they were certain of but for which they had only limited evidence. Several prime providers reported that to avoid being overpaid and having monies clawed back, they had become more conservative in claiming job outcomes.

The extent to which subcontractors are subject to extrapolation depends on the model passed down by the prime provider. There appeared to be three main models: the first to apply the extrapolation rate evenly across the supply chain, irrespective of which provider had unverified claims. This model makes delivery more viable for smaller subcontractors, acknowledges that DWP only checks a proportion of claims and spreads the risk. However, it can cause irritation amongst subcontractors which did not have unverified claims.

'Generally we spread it equally. If one particular provider has done particularly badly then we can change that around.'

(Managing Director, prime provider, 2014)

The second model is for the extrapolation rate to be apportioned to subcontractors on the basis of the proportion of the contract that they deliver in that CPA. Again this ensures that smaller organisations are not heavily penalised. One subcontractor explained that one failure in the previous round had cost £11,500 which equalled half a salaried post; 'it doesn't take much to actually go bust with extrapolations'.

The third model sees extrapolation passed down only the subcontractors that have had errors identified which one prime provider felt was positive for performance monitoring.

'It's tightened up performance and you do not put a job through until you're, you know, 99.9 per cent sure it is correct and will stick up to the verification but there are always those that will slip through and our supply chain know that, so that's how they manage it.'

(Senior Director, prime provider, 2014)

Providers requested that the verification process be reviewed, both for current Work Programme delivery and any future programmes. Some primes were hopeful that the Universal Credit-related integration of benefit and tax information might in future be used to automatically verify employment outcomes.

⁵³ Since the time of fieldwork DWP has announced that it will publish monthly, automated on and off benefit scans by employment provider for Work Programme participants.

6.5.4 Impact of labour market conditions

The 2013 qualitative research on Work Programme delivery found it was unclear how labour market conditions had affected financial viability, although it was clear that providers' expectations about the ease of gaining a job and, particularly, in sustaining a job had not always been met. The former had led to some providers shifting resources towards 'job first' approaches. The latter had led to the development of more in-work support and the expansion of provision helping in-work participants to look for new jobs. (See Section 10.4 for details of provision and changes.) Others reported difficulties due to operating in labour markets with high levels of seasonal work (e.g. seaside towns) or with unexpected levels and shortness of temporary jobs, but had not adjusted provision to address this. This affected both the timing of job engagement (and hence cash flow), as well as the ease of achieving sustainability payments.

6.6 Impact of the financial model on the effectiveness of delivery

All providers in the 2013 delivery survey were asked about their perceptions of the impact of the Work Programme financing model on their ability to support their participants into employment. As in the 2012 survey, attitudes were predominantly negative: 55 per cent of provider respondents believed the model had had a 'weakly' or 'strongly' negative impact, with just 27 providers stating it had any kind of positive impact (Table 6.4). This was, however, a slight improvement on the 2012 survey, in which 63 per cent of providers reported the financial model had a broadly negative impact (although this difference was not statistically significant).

Due to the changes to the survey approach in 2014, providers that did not answer this question were excluded in the analysis; hence a direct year-on-year comparison is not possible. However, the 2014 data shows that more providers were negative (44 per cent) than were positive (27 per cent) on this point, see Table 6.5.

Table 6.4 Impact of the financial model on helping participants into work

	2013			2012	
	End-to-end %	Non-end-to-end %	Not answered %	All %	All %
A strong positive impact	6	2	0	5	3
A weak positive impact	10	5	25	10	4
No impact	13	16	0	13	18
A weak negative impact	21	11	0	17	18
A strong negative impact	34	45	50	38	44
Don't know	11	18	0	13	13
Not answered	5	4	25	5	0
<i>Base</i>				190	169

Source: 2013 and 2012 Work Programme programme delivery survey.

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Table 6.5 Impact of the financial model on helping participants into work 2014

	2014		All %
	End-to-end %	Non-end-to-end %	
A strong positive impact	15.5	5.8	11.9
A weak positive impact	27.8	19.2	24.5
No impact	11.3	9.6	11.3
A weak negative impact	18.6	21.2	19.2
A strong negative impact	20.6	34.6	25.2
Don't know	6.2	9.6	7.9
<i>Base</i>			151

NB: 2014 data is not directly comparable with 2012 and 2013, as the 2014 base excludes those respondents that did not answer the question.

Source: 2014 Work Programme programme delivery survey.

The 2013 survey provided an opportunity for providers to comment on the impact of the financial model. Those who stated that the financial model had any kind of positive impact were asked for their reasons for saying this. Commonly cited aspects were the focus on sustainability introduced by the Work Programme and the emphasis on achieving outcomes. A most common reason for the financial model to have no impact was that their organisation had not received any referrals. Other reasons given were that income was sufficient to cover costs, the organisation had prepared for the financial implications in advance, or that the organisation cross-subsidised the Work Programme from other income streams.

Among providers in 2013 who reported any kind of negative impact, a very common reason was the gap between what they saw as the investment and time required to help participants to overcome the labour market barriers they faced and the funding they were able to draw down from the Department. The cessation of attachment fees and the subsequent lack of any upfront funding were seen to contribute to the problem, as was a growth in the number of ESA participants, who tended to be much further from the labour market.

The financial model was viewed as placing a great deal of risk on providers in terms of the participants in whom they choose to 'invest'. Several mentioned, in open-ended questions, a need to prioritise those participants who were closest to the labour market. Others mentioned pressure, additional targets and paperwork from prime providers.

Small organisations and charities stressed the combination of their decreased ability to absorb costs, combined with tendency for them to be working with the hardest to help participants as the key reasons for financial model was not working for them. Others stated they had not received sufficient referrals to balance budgets.

Some subcontractors reported that their provision would be more effective if they were given more control over their finances. Some argued that they would have been able to offer more support to their participants had they received funding directly from the DWP rather than from the prime provider. Some subcontractors felt that they would be able to deliver more effectively if they were given the funding to invest in new services. For example, one end-to-end subcontractor believed that they would be able to find work for larger numbers of participants if they were able to payroll their participants directly, rather than relying on external recruitment agencies to do so. This, however, would require a substantial investment.

6.7 Future involvement in the Work Programme

In both 2013 and 2014 the current prime providers generally expressed their intention to remain and grow their involvement in the Work Programme and the welfare-to-work sector more broadly. Some mentioned that their investments in IT systems and premises had been made with a view to remaining in the market long-term and they expected to see that investment returned.

'We see UK as one [market] to stay in. [We] can't make massive profits, but can make reasonable profits ... as a commercial organisation that's the opportunity we want; to make reasonable profits in return for delivering what we should, which is a good level of performance.'

(Chief Operating Officer, prime provider, 2013)

However, these positive messages came with some caveats. A small number of prime providers with long histories of delivering employment programme indicated that they would seek to reduce their exposure to Work Programme risk through increased involvement in other non welfare-to-work contracts, often in the skills area.

A further few prime providers stated that they would reserve judgement on involvement in the successor to the Work Programme until they had seen the commissioning model and assessed the loss risk. Some prime providers spoke about the need for DWP to address the issues around financial viability of the Work Programme model and differential payments. There were indications that DWP was perceived to be willing to engage providers in this debate. For example:

'While we don't necessarily think current model is the best model, we do think DWP will fix it.'

(Chief Operating Officer, prime provider)

'All the signs are there that they are going to listen,'

(Business Development Manager, prime provider, 2013)

Providers on the framework that had chosen not to bid or were unsuccessful in their bids gave similar messages about the need for revisions to the financial model for future versions of the Work Programme. For example:

'It would depend on whether it was exactly the same model or whether it was altered at all... I think if it was exactly the same as it was now I'd have to have some serious consideration as to whether it was worth it. I'm not saying no but I think it would be much more unlikely.'

(Unsuccessful bidder for prime contract, 2013)

A number of other prime providers identified conditions internal to DWP that they would like to see addressed in a future commissioning round if they were to consider re-bidding. These primarily involved a perceived need for more rigorous management of poor performance and more frequent MSS.

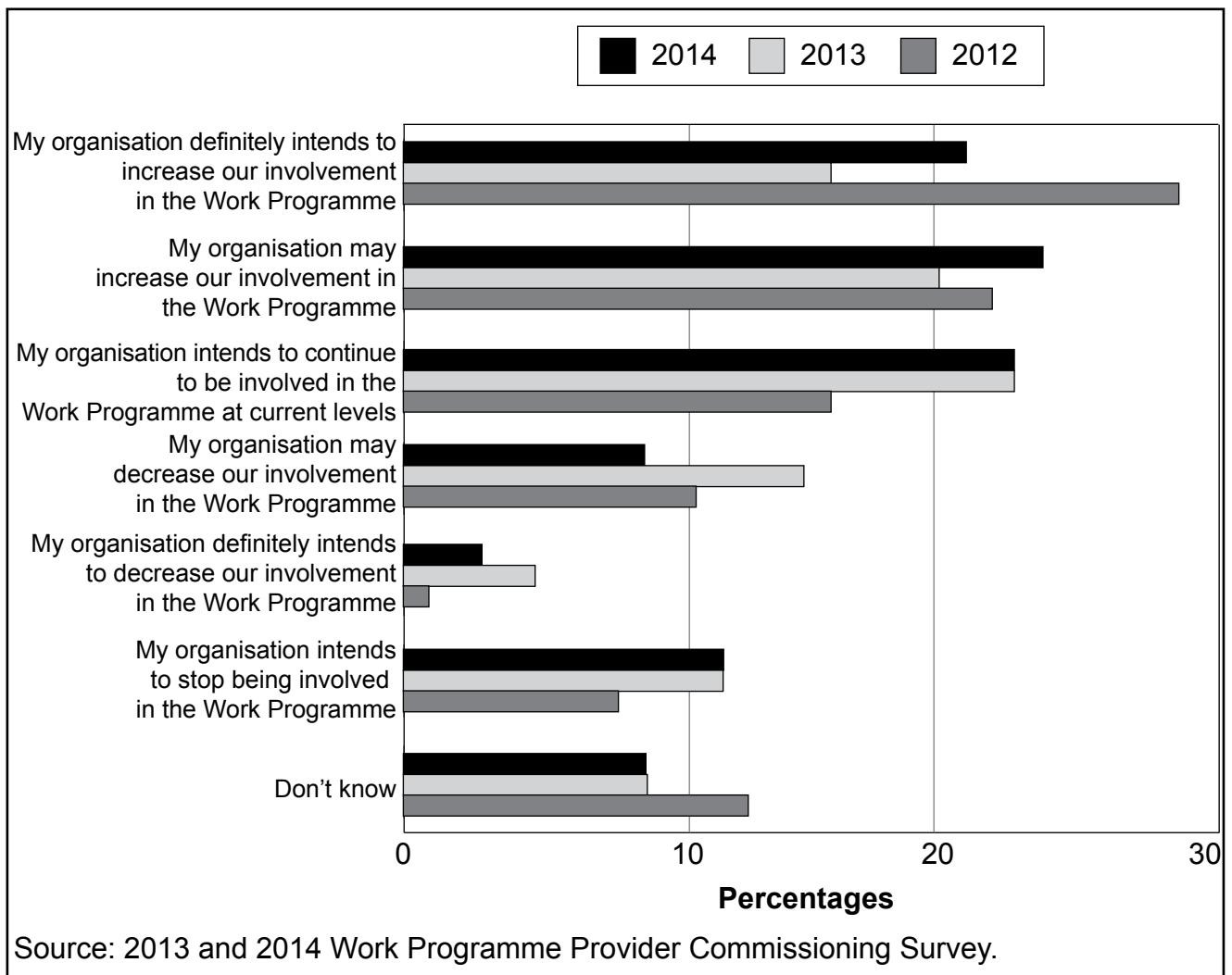
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‘That’s good news that [removing a prime for poor performance] happened once but it should be happening more and market share shift every, whatever it is, 6-12 months is simply not enough. We move 20-30% customers every 3-4 months. It’s the very active management of the market that will get your supply chain performing much, much better.’

(Managing Director, prime provider, 2014)

As discussed in Section 6.5 many subcontractors had expressed concerns about the financial viability of their contracts. By the start of year four (2014 survey) around half of those surveyed stated that their involvement in the Work Programme was not commercially attractive. Yet Figure 6.4 shows that 68 per cent of subcontractors surveyed stated they would seek to either maintain their involvement in the programme at current levels or increase their involvement. This is similar to views at the start of year two of the programme (2012 survey) and slightly higher than positive views at the start of year three (2013 survey).

Figure 6.4 Subcontractors’ future intentions with regard to Work Programme



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In qualitative interviews most subcontractors appeared positive about remaining involved in the Work Programme, although one or two would prefer to do so with another prime provider. A small number would seek to change their level of involvement from spot purchase to an end-to-end provider in order to achieve more referrals. Those subcontractors who said they were receiving referrals appeared to be more positive about ongoing involvement in the programme.

Even where subcontractors suggested that they would prefer not to remain involved with the Work Programme there was willingness to continue to work in the welfare-to-work field. This appears to be a reflection of the nature of the providers being experienced in delivering this and previous employment programmes, such as the Flexible New Deal. In other words, helping people move into work is the core of what many of these providers do and have done for many years, therefore they will continue to stay involved in whatever programme the Government is running to help people do this. As this small VCSE organisation explained, welfare to work is what they do, and so despite the tight finances of the programme they intend to stay a provider:

'That's our game, that's what we do...whatever the Government of the day decide they want to do, then obviously we want to be involved in that.'

(Small VCSE subcontractor, 2013)

When asked about intentions towards future DWP-commissioned welfare-to-work provision in general, in 2014 nearly half (48 per cent) of all subcontractors surveyed stated that they would definitely seek to be involved, see Figure 6.5. This is a return to similar levels of positivity as at the 2012 survey (51 per cent) and an increase on 2013 (37 per cent).

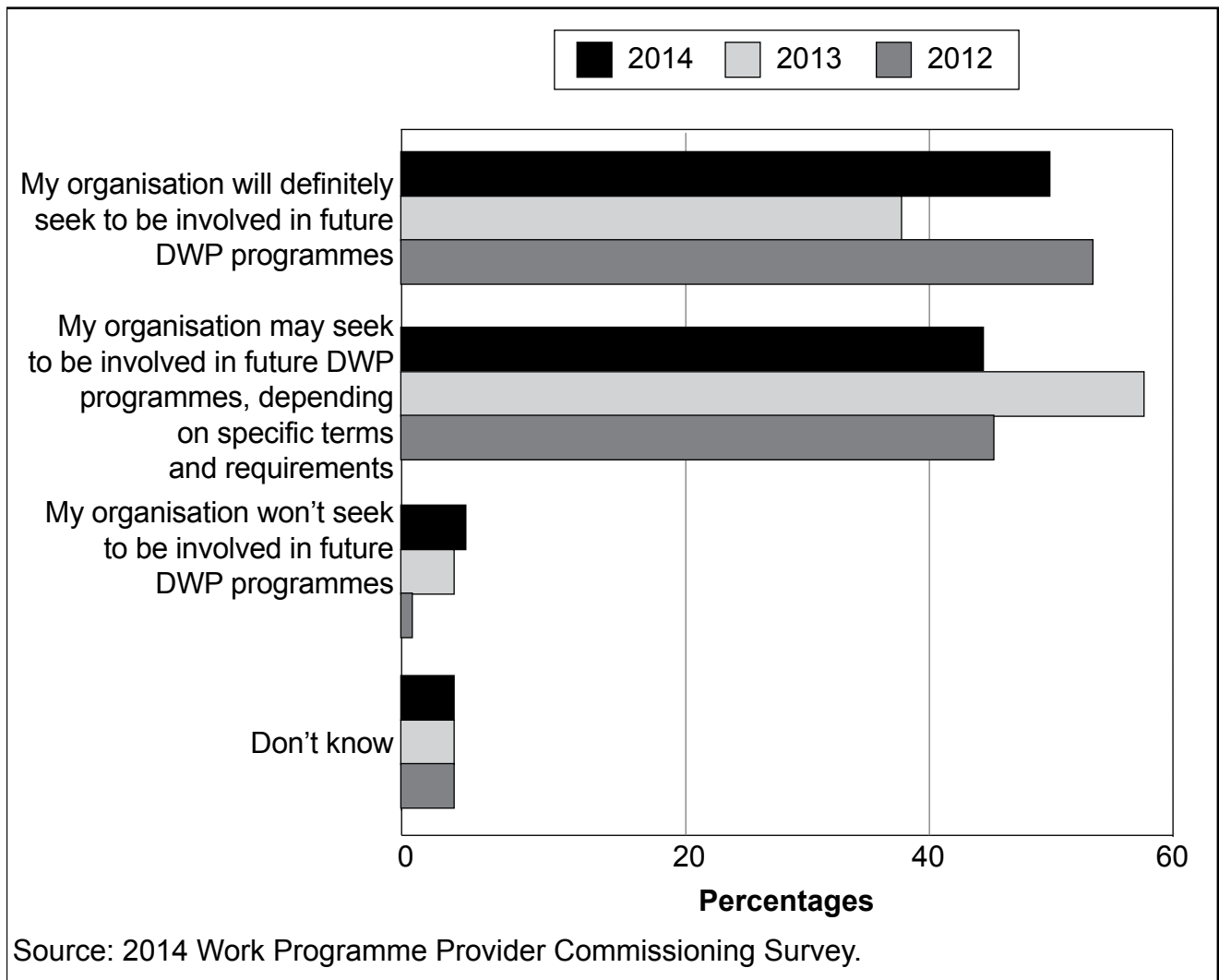
In 2014 it was more common for subcontractors to indicate that their intentions of being involved in future DWP commissioned programmes depended on specific terms and requirements. This echoes concerns raised by some subcontractors in the 2013 qualitative research on Work Programme delivery about the requirements of the procurement process, the outcome-based payment regime and the current policy emphasis on mandation and sanctioning.

'I think it's wait and see at the moment. But certainly I don't think we would like to get involved in a process that has opened us up to the risks that this programme has done.'

(Supply chain leaver (formerly in multiple supply chains), 2014)

However, as noted above the majority of sub-contractors stated they would seek to either maintain their involvement in the programme at current levels or increase their involvement (see Table 6.4).

Figure 6.5 Subcontractors' future intentions with regard to other DWP commissioned welfare to work provision



6.8 Summary

By the time of the 2014 research, it appeared that prime providers were broadly positive that finances were where they expected to be, in terms of heavy upfront investment in delivery with later reward through sustainment payments. A number of prime providers also felt that the peak of profitability had passed, particularly as referral volumes dropped towards the end of the programme. Many prime providers did express concerns about the impact of changing and falling referral volumes on the future financial viability of the programme. Whilst there were positive impacts such as more manageable caseloads enabling a greater focus on quality, some were concerned that they and/or their subcontractors might have to reduce staffing numbers in future. Some had already made reductions in staff levels.

Around half of prime providers were exposing their supply chains to the same incentives and financial risks which they had received from DWP. However, there was also evidence that prime providers saw a need to offer modified versions of the outcome payment model to certain subcontractors. This tended to result from a desire to maintain or attract specialists within the supply chain, often linked to a need to improve performance for the ESA participant group.

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In 2014 subcontractors were more positive about the financial model than in earlier years of the programme, with nearly two-thirds of those surveyed expressing satisfaction with payment terms. This may suggest that year four of the programme is the point at which the payment model becomes viable for subcontractors due to sustainment payments flowing through in larger volumes. However, it may also be that those subcontractors struggling most under the PbR model had then left supply chains, which in turn made the programme more viable for remaining organisations in receipt of redistributed referrals.

The research suggests that the differential pricing model has had a limited impact in driving provider behaviour. These findings were also reflected by those reported in the parallel Work Programme participant experience report, (Meager et al., 2014). In the commissioning strand research providers stated that a key reason that differential pricing was not working as intended was the heterogeneity in levels of support need within and between payment groups. In practice they also felt it was impossible to manage delivery and performance against the complexity of the payment model. Providers also suggested that in some cases the costs of support for those with greatest need exceeded the payments available, particularly following changes to the ESA payment group.

The differential payment model did not, therefore, appear to prevent a provider focus on participants judged to be closest to employment, in order to gain outcome payments, although findings suggest that services for some of the 'harder-to-help' group were more developed in later years of the programme. The preface notes (page 25) show that the Department will be reviewing the structure of the payment groups for future contracts.

This appeared to be related to a number of factors, including more intensive performance management by DWP, as opposed to any affect of the differential pricing model. Providers' views on the commercial attractiveness of the Work Programme contract appeared to be related to their current experiences of financial viability. Hence prime providers were largely positive about prospects over the long term, but subcontractors were largely negative about the commercial attractiveness of the contract. However, this was not reflected in providers' intentions to remain involved with the programme with over two-thirds of subcontractors in 2014 indicating they would sustain or increase their involvement in the programme. Prime providers were positive about their intentions to sustain or increase their involvement in both the Work Programme and other DWP programmes more widely.

Voluntary sector providers appeared to find the payment approach more problematic, not because of greater difficulties over achieving payments, but because of a conflict between their aims and the rewarded outcomes. Whilst some had overcome this through subsidising their Work Programme activities from other funds, for others it did raise some doubt over continued participation.

Both inside and outside the supply chain, providers identified a need to review the Work Programme financial model. Specific issues to consider included the construction of the differential pricing model and the complexity of the payment structure, as well as the administrative process for claiming and verifying outcome payments. Extrapolation was a key issue for many providers, affecting both their attitudes towards the programme and to future involvement in similar programmes. For some providers the view that Work Programme is 'the only game in town' may result in participation under any terms. However, to encourage diversity and new entrants to the market revisions to the current approach may be desirable. The preface notes (page 25) describe DWP's response to this issue as part of their Building Best Practice work.

7 Providers' delivery: the external context

The previous chapters (Chapters 3 to 6) have focused on the commissioning model. In this and subsequent chapters (Chapters 7 to 11), the focus shifts to programme delivery. This chapter describes some of the conditions within which providers operated between 2012 and 2014, providing the context for the nature of support delivered by the providers and how this changed. First, in Section 7.1 the changing nature of referrals received by providers and its impact on providers is described. Then, the support provided by Jobcentre Plus to programme participants is discussed, see Section 7.2.

7.1 Change in referrals

As has been described in Chapter 3, the volume of referrals received by each subcontractor depends on how their prime provider has configured its supply chain (e.g. the mix of generalist and specialist providers, subcontractors' geographical coverage and overlap between subcontractors) and its referral allocation policy (for example, postcode allocation and performance-based allocation). This section draws on the Work Programme programme delivery surveys (2012, 2013 and 2014) to examine changes in the number and nature of referrals and how this has affected support needs.

7.1.1 Change in the number of referrals

The majority of providers in 2013 (66 per cent) reported a slight or significant decrease in referrals in the previous 12 months, with just 11 per cent reporting any kind of increase (see Table 7.1). This varied by provider type, with end-to-end providers much more likely to report a decrease than non-end-to-ends and non-end-to-ends more likely to report an increase. There were no statistically significant differences by organisational size or sector. By 2014, 76 per cent of providers reported a slight or significant decrease in referrals and end-to-end providers were more likely than others to report a significant decrease in referrals.

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Table 7.1 Changes to overall referral volumes over the last 12 months

	2013				2014		
	End-to-end %	Non-end-to-end %	Not given %	All %	End-to-end %	Non-end-to-end %	All %
Increased significantly	3	0	0	2	4	4	4
Increased slightly	6	21	0	9	1	6	2
Unchanged, more or less	14	29	0	17	5	40	16
Decreased slightly	21	12	14	18	16	12	15
Decreased significantly	53	29	86	48	74	32	61
No referrals received	5	10	0	6	0	4	1
Don't know					1	2	2
<i>Base</i>				159			165

Base: All providers who had received referrals and attempted the question.

Source: 2014 and 2013 Work Programme programme delivery survey.

7.1.2 Change in the mix of referrals

In 2013, two-thirds of responding providers which had received referrals stated the mix or balance of referrals had changed 'slightly' or 'significantly' over the last twelve months, compared to their first year of delivery (see Table 7.2). This trend continued into 2014. The general pattern in both years was for a marked increase in the proportion of participants claiming Employment and Support Allowance (ESA), combined with a decrease in those claiming Jobseeker's Allowance (JSA) (see Table 7.3). The former reflects the extension of ESA eligibility and the latter may be due to falling unemployment. With lower unemployment, those who are unemployed tend to be, on average, further from the labour market, so both the ESA and JSA changes are likely to have resulted in the proportion of harder to help participants increasing. This is born out in the next section.

This contrasted to the 2012 delivery survey, in which providers were asked to comment on how far referral levels in the first year had met their initial expectations; at that stage they were much more likely to report that referrals from JSA groups had exceeded expectations compared to those from ESA. In the early stages of the programme, largely due to the impacts of the global economic crisis, higher numbers of JSA claimants than forecast by the Department for Work and Pensions (DWP) were referred to the Work Programme. At the same time, fewer than expected ESA participants for whom the Work Programme was voluntary entered the Work Programme.

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Table 7.2 Comparative views of the mix of referrals

	2013				2014		
	End-to-end %	Non-end-to-end %	Not given %	All %	End-to-end %	Non-end-to-end %	All %
The mix of referrals has:							
Remained roughly similar	24	50	0	30	19	62	31
Changed slightly	23	21	0	21	25	16	22
Changed significantly	50	17	100	43	53	16	41
Don't know					4	6	5
<i>Base</i>				159			165

Source: 2014 and 2013 Work Programme programme delivery survey.

Table 7.3 Nature of changes to the mix of referrals

	2013					2014								
	Inc. signif. %	Inc. slightly %	Remained around the same %	Dec. slightly %	Dec. signif. %	No referrals from group %	Don't know %	Inc. signif. %	Inc. slightly %	Remained around the same %	Dec. slightly %	Dec. signif. %	No referrals from group %	Don't know %
JSA 18 to 24	3	7	22	30	34	3	2	0	4	20	18	46	4	8
JSA 25-plus	3	10	27	27	29	2	3	0	9	19	33	29	2	8
JSA Early Access	1	3	31	20	38	2	6	2	3	23	20	34	8	10
JSA ex-IB	2	21	48	14	5	4	7	3	18	34	14	11	8	12
ESA Voluntary	21	24	35	5	4	6	6	3	23	38	5	7	8	11
ESA flow	50	29	9	1	2	7	3	40	26	7	7	4	5	10
ESA ex-IB	23	39	22	2	0	8	6	13	34	25	6	4	7	11
IB/IS	3	17	42	5	4	19	10	2	8	41	6	5	20	18
'Day one' prison-leavers	12	25	28	4	1	22	9	7	12	32	10	3	21	14

Base: All active providers who reported a change in the balance of referrals (2013 N=104; 2014 N=105).
Source: 2014 and 2013 Work Programme programme delivery survey.

7.1.3 Impact of the change in referrals on participants' barriers to employment

Over time, the changes in the type of referrals did appear to be having some impact on participants' work barriers as perceived by providers. All surveyed providers who were active in delivery were asked their impressions of the most and least prevalent barriers among Work Programme participants. In general terms, those with the highest mean scores were lack of confidence, work motivation and work-related skills in all years (see Table 7.4). Lack of stable accommodation, difficulties with English and lack of training opportunities were viewed as the least prevalent. However, those categories showing the greatest changes over the three years of the survey were health conditions and disabilities; criminal record or history of offending behaviour; and, drug or alcohol problems. Lack of stable accommodation and lack of jobs offering flexible working also were seen as more prevalent barriers over time, although the extent of perceived change was lesser when compared to health and/or disabilities, offending behaviour and substance misuse.

Some providers in 2013 (n=39) also reported 'other' barriers they had encountered among participants. The most commonly mentioned issues included a lack of understanding about employers' expectations and recruitment practices, anxiety about finances and low wages leaving some customers better off on benefits, attitudes of customers and inter-generational worklessness, and poor support from the Jobcentre.

Table 7.4 Participants' barriers to employment where 1 is not at all prevalent, and 5 is very prevalent

	2012	2013	2014
	Mean score	Mean score	Mean score
Lack of confidence	N/A	4.03	4.04
Lack of work motivation	4.14	3.99	4.02
Lack of work-related skills	4.04	3.92	3.83
Lack of previous work experience	4.07	3.82	3.58
Lack of suitable jobs in the local labour market	3.65	3.52	3.32
Literacy or numeracy problems	3.83	3.51	3.55
Health conditions/disabilities	3.45	3.43	3.90
Lack of formal qualifications	3.63	3.4	3.63
Transport difficulties	N/A	3.16	3.45
Childcare, family or caring responsibilities	3.28	3.11	3.34
Availability of jobs offering flexible working	3.25	2.98	3.32
Drug or alcohol problems	3.14	2.96	3.43
Criminal record/history of offending behaviour	3.15	2.96	3.49
Lack of training opportunities	N/A	2.93	2.98
Difficulties with English language	2.98	2.9	2.84
Lack of stable accommodation	2.85	2.59	2.93
Other	N/A	N/A	3.47

Base: All active providers that answered the question.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

7.1.4 Impact of change in referrals on providers

When asked about how the number and types of referrals received had impacted on their organisation, providers more commonly responded in all years of the survey that they had reduced, rather than increased, the organisation's income and at the same time organisations had needed to increase staff numbers, physical resources and services outsourced to respond to demand (see Table 7.5). Reviewing this by provider type, showed that non-end-to-end providers were more likely to note increased income, while end-to-end providers noted reduced income and a need to increase staff numbers as well as to outsource more services. Thus the change in referral mix (towards ESA and away from JSA) had increased support needs (some of which needed to be met by subcontractors) and so increased costs to end-to-end providers. At the same time, the higher outcome payments for these participants did not compensate for their lower outcome achievement, so income had declined. Non-end-to-end providers (many of whom were paid for their service, not by outcomes) saw their referrals (and so their income) increase. The overall trend reflects that of the survey undertaken in 2012.

In 2013, almost a fifth (19 per cent) of responding providers reported that the number and types of referrals had had 'some other kind of impact' (see Table 7.5). When asked to specify what this had been, many mentioned the increase in ESA referrals and the relative decline in the more 'job ready' JSA participants. This had led to a need for more training, changes to provision and specialist support to deal with the more complex barriers of ESA participants. Some providers mentioned this had contributed to financial problems, in light of an end to attachment fees⁵⁴. Other providers mentioned that market share shifts (MSS) within supply chains had affected the numbers and types of referrals they received.

⁵⁴ Although all prime providers had agreed to these reductions in attachment fees in their contracts with the Department.

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Table 7.5 Impact of changes to the referral mix

	2012		2013		2014			
	All %	End-to-end %	Non end-to-end %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %
Increased organisation's income	15	17	29	0	19	13	16	14
Reduced organisation's income	40	43	21	71	38	56	37	49
Needed to increase staff numbers	34	35	17	43	30	19	10	16
Needed to reduce staff numbers	20	21	12	57	20	33	18	28
Needed to increase physical resources (e.g. office space, IT)	27	33	17	0	27	14	16	15
Needed to reduce physical resources (e.g. office space, IT)	4	8	2	14	7	11	2	8
Required us to outsource more services	8	22	2	57	19	16	6	13
Required us to bring more services in-house and/or to terminate external contracts	4	8	0	29	7	13	0	9
No impact	17	10	31	14	16	4	31	13
Don't know	0	1	5	0	2	1	2	2
Some other kind of impact	13	17	24	29	19	13	14	13
<i>Base</i>	169				159		157	

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

7.2 Jobcentre Plus support to participants

Once on the Work Programme, responsibility for supporting participants into work shifts from the Jobcentre Plus to the prime providers and their subcontractors and Jobcentre Plus was expected to have minimal contact with participants (other than fortnightly signing on for JSA claimants). However, because the Work Programme has a specific focus on sustained employment, Work Programme participants who return to JSA and then subsequently leave again are counted towards Jobcentre Plus off-flow measures. This provides an incentive for jobcentres to keep working with Work Programme participants.

The 2013 qualitative interviews with Jobcentre Plus staff explored the extent to which contact (other than fortnightly signing on) was maintained and the nature of any continuing contact.

7.2.1 Contact between Jobcentre Plus staff and participants

In most instances, the support provided by staff was described as minimal or reported to be delivered on an ad hoc basis, for example when a participant requested some help or advice. However, the Jobcentre Plus research identified a range of approaches underpinning ongoing contact with participants.

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Advisory Team Managers (ATMs) stated that the main role played by Jobcentre Plus staff with participants was to 'monitor conditionality'. Some districts had, under a time-limited trial, flexibility to try new approaches. Among these, was an approach where participants who had spent a year on the Work Programme were required to attend Jobcentre Plus offices more frequently (e.g. on a weekly basis) to monitor whether they were engaged in sufficiently intense job search activities, which included checking their use of Universal Jobmatch. If these participants' activities were deemed insufficient, ultimately, this could lead to a sanction, where their Work Programme provider confirmed there were not acceptable reasons for less intense job searching than prescribed. This approach required a very close relationship with the Work Programme providers and in some offices had led to co-location either at Jobcentre Plus premises or the Work Programme provider's at least on a temporary basis. More frequent attendance was also used when there were doubts over participants' availability for work or active job search.

In some cases, support was offered in the context of fortnightly signing on. This varied from minimal to a higher level of support (for example, provision of general advice or signposting of other sources support). The latter was targeted on those participants advisers felt were receiving little support on the Work Programme and who would count towards Jobcentre Plus 'off flow' targets. .

In a couple of areas, ATMs volunteered information that the support offered centred on participant complaints associated for example with not being contacted by their provider or having a sanction applied. In these instances, participants were encouraged to go back to their providers and utilise their complaints process in order to improve the service they received. There were also examples where Jobcentre Plus staff worked collaboratively with providers such that they would inform providers when participants were signing on in cases where they were not attending provider appointments. Overall, a varied picture of relationships between Jobcentre Plus offices and providers was presented, although the findings overall suggested improvements have occurred between the 2012 and the 2013 research (see Newton et al., 2012).

7.2.2 Nature of support offered

There was some consistency that Jobcentre Plus support to participants was demand led, and that it would be inappropriate to deliver any depth of support such as matching individuals to vacancies. However, assisting individuals to access computers, to use Universal Jobmatch and ensuring more vulnerable participants, such as ESA claimants received the advice they needed were seen as within the boundaries of what Jobcentre Plus could offer.

There was a spread of views about whether the support Jobcentre Plus staff offered to participants had changed in the last 12 months. In some instances, the awareness that participants who had broken their claim would count towards the off-flow target had invigorated Jobcentre Plus staff to target their limited support offer to these cases. However, almost as many staff reported there had been no change and it was not their responsibility to assist individuals under the care of Work Programme providers.

While some ad hoc and light-touch support might be offered to participants, particularly those counting towards off-flow targets, a number of ATMs noted that any depth of support would conflict with the purpose of referring to the Work Programme.

7.2.3 Who receives Jobcentre Plus support

Some ATMs noted that demand for support from Jobcentre Plus staff often came from participants who were in the early stages of referral to the Work Programme, such as from those who had queries about when they would be contacted by Work Programme providers, or about what support from a provider entailed in terms of their signing on activity or other support they could expect. Where a participant reported that they had received no contact from their provider, in some cases, Jobcentre Plus staff were reported to telephone the provider about their case.

Other individuals who were noted to seek or warrant support from Jobcentre Plus included those who had experience of named personal Jobcentre Plus advisers such as lone parents and ESA claimants. However, there were differing opinions of who needed or warranted additional support beyond this, with some ATMs noting that participants who churned between jobs (i.e. found and lost work relatively easily) were the most likely to request their support, but it was the hardest to help participants, with multiple or complex barriers who were least likely to ask for support. In contrast, other ATMs noted it was these latter groups, and more specifically individuals with mental health conditions including anxiety, who were most demanding of support.

7.2.4 Additional value for participants from Jobcentre Plus support

In terms of the value of their support to participants, ATMs emphasised the limited nature of what they offered. Where assistance with accessing Universal Jobmatch might be offered this could lead to increased capability to access current vacancies as well as better awareness of local jobs. Typically, however the limited nature of support was emphasised other than in cases where assistance to individuals might help towards their own off-flow targets, although even for these support was simply focused on advice and signposting rather than anything intensive or involving a referral to training or specialist support.

'I don't know whether it's reassurance or it's just that general advice type of thing, maybe they still see us as the source of their support in some cases so they will see Jobcentre as where they would look to get that type of further information or support so I think its just supplementing what they're getting really.'

(ATM)

A final point surrounding the additional value arising from Jobcentre Plus support was the role Jobcentre Plus staff could play in engaging hard-to-reach participants and ensuring they were in touch with their providers. Examples were given where Jobcentre Plus staff were co-located with providers and this appeared to work well. In addition, in some cases, ATMs reported that their staff had been invited to attend providers' premises in order that they would understand more about the delivery and what it entailed. Here, benefits arose from the increased understanding of the work undertaken by providers within Jobcentre Plus offices. Overall, where communications were working well, and there was cooperation between Jobcentre Plus and providers, this work could be highly beneficial because participants received the support they should, providers' attachment rates improved and Jobcentre Plus staff were assured that support needs were not being overlooked.

7.3 Summary

7.3.1 Changes in referral volumes and composition

In both 2013 and 2014, the majority of providers had seen a decline in referrals in the previous year (66 per cent and 76 per cent, respectively). This was particularly marked for end-to-end providers. Over 40 per cent in each year had seen a significant change in the mix of referrals. Again this was particularly the case for end-to-end providers. The main change was a growth in ESA participants and decline in JSA participants.

In each year, lack of confidence, work motivation and work-related skills were reported by providers as the most prevalent barriers. However, the change in the mix of referrals appeared, by 2014, to have increased the extent to which participants faced barriers due to health conditions and disabilities; criminal record or history of offending behaviour; and, drug or alcohol problems.

The change in referrals tended to have detrimental financial effect on end-to-end providers, more often reducing income or leading to a need for increased staffing, physical resources and outsourced services in order to respond to demand. For non-end-to-end providers, the changes more often led to an increase rather than decrease in income.

7.3.2 Support from Jobcentre Plus

Jobcentre Plus staff's most common contact with Work Programme participants was to monitor conditionality. There was evidence of some continued ad hoc and light touch support to participants, particularly where participants would count towards Jobcentre Plus off flow targets. Jobcentre Plus staff also sometimes advised participants (to the extent they should talk to their provider) who reported problems with their providers.

There was some evidence that, between 2012 and 2013, relationships had strengthened between Jobcentre Plus and providers, although overall this appeared highly area dependent and may depend on the attitudes and willingness of those involved (i.e. Jobcentre Plus and provider staff) to collaborate. Where these strengthened relationships were in evidence, examples were seen of co-location and information sharing which supported participants (including helping to engage hard-to-reach participants), providers and Jobcentre Plus staff in achieving their objectives.

8 Mandation, conditionality and sanctioning

This chapter sets out delivery issues related to mandation and sanction process and policy as they apply to Work Programme providers. The impact of sanctions on Work Programme participants is discussed in participant research (Meager et al., 2014).

Participation in the Work Programme is largely mandatory (except for some groups who can volunteer to participate). Participants must continue to satisfy core Jobseeker's Allowance (JSA) requirements (conditionality), for example, being available for work, otherwise they are subject to sanctions. In addition, providers may mandate participants to undertake activities (for example, job searches and to attend appointments with their advisers, support or training sessions)⁵⁵. Failure to fulfil mandated activities is also subject to sanctions. It is a decision for the provider whether to mandate, for which activities and the degree to which mandation varies across participants. Work Programme providers themselves do not make decisions about whether a sanction should be applied, but refer cases to the Benefits Delivery Centres, each of which covers a number of Jobcentre Plus offices and areas. Newton et al. (2012) provide details of the sanctioning referral process.

Early findings from the Work Programme evaluation found that that providers and Jobcentre Plus believed that most Work Programme participants did not require sanctioning, either because they would comply anyway or that the 'threat' implicit in the sanctions regime ensured compliance. However, both providers and Jobcentre Plus felt that the sanctioning process was not working effectively. These issues were returned to in the programme provider qualitative research in 2013 and in the Work Programme programme delivery surveys 2013 and 2014, further examining providers' mandation and providers referral for sanctioning policies and practices (Sections 8.1 to 8.3), the process of referral and contact with the Benefit Delivery Centres (Section 8.4), changes in the use of referral for sanctioning (Section 8.5) and the effectiveness of referral and sanctions (Section 8.6).

Note that throughout this chapter, unless otherwise specified, the term 'adviser' refers to Personal Advisers working for providers and not Jobcentre Plus advisers.

8.1 Mandation

8.1.1 Who decides which activities should be mandated?

The qualitative research showed that there were differences in the levels of involvement that providers had in mandating participants. On the whole, end-to-end providers took the lead in mandating participants to activities, while in some cases receiving recommendations from specialist non-end-to-end providers about which activities to mandate for specific participants. Some non-end-to-end providers had no input in the process of mandating participants to activities, but some had been required to notify end-to-end providers when participants did not take part in mandatory activities. Some non-end-to-end providers who

⁵⁵ Note that some claimant groups are not subject to mandatory work-related activity for example, Employment and Support Allowance (ESA) claimants allocated to the Support Group.

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worked with participants for a regular yet limited period of time (for example, to provide training) did have the authority to mandate participants for certain activities. For some of these providers, mandation was considered to be a useful tool to encourage compliance from participants whom they tended not to know very well due to limited contact.

8.1.2 When and for whom mandation is used

Providers who mandated participants did so for a range of activities. These included meetings with advisers, job searches and training sessions. Participants were also at times mandated to apply for specified jobs, attend interviews or accept job offers. Some providers hoped to extend the scope of activities to which participants could be mandated. For example, one provider proposed being able to mandate English for Speakers of Other Languages (ESOL) participants to improve their English language skills.

There was considerable variation between providers in the extent of their application of mandation. Whether or not mandation was used could depend on the provider's wider views on its use, or, if the provider was a subcontractor, on the prime provider's perspectives. Some providers mandated participants to a number of activities, whereas others chose not to mandate any activities themselves, but preferred to solely help their participants to fulfil the mandatory activities specified by Jobcentre Plus.

There were also differences in the amount of mandatory activities allocated to participants' at the adviser caseload level. Advisers did not necessarily mandate all of their participants uniformly. The number of mandatory activities allocated to a participant could depend on their adviser's perceptions of whether the participant was on the whole engaging well with the Work Programme. Some providers only mandated activities to participants who the adviser believed had failed to cooperate initially.

'The client can be mandated at the adviser's discretion. We always hope that we don't have to mandate activity, [but] appointments often have to be mandated specifically for our client groups that perhaps do not want to come to the Work Programme, do not agree with the principles of the Work Programme.'

The number of mandatory activities that providers allocated to participants also varied across payment groups. Some providers mandated activities to the JSA 18 to 24 year old and JSA 25 years and older payment groups more frequently than other groups because providers had higher expectations about the number of activities these participants would be able to take part in. Some providers did not mandate any activities to ESA participants, and others reported only mandating activities for ESA participants after taking into consideration whether they would be able to carry out the recommended activities in each case.

Mandation was thought by some to be a useful tool to ensure that participants engaged with the Work Programme and tried out new approaches to trying to find work that they might not have chosen to do otherwise. However, others felt that applying conditionality was an ineffective way to engage participants, and suggested that participants tended to be more open to taking part in activities if they believed that they were doing so without coercion.

8.2 Sanctions and the use of discretion in the sanctioning process

The majority of end-to-end providers in the three delivery surveys reported that they used the threat of benefit sanctions or referred participants to benefit sanctions (see Table 8.1).

Table 8.1 The threat of and referral to sanctions

	2012		2013		2014		
	All %	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
Organisation threatens and/or refers participants to sanctioning	77	88	77	83	86	35	73
Organisation does not threaten and/or refer participants to sanctioning	19	13	23	13	13	65	26
Don't know	4			4	1	0	1
Some other kind of impact	13	24	29	19	13	14	13
<i>Base</i>	99			105			90

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

The qualitative interviews suggested there were considerable differences in the levels of discretion used in the process of referring participants for sanctioning. Discretion could be used at both the provider and adviser levels. Some providers chose to avoid referring their participants for sanctioning as far as they were able to do so without breaching their contract. These providers echoed a reluctance to refer participants for sanctioning that was noted among some interviewees in the previous programme evaluation (Newton et al., 2012). This hesitance towards referral for sanctioning was expressed by both prime providers and subcontractors. One provider, who had charity status, reported that they had not referred any of their participants for sanctioning. This provider felt that sanctioning would be at odds with the way that their organisation operated.

'We're not like a prime. We know our people, we know our people very well. We know their lives. They're not hostile to us either, because we do know their lives. You know, I know about their kids, I know about their wife, I know about what's going on. So we've never yet sanctioned anybody.'

Some providers gave their advisers the freedom to determine whether or not to refer participants for sanctioning, whereas other providers encouraged their advisers to refer all cases of non-compliance for sanctioning automatically. Other providers permitted adviser discretion, but operated a strict 'X-strikes-and-out' approach, whereby all advisers were required to refer for sanctioning participants who had failed to comply a set number of times.

Managers who permitted adviser discretion reported that they did so because they trusted the judgement of their advisers, who they believed knew the participants best and were therefore best placed to decide whether or not to raise a doubt in each instance.

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'When someone comes in they sit down, in the first 10 minutes you know whether they're taking the pXXs or they're genuine cases you can tell that ... So it's about, you know, understanding the personality and making that decision and the advisers make those decisions.'

In cases where discretion was used, decisions about whether or not to refer participants for sanctioning could be contingent on one or more of number of factors. Participants who had good relationships with their adviser were in some cases less likely to be referred for sanctioning. Some advisers based their decisions on the participant's history of compliance, where participants who had tended to comply in the past would be less likely to be referred for sanctioning. Advisers also considered the reason given by the participant for their non-compliance, and were less likely to refer participants for sanctioning if they believed that they had a 'good' or 'genuine' reason for not carrying out their activities⁵⁶. However, beliefs about what counted as a good reason varied across providers. Some providers felt that an illness or a commitment to observe a religious day constituted a good reason, whereas other providers disagreed. As, in some cases, providers allowed each adviser to use their individual discretion on this matter, it is likely these views could also differ across advisers within the same provider.

Other providers took a more uncompromising approach to sanctioning, and had policies of referring all cases of non-compliance to the Decision Maker. Some providers who operated an automatic and uniform procedure for sanctioning did so because they felt that the use of adviser discretion could lead to an imbalanced and unfair process whereby the same reason for non-compliance could be dealt with in different ways by different advisers. Some of these providers encouraged advisers not to seek any explanations from the participant about why they were unable to comply, but to rather refer all cases of non-compliance to the Decision Maker.

There were some suggestions that a stricter approach towards referral for sanctioning may not necessarily lead to higher numbers of sanction referrals. Some providers had, over the past year, changed their policies towards referral for sanctioning, shifting from allowing high levels of adviser discretion towards a more inflexible approach. Providers felt that this change had meant that there was a stronger emphasis on explaining the sanctioning process to participants than there had been previously. These providers believed that the number of sanction referrals made by advisers had decreased as participants' engagement had improved due to their improved understanding about what they were expected to do and the consequences of their non-compliance.

There was a noticeable difference between the case study areas with regards to the extent of discretion used in referring participants for sanctioning. Prime providers employed different policies in allowing discretion, and subcontractors typically followed the approach used by the prime provider in their supply chain. However, some subcontractors reported that they deviated from the approach that was preferred by the prime provider, while others reported that they followed the guidelines reluctantly.

⁵⁶ Note that DWP guidance states that providers should allow the DWP BDM to decide on whether there is good cause.

8.3 Differences in sanction referrals by participant type

When asked if there were any types of participants they would avoid referring for sanctions, more providers stated that they did not apply policy to specific groups and considered referral on a case-by-case basis than did not in each year (see Table 8.2). Where particular groups were exempted, these were most likely to be participants with mental health conditions, disabilities or other physical health conditions. This pattern was consistent with the 2012 survey.

In the qualitative interviews, providers who referred some groups of participants for sanctioning more frequently than others elaborated on their reasons for doing so. Some providers tended to refer 18 to 24 year old participants for sanctioning more frequently as they believed that participants in this group were more difficult to engage and had higher levels of non-compliance. Some providers also noted that participants claiming JSA received higher numbers of sanction referrals than those claiming ESA. Providers suggested that this was because ESA participants were more likely to engage with the Work Programme, whereas JSA participants were less likely to accept the way that the Work Programme operated. For example, a manager in a generalist end-to-end said,

'I'll be honest with you, the ESA participants that come through who are meant to be the hardest to help and have got more barriers than the other groups – they tend to attend a lot more than participants coming through on JSA. Because the participant who is on JSA, we tend to find them a lot more difficult to engage with because they, as I said they're used to just going into a job centre, showing the job log, signing on, getting the benefits every two weeks and that's it. There's no one who's been chasing them. Because we say to them right, we want you to come in once or twice a week to do job search, we're going to engage with you two or three times a month – that is a sort of shock to their system.'

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Table 8.2 Participants who would not be referred for sanctioning

	2012 %	2013 %	2014 %
No specific groups – mandation is considered on a case-by-case basis	71	51	42
People with mental health conditions and/or learning disabilities	24	28	18
People with disabilities (health conditions lasting for longer than a year)	26	25	15
People with health conditions, lasting for a year or less	16	16	9
People with drug or alcohol-related problems	9	8	6
People with caring responsibilities	13	6	3
Homeless people or people with other housing needs	9	3	6
People with literacy or numeracy needs	2		
People with debt-related or other financial problems	3	2	
People with little or no work experience	1		
Offenders or ex-offenders	1	3	
Gypsies/travellers	1		
People with English as a second language	1		
Very long-term unemployed/economically inactive	3		3
Lone parents	3		
Don't know	6	9	
Other	7	18	15
<i>Base</i>	<i>76</i>	<i>87</i>	<i>53</i>

Base: All active end-to-end providers who applied sanctions. Responses total more than 100 per cent because respondents could give more than one answer.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

Some providers noted that participants' personalities could also impact on the likelihood of the adviser referring them for sanctioning. Advisers were said to be at times discouraged from referring more difficult participants for sanctioning, as they felt that doing so would aggravate these participants' negative attitudes towards the Work Programme (see Section 8.6 for further details on the impact of sanctions on participant-adviser relationships).

The previous programme evaluation (Newton et al., 2012) noted that some providers were unsure about which participants could be sanctioned. This confusion remained among some providers in the present research, who believed that all ESA participants were exempt from sanctions. In addition, some providers reported that ESA participants were themselves unsure about whether they could be sanctioned.

Providers also reported referring fewer ESA participants for sanctioning as they felt that they had to be able to provide better evidence of non-compliance for ESA participants. This could mean more work for the adviser to carry out, as this could be more time-consuming than processing sanction referrals for JSA participants. Due to the higher levels of complexity, the process of referral for sanctioning in these cases was thought by some to be more efficient when carried out by advisers who specialised in working with ESA participants.

8.4 The sanction referral process

Contact with Benefit Delivery Centres

Over six in ten (61 per cent) of responding end-to-end providers in 2013 and 2014 reported that they had contact with Benefit Delivery Centres on the sanctioning process (see Table 8.3) which increased upon the rate observed in the 2012 survey. Two-thirds of those who were in touch with Benefit Delivery Centres had found this contact ‘very’ or ‘quite’ helpful (see Table 8.4).

Table 8.3 Contact with Benefit Delivery Centres

	2012		2013			2014	
	All %	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
Yes	51	68	53	61	74	23	63
No	38	32	47	31	24	68	34
Don't know	11			8	1	9	3
<i>Base</i>	99			105			94

Base: All active end-to-end providers who answered question.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

Table 8.4 Effectiveness of contacts with Benefits Delivery Centres

	2013			2014		
	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
Very helpful	18	38	20	16	0	14
Quite helpful	47	38	45	45	40	46
Neither helpful nor unhelpful	13	25	14	29	20	28
Not helpful	18	0	16	4	20	5
Not helpful at all	4	0	3	4	0	4
Don't know			2			
<i>Base</i>			64			57

Base: All active end-to-end providers who had contact with Benefit Delivery Centres who answered the question.

Source: 2014 and 2013 Work Programme programme delivery survey.

8.4.1 Providers and the decision making process

The previous programme evaluation evidence (Newton et al., 2012) highlighted the frustration that some providers felt with the process of decision making over sanctions. This remained a substantial area of concern for some providers interviewed in 2013 year, who reported that process was too bureaucratic and slow.

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The 2012 research reported that some providers claimed that half of their sanction referrals had not been approved. Lack of approval can occur either because the referral paperwork is incomplete or because the sanction is not upheld. The discussions with providers did not distinguish between these two. Interviews with providers in 2013 suggest that the proportion of sanction approvals varied across providers. However, some did also cite the 50 per cent figure. One provider reported that the vast majority of their referrals had been approved, whereas another provider estimated that 80 per cent of their referrals had been overturned. The findings from the interviews suggest that providers who automatically refer all cases of non-compliance for sanctioning could be receiving more cases of cancelled or overturned sanctions than providers who allow for adviser discretion in their sanctioning referral process. However, this finding is tentative and more evidence is needed on this.

Some providers felt that a low proportion of sanction approvals casted doubt over whether the sanctioning process had any value.

'I'm not saying that every sanction that's processed should be upheld but by the same token I think, you know, only 1 in 5 means it's questionable whether the sanctioning process has any place at all.'

Some providers noted high levels of overturned sanction referrals could impact advisers' relationships with participants, and could make the participant feel like they had 'the upper hand'. Some providers also believed that this had led to high levels of complaints from participants.

However, some providers felt that the procedures for processing sanctions had improved over the past year. This was in some cases attributed to the introduction of Provider Direct, which is a telephone service that allows providers to check a participant's status before referring them for sanctioning. For some providers, the use of Provider Direct had led to a decrease in the number of cancelled or overturned sanctions. As Provider Direct had made it easier to check for any changes in participants' circumstances, advisers were thought to be making fewer invalid sanction referrals.

8.5 Changes in referral for sanctioning

In 2013, the majority of providers responding to the survey stated that they now referred a larger proportion of participants for sanctions (see Table 8.5), most commonly as a result of changes to internal policy on sanctions (see Table 8.6). It was less common for providers to state that changes in the use of sanctions had resulted from problems with the process or a change in the types of participants they worked with. While the overall trend remained the same in 2014, slightly more providers in this survey reported that there had been no changes in their policy over the last 12 months⁵⁷. Table 8.6 suggests that this might relate to improvements to processes, as well as policy change at the prime provider level.

⁵⁷ The Department's statistics on sanctioning among JSA and ESA claimants, including those referred to the Work Programme who failed to attend appointments, can be found here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344650/stats-summary-aug14.pdf

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Table 8.5 Changes in the extent of referral for sanctioning

	2013			2014		
	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
Yes, we now refer a larger proportion of participants for sanctions decisions	60	31	55	57	19	47
Yes, we now refer a smaller proportion of participants for sanctions decisions	11	0	10	6	0	4
Yes, we have stopped using sanctions					5	1
No, there have not been any significant changes in the proportion of participants referred for sanctions decisions	29	69	35	38	76	48
<i>Base</i>			105			95

Base: All active end-to-end providers who answered the question.

Source: 2013 and 2014 Work Programme programme delivery survey.

Table 8.6 Reasons for change in the proportion of participants being referred for sanctioning

	2013 %	2014 %
Change in our internal approach/policy on sanctions	52	34
A result of process improvements	49	54
Change in the policy of our prime provider(s)	32	42
Change in the type of participants we serve	15	14
A result of problems with the process	10	10
Other	4	
Don't know	2	8
<i>Base</i>	68	50

Base = All active end-to-end providers who had made changes to policy on sanctions. Responses total more than 100 per cent because respondents could give more than one answer.

Source: 2014 and 2013 Work Programme programme delivery survey.

Some providers' changes in their approach to referral for sanctioning had coincided with the introduction of electronic sanctioning referral systems. Some providers had in the past year started to send referrals for sanctioning through secure email. Providers in one of the case study areas had recently started reporting instances of non-attendance through a new IT system, which was linked to Jobcentre Plus's Labour Market System database. This change had been initiated by the prime providers. Providers gave positive feedback on this new system, claiming that it had reduced the time and effort required for advisers to submit referrals. Its introduction had also encouraged some provider managers to implement less lenient policies on sanctioning. Some providers reported that as this system entailed that advisers were required to note all instances of and reasons for non-attendance, advisers no longer had the same capacities to exercise discretion in the referral process.

8.6 Effectiveness of sanctions

When asked to rate the effectiveness of the sanctions process overall, the surveyed end-to-end providers involved in delivery tended to be somewhat negative in every survey, with most responses (on a scale of 1 to 10) in the middle or lower end (see Table 8.7). There was some improvement in reported effectiveness between 2012 (with the mean score rising from 4.0 out of 10 in 2012 to 5.25 in 2013), but this was followed by a deterioration in 2014 (with the mean score falling to 4.31).

Table 8.7 Ratings of the effectiveness of the sanctioning process on a scale where 1 is extremely negative and 10 is extremely positive

	2012			2013			2014			
	All			Generalist end-to-end			Specialist end-to-end			
	%	Cumulative %	%	%	Cumulative %	%	%	Cumulative %	%	Cumulative %
1 extremely negative	10	10	3	0	3	1	17	4	4	4
2	10	20	9	7	9	14	11	14	14	19
3	14	34	14	20	14	21	11	19	19	37
4	24	58	9	7	9	11	17	13	13	51
5	20	78	16	20	16	27	22	25	25	76
6	6	84	23	13	21	14	11	13	13	89
7	6	90	8	20	10	6	6	6	6	95
8	4	94	12	7	11	4	6	4	4	99
9	0	94	2	0	2	1	0	1	1	100
10 extremely positive	0	94	3	7	4	0	0	0	0	100
Don't know	6	100			3	N/A	N/A	N/A	N/A	N/A
<i>Base</i>		<i>50</i>			<i>105</i>					<i>91</i>

Base: All active end-to-end providers who answered the question.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

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In the qualitative interviews, providers offered a similarly diverse range of views about the effectiveness of sanctioning. The threat of sanctions was considered by some to encourage participants to take part in their mandatory activities, whereas others felt that participants would be more enthusiastic about engaging if they believed they were doing so freely. Sanctioning was also considered by some providers to be a good way of encouraging participants who had withdrawn from the Work Programme to re-engage, as the notification of a sanction usually prompted participants to contact their provider.

Providers expressed the opinion that sanctioning had been effective for some participants and not for others. Some providers felt that both the threat of sanctioning and sanctioning itself was inappropriate for participants who were furthest away from the labour market.

'I firmly believe it [sanctioning] has its place for those that are claiming job seekers and are not actively seeking work because they can't be bothered, you know, but there are young people that are on Jobseeker's Allowance that are so far from the job market that have so many other needs that need addressing that they are just so completely on the wrong programme.'

The threat of sanctioning was also thought by some providers to be inappropriate for participants with health difficulties, as it could exacerbate their conditions. Some providers argued that sanctioning was an ineffective way of engaging participants from any group, and that it was used to punish participants for mistakes that were often not in their control.

Some providers suggested that the threat of sanctioning was most effective after it had been applied for the first time, as the process of being sanctioned prompted participants to better acknowledge the consequences of non-compliance. Similarly, the effectiveness of the threat of sanctioning was thought by some to be higher if the provider placed emphasis on ensuring that participants fully understood the sanctioning process from early on in their time on the Work Programme. Other providers reported that they did not discuss sanctions frequently with participants, as they felt that they did not want to use it as a motivational tool.

8.6.1 Impact of sanctioning on adviser-participant relationships

A number of providers felt that sanctioning could have adverse impacts on the relationships between participants and their advisers.

'The person who comes back after they've been sanctioned is usually, you know, an injured animal if you want to put it that way. So the relationship that they had with the consultant previously, you know, that all has to be kind of rebuilt completely. So I'm not sure about how effective sanctioning is in terms of making participants re-engage.'

The likelihood of sanctioning having a negative effect on adviser-provider relationships was thought to be dependent on whether the participant blamed their adviser for the sanction or accepted responsibility for it. The likelihood was also thought to increase the more the participant was reliant on their benefit payments. For example, some providers believed that participants with dependents were more likely to respond negatively.

Occasionally, the relationships between sanctioned participants and their advisers could deteriorate to a point where the participant no longer wanted to see their allocated adviser. This could necessitate the intervention of a manager to either mediate the relationship or allocate the participant to a new adviser.

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Some providers felt that the length of time that it took for sanction to be processed could also lead to difficulties in maintaining good relationships with participants. There could at times be a long time between a participant failing to comply with a mandatory activity and their benefit being stopped. Providers noted that within this period the participant might have improved their levels of engagement and therefore could become confused or frustrated when their benefits were stopped.

'It's really difficult then having those conversations [about sanctioning] with a participant, especially if they're reengaging...and actually probably doing a pretty good job and handing in all their job search and all those types of things and they're being sanctioned for something 6 months ago.'

However, some providers who had been using electronic sanctioning referral processes (see Section 8.5), claimed that they had been seeing improvements in this area.

Some providers believed that the effectiveness of sanctions could be weakened due to conflicting sanctioning practices between Jobcentre Plus and the provider. One provider reported cases where Jobcentre Plus had sanctioned participants for failing to submit sufficient numbers of job applications, whereas the provider had informed the participants that they should focus on improving their employability skills rather than applying for jobs. In these cases, sanctions had been placed on participants who had received contradictory information from the two parties. In these cases, relations could become strained with Work Programme advisers, which could take some time to rebuild. According to the Department for Work and Pensions (DWP), Jobcentre Plus policy is that providers' requirements take precedence. Therefore, conflicts should not occur.

In order to retain good relationships with their participants, some advisers made efforts to distance themselves from the decision-making process by emphasising to the participant that the decision was down to Jobcentre Plus benefit processing. However, some providers reported participants' seeming to receive a different message from Jobcentre Plus staff. It might be useful if there were clearer, more cohesive, information about the sanctioning process given to participants by all of the parties involved.

8.7 Summary

The use of mandation varied substantially across providers, whether generalists or specialists, including the extent to which it was used, the activities mandated and the degree of Personal Adviser discretion over mandation. There was also variation in whether and which payment groups were targeted. Providers differed in their views over the usefulness of mandation.

Sanctioning policies (i.e. whether non-compliance was automatically referred for sanctioning or whether there was discretion) were determined by the prime providers, although providers (both branches of the prime provider, as well as subcontractors) did not always comply with their prime provider's policy. Changes in sanctioning policies and processes had resulted in an increase in referrals for sanctioning, reported in the 2013 survey of providers, with a slower increase reported in 2014. The changes included a shift towards automatic sanctioning, as well as improved processes both due to in-house changes and due to the introduction of Provider Direct. However, there was tentative evidence that automatic referral of non-compliance resulted in more cases of cancelled or overturned sanctions. Providers varied in their beliefs about the effectiveness of sanctions, some seeing it as improving and others as reducing commitment. Providers' satisfaction with the sanctioning process had improved between the 2013 and 2014 surveys, albeit slightly.

9 Employer engagement

Providers have been engaging with employers to increase participants' employability, entry to work and retention. This section describes the extent, nature and organisation of employer engagement. It also explores the relationship with Jobcentre Plus' own engagement activities, including the extent to which providers collaborate (both amongst themselves and with the Jobcentre Plus) to streamline demands.

The section draws on the programme delivery survey and the 2013 qualitative research with providers and with Jobcentre Plus employer engagement specialists at the district level.

9.1 Providers' employer engagement

Providers in the 2013 and 2014 surveys were asked if their delivery involved engagement with employers⁵⁸. In both, a large majority of providers indicated that delivery involvement employer engagement. Of those engaging with employers on delivery, the most common reason for doing so was to identify vacancies (Table 9.1) Perhaps unsurprisingly, end-to-end providers were more frequently involved in employer engagement activities than were non-end-to-end providers.

Table 9.1 Providers' engagement with employers

	2013				2014		
	End-to-end %	Non-end-to-end %	Delivery type not answered %	All %	End-to-end %	Non-end-to-end %	All %
Yes, to identify vacancies	88	52	100	79	83	34	67
Yes, to discuss adaptations for participants entering work	47	17	71	40	40	16	32
Yes, to provide support for employers taking on participants from disadvantaged groups	65	24	100	55	55	16	42
Yes, for other reasons	21	10	29	18	14	11	42
No, our delivery model does not involve employer engagement	6	41	0	15	11	50	23
<i>Base</i>				<i>159</i>			<i>139</i>

Base: All active providers. Responses total more than 100 per cent because respondents could give more than one answer.

Source: 2014 and 2013 Work Programme programme delivery survey.

⁵⁸ Although employer engagement may not have been an appropriate or relevant activity for all providers since some offered specialist interventions or support where employer engagement was not a concern.

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In the qualitative interviews providers described a number of ways in which they engaged with employers. Alongside the activities listed in Table 9.1 providers reported that they had organised workplace visits for their participants, offered work trials, and allowed employers to use their offices to hold interviews. Some providers had exclusive agreements with employers, some of which had been formed during previous welfare-to-work contracts.

Employer engagement activities among specialist non-end-to-end providers were largely focused around the needs of the specific groups. One specialist non-end-to-end provider working with ex-offenders had subcontracted a recruitment consultant to link up participants with employers that were known to recruit ex-offenders. Another provider working with young people focused to a large extent on promoting the wage incentive scheme for employers hiring young people. This had proved to be an effective way to persuade employers to offer more hours of work to the young participants they hired, which in return had led to an increase in job outcomes for the provider.

Some providers reported difficulties with employer engagement as employers were often reluctant to recruit participants on the Work Programme:

‘[The problems lie with] the time available for us to do it, but it’s also the employers’ understanding of what we do as well. I think there’s a stigma attached to the Work Programme and I think employers see that as a bad thing and don’t necessarily want to use us to recruit people knowing that they’re probably long-term unemployed.’

This provider had attempted to engage with employers by offering office space for interviews and helping with shortlisting candidates for interviews. However, despite these attempts, a number of employers remained uninterested in collaborating with the programme.

9.2 Providers’ organisation of employer engagement

Amongst providers, three models for organising employer engagement were identified.

- Centralised. Some larger providers pursued employer engagement activities for multiple areas through a centralised office. Some centralised employer engagement teams covered different localities within a Contract Package Area (CPA), while others were larger in scope and took responsibility for seeking vacancies for a number of CPAs. In these cases information about employment opportunities could then be allocated to individual advisers in the relevant localities to pursue on behalf of their participants.
- Dedicated local staff. Some providers conducted employment engagement locally, with a team or individual responsible for researching the local labour market, building relationships with employers and seeking out vacancies.
- Devolved to the front line. Personal Advisers were responsible for employer engagement in some providers. How this was organised varied. Some providers reported that their advisers dedicated one day a week to employer engagement activities. One of these providers commented that each adviser had a different industry focus, which was thought to allow them to raise their profile and build stronger relationships with key employers in the area. Other providers appeared to treat employer engagement as a general add on to each Personal Adviser’s other responsibilities.

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The approaches had their own benefits and problems. The expertise and resources which the first two approaches bring seemed to result in effective employer engagement and few problems were reported with the first two approaches. However, the centralised system appeared to sometimes result in variations in service across localities. In particular, providers using the same centralised service reported differing experience of the match between vacancies identified by the central sales team and participants' skills. Those reporting a mismatch attributed it to inadequate liaison, resulting in the centralised team lacking sufficient local knowledge.

The third approach worked well for some, but not others. Some found that front line staff were unable to provide the extent or quality of employer engagement activities desired, in part due to their participant case load. A structured approach to employer engagement within the Personal Adviser role appeared sufficient, but not necessary, for effectiveness.

Irrespective of the structure for employer engagement, the quality of staff was important. A number of providers noted that success in engaging employers depended to a large extent on the capabilities and personalities of individual staff and team leaders. Some providers felt that their employer engagement activities had not been as successful as they could have been as they did not have staff with the right skills for the job. One provider noted that there had been a particularly high turnover of employer engagement staff in their office. Difficulties in this area seemed to have intensified where employer engagement responsibilities were in the hands of a small number of staff.

9.2.1 Changes to the organisation of employer engagement

A number of providers had changed the way they organised employer engagement in the last year.

In some cases, this had been to improve employer engagement and the changes were reported as successful. For example:

- A provider had centralised their employer engagement team as they had experienced problems with employer engagement officers in different offices pursuing the same employers. By centralising this function the provider felt that they had been able to engage with employers more strategically and as a result had seen an increase in the number of employers returning to them to fill vacancies. Another described the positive impact that had been made by their recent establishment of a centralised employer engagement team, with a dedicated sales team and sales director;
- An end-to-end subcontractor had moved employer engagement from its front-line staff to a dedicated employer engagement officer. The provider had been a contract holder under the New Deal, but had found employer engagement more challenging in the Work Programme, competing with a larger number of providers who were contacting many of the same employers. They found this increased complexity had made it difficult for front-line advisers to manage their participant caseloads with their employer engagement duties and so they had hired a dedicated employer engagement officer.

In other cases, the change was prompted by financial pressures and had led to a deterioration in employer engagement. For example, a provider reported that due to staff budget cuts they had cut their dedicated employer engagement post. This had led to a visible decline in the overall volume and quality of the provider's employer engagement activities, as front-line advisers did not have sufficient time to contact employers alongside their other duties.

9.3 Jobcentre Plus employer engagement activities

To set the scene for examining collaboration between providers and Jobcentre Plus, this section briefly describes Jobcentre Plus employer engagement activities.

Jobcentre Plus employer engagement activities were similar across the CPAs. It was common for Jobcentre Plus employer engagement advisers and other staff to monitor Universal Jobmatch and contact employers to offer services such as sifting applicants, shortlisting and use of on-site facilities for interviewing. Other activities included marketing and jobs fairs, and there were also numerous examples of sector-based work academies being offered to prepare candidates for interviews and work. In addition, some Jobcentre Plus offices noted strong collaborations with local authorities and with the National Apprenticeship Service in England or skills bodies with devolved responsibility in Scotland and Wales.

Most district offices had staff who worked at increasing employer engagement within the locality although some also had staff who led this role at a national or regional level to develop engagement among larger employers.

9.4 Collaboration with other providers

Collaboration on employer engagement with other providers may be important in reducing burdens on employers and may lead to improved input for participants.

Amongst the 81 per cent of providers that reported engaging with employers in 2013 (see Table 9.2), 75 per cent collaborated with other providers (see Table 9.2). End-to-end providers were more likely than non-end-to-ends to collaborate with other providers (77 per cent and 60 per cent respectively). In 2014, 67 per cent stated that they collaborated with other providers and 10 per cent noted that they collaborated only with Jobcentre Plus.

Table 9.2 Providers' collaboration on employer engagement

	2013				2014		
	End-to-end %	Non-end-to-end %	Delivery type not answered %	All %	End-to-end %	Non-end-to-end %	All %
Yes, with both Jobcentre Plus and local providers	65	55	100	65	51	60	53
Yes, only with other local providers	12	5	0	10	17	0	14
Yes, only with Jobcentre Plus	4	18	0	6	11	0	10
No	17	23	0	18	22	40	24
<i>Base</i>				126			95

Base: Active providers involved in employer engagement. Responses total more than 100% because respondents could give more than one answer.

Source: 2014 and 2013 Work Programme programme delivery survey.

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The qualitative interviews found that collaboration took a number of forms. Some providers shared information about vacancies and employers only with others within their own supply chain. This could take on the form of agreements between providers to share vacancies, or less formal arrangements whereby vacancies were shared when the provider was unable to fill it with their own participants. In some cases subcontractors collaborated only with the prime provider in the supply chain, who would distribute information about vacancies down the supply chain. Other providers shared employer and vacancy information with providers outside their supply chain on the occasion that the vacancy could not be filled by participants within the supply chain.

The willingness to share information with competitors came from an acknowledgement that helping employers to fill their vacancies was vital in maintaining good relationships with employers. Some feared that without cross-provider cooperation employers could become overwhelmed by being pursued by several organisations, which could perhaps prompt employer to end their involvement with the Work Programme. Providers also hoped that sharing information with their competitors would motivate other providers to reciprocate in the future.

Some providers did not collaborate with others, either because they had not yet had the opportunity to do so, or because they felt that by collaborating they would be giving away vacancies to their competitors.

9.5 Employer engagement collaboration between providers and Jobcentre Plus

Amongst the 81 per cent of providers that reported engaging with employers (see Table 9.1), 71 per cent collaborated with Jobcentre Plus (see Table 9.2). Although employer engagement was less common amongst non-end-to-ends (than end-to-ends), those that had employer engagement were similarly likely as end-to-ends to collaborate with the Jobcentre Plus.

The need for collaboration was recognised by many respondents, both providers and Jobcentre Plus. A member of Jobcentre Plus employer engagement staff pointed out the necessity for the different organisations to cooperate because there was a joint responsibility for participants.

'We're very much going the other way now where it's very much like we need to still be having contact with the Work Programme because at the end of the day they're our joint participants, our joint clients, even though they're off the Work Programme. They are on Jobseeker's Allowance, ESA, whatever, so we need to jointly own what happens to them and take responsibility for what happens to those claimants.'

(Jobcentre Plus employer engagement)

Conversely, the consequences of poor collaboration were reported by a prime provider as jeopardising the success of the Work Programme:

'[It] doesn't really make sense to me because I think that when you look at a wider picture, and certainly from sitting in meetings with Jobcentre Plus, DWP people, who are dealing with national figures, they need everybody to be working in unison, because ultimately it's the bigger picture, it's getting people off benefits.'

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The nature of collaboration between the providers and Jobcentre Plus was explored further in the qualitative interviews with providers and in interviews with District Level Staff within Jobcentre Plus.

9.5.1 The nature of employer engagement collaboration

Providers reported that collaboration with the Jobcentre Plus on employer engagement largely involved sharing information about vacancies. The Jobcentre Plus respondents seemed to suggest this was largely one way, from the Jobcentre Plus to the providers. They reported their activities including sending out a weekly bulletin containing current vacancies; notifying providers of upcoming job fairs and offering them a stand; regular telephone calls to share intelligence on upcoming vacancies and opportunities. Some providers reported sharing vacancy information with the Jobcentre Plus when one party was unable to fulfil the employers' requirements. However, some providers reported the organisations working more collaboratively to share vacancies upfront. One prime provider noted that while they had an agreement with Jobcentre Plus that they would mutually share information about large recruitment drives, this had only occasionally been put into practice. Some providers mentioned that they worked more closely with Jobcentre Plus when dealing with larger employers, which included joint employer visits.

Other forms of collaboration took place. Some providers worked alongside Jobcentre Plus in multi-agency panels, which included other organisations such as colleges. One provider described this arrangement as key to ensuring that Jobcentre Plus sold the provider's services positively to organisations.

9.5.2 The structure of employer engagement collaboration

The structure supporting provider/Jobcentre Plus collaboration varied. As well as the multi-agency panels described above, some Jobcentre Plus staff described two monthly liaison meetings to discuss progress in general terms and employer engagement. Some providers noted that they only informally collaborated with Jobcentre Plus, and that the extent of collaboration depended largely on the nature of the relationships between individual advisers.

In one CPA, a local forum was established to which local organisations, including Work Programme providers and their subcontractors were invited, although not all took up the opportunity. Through monthly meetings, the organisations involved in the forum shared information about local activities and vacancies. This meant that if one was in contact with an employer, they could talk about local opportunities more generally rather than simply about their own organisation's activities. This joined up approach was viewed by Jobcentre Plus as extremely beneficial, and it was reported to be disappointing to the Jobcentre Plus that more providers did not engage. Jobcentre Plus believed that those who did not engage were inhibited due to commercial reasons and wished to maintain their advantage in an increasingly competitive local labour market. While Jobcentre Plus staff could understand this standpoint, they maintained that taking a joined up approach would ultimately support more individuals into employment whether they were with Jobcentre Plus or the Work Programme.

9.5.3 The quality of employer engagement collaboration

The importance of having a good working relationship with Jobcentre Plus was emphasised by a number of providers in the qualitative interviews. However, some providers had found this difficult to achieve in practice and the quality of employer engagement collaboration between providers and Jobcentre Plus varied.

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There were differences reported in Jobcentre Plus approaches between areas. In some areas, Jobcentre Plus managers were reported to have emphasised a need for close coordination and, in others, prior relationships with local providers underpinned close collaboration. In other localities, the approach was rather more light touch and involved Jobcentre Plus sharing intelligence on vacancies although it was reported that such activity was not necessarily reciprocated by providers.

Subcontractors in one CPA largely expressed that they had good working relationships with Jobcentre Plus. One provider suggested that this was due to the fact that as they were operating in a relatively small geographical area, all parties had acknowledged the particular importance of working closely together.

On the whole, prime providers reported closer links to Jobcentre Plus than did subcontractors. In some cases, this appeared to be due to prime providers' policy, as some providers reported that they had been asked by the prime provider not to engage with Jobcentre Plus.

'We've been lucky that we've had other contracts that we could approach [Jobcentre Plus] under, because obviously when it first started, year 1, we weren't allowed to liaise with the Job Centre under Work Programme. It was very clear that that relationship was [the prime]'s and we weren't to do it. And that was very hard, because we'd gone from having, you know, we were down at the Job Centre every day under New Deal, we knew the advisers, we'd go to their comms meetings, you know, we had events where they'd come out for the day and it was really difficult to then go to, we can't, you know, we couldn't even ring them up to ask them a question.'

Other subcontractors saw the barriers coming from Jobcentre Plus, believing Jobcentre Plus to be reluctant to work with them, preferring to work solely with the prime provider in the supply chain. Where coordination with Jobcentre Plus was reported among non-primes it was at times on a smaller scale.

However, prime providers also reported difficulties. One manager in a prime reported having put much effort into meeting Jobcentre Plus managers to develop their relationship in recent times, and that this was an area where there remained much work to do. Another prime reported that while they would like to work more closely with Jobcentre Plus, they felt that collaboration with local Jobcentre Plus branches was disapproved of.

'We had a good relationship with Jobcentre Plus and the Third Party Managers at that kind of level. But the actual Jobcentre themselves it's almost like it's frowned upon if you kind of ring the Jobcentres direct to ask for any information, or if you want to share information and things like that. Everything tends to go through certain channels, and I guess because there's three primes, the advisers have been told you can't favour one organisation...or be seen to be favouring, so on that basis, it's not that we don't want to, it's more that we can't.'

9.5.4 Competition between providers and Jobcentre Plus on employer engagement

Some Jobcentre Plus staff expressed a concern that providers saw the relationship with Jobcentre Plus as competitive, a view which they felt was motivated by the Payment by Results (PbR) model. However, this was felt to undermine a focus on the best interests of participants and employers, and, particularly, finding the quickest route to help participants

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into sustainable work. The view that Jobcentre Plus and Work Programme providers operated in competition was far from universal and it was apparent that within different CPAs, districts and localities a mix of views and experiences on this point could be present.

In contrast, initiatives such as sector-based work academies acted to limit the extent to which Jobcentre Plus staff could share the vacancies on their books with providers. This might not be understood by providers, who were reported to want all vacancies and opportunities shared with them.

While there was a mix of views about whether Jobcentre Plus offices and Work Programme providers were in competition for vacancies, Jobcentre Plus staff typically did identify the benefits of a collaborative, rather than competitive, relationship, which typically centred on employers who were easily put off by multiple organisations contacting them about vacancies.

‘So in a lot of cases we’re in danger of employer enagement because...you’ve got maybe three Work Programme providers, you’ve got several other providers, you’ve got Jobcentre Plus, you’ve got brokerages, you’ve got your employment agencies, you’ve got training providers, you’ve got colleges all knocking on the same doors’

(Jobcentre Plus Employer engagement)

It was also seen as beneficial to share vacancies that Jobcentre Plus could not itself fill in order to retain the support of employers as well as achieve outcomes for individuals. Increasing collaboration to ensure employers’ vacancies was one area of improvement that Jobcentre Plus staff recommended.

For example, one provider found that by distributing vacancies across Jobcentre Plus claimants as well as their participants they were better able to provide a better service for the employer by finding more suitable candidates for the vacancies, which could ultimately lead to repeat business from the employer.

9.5.5 Improving collaboration on employer engagement

Some comments were made that the Department for Work and Pensions (DWP) was driving forward increased coordination between Jobcentre Plus and Work Programme providers although this was reported to be a relatively new initiative when the fieldwork took place. Certainly, providers generally welcomed collaboration and a number wanted to improve their relationship with Jobcentre Plus in the future. However, the degree of collaboration was reported by many Jobcentre Plus staff as sufficient.

Some Jobcentre Plus staff reported ongoing efforts to increase collaboration which they believed would lead to improvements for all involved including employers, individuals, Work Programme providers and Jobcentre Plus offices as well as other agencies involved in employer engagement

However, some obstacles were noted to exist to joining up in this way which were reported to include data protection issues and management information (MI) system compatibility. In addition, it was reported that relationship management was a delicate process which could not be rushed without risking damage to the established partnership.

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Barriers to closer coordination included some vacancies that resulted from Sector Based Work Academies⁵⁹, which meant that participants would not be eligible to be entered for them. Jobcentre Plus staff also noted that some providers were resistant to closer coordination and were unwilling to exchange basic information about employers they were engaging with.

'We can't say better coordination and put that onus on individuals to make that work when the whole idea of the Work Programme provider is to see participants after they've left Jobcentre Plus and for us to have a recruitment objective which basically excludes their participants.'

(Jobcentre Plus Employer engagement)

A final point made by Jobcentre Plus staff was the broader nature of the support and of their focus when engaging with employers. These staff reported that providers were interested only in vacancies whereas Jobcentre Plus could offer advice and guidance and a range of support that could assist employers, in addition to helping them with vacancies. For this reason, coordination on employer engagement was seen as valuable by Jobcentre Plus staff.

9.6 Summary

Most providers, particularly end-to-end providers, were involved in employer engagement activities (81 per cent in the 2013 survey). The most common activity was to identify vacancies (79 per cent of providers in the 2013 survey), but providing support to employers taking on participants from disadvantaged groups and to discuss adaptations for participants entering work were also common (55 per cent and 40 per cent in the 2013 survey).

The organisation of employer engagement ranged from: centralised by the prime provider for its supply chain (with centralisation covering one or more CPAs); centralised by the provider for its own provision alone (again, this could be across more than one CPA); to local office provision provided either by dedicated employer engagement staff or by Personal Advisers.

Collaboration with other providers for employer engagement was common (particularly for end-to-end providers), taking the form of sharing vacancies. However, this could be restricted to collaboration with providers in the same supply chain or to vacancies which the provider could not fill. The willingness to share information with competitors came from an acknowledgement that helping employers to fill their vacancies was vital in maintaining good relationships with employers.

Collaboration with Jobcentre Plus was common and was seen, by both Jobcentre Plus staff and providers, as in the interests of Work Programme participants. Again, the nature of collaboration was largely in sharing vacancies, although there was some indication that vacancy information more often went from Jobcentre Plus to providers rather than vice-versa. The quality of collaboration varied and there may be a need for some Jobcentre Plus areas to take a more positive approach to collaboration.

⁵⁹ Which are organised by Jobcentre Plus as part of support that may be offered to individuals before they become eligible for the Work Programme,

10 Support provided to participants

The Work Programme ‘black box’ model allows prime providers to design their own programme of support above and beyond the minimum service standards (now known as customer service standards) stipulated in their bids. These minimum service standards, can be used by participants (and the Department for Work and Pensions (DWP)) to hold providers to these standards.

The 2012 programme evaluation identified the models of support being used and how provision was allocated between end-to-ends or subcontracted (Newton et al. 2102). The key stages in support were:

- engagement – including the handover of participants between Jobcentre Plus and the Work Programme;
- assessment – participants’ needs and associated action planning;
- pre-employment support – to help participants to move towards work;
- in-work support – to help participants remain in work; and
- Work Programme exit.

The 2012 programme evaluation identified how, for their pre-employment support, participants tended to be streamed, often based on assessed job readiness, to access different strands of support.

In the 2013 and 2014 evaluation, the DWP wanted to explore changes that had been made in support and to focus on a number of areas of support, namely, initial engagement, the role of Personal Advisers, training and in-work support. These are discussed in turn below before presenting evidence on providers’ and Jobcentre Plus managers’ overall assessments of the Work Programme. First, an overview of support and changes is given.

The chapter is primarily based on the Work Programme provider delivery surveys (2012, 2013 and 2014) and the 2013 Work Programme delivery qualitative provider and Jobcentre Plus research. The 2014 Work Programme delivery commissioning qualitative provider provided some, limited, information on support and this is also included. However, it is important to note that the qualitative evidence refers to 2013 unless otherwise stated. Additional evidence on service delivery, from the participant perspective, is provided in the participant report published alongside this report (Meager et al., 2014).

10.1 Overview of support available to participants

In 2013 and 2012, all active providers were asked about the types of support they offered Work Programme participants and the proportion of their participants that this support was offered to. The most common forms of support offered were support in personal effectiveness or confidence-building, job search skills and vocational training. Participants working with end-to-end providers more commonly received job search skills support, and financial advice or better off calculations than those in non-end-to-end providers. The next most common interventions were the provision of financial advice, followed by more specialised forms of support dependent on a participant's barriers.

In terms of the proportion of participants receiving a service, job search skills support and support in personal effectiveness saw the widest coverage, with temporary work placements offered to the smallest proportion. 'Other' types of support mentioned related to direct financial assistance, such as buying interview clothing or covering travel-to-work costs, providing general advice relating to benefits, health conditions or personal problems, or tailoring support to the requirements of specific employers or agencies (see Table 10.1: Support available through providers and average proportion of participants receiving this support).

Table 10.1 Support available through providers and average proportion of participants receiving this support

	2013				2012			
	No. of end-to-end providers offering the service	Mean % of end-to-end participants receiving this service	No. of non-end-to-end providers offering the service	Mean % of non-end-to-end participants receiving this service	No. of all providers offering the service	Mean % of all participants receiving this service	No. of providers offering the service	Mean % of participants receiving this service
Support in personal effectiveness/confidence-building	106	65	33	60	145	63	121	57
Job search skills support	105	81	30	55	141	74	124	72
Vocational/work-related skills training	101	36	27	42	134	38	119	39
Financial advice or 'better-off' calculations	104	64	18	16	128	52	100	48
Advice/support on self-employment or business start-up	104	16	17	8	127	14	112	14
Training towards recognised qualifications	98	27	20	23	124	26	114	30
Help finding work compatible with a health condition/ disability	99	27	17	11	122	23	95	18
Help/support with housing issues	100	19	12	4	118	15	94	13
Temporary work placements	98	13	13	10	117	12	101	17
Help/support with caring responsibilities	95	19	14	12	115	18	93	13
Help/support with drug/alcohol misuse	97	15	12	6	115	13	98	9
Help/support with debt management	95	26	12	6	113	21	96	17
Help with reducing offender behaviour	85	12	15	16	106	13	95	8
Other	44	21	13	20	60	21	52	33

Base: All active providers [5 failed to answer the question] (N=156); 'Other' types of support mentioned related to direct financial assistance, such as buying interview clothing or covering travel-to-work costs, providing general advice relating to benefits, health conditions or personal problems, or tailoring support to the requirements of specific employers or agencies; Question not asked in 2014 survey.
Source: 2013 and 2012 Work Programme programme delivery survey.

10.1.1 Changes in support

Whilst the Work Programme Delivery Survey showed little change in the percentage of participants receiving particular types of support between 2012 and 2013, the qualitative research with primes and with providers did identify changes over this period⁶⁰. The main changes were in the extent and nature of provision for Employment and Support Allowance (ESA) participants; a shift towards a work-first approach; changes in participant contact; co-locating with Jobcentre Plus and with probation; an increase in employer engagement activities (see Section 8.2); a reduction in vocational training (see Section 9.4); changes to in-work support (see Section 9.4). The changes not discussed elsewhere are described below.

Other changes, of an incremental nature, that were identified included improvement in tools and smaller adjustments to provision, to improve outcomes or reduce costs.

Provision for ESA participants

The general increase in ESA referrals and the extension of Work Programme eligibility to ESA claimants who would be job ready in 6 to 12 months⁶¹ had led not only to an increase in provision for this group, but also to changes in provision. Changes were identified in 2013 and continued in the following year, when there seemed to be a yet greater emphasis on the ESA group.

Prime providers had introduced new specialist ESA providers, including end-to-end providers, to supply chains, introduced new programmes (for example, a programme aimed at participants with major health problems) and reorganised delivery (for example, the creation of a community hub in which support for ESA participants was co-located with non-Work Programme services). Existing providers had recruited or trained specialist ESA advisers and specialist tools for use with ESA participants had been developed.

'A number of our providers in the last year have shifted aspects of how they deliver their model, such as having now dedicated ESA specialist advisers when before many of them had more of a generic adviser model which would cut across participant groups... now I think the huge majority of ours do have a dedicated specialist.'

(Prime provider)

These changes were accompanied with increased adviser support, a lengthening of the pre-work journey and additional modules of support.

For some providers, the extension of eligibility to ESA claimants who would be job ready in 6 to 12 months had been a challenge, requiring working with a group of which they had no experience. In response, some had bought in (through recruitment or subcontracting) expertise; others had had to rapidly learn about the new group and had altered their provision. Several providers had introduced a lighter touch for those expected to be job ready in 6-12 months and had been more concerned to move participants closer to the labour market rather than into employment. (For some sub-contractors, this reportedly

⁶⁰ The difference between the survey and the qualitative evidence seems likely to be because the qualitative research may be identifying changes in the amount of support per participant and the nature of support, rather than (as the survey identifies) whether a particular type of support was provided at all.

⁶¹ The ESA Work Related Activity Group (WRAG) 6-12 month customers.

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could cause conflict with the prime provider, as the provider was less likely to achieve outcomes.) For example, one provider had developed a new programme, focusing on re-engagement, which, because of difficulties of attendance and engagement, the service was primarily delivered by telephone. As part of these changes, some had increased personal effectiveness and confidence-building support, as well as assistance on health and drug/alcohol misuse. The small growth in these between 2012 and 2013 is identified in Table 9.1.

Movement towards a work-first approach

At the same time as support had increased to re-engage those furthest from the labour market, for those closer to the labour market, providers described moving provision towards a work-first approach. This was driven by financial and performance factors, notably the need to achieve outcome payments and to contribute to prime providers' Performance Improvement Plans (PIPs). Support was reportedly switched away from vocational training and towards in-house personal effectiveness and confidence support, the identification of vacancies, encouraging applications and in-work support. As part of this, some end-to-end providers had reduced the extent to which they contracted or otherwise paid for training, which appeared to have particularly affected training for qualifications. This also led to the increase in employer engagement activities (see section 8.2).

Response to Performance Improvement Plans for ESA and JSA participants

Where the prime provider was under a PIP, providers came under pressure to increase support to the participants relevant to the PIP (i.e. to payment groups 1, Jobseeker's Allowance (JSA) claimants aged 18-24; 2, JSA claimants aged 25 and over; or 6, new ESA claimants). For example, due to the prime provider's PIP, a provider described providing more intensive support for those in Payment Group 1 (additional job search sessions, one-to-ones with an Employment Engagement Officer, and attention to CVs) and reducing support for others. Another provider said:

'If an employer is saying I want two retail assistants we would certainly look as to whether we've got any PG1s that we'd like to put in their first for an interview rather than perhaps a PG2. And it shouldn't be like that but obviously everyone's trying to protect themselves'

Thus, the performance measures appeared to be driving increased support for participants in the relevant payment groups and a concomitant reduction in support for participants in other payment groups.

Changes in participant contact

A number of providers described changes in their contact with participants. For example, during 2013/2014 the provider delivery survey indicated that providers had increased the frequency of Personal Adviser meetings with participants (Table 10.13). Other changes found in the qualitative research in 2013 included a switch from one-to-one to group support, increased participant contact and increased requirement for coming to the office. Some providers had increased the amount of face-to-face support and others had reduced it. By 2014, changes were also driven by the fall in referrals, with some providers not reducing adviser numbers, resulting in increased adviser contact. However, this increase was unlikely to be sustainable in the longer term.

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Some of these changes were made to tailor the service more closely to participant's needs or to improve expected outcomes. Others were made in response to financial pressures; nevertheless, in some cases, the changes were still seen to have improved provision. For example, a move from individual to group contact for young people was reported as enabling participants to receive more and a wider range of support, despite being driven by cost considerations (see Section 6.2.4). Others commented on the greater frequency of contact group provision allowed.

It was apparent that providers had been making small adjustments to their support, adapting to try to address problems and improve outcomes. For example, one end-to-end provider said:

'[our] initial delivery was very 'light touch'. Advisers tried to deal with customers by phone. This year there is more focus on customers coming into the office. This affected travel costs but it isn't possible to help the customer base without that kind of interaction.'

The provider had partnered with another organisation to ensure that someone was always available to see participants. Participants who had dropped out of work were expected to attend the office more often as there was more emphasis on getting them back into work quickly: having had a job once they're felt more likely to get back into work more quickly.

Co-location with the Jobcentre Plus and probation

Another change, reported by several was a move to co-location or delivery with either the Jobcentre Plus or, for an offender specialist, probation. Providers participating in this had found it had greatly reduced non-attendance and referral for sanctioning. With advisers and Jobcentre Plus in the same location, serial-non-attending Work Programme participants had to see their adviser before they signed on. It was also seen as reducing the possibility of participants playing Jobcentre Plus and Work Programme providers off against each other. Furthermore, it had resulted in providers and the Jobcentre Plus working together more effectively.

The other type of co-location was by an end-to-end specialising in offenders. This had moved delivery to probation service premises, which was reported to have resulted in better monitoring of participant progress and the avoidance of conflicts or overlaps with probation provision.

Routeways flexibility

By 2014, some change was identifiable in the way in which participants moved between elements of their prime provider's programme, their routeways. Greater flexibility was identified, allowing greater tailoring of support as participants' needs changed. The introduction of a structure for periodic reassessment was also found.

Differential support by payment group and needs

Whilst provision within the Work Programme stresses tailoring of support to individual needs, by 2014, there appeared to have been changing pressures which affected the extent to which the needs of different participants were addressed, with prime providers and subcontractors varying in their response.

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The pressures were: the increase in referrals of people who were seen as further away from the labour market (including, but not limited to ESA participants); DWP performance targets leading to some prime providers encouraging concentration of support on the three payment groups targeted (and a consequent reduction of support to other groups); and the payment by results (PbR) system, resulting in a greater need to achieve employment outcomes. Whilst it was clear that there was an overall increase in in-work support and specialism for ESA participants, other changes took place. The DWP performance targets led some to some increased specialism and support to other two targeted payment groups (e.g. specialist advisers for younger JSA participants). The increased resources to meet ESA participants' needs led some to reduce adviser time with other participants. For those close to employment, the emphasis on employment outcomes may have counteracted the other pressures to reduce support. It seems likely though that there was some relative reduction in support for those outside the DWP performance target payment groups and not close to the labour market.

10.1.2 Changes in delivery and administration

Some providers felt that their provision had become more effective over the past year due to organisational and administrative changes. This included improvements in IT and management systems (developed by the prime providers) and changes in staff levels and team restructuring. Some providers felt that allocating specialist functions to staff and teams, especially with regards to in-work support and employer engagement, had improved delivery. In addition, providers who reported that they had worked more closely with Jobcentre Plus, external organisations and other providers within the supply chain, also reported that these relationships had been largely beneficial.

However, some administrative and organisational issues that were seen to be having negative impacts on the effectiveness of the Work Programme remained. Access to information was considered at times to be difficult for some providers. Subcontractors noted that there remained some documents which they could only access by request to the prime provider, which could take time. While providers acknowledged that there had been improvements in the use of IT in areas such as sanction referrals, some providers felt that further developments could be made to implement more effective IT systems, with the aim of speeding up the flow of information between primes, providers (both sub-contractors prime provider's own delivery offices) and the DWP. This was considered to be particularly important due to the multitude of organisations that could be engaging with a given participant.

Some providers felt that there were too many administrative demands made on the front-line advisers from either the prime provider or the DWP. This could take away from the time available for advisers to spend working directly with participants. One provider estimated that advisers spent ten minutes on administration for every 30 minutes spent with a participant. Initial engagement, identifying support needs and action planning

A critical part of helping individuals into work is understanding the factors that are preventing them from gaining work. Newton et al. (2012) found the assessment can lead to the categorisation of participants in terms of their 'job-readiness', which strongly influenced the type of provision that participants received, notably the frequency of contact with their advisers. They also found the degree of personalisation over and above the classification, varied considerably between providers.

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This section describes providers initial contact with participants, the processes for identifying support needs, both on entry to the Work Programme and, subsequently, the use of action plans.

10.1.3 Initial engagement with Work Programme participants

When participants were referred to the organisations in the survey, the most common form of initial contact reported by providers was a face-to-face meeting with an adviser in all years of the survey (see Table 10.2). Around four in ten also reported using telephone discussions with advisers in 2013 and 2014. This pattern broadly reflected that found in the 2012 survey. End-to-end providers were more likely to engage participants in some form of personal, individual contact such as an interview or meeting with an adviser in person or by telephone.

Table 10.2 Form of initial contact with participants

	2012			2013			2014		
	All %	End-to-Ends %	Non end-to-ends %	Delivery type not answered %	All %	End-to-end %	Non end-to-end %	All %	
Face-to-face interview/ meeting with an adviser	56	73	50	43	65	70	46	62	
Telephone discussion with an adviser	29	46	12	86	39	51	20	41	
Group meeting with adviser and other new participants	21	30	14	14	25	21	27	23	
Group information session	12	19	24	14	20	24	24	24	
It varies	16	14	21	0	15	5	17	9	
Something else	16	1	12	0	4	1	5	3	
No referrals received	0	0	5	0	1				
<i>Base</i>	169				161			138	

Base: All active providers. Responses total more than 100 per cent because respondents could give more than one answer.
Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

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Within the qualitative research, some benefit for group rather than individual induction was identified. A generalist end-to-end provider – had moved from individual face-to-face initial contact to group induction. This allowed the provider to match advisers and participants depending on needs, as needs were identified prior to allocating a Personal Adviser.

10.1.4 Needs assessment and action planning

The large majority of providers in all years of the survey (2012, 2013 and 2014) reported that they ‘always’ conducted a needs assessment with participants referred to them (see Table 10.2 and Table 10.4). The 2013 delivery survey findings indicated that this was most commonly based on a formal assessment tool, either computer- or paper-based (see Table 10.5) with end-to-end providers being the most likely to lead a formal assessment and non-end-to-end providers being more likely to rely upon referral information. These responses again reflected those seen in the 2012 survey of delivery, although there had been a statistically significant increase in the proportion of providers reporting they used ‘information from the referrals process’ as part of a needs assessment.

Table 10.3 Whether a needs assessment is used

	2012		2013		
	All %	End-to-ends %	Non end-to-ends %	Delivery type not answered %	All %
Always	83	88	62	100	82
In most cases	5	7	7	0	7
In some cases	1	2	12	0	4
No	11	2	19	0	6
Not answered	0	1	0	0	1
<i>Base</i>	169				161

Base: All active providers (N=161).

Source: 2013 and 2012 Work Programme programme delivery survey.

Table 10.4 Whether a needs assessment is used

	2014		All %
	End-to-end %	Non-end-to-end %	
Always	92	73	86
In most cases	5	7	6
In some cases	1	5	2
No	2	15	7
<i>Base</i>			136

Source: 2014 Work Programme programme delivery survey. NB: 2014 data are not directly comparable with 2012 and 2013's, as 2014's base excludes those respondents that did not answer the question.

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Not conducting a needs assessment does not imply that support was provided without being informed by a needs assessment. The qualitative research showed that some end-to-ends referred some participants (for example, those with health conditions) to specialists for their needs assessment. For example, a generalist end-to-end described how the increase in ESA participants had led them to refer participants to specialists (for example, mental health, disability and drug and alcohol specialists) for their needs assessment. Non-end-to-ends might rely on the end-to-end's assessment of need and of the appropriateness of specific support to be delivered by the non-end-to-end (mirroring findings in the programme delivery survey).

Participants referred to a subcontractor might receive a second needs assessment, which, with some providers, could lead to an alteration in the support referred to or, with other providers, would require referral back to the end-to-end for any adjustments to provision.

Table 10.5 Format of needs assessment

	2012		2013		
	All %	End-to-ends %	Non end-to-ends %	Delivery type not answered %	All %
Discussion with Personal Adviser, using formal (IT-based) assessment tool	46	54	21	86	48
Discussion with Personal Adviser, using formal (paper-based) assessment tool	49	54	24	14	46
Information from the referral process	25	36	50	14	38
Discussion with Personal Adviser, with assessment based on adviser's judgement	38	38	24	43	35
Group session to identify needs and barriers to work, and/or marketable skills and job/career options	25	24	29	14	25
Self-completion of paper-based assessment tool	14	20	21	0	19
Self-completion of IT-based assessment tool	14	17	12	27	16
Something else	10	1	21	0	5
<i>Base</i>	<i>151</i>				<i>148</i>

Base: All active providers who undertake needs assessments (N=148). Responses total more than 100 per cent because respondents could give more than one answer; question not asked in 2014. Source: 2013 and 2012 Work Programme programme delivery survey.

The qualitative research with providers gave further details of these approaches and how they varied. Providers reported assessments taking between 30 and 60 minutes. Some found the longer period necessary for ESA participants and had had to increase average assessment times due to an increase in ESA participants. In some cases, assessment took place over a number of weeks in order to assess and then draw up an action plan. End-to-ends' assessment tools were prescribed by their prime provider

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As previously found (Newton et al., 2012), needs assessments conducted by or for the end-to-ends often placed participants in a 'stream' for support and, dependent on the stream and needs, affected the detail of support within that stream. However, in the 2013 qualitative research, it was found that some providers had moved away from streams to entirely individualised provision. For example, some tended to refer participants who were deemed far from the labour market more often to external provision, whether free or paid. Others described the needs assessment influencing both the frequency and nature of Personal Adviser contact. One allocated specific Personal Advisers dependent on not the needs assessment but on the benefit claimed.

A number of providers in the qualitative research in 2013 reported changes in their assessments. For some, this was due to changes in their prime provider's diagnostics tool and some felt that there were improvements in both quality and speed. Improvements had also led to Personal Advisers being able to adjust more quickly to changing needs. One end-to-end reported their in-house trainers had started to play a larger role, identifying and advising the participants they were training to go on other in-house courses. This was felt to have improved the process for deciding provision, and improved tailoring to individual needs. Improvements were also reported due to increased experience, enabling better classification to streams and faster adjustments to changing needs.

One generalist end-to-end was trialling a new role in 'client engagement advisers', i.e. advisers who specialise in engaging participants in their first four weeks. The adviser does the initial assessment of needs and action planning and then stream participants to their general delivery model. The approach is being tested to see if it improves attendance rates (since early engagement is positively correlated with gaining employment). The early indications are that it does.

Some specialist providers saw a need for generalists to have greater specialist skills in identifying needs. For example, a specialist non-end-to-end providing support for people with a criminal record said they have inappropriate people (i.e. without a criminal record) referred to them because of the lack of technical knowledge of what constitutes a criminal record in the generalist end-to-ends. Another, an end-to-end providing support for drug abusers, felt that the support could be improved if the generalist referring to them knew more about the services provided.

Around eight in ten of providers in all years of the survey (2012, 2013 and 2014) reported that they 'always' developed an action plan for new participants (see Table 10.6 and Table 10.7) and this was most prevalent in end-to-end providers. However, close to a third had made changes to their action planning arrangements between 2012 and 2013 (see Table 10.8). When asked what these changes had been, many discussed various improvements, such as making the plans more detailed, specific or user-friendly. In some cases, plans included asked for more detailed information, around job search or on how participants would be affected by issues such as benefit changes. A need to adapt plans to better suit participants with more complex needs (and particularly ESA participants) was common:

'We have developed a more in-depth assessment tool for the harder to reach clients – ESA flow and JSA with mental health issues.'

'Ongoing refresher training and support in dealing with claimants with more complex barriers.'

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Table 10.6 Use of action planning

	2012		2013		
	All %	End-to-ends %	Non end-to-ends %	Delivery type not answered %	All %
Always	83	90	61	100	83
In most cases	5	6	10	0	7
In some cases	1	0	5	0	1
No	11	3	24	0	8
Not answered	0	1			1
<i>Base</i>	169				159

Base: All active providers (N=159).

Source: 2013 and 2012 Work Programme programme delivery survey.

Table 10.7 Use of action planning

	2014		
	End-to-end %	Non-end-to-end %	All %
Always	92	63	82
In most cases	6	15	9
In some cases	2	10	4
No	0	12	4
<i>Base</i>			138

NB: 2014's data are not directly comparable with 2012 and 2013's, as 2014's base excludes those respondents that did not answer the question.

Source: 2014 Work Programme programme delivery survey.

The qualitative research with providers identified differences in participants' role in identifying needs and drawing up an action plan. These ranged from the participant having complete choice over a range of options to it being negotiated between the adviser and participant.

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Table 10.8 Changes to action plans

	End-to-end %	Non-end-to-end %	Delivery type not answered %	All %
Yes	33	19	57	31
No	63	75	43	65
Don't know	4	6	0	4
<i>Base</i>				146

Base: All active providers who used action plans (N=146).

Source: 2013 Work Programme programme delivery survey.

Further changes were identified in 2014 with the initial stages of engagement, including the introduction of an intensive two-week programme to ensure participants understood requirements and to familiarise them with the full range of tools and assistance.

10.2 Personal Advisers

Personal Advisers have been at the heart of Work Programme provision, providing direct support, reassessing needs and directing participants to other support.

End-to-end providers who had received referrals were asked about the way in which they supported their participants as they progressed through the Work Programme in all years of the survey (2012, 2013 and 2014). The large majority (around 90 per cent in each year of the survey) stated that their Work Programme participants 'always' had the support of a Personal Adviser (see Table 10.9). In all years of the survey, most organisations (around 60 per cent) stated that participants would stay with the same adviser throughout their time on the programme (see Table 10.10 and Table 10.11).

Table 10.9 Use of Personal Advisers

	2012		2013		2014		
	All %	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
Always	88	97	82	90	96	83	91
In most cases	6	8	12	3	2.8	9	4
In some cases	3	0	6	0.9	1	4	3
No	3	1	0	0.9	0	4	2
<i>Base</i>	99			110			97

Base = All active end-to-end providers that answered the question.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

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Table 10.10 Continuity of Personal Advisers

	2012	2013		All %
	All %	Generalist end-to-end %	Specialist end-to-end %	
Always	65	58	94	63
In most cases	25	21	0	17
In some cases	3	20	6	17
No	4	2	0	2
Not answered	3			
<i>Base</i>	96			109

Base: All active end-to-end providers which use Personal Advisers (N=109).

Source: 2013 and 2012 Work Programme programme delivery survey.

Table 10.11 Continuity of Personal Advisers

	2014		All %
	Generalist end-to-end %	Specialist end-to-end %	
Yes, a customer stays with the same adviser throughout unless there is a change in staff,	56	91	64
Customers see different advisers as they move between the stages of the programme	28	5	22
Some customers stay with the same adviser throughout, others see different advisers	15	5	13
No, most customers see different advisers at different times	1	0	1
<i>Base</i>			95

Source: 2014 Work Programme programme delivery survey. NB: 2014's data are not directly comparable with 2012 and 2013's, as 2014's question gave different response options to the previous years', and 2014's base excludes those respondents that did not answer the question.

Providers in the survey who used Personal Advisers were asked in 2012 and 2013 about the frequency of advisers' contact with participants. Responses were broadly divided between organisations who scheduled adviser meetings every fortnight and those who varied the amount of adviser contact depending on the assessed needs of the participant (see Table 10.12). Hardly any providers determined contact based on participants' payment group. This pattern was similar to that in the 2012 survey.

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Table 10.12 Frequency of contact with Personal Advisers

	2012	2013		All %
	All %	Generalist end-to-end %	Specialist end-to-end %	
More than weekly	0	6	1	2
Weekly	10	6	9	10
Fortnightly	41	53	43	37
Monthly	4	12	6	3
Varies with participant's assessed needs	44	18	39	42
Varies with participant's category or payment group	1	6	2	2
Some other frequency or arrangement				3
Don't know				1
<i>Base</i>	96			109

Base: All active end-to-end providers who used Personal Advisers (N=109).

Source: 2013 and 2012 Work Programme programme delivery survey.

In 2013 and 2014, providers responding to the survey were asked about any changes made to the arrangements for Personal Advisers since they began delivering the Work Programme⁶² (see Table 10.13). The majority of providers in both years of the survey reported having made some changes. Most frequently, changes meant that participants saw advisers more often and the most common reason for this was better meeting participant needs (see Table 10.14).

Table 10.13 Changes to arrangements for Personal Advisers

	2013 – Single Response Question			2014 – Multiple Response Question		
	Generalist end-to-end %	Specialist end-to-end %	All %	Generalist end-to-end %	Specialist end-to-end %	All %
In general, participants now see Personal Advisers more frequently	44	13	39	69	18	57
In general, participants now see Personal Advisers less frequently	8	6	7	1	14	4
Participants are more likely to remain with the same Personal Adviser	5	0	5	24	14	21
Participants are more likely to see different advisers	9	0	7	8	0	6
Some other change	12	19	13	3	9	4
No notable changes to the arrangements for Personal Advisers	23	63	29	18	46	25
<i>Base</i>			108			72

Base = All active end-to-end providers who used Personal Advisers and answered question.

Source: 2014 and 2013 Work Programme programme delivery survey.

⁶² The format of this question changed between years such that providers could indicate only one response in 2013, but multiple responses in 2014.

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In the qualitative research with providers in 2014, a prime provider had reduced Personal Adviser contact across the Contract Package Area (CPA) from fortnightly (as in its minimum service standards) to monthly (with the agreement of the DWP). This was explained as reducing excessive demands on participants when they were participating in other activities (for example, training).

The qualitative research with providers also identified that some providers had introduced some specialisation amongst providers, either for ESA participants alone or more generally based on benefit group. The focus on ESA was driven by an expansion in ESA referrals and the increase in referrals to the Work Programme from ESA claimants due for a repeat medical assessment in 6-12 months.

Table 10.14 Reasons to change arrangements for Personal Advisers

	2013	2014
	%	%
To better meet the needs of participants	75	74
To make better use of staff skill sets	33	43
Volumes of referrals	29	40
Cost issues	18	14
To separate support functions from monitoring of sustained employment	18	24
Changes to the make-up or balance of referrals	18	44
Staff turnover	12	17
Other	7	10
<i>Base</i>	<i>77</i>	<i>72</i>

Base: All active end-to-end providers who had made changes to arrangements for Personal Advisers. Responses total more than 100 per cent because respondents could give more than one answer. Source: 2014 and 2013 Work Programme programme delivery survey.

The 31 providers who, in 2013, answered that they had made ‘some other change’ to Personal Adviser arrangements (see Table 10.13) were asked to specify what these had been. Some mentioned additional group sessions or job clubs and the introduction of specialist advisers for participants with complex barriers (such as ESA or Multi-Agency Public Protection Arrangements (MAPPA) referrals). Several reported linking frequency of contact more closely to the assessed needs of participants and some mentioned there was ‘pressure’ from the DWP or prime providers to do this.

‘We are in the process of increasing the frequency in which we see certain payment groups as DWP are targeting us specifically in these areas. This is not something we have needed to do before but now see this as a necessity in order to keep our contract and drive performance in these areas.’

‘Frequency of contact is likely to be affected by the job opportunities available and the pressure to work with ‘green’ clients (i.e. those closer to jobs). We have taken on interns and junior trainee advisers to ensure all customers are seen or at least offered appointments once every two weeks.’

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10.2.1 Size of caseload

In 2014, new questions explored advisers' caseloads and whether there had been changes to these over the past 12 months (see Tables 10.15 and 10.16). Seven in ten providers (73 per cent) responding to a question on how caseloads had changed over the last year indicated that they had decreased slightly or significantly. A follow-up question on whether caseloads fluctuated across the year, indicated that for most providers (66 per cent) they did (see Table 10.16).

Table 10.15 How average/typical caseload size has changed over 12 months

	%
Increased significantly	2
Increased slightly	10
Remained more or less at the same level	17
Decreased slightly	36
Decreased significantly	36
<i>Base</i>	95

Source: 2014 Work Programme programme delivery survey.

Table 10.16 Whether caseloads fluctuated over 12 months

	%
Yes	66
No	32
Don't know	2
<i>Base</i>	95

Source: 2014 Work Programme programme delivery survey.

As discussed above, a reason for the decline in caseloads was the decline in referrals without a compensating decline in adviser numbers. However, this may not be financially sustainable.

10.3 Training

The provider delivery surveys showed close to 40 per cent of participants in 2012 and 2013 received vocational or work-related skills training, and around 30 per cent were trained towards a recognised qualification. This was similar to that reported in the previous wave of the evaluation.

This section examines aspects of that training. First, its organisation, and particularly whether it was subcontracted, is described. Section 10.3.2 describes the nature of training. A major issue is the use of externally-funded training and this is discussed in Section 10.3.3. The way that providers decide on participants' training is described in Section 10.3.4. The findings are based on the qualitative research with providers.

10.3.1 Models of training provision

Two models of training provision were identified.

For many end-to-end providers, the organisation and provision of training was at the end-to-end's discretion. They decided who received training and whether it was delivered in-house, subcontracted to other organisations or secured through signposting participants to enrol on non-Work Programme-funded courses. They also signposted participants to external sources of funds and negotiated with organisations with their own training funds to provide training free of charge to Work Programme participants. For these providers, externally provided training tended to be of short duration. Whilst participants were attending such courses, other support, notably the support of the Personal Adviser, continued. This model was similar across most prime provider chains.

One prime provider had a different model. Participants who were judged fairly distant from the labour market were transferred from the end-to-end provider to a training provider for a period of 18 weeks. Over this time, the training provider undertook the full set of activities normally provided by the end-to-end. The training provider also provided vocational skill training. However, some training providers within this model reported a decline in the emphasis on vocational training and a shift towards work first approaches.

Some providers had in the past year made changes to their training delivery models. In some cases, training had been increasingly taken in-house: this appeared to be driven by attempts to reduce costs. Similar changes were prompted by an increase in referral numbers (see Section 7.1), which had entailed the need to increase the levels of training provision. Changes in the training delivery model were also deemed necessary to accommodate the changing composition of participants (see also Section 7.1). For example, some providers had in the past year received referrals of participant groups that they had not been used to working with, most commonly ESA participants. Some of these providers responded to the growing number of ESA participants by providing new in-house courses aimed at their specific needs. Others reported that they had extended their use of external training providers to deliver the training that they themselves did not have the expertise to deliver.

Some subcontractors noted that they had experienced changes in the levels of influence that the prime providers had over deciding the type of training that was offered. Some subcontractors reported that in the past year they had been given more autonomy over their training provision. One non-end-to-end training specialist reported that while the prime provider had in the past largely determined participants' training pathways, there had been an increase in the levels of flexibility for participants to work with their training advisers to create more customised training packages. Furthermore, this provider noted that their participants were no longer required to pick industry-specific training pathways. For example, if a participant wanted to work in construction, they would now have the option of carrying out training in participant service if they wanted to. This was thought to be a positive change, as it allowed participants to develop a wider range of skills.

Changes to training provision were in some cases initiated by the prime providers, and filtered down to relevant providers in the supply chain. In some cases, prime providers altered their training strategies to adapt to the changing composition of participants. In some cases, this was done by implementing new training courses geared towards the growing numbers of ESA participants, which were offered free of charge to providers within the supply chain.

10.3.2 The nature of training

The type of training, often offered by the end-to-end provider or subcontracted for specialist input included basic employability skills (for example, CV writing and interview practice), other basic skills (for example, IT), and psychological and emotional support (for example, confidence building and motivation). Accredited training courses, including those aimed towards gaining industry-specific qualifications, were also available, normally provided by subcontracting or referral to a specialist organisation.

Practical workplace training, which could involve collaboration with employers, was provided by some. However, the extent of hands-on workplace training offered varied across providers. One prime provider had set up mock workplaces in their warehouse space where employers were invited to provide training in-house. This had involved collaboration with employers in industries including retail and catering.

Some providers offered work-based training that was geared specifically towards the concentration of industries in the provider's region. For example, one provider based in an area with high volumes of call centre work reported that they were more inclined to offer work-based training in this field.

Financial considerations, including the PbR incentives, featured strongly in the decision over what training to provide. It appeared as though this may have reduced the use of externally paid-for training and increased in-house training. The consequence was less vocational training and training for qualifications and more employability training. However, the percentage of participants reported as receiving vocational/work-related skills training and training towards recognised qualifications had declined little between 2012 and 2013. Benefits were sometimes reported for the move of training in-house. For example, one provider felt the training was more effective as participants were able to talk to someone about issues and had support of peers in the training group.

The training offered changed over time, adapting to the changing composition of participants and external needs and adapting to improve delivery. For example, one moved from delivering a course over several short sessions to a single long session to improve attendance. Some providers had in the past year adapted the content of the training they offered to match changes to the benefits system. The introduction of Universal Credit and the changes in Housing Benefit for tenants in the social rented sector judged to have a spare room has led some to offer more training sessions dedicated to informing participants about these changes. In addition, some providers had placed more emphasis on developing participants' IT literacy skills after the introduction of Universal Jobmatch.

'The client journey itself is very much based around IT. Now we're looking at somebody making a new claim, somebody applying for a job, somebody looking at their benefits, all of the job search that they're doing through Universal Jobmatch, people need to be far more IT literate than I think they were even two years ago when it started because everything's with, you know, Universal Credit coming in as well people need to understand how to use a computer. And a lot of the clients who we found were coming through didn't have that ability.'

10.3.3 External funding for training provision

Some providers believed that their models for training provision were limited by the financial model of the Work Programme. For these providers, the income received from the Work Programme was considered to be insufficient to cover adequately the cost of training participants. Some providers noted that due to limited finances they were at times unable to send participants on courses which they considered to be important for the participant's development. The consequence was a reliance on securing external funding for in-house training or on the availability of free training delivered by external organisations. The use of external funding was considered by some providers to be essential, without which the levels of training currently offered would not be possible.

There was evidence that providers accessed a range of organisations to source free training provision. Some providers had referred participants onto courses run by external organisations, such as community centres or, for ex-offenders, probation services. These courses were funded by the external organisations' own sources and were offered for free to providers.

The availability of free training was reported to vary across the country. In regions where there were local colleges and other organisations which offered free training, providers could rely on these as one of their primary sources of training provision. Some other providers based in less central regions reported that they had little access to free provision, and were therefore more dependent on the funds that they were able to secure externally, for example, through the Learning and Skills Council, or on the courses that they were able to provide in-house with their income from the Work Programme.

The funding available for training from external sources also varied regionally. Many participants in Scotland had access to a £200 training grant from the Skills Development Scotland Individual Learning Account. Providers in Scotland noted that a significant aspect of their training provision involved advising participants on how to spend this grant.

Some providers also relied heavily on organising training provision through external organisations that they had developed relationships with beyond the Work Programme. These providers considered this to be an essential element of their training model.

'I don't think we, somehow until you talk through it, realised how lucky we are as an organisation to have lots of different contracts, because it's not until you speak to another end-to-end provider that maybe only deliver the Work Programme, you realise actually how much you've got to tap into here.'

Providers also reported relying on organisations within their supply chain to offer training that they were unable to provide in-house. Prime providers at times played a significant role in facilitating training provision for their supply chain. Some prime providers organised forums in which subcontractors could meet with external organisations who offered training. These forums were felt to be on the whole beneficial. However, some providers based in less central areas noted that there could be a lack of relevant organisations from their localities attending these forums.

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Use of Skills Funding Agency and the European Social Fund

Some of the providers interviewed had secured funding from the Skills Funding Agency (SFA) (in England⁶³) or the European Social Fund (ESF) to deliver their own training. Examples where SFA and ESF funding was used included hiring dedicated trainers and paying for exams and awarding body fees. Providers could also direct their participants to other training organisations which were funded by these bodies.

The providers who had used SFA and ESF funding considered it to be highly valuable in enabling them to offer training. Providers who had used these funding sources in the past reported that they had noticed that their abilities to provide adequate training had significantly diminished since their funding had ended.

Providers in Wales and Scotland are at present not eligible to use ESF funding for their Work Programme contracts. This rule prohibits them both from securing funding directly and from Work Programme participants going on ESF-funded courses. Providers in Wales and Scotland felt that their inability to engage with any training opportunities that were funded by the ESF was having significant negative impacts on their capacities to provide training to their participants. Some providers in Wales and Scotland felt that their inability to access ESF-funded training had greater negative impacts on participants who were furthest away from the labour market, as these participants had a higher need for training. Some providers also felt that this was particularly detrimental to Work Programme participants who had previously been engaged in ESF-funded programmes, such as Jobs Growth Wales. Providers reported cases where participants who had been undergoing training through Jobs Growth Wales were made to end their courses after starting the Work Programme. One provider reported cases where participants with caring responsibilities were required to cut short their NVQ training after joining the Work Programme. There were also cases reported where participants who had, prior to starting the Work Programme, secured jobs or interviews for workplaces that had received ESF funding through the Jobs Growth Wales scheme, who had been told by their Work Programme advisers that they were not eligible to take up these posts.

In other cases, participants had themselves identified training opportunities which, after approaching their Work Programme adviser about these, they had been told that they would not be eligible for as they were funded by ESF. These providers gave specific examples of cases where both the participant and their adviser had agreed that these training opportunities would have been more beneficial for the participant than the training that the Work Programme provider could have offered, but the regulations nevertheless meant that the participant was unable to take it up. The providers involved in these cases reported that these experiences were often demoralising for the participants, and could lead to problems between participants and their advisers.

10.3.4 How appropriate training is determined for participants

Providers used various approaches to ensure that participants were receiving appropriate training. For some providers, training recommendations were made at the initial assessment stage, and could be based on skills testing (see Section 10.4.3. on how support for participants is decided). In other cases decisions about training for individual participants were regularly reassessed. These assessments were, in some cases, carried out by senior

⁶³ Education and skills are devolved to UK countries. The Skills Funding Agency operates in England only.

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managers and team leaders, who at times played a significant role in monitoring the training offered to participants by front-line advisers. This could involve evaluating the development of participants' skills at different stages and making recommendations for future training. Some providers also reported using external organisations, such as the National Careers Service, to meet with participants and recommend training.

Some providers determined the training provided according to the demands of the local labour market. This included matching participants to vacancies and offering training accordingly. This method was thought to be most successful during large recruitment drives.

Some providers developed their training provision through discussions with participants. This could involve participant focus groups or discussions with individual participants to identify areas where additional training provision was needed. Some providers reported that they required participants to justify their need to undertake a particular training route. This was to ensure that the course was appropriate for the participant and would be used to secure employment.

'We don't pay for training for training's sake, and also we advise, that's part of our role as well, to advise our participants within a career path that they want to go into.'

However, some providers believed that the time available for discussions between participants and their advisers could often be insufficient for the provider to determine suitable training routes.

'It's difficult to make a decision in an hour appointment about what somebody's going to do for the next 18 weeks. We understand that it's difficult to get someone who you have just met to open up to you about issues.'

Changes had been made to the ways in which training provision was authorised. Some providers reported that in the past year they had exercised greater levels of caution when authorising payments for participants to receive training externally. In some cases there was a greater emphasis on ensuring that the external training would lead directly to a job for the participant. This could involve authorising payments only after the participant could prove that they had a job lined up, or after the adviser had contacted potential employers to confirm that they would be willing to employ the participant after the training had been completed.

10.4 In-work support⁶⁴

Active labour market programmes have traditionally focused on getting unemployed people into employment and tended to ignore employment retention. A major innovation in the Work Programme is its support for participants once in employment,⁶⁵ with the PbR system incentivising job retention. This has led to an emphasis on support for participants to remain in their job and to secure speedy re-employment if they leave a job.

⁶⁴ Contact with employed claimants was maintained both to provide support and to gather evidence for outcome and sustainment payments. Although these were not always separate, nor could always be separately identified in the research, this chapter reports on support, rather than monitoring, as far as possible.

⁶⁵ For other UK programmes which have included in-work support see Newton et al., 2012.

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At 2012 evaluation, in-work support was somewhat underdeveloped. There was little evidence on its extent and effectiveness, although both participants and providers saw support in the crucial first few weeks of employment as useful (Newton et al. 2012). Support included telephoning participants to offer assistance, better-off calculations, financial assistance for participants' initial travel to work, risk assessments and ongoing access to workshops and training being delivered by the provider. However, there were problems in relation to some participants not wanting to be contacted.

By the 2013 evaluation, in-work support had had time to mature. This section examines in detail the nature of support, in 2013 and 2014, that was offered to participants once they are in work and how this has changed.

10.4.1 Delivery model of in-work support

The provision of in-work support was explored in 2013 and 2014. This showed that in-work support was provided by most end-to-end providers (Table 10.5). The main purposes of this were to offer ongoing support as participants entered to work and to monitor them for the purpose of claiming outcome payments (Table 10.17). The qualitative interviews with providers found a variety of delivery models: some delivered in-work support via a dedicated team or external contact centre, some gave in-work support responsibilities to pre-employment advisers, and some used a combination of these two models. For example, some providers handed over low-risk participants to their dedicated in-work support team after some period of employment, while keeping high-risk participants under the responsibility of their pre-employment advisers. The range of models was unchanged from the 2012 programme evaluation (Newton et al., 2012).

Table 10.17 End-to-end providers' reason to offer continued contact when participants enter work

	2013	2014
	%	%
Yes, via monitoring for purposes of claiming outcome/sustainment payments	73	69
Yes, to provide continuing in-work support to participants	89	87
No	3	6
Don't know	5	2
<i>Base</i>	<i>106</i>	<i>96</i>

Base: All active end-to-end providers who answered question. Responses total more than 100 per cent because respondents could give more than one answer.

Source: 2014 and 2013 Work Programme programme delivery survey.

Dedicated in-work support teams were based remotely in the provider's central office, or in-house. In cases where in-work support was handed over, in-work support staff were expected to have continued contact with participants' pre-employment advisers to help resolve any issues. Participants were also able to contact their pre-employment advisers directly regardless of whether their in-work support had been transferred to another team.

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The qualitative interviews found that some non-end-to-end providers offered in-work support. These providers often offered in-work support for a smaller number of participants with specialist needs (for example, disabled people or people going into self-employment). In-work support was in some, but not all, of these cases offered alongside additional in-work support from the end-to-end provider. Some specialist non-end-to-end providers carried out in-work support until participants reached their initial job outcome point (i.e. 13 or 26 weeks in employment, depending on the payment groups) then handed responsibility back to the prime provider.

Some providers, at times, offered in-work support to participants who had not engaged with them prior to entering work. For example, a non-end-to-end provider specialising in support for participants with mental and physical health problems offered in-work support in-house for 12 weeks to both participants who they had worked with previously, as well as participants who had received pre-employment support elsewhere.

10.4.2 Who receives in-work support

Although almost all end-to-end providers offered in-work support, when asked in the 2013 and 2014 surveys about the proportion of participants that they considered required in-work support, the most common answer given was that the majority of participants did not require it, although some did (see Table 10.18). Nevertheless, when asked in 2013 about their offer of in-work support, the large majority of providers offered this to all or almost all their participants (Table 10.19).

Table 10.18 Proportion of participants requiring in-work support

	2013			2014		
	Generalist end-to-end	Specialist end-to-end	All	Generalist end-to-end	Specialist end-to-end	All
	%	%	%	%	%	%
All of our participants require continuing support	6	0	5	4	18	7
The majority of our participants require continuing support, but some do not	21	56	27	25	32	28
Around half of our participants require continuing support, and half do not	28	25	28	24	14	21
The majority of our participants do not require continuing support, but some do	44	19	41	46	18	39
None of our participants require continuing support	1	0	1	1	18	5
<i>Base</i>			106			96

Base: All active end-to-end providers who answered question.

Source: 2014 and 2013 Work Programme programme delivery survey.

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Table 10.19 Proportion of 2013 participants who are offered in-work support

	Generalist end-to-end %	Specialist end-to-end %	All %	All Cumulative %
None	0	8	1	1
1 – 9%	1	8	2	3
10 – 19%	1	8	2	5
20 – 29%	1	0	1	6
30 – 39%	1	0	1	7
50 – 59%	1	8	2	10
60 – 69%	1	0	1	11
70 – 79%	4	0	3	14
80 – 89%	3	0	2	16
90 – 100%	85	69	83	99
Don't know	1	0	1	100
<i>Base</i>			94	94

Base: All active end-to-end providers who report providing in-work support (N=94).

Source: 2013 Work Programme programme delivery survey.

NB. Data only available for 2013 as question not asked in other years.

The qualitative interviews reflected these findings, showing that providers typically deemed in-work support to be more important for some groups than others. However, providers did not always refer to the same groups in this respect. Participants that were highlighted as being more in need of in-work support included those who had been out of work for longer periods and younger participants. While some providers felt that ESA participants required high levels of in-work support, this group was also considered by other providers as being more likely to sustain work once they had found it.

‘We find ESA participants harder to get a job for, but the sustainment rate is better. It’s almost like they don’t move till they know it’s safe, as in they are clear, so they’ve got everything in place support-wise for the other job they want, and then they move and then they’re comfortable. Whereas your JSA participants, we put much more pressure on them, much more pressure to get a job because in my mind they should be working ... They feel under pressure and take a job. It doesn’t last, so the turnover of number of jobs to get the outcome is quite high for JSA, compared to ESA.’

One specialist end-to-end subcontractor working with ex-offenders suggested that in-work support could also at times be less important for participants in this group, as ex-offenders were thought to be less likely to drop out of work once they find it. Nevertheless, ex-offenders were thought to still benefit from receiving support in areas such as developing confidence in the workplace.

The 2013 survey also asked providers about the proportion of participants who avoided or refused in-work support. The findings, based on the median average, suggested that 30 to 39 per cent of participants entering work avoided or refused the in-work support on offer which meant some 60 per cent did not avoid or refuse it (Table 10.20).

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Table 10.20 Proportion of participants who refuse or avoid in-work support

	Generalist end-to-end %	Specialist end-to-end %	All %	All Cumulative %
None	1	31	5	5
1 – 9%	13	39	16	21
10 – 19%	10	0	9	30
20 – 29%	23	0	19	49
30 – 39%	11	0	10	59
40 – 49%	6	15	7	66
50 – 59%	15	8	14	80
60 – 69%	6	8	6	86
70 – 79%	5	0	4	90
80 – 89%	6	0	5	96
90 – 100%	3	0	2	98
Don't know			2	100
<i>Base</i>			94	

Base = All active end-to-end providers who report providing in-work support (N=94).

Source: 2013 Work Programme programme delivery survey.

NB. Data only available for 2013 as question not asked in other years.

Participants opted out of in-work support for a number of reasons. In the qualitative interviews providers suggested that some participants found continued contact to be a '*nuisance*'. This was thought to be particularly the case with participants who mistakenly assumed that their involvement with the Work Programme would have ended immediately after they entered employment. Providers suggested that participants also opted out of in-work support as they felt stigmatised by being on the Work Programme, or wanted to feel that they had moved on from unemployment. Providers noted that participants who had found their jobs themselves tended to be less receptive of in-work support, often due to the fact that they did not want their employer to know that they had been on the Work Programme.

There was agreement among some of the providers that participants who had been unemployed long term tended to be more receptive of in-work support. While most providers did not feel that there was a distinction in receptiveness between different payment groups, one provider suggested that 18- to 24-year-olds were least receptive, while ESA participants were more welcoming of the continued support.

Self-employed participants were cited by some as a group for whom in-work support was vital, as they often depended heavily on business and financial support to establish themselves. However, there was disagreement between providers about whether the participants in this group were receptive to in-work support or not. Two generalist end-to-end providers noted that their self-employed participants were particularly unreceptive of in-work support, as they could feel that their provider did not contribute to their finding work and so had little to offer once they had set up their business. However, one end-to-end specialist provider working with self-employed participants emphasised that the support that they offered was highly appreciated by all of their self-employed participants. This provider

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offered a more comprehensive one year long in-work support package that focused on personalised business mentoring. This suggests that the availability of specialised provision for self-employed participants could help to sustain these participants' levels of interest and involvement with in-work support for a longer period.

10.4.3 How support is decided

There were different approaches to how the support offered was determined by providers. This particularly affected frequency of contact.

One approach was to base frequency of contact on assessed risk. Some providers risk assessed each participant individually without necessarily referring back to their payment group, whereas other providers placed certain payment groups (for example, ESA participants) automatically into high-risk groups. Risk assessments primarily involved considering the employment history of participants and whether their new employment was suitable for them. Providers also noted that when carrying out risk assessments the nature and reputation of the employer could also be taken to account, as some employers were known to regularly take participants on short-term contracts. For some providers the channel through which in-work support was delivered depended on the outcomes of these assessments.

The other approach was to provide the same support to all. Thus all participants were contacted at set intervals, regardless of their individual circumstances. Some providers combined these approaches, contacting all participants uniformly for the first few weeks of employment, before carrying out a risk assessment to determine the frequency of future contact.

Many aspects of in-work support were shaped by participants' choices. However, advisers made their preferences clear to participants and often attempted to influence their choices. Participants could choose to opt out of in-work support altogether. However, some advisers reported that they responded to proposed exit by emphasising to the participant the importance of in-work support.

Some providers reported that participants had the choice of returning to their pre-employment adviser for in-work support if support had been transferred to a dedicated in-work support team. Furthermore, much of the content of the in-work support received was determined by discussing with the participants what they wanted and needed. Providers reported that they usually complied with support requests made by participants if they considered them to be constructive.

Participants could also choose how they were contacted. In most cases providers preferred to contact participants by telephone, but participants could choose to be contacted by email, letter or, increasingly, text message.

10.4.4 The nature of in-work support

When asked what in-work support constituted, providers responding to the 2013 and 2014 surveys most commonly cited advice from a Personal Adviser, help and support with benefits and financial advice, and contact with the employer to support the participant (Table 10.21). Compared to the 2012 survey, by 2013 there had been statistically significant increases in the proportion of providers offering financial or benefits advice (79 per cent as opposed to 55 per cent in 2012), help and advice on ensuring work is compatible with a health condition or disability (67 per cent compared to 35 per cent in 2012) and in-work mentoring (62 per cent as opposed to 43 per cent in 2012). By 2014, the percentage offering each of these had declined, although the percentage for each remained higher than in 2012.

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Table 10.21 Nature of in-work support

	2012	2013	2014
	%	%	%
Follow-up meetings with Personal Adviser(s)	57	–	–
Follow-up phone calls with Personal Adviser(s)	85	–	–
Follow-up phone calls with other staff (e.g. call centre operator)	38	–	–
Advice from Personal Adviser	–	95	88
Help/support with benefits or financial advice	55	79	72
Direct contact with employer to offer support to, or advocacy for, participant	66	75	57
Help/support with ensuring work is compatible with a health condition or disability	35	67	56
In-work mentoring	43	62	57
Help/advice on training opportunities	54	60	57
Help/support with childcare issues	26	44	39
Other	10	9	7
None	–	–	5
<i>Base</i>	<i>114</i>	<i>93</i>	<i>96</i>

Base = All active end-to-end providers who report providing in-work support who answered question. Responses total more than 100 per cent because respondents could give more than one answer. ‘–’ indicates not applicable.

Source: 2014, 2013 and 2012 Work Programme programme delivery survey.

In the qualitative interviews providers elaborated on the nature of the support offered. For the most part, in-work support involved the adviser calling the participant at certain intervals to ask how their job was going and whether they needed any further support. This was standard for all participants who had not opted out. On the whole, support was more frequently offered by advisers in the first few weeks of participants’ employment. This primarily involved helping participants cope with the financial strains of returning to work, such as paying for Council Tax, transportation and work clothes. However, the support offered could also be customised towards participants’ needs. For example, some participants required wake-up calls while others needed support in emotionally adapting to a new workplace.

Most in-work support advisers’ remits involved contacting participants’ employers, but this could only be done with the permission of the participant. Contact with employers was made to confirm that the participant was attending work, discuss progression and training opportunities for participants, and to negotiate with on participants’ behalf when problems occurred. The process of in-work support often overlapped with providers’ employer engagement duties, as advisers were able to foster relationships with employers while offering in-work support. In particular, when it was clear that a participant was planning on leaving their job, advisers could make contact with the employer to try to fill the vacancy with another participant’s.

As was reported in earlier research (Newton et al., 2012), there were significant variations in the frequency of contact made by providers to participants in-work. A number of providers emphasised the importance of contacting participants in the first day or week of their new job, as this was considered to be the period when support was most needed. Most providers

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contacted participants weekly or fortnightly until a job outcome had been achieved, after which the frequency of contact was decreased, often to monthly intervals. However, some providers contacted participants on a monthly basis from the beginning of their in-work support period. The frequency of contact was often set by the prime provider. However, some subcontractors reported that they had needed to deviate from the established rate of contact as in practice they had found that participants needed less or more frequent support than were suggested in the prime's guidelines.

10.4.5 Changes to in-work support

A number of providers reported in 2013 that there had been changes to their model of in-work support. The commonly cited shift in focus to in-work support involved more use of dedicated in-work support advisers to whom pre-employment advisers handed over participants after they entered employment. This was cited in the earlier research (Newton et al., 2012) as being one of the primary changes made to in-work support delivery in the initial stages of the Work Programme, and higher numbers of providers had adopted the model this year. Dedicated in-work support teams had been either introduced or expanded to cater for the growing number of Work Programme participants who have entered work over the past year.

Many of the providers who had transferred in-work responsibilities to a dedicated team reported that it had led to an improvement of delivery. Some providers reported that their pre-employment advisers had felt overwhelmed when having to deal with in-work participants while simultaneously maintaining their pre-employment caseload. As a result, in-work participants had sometimes become a secondary concern for advisers, and were infrequently contacted and occasionally forgotten about. The introduction of dedicated in-work support teams were thought to have helped to prevent these problems.

By 2014, the emphasis of change was both in terms of increasing resources spent on in-work support and on the establishment of specialist teams to assist with rapid re-employment of participants who had fallen out of work.

While some providers felt that the centralised model of in-work support was an improvement, others had experienced problems when in-work support was offered by a remote, central team. For example, an end-to-end subcontractor provided in-work centrally for the two CPAs in which it delivered. However, there were concerns that support varied between the CPAs (with participants in the CPA in which the central team was based receiving higher quality support, benefiting from the local knowledge of the support team). In mid-2013, the subcontractor decentralised in-work support back to the CPAs, with dedicated in-work support advisers. The provider felt that this model was more effective; it had led to an increase in contact rates and the provider felt more able to keep track of which participants had fallen out of work. In addition, the provider felt that the localised in-work support system was '*friendlier*' than the support offered by the central office, as participants had the option of meeting their in-work support advisers face-to-face before they started work.

Some providers mentioned that more emphasis was being placed on offering support to in-work participants in the earlier stages of employment. At the point of interview, one prime provider was planning to subcontract out all in-work support for participants who were established in work, so that their advisers could focus solely on supporting those who were newly employed.

The function of in-work support had also been expanded by some providers to place more emphasis on helping in-work participants to look for new jobs. This was often due to the prevalence of seasonal or temporary work in some regions. One prime provider had

introduced a new team of Second Job Employment Consultants, who were responsible for looking for new jobs for participants who had fallen out of work, were on temporary contracts, or were otherwise close to falling out of work. This provider reported that as a result of this they had seen an increase in the number of participants going into a second job while on the Work Programme. Other providers acknowledged the need for more focus on trying to find work for in-work participants on temporary contracts, but had not yet been able to do so.

10.4.6 Financial impact of in-work support

Some providers acknowledged that they placed a significant amount of emphasis on in-work support due to the fact that most of their organisation's income came from achieving sustained job outcomes.

[In-work support is] massively [important] ... For us getting someone into work means nothing, it's about keeping them there because we need the outcome.'

One provider, however, had doubts whether proactive **adviser** contact was cost-effective, although they did consider that proactive **participant** contact (i.e. participants having a point of contact with whom they could get in touch with if they chose) was useful.

10.4.7 Effectiveness of in-work support and suggestions for improvement

Providers typically reported that in-work support was a valuable element of the Work Programme. In-work support was thought by some to be more important during certain stages of a participant's employment than in others. Participants were thought to be more likely to drop out of work in the first few weeks of employment, and thus in-work support was more crucial at this stage. One provider observed that in-work support increased in importance for many participants at the end of their probationary period, which was usually after six months of employment. This coincided with job outcome payments for some participants. This raises the question of whether reducing contact after the first few weeks of employment, as many providers do, is detrimental for some participants in the long term.

Providers offered a range of reasons for why they felt that in-work support was important. Some felt that it was crucial for participants to have a contact to discuss their problems at work, as some participants did not know how to appropriately deal with conflict at work. One non-end-to-end specialist working with disabled people highlighted the importance of providing support for people who may be feeling insecure and unconfident at work, which could involve discussing seemingly minor matters such as participants' uncertainties about where to go during their lunch breaks.

Some providers felt that in-work support was not as effective as it could be as it was difficult to get hold of participants during the providers' office hours. Some providers noted that as a consequence of this, their staff had felt the need to frequently work outside office-hours in order to be able to get hold of participants. One provider noted that managers were contacting participants on Sundays when the office was closed, as this was the day that participants were more likely to answer their phones.

Some providers felt that in-work support could be improved by more frequent face-to-face contact with in-work participants, either in the provider's office or in the participant's workplace. However, providers acknowledged that this strategy could prove to be unpopular with many participants (see Newton et al., 2012).

10.5 Providers' views on programme provision

All providers were asked in the 2013 survey to rate their views on the overall effectiveness of the Work Programme. Views were mixed (Table 10.22). Almost four in ten (39 per cent) stated that it was broadly effective, 14 per cent noted that it was neither effective nor ineffective and 36 per cent that it was broadly ineffective. This was a statistically significant improvement on the 2012 survey, when 24 per cent felt the programme was effective, ten per cent that it was neither effective nor ineffective and 48 per cent reported that it was ineffective. The weight of opinion among end-to-end providers was towards the view that it was effective whereas non-end-to-end providers were more pessimistic on this point.

Table 10.22 Views of the overall effectiveness of the programme

	2012		2013		
	All %	End-to-end %	Non-end-to- end %	Delivery type not answered %	All %
Very effective	5	8	2	13	6
Somewhat effective	18	38	18	50	33
Neither effective nor ineffective	10	15	13	0	14
Somewhat ineffective	23	18	16	13	17
Very ineffective	25	12	38	0	19
Too early to say	8				N/A
Don't know	11	4	11		6
Not answered	0	5	4	25	5
<i>Base</i>	<i>169</i>				<i>190</i>

Source: 2013 and 2012 Work Programme programme delivery survey.

In a new question in 2014, providers were asked about the impact of the DWP's commissioning model on their ability to help participants overcome barriers to sustained employment (Table 10.23). Providers appeared very mixed on this point, with 37 per cent noting a positive impact and 44 per cent noting a negative impact.

Table 10.23 Impact of DWPs commissioning model on ability to help participants to overcome barriers to sustained employment

	%
A strong positive impact	12
A weak positive impact	25
No impact	11
A weak negative impact	19
A strong negative impact	25
Don't know	8
<i>Base</i>	<i>151</i>

Source: 2014 Work Programme programme delivery survey.

10.6 Jobcentre Plus managers' views of the Work Programme

The research indicated mixed views about the Work Programme among Jobcentre Plus staff and some were quite negative. It should be noted that these views were expressed during discussions in which a key focus was individuals returning to the Jobcentre Plus following two years of support from Work Programme providers and that these interviews took place in 2013.

Where providers had offered regular face-to-face contact, and/or opportunities for work experience, this was felt by Jobcentre Plus staff to have worked well. Similarly, some providers were praised by these staff for their expertise in securing job vacancies to offer participants, and for supporting participants with accessing Universal Jobmatch and use of IT generally. However, the accounts of other Jobcentre Plus staff indicated that it was hard to say what worked, and some took more negative stances noting that very little support or intervention was being offered to participants. The volume of 'returners' in some Jobcentre Plus offices was reported to undermine the idea that the Work Programme was effective. There were indications that some ATMs were considering the comparative performance of the prime providers operating within their localities and some of these wanted to see greater consistency of support emerge in order that all participants received the best possible support.

Perceived problems with the programme reported by ATMs included: a lack of work placement opportunities, irregular or infrequent contact with participants and particularly among vulnerable or harder to help individuals, no explanation offered to participants about why sanctions had been requested, and no offer of discretionary funding to cover travel costs to interviews or to assist with the purchase of interview clothing.

Reinforcing findings from 2012 (see Newton et al., 2012), some ATMs said that participants did not understand the boundaries between Jobcentre Plus and Work Programme providers such that they did not understand that information was not shared as a matter of course. Similarly they did not always understand the shift in responsibility for their case when they first moved into the programme and then later were returned to Jobcentre Plus following support from Work Programme providers. This was a point that some ATMs wanted to see addressed through increased communication and collaboration with providers.

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When asked about what improvements were needed to the Work Programme, some Jobcentre Plus staff said they would like to see the programme include a greater intensity of support and more frequent meetings with participants and particularly those who were harder to help in order to avoid their entrenchment in unemployment or inactivity. Beyond this, there were calls for increased collaboration between providers and Jobcentre Plus to increase support to participants, and the ironing out of some issues such as clearer identification of who should offer support when participants moved CPAs and referral problems associated with prison leavers⁶⁶.

10.7 Prioritisation of participants

Findings from the present study correspond with suggestions from previous waves of research (Newton et al., 2012; Lane et al., 2013) that there is some prioritisation, by providers, of participants by closeness to employment. Some providers acknowledged that they used a 'light touch' approach when working with participants furthest away from the labour market and gave more intensive support to job-ready participants. For job-ready participants this could involve more frequent meetings, a larger number of mandated activities, increased likelihood of being referred to job interviews, and a greater push from their advisers to find work. Suggestions that the hardest to help were receiving less support were also made by specialist disability providers in the 2013 research, who reported that the fact that they had not received as many referrals as they had anticipated indicated that the participant groups that they should have been working with were not receiving the specialist support that they needed.

Many of those who openly disclosed prioritising job-ready participants felt that they were bound to do so by the Work Programme financial model. Some subcontractors reported that they only reluctantly prioritised some participants and did so because they felt pressure from the prime provider to meet job outcome targets. Some subcontractors had implemented internal strategies in an attempt to avoid such prioritisation, including policies of providing individualised provision to all participants without taking into account their payment groups. In some cases, however, subcontractors felt that this had led to conflicts between themselves and the prime provider, who had insisted that payment group targets should be more closely considered.

In other cases, payment group targets imposed by the prime provider (to meet DWP targets and PIPs) had prompted subcontractors to engage more effectively with participants who may have previously been left behind, i.e. support increased for participants in the three DWP targeted groups (JSA participants aged 18 to 24, JSA participants aged 25 and over and new ESA participants). However, within these groups the targets could lead to prioritisation of participants closer to employment. Moreover, the division of providers' caseloads into priority and non-priority participants meant that the support provided to participants who did not belong to the monitored payment groups was comparatively less.

While differential pricing was intended to ensure support for all, irrespective of distance from employment, as discussed in Section 6.3, it appears to have had a limited impact in driving provider behaviour. In some cases differential pricing did motivate some providers to engage more with ESA participants. This in itself could lead to reduced support for

⁶⁶ Prison leavers who wish to claim Jobseekers Allowance are immediately mandated to the Work Programme, 'Day One' mandation. A separate evaluation is being conducted of Day One.

participants in the 'middle', who did not generate high job outcome payments but who were also not immediately ready for work. Some providers explicitly said that they focused on both participants for whom sustainment outcomes are most likely as well as participants who bring in the largest payments.

There had been an increase in support for ESA participants in response to the increase in ESA participants in the Work Programme. While this suggests that some providers were taking steps to adequately engage with ESA participants, the research suggests that some providers were better placed or more willing to make these adjustments than others. Low levels of support for these participants still took place where providers had struggled to adapt to the changes in the composition of participants and were unable to provide the specialist support needed for ESA participants.

10.8 Summary

10.8.1 Overview of changes in support

There was evidence of support changing over the course of the Work Programme. The main changes between 2012 and 2013 were in the nature and extent of provision for ESA participants; a switch towards a work-first approach; changes in participant contact; co-locating with Jobcentre Plus and with probation; an increase in employer engagement activities; and changes to in-work support. Other changes identified included improvement in tools and small adjustments to provision, to improve outcomes or reduce costs. The increasing emphasis and support for ESA participants continued into 2014. However, by 2014 there was also evidence of some shift of support towards other groups covered by DWP performance targets, as well as towards those most job ready. The implication is that, to some extent, those less job ready and those not in the three DWP performance target payment groups may receive less support.

Many of the changes were in response to the change in the composition of referrals and did not affect the level of support individuals received. However, others were driven by financial pressures (to achieve outcome payments or to reduce costs) and by Performance Improvement Plans. Whilst some of these changes sought to increase outcomes and meet performance targets, they also appeared to reduce assistance to those least likely to enter and remain in employment.

10.8.2 Initial engagement, identifying support needs and action planning

There had been some changes in the way that support needs were identified and the use to which this was put. In part, this was a part of general, ongoing development, with prime providers refining assessment tools and assessors becoming more experienced in their use. However, there was evidence of a move towards greater personalisation (for example, with a reduction in assessment being used to stream towards individualised tailoring of support) and bringing in additional expertise to the assessment process (for example, including trainers). Innovation also included the trialling of 'client engagement advisors' to focus on participants in their first four weeks. The increase in ESA referrals had led to an increase in the average time for assessment for some providers.

10.8.3 Personal Advisers

There had been some change in the use of Personal Advisers. In 2014 over a half of end-to-end providers reported increasing the frequency of contact with participants and one-fifth reported more often maintaining continuity of Personal Adviser for the participant. Innovations identified included the move towards specialist advisers, particularly for ESA participants, but also for other payment groups; and linking frequency of contact more closely to need.

10.8.4 Training

The percentage of participants receiving vocational or work-related skills training, including training towards a recognised qualification appeared to have changed little since the first wave of the evaluation. However, the qualitative research suggested that the aggregate figures may disguise changes of opposing natures. It appeared as though there may have been a decrease in training for the more job-ready (and an increased focus on work first approaches), but that training had not declined in aggregate because of the increase in ESA participants raising the need for training. Other changes in training were apparent. These were not of a consistent nature across providers, for example, some prime providers had increased and others decreased their control over providers' training provision. There did seem to be a move towards providing training in-house, particularly to support the least job-ready ESA participants. Financial considerations, including the PbR incentives, featured strongly in the decision over what training to provide and it appeared as though this may also reduce the use of externally paid-for training and increased in-house training.

Training paid by others and participant training grants were used by providers as far as possible. However, awareness varied by provider and access varied across the country, leading to differences in the provision available to participants, depending on location and provider.

10.8.5 In-work support

In-work support was provided by most end-to-end providers and some non-end-to-end providers. It tended to be delivered by telephone (and also by other non-face-to-face methods), provided either by a dedicated in-work support team (sometimes centralised) or by the same pre-employment Personal Advisers. It appeared as though the trend for dedicated in-work teams identified previously (see Newton et al. 2012) had continued, with providers reporting improved retention stemming from such teams. Although fewer than one-third of providers considered most of their participants required in work support, nearly all (83 per cent) offered all their participants such support in 2013. Those identified as more likely to need such support were those who had been out of work longest and young people. Providers either offered the same support to all or based frequency of contact on assessed risk. Frequent contact was seen as important in the first few weeks, after which, depending on risk assessment, it might decline. However, some providers did not follow this pattern and made contact monthly from the start.

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The nature of in-work support has been changing. Compared to the 2012 survey, there had been increases in the proportion of providers offering financial or benefits advice, help and advice on ensuring work was compatible with a health condition or disability and in-work mentoring (62 per cent as opposed to 43 per cent in 2012). An innovation for some, particularly in locations with a high incidence of seasonal and temporary employment, was to place more emphasis on helping in-work participants to look for new jobs. By 2014, the percentage offering each of these had declined, although the percentage for each remained higher than in 2012.

In 2013, around one-third of participants in work appeared to opt out of in-work support, with providers believing they saw it as a nuisance, stigmatising, or participants having thought they would leave the Work Programme on gaining a job.

10.8.6 Providers' views on programme provision

Compared with the 2012 wave of the evaluation, by 2013 there had been an increase in the percentage of providers which believed the Work Programme to be broadly effective. The weight of opinion among end-to-end providers was towards the view that it was effective, whereas non-end-to-end providers were more pessimistic on this point.

10.8.7 Jobcentre Plus managers' views of the Work Programme

Jobcentre Plus managers' views on the effectiveness of the Work Programme were mixed, but tended to be fairly negative. The 2013 interviews with these managers placed a key focus on individuals returning to Jobcentre Plus after two years on the Work Programme. The volume of 'returners' in some Jobcentre Plus offices was said to undermine the idea that the Work Programme was effective. Beyond increasing the support provided, there were calls for increased collaboration between providers and Jobcentre Plus to increase support to participants, and the ironing out of some issues such as clearer identification of who should offer support when participants moved CPAs and referral problems associated with prison leavers.

10.8.8 Prioritisation of participants

There was evidence of prioritisation of support to participants, driven by the PbR model and by DWP targets. The former drove providers to focus support on those closest to employment in the first instance in order to boost their income. However, DWP targets, (particularly where the prime provider was subject to a performance improvement plan), drove providers to focus support on the three target payments groups (JSA claimants aged 18 to 24, JSA claimants aged 25 and over and new ESA claimant), which includes a group (new ESA claimants) fairly distant from employment. Whilst not all provision was guided by these factors, with some providers stressing their aim to assist all according to need, the result is differential access to support not determined by need. The participants most likely to suffer through lower levels of support are those furthest from the labour market, but not in the three targeted payment groups.

11 Outcomes

Once referred to the Work Programme participants remain on the programme for two years, whether or not they gain employment. At the end of the two year period, those who are not employed return to Jobcentre Plus for further support. For each returning participant the prime provider produces an exit report to help Jobcentre Plus determine the most appropriate type of support for participants upon their return.

This chapter describes provider-reported employment outcomes (see Section 11.1) and their expectations over the number of participants likely to return to Jobcentre Plus at the end of two years (see Section 11.2). It then describes Jobcentre Plus’s support for returners (see Section 11.3) and Jobcentre Plus’s views of exit reports (see Section 11.4).

11.1 Employment outcomes

End-to-end providers involved in delivery were asked, in 2013, for the proportion of their participants who had started any form of paid employment since they began to deliver the Work Programme, and then the proportions of participants who had retained in employment for 13 weeks and 26 weeks respectively in one job or cumulative jobs. Using median averages, providers had most commonly seen 30 to 39 per cent of their participants enter any form of paid employment (Table 11.1). For those sustaining to 13 weeks, the median was 20 to 29 per cent and for 26 weeks, 10 to 19 per cent. The trend in employment showed an increase from the reported average of 20 to 29 per cent of participants entering employment in the 2012 delivery survey.

Table 11.1 Proportion of Work Programme participants starting any form of paid employment since organisation began to deliver

	2012 %	Cumulative %	2013 %	Cumulative %
None	6	6		
1 – 9%	8	14	6	6
10 – 19%	31	46	10	16
20 – 29%	34	80	22	38
30 – 39%	9	89	27	65
40 – 49%	2	91	23	87
50 – 59%	1	92	5	93
70 – 79%			1	94
90 – 100%			3	96
Not answered			4	100
Don't know	8	100		
<i>Base</i>		99		111

Base = All active end-to-end providers.

Source: 2013 and 2012 Work Programme programme delivery survey.

NB. Data not available for 2014 as question not asked.

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There did not appear to be statistically significant differences in employment outcomes by provider sector or size (Table 11.3, Table 11.4, Table 11.5). This was in contrast to the 2012 survey, in which larger providers were significantly more likely to be outperforming smaller ones on this measure. The most statistically significant differences in the current survey were linked to provider type, with generalist end-to-end providers much more likely to see more than 30 per cent of their participants entering employment than specialist end-to-ends (Table 11.6 and 11.4b). However, this could reflect the composition of the participant group handled by specialist end-to-end providers, rather than indicate a mark of provider quality.

Table 11.2 Employment outcomes by provider sector 2013

	Less than 30%	30% or more	<i>Base</i>
	%	%	
Public	35	66	29
Private	35	65	26
Voluntary, community, or social enterprise	43	57	51

Source: 2013 Work Programme programme delivery survey.

Table 11.3 Employment outcomes by provider sector 2012

	Less than 20%	More than 20%	<i>Base</i>
	%	%	
Public	58	42	12
Private	31	69	16
Voluntary, community, or social enterprise	59	41	29

Base: All end-to-end providers responding to both the programme delivery and commissioning surveys.
Source: 2012 Work Programme programme delivery survey.

Table 11.4 Employment outcomes by provider size 2013

	Less than 30%	30% or more	<i>Base</i>
	%	%	
50 staff or fewer	44	56	36
More than 50 staff	37	63	71
All	39	61	107

Source: 2013 Work Programme programme delivery survey.

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Table 11.5 Employment outcomes by provider size 2012

	Less than 20%	More than 20%	Base
	%	%	
50 staff or fewer	68	32	19
More than 50 staff	42	58	38
All	51	49	57

Base= all end-to-end providers responding to both the programme delivery and commissioning surveys.

Source: 2012 Work Programme programme delivery survey.

Table 11.6 Employment outcomes by nature of delivery 2013

	Less than 30%	30% or more	Base
Provider type	%	%	
Generalist end-to-end	33	67	91
Specialist end-to-end	75	25	16
All	39	61	107

Source: 2013 Work Programme programme delivery survey.

Table 11.7 Employment outcomes by nature of delivery 2012

	Less than 20%	More than 20%	Base
	%	%	
Generalist end-to-end	44	56	75
Specialist end-to-end	75	25	16
All	45	46	91

Base: All end-to-end providers.

Source: 2012 Work Programme programme delivery survey.

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Table 11.8 Proportion of participants entering worksince organisation began to deliver

	Proportion of participants starting any form of paid employment	Proportion remaining in employment for at least 13 weeks (in one job or cumulatively)	Proportion remaining in employment for at least 26 weeks (in one job or cumulatively)
	%	%	%
None	0	0	2
1 – 9%	6	10	8
10 – 19%	10	16	23
20 – 29%	22	19	11
30 – 39%	27	12	9
40 – 49%	23	1	0
50 – 59%	5	2	1
70 – 79%	1	0	0
90 – 100%	3	2	2
Not answered/ failed logic test	4	39	45
<i>Base</i>	<i>111</i>	<i>111</i>	<i>111</i>

Base: All active end-to-end providers (N=111).

Source: 2013 Work Programme programme delivery survey.

11.2 Returners to Jobcentre Plus

Information on returners was gathered from two sources in 2013: the programme delivery survey, in which providers were asked to estimate the percentage of their participants they expected to return to Jobcentre Plus auspices at the end of their time on the Work Programme; and the qualitative research with Jobcentre Plus managers, in which respondents were asked about the type of participants returning and their needs.

When providers in the 2013 survey were asked about the proportion of their first intake of Work Programme participants they expected to return to Jobcentre Plus for support, the median average suggested 50 to 59 per cent (Table 11.9).

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Table 11.9 Proportion of participants expected to be returned to Jobcentre Plus following participation in the programme

	Generalist end-to-end %	Specialist end-to-end %	All %	All Cumulative %
None	0	8	1	1
1 – 9%	3	39	6	7
10 – 19%	18	0	12	19
20 – 29%	14	8	10	29
30 – 39%	13	8	9	38
40 – 49%	9	0	5	43
50 – 59%	16	8	11	54
60 – 69%	14	0	9	63
70 – 79%	10	8	7	70
80 – 89%	3	15	4	74
90 – 100%	1	8	2	76
Don't know			19	95
Not answered			5	100
<i>Base</i>			<i>111</i>	<i>111</i>

Base = All active end-to-end providers (N=111).

Source: 2013 Work Programme programme delivery survey.

There were mixed views among Jobcentre Plus Advisory Team Managers (ATMs) of the participant groups most likely to return to Jobcentre Plus following two years of support from Work Programme providers. There was a degree of consensus that the 'returners' often included those who were hardest-to-help, for example, participants with long-term or complex health conditions, including mental health problems, or lengthy histories of unemployment, including the very long-term unemployed who advisers recognised from earlier programmes, individuals who were refugees or homeless, people with no qualifications, and those with drug or alcohol problems. Beyond this, Jobcentre Plus staff felt that some returners had not had their barriers addressed, for example, barriers related to literacy, numeracy, or English for Speakers of Other Languages (ESOL) needs, or substance misuse. Other returners were said to be those who churned between work and unemployment which particularly included younger individuals in receipt of Jobseeker's Allowance (JSA). Another typical characteristic of returners was said to be that they had not engaged with the provider, although reasons for this lack of engagement could not be substantiated.

The comments made by Jobcentre Plus staff indicated that they were concerned that providers concentrated their assistance on those closest to employment and that participants further away from employment received less assistance (although research with customers indicated that they tended to be happy with the amount of support they received; Meager et al., 2014).

Perhaps understandably, Jobcentre Plus staff reported that returners presented a challenge for them to support, since they represented those with the highest barriers to employment and those who were most entrenched in unemployment or inactivity.

11.3 Jobcentre Plus support for returners from the Work Programme

It was apparent that on returning to the auspices of Jobcentre Plus, individuals would be expected to engage in intensive activity to find work. This could take the form of daily or twice weekly meetings with Jobcentre Plus advisers, undertaking work placements, engaging in training from the support contract or the Mandatory Intervention Regime, which entails a 26-week programme of support, job searching and in some cases training or work preparation. In one example, a Jobcentre Plus office a two-track system was implemented which targeted intensive support and mandation on those returners who were not making active efforts to find work, and offered a more relaxed approach, with less frequent meetings and less conditionality, to those who were.

There were numerous comments from Jobcentre Plus staff that this new intensity of support was appreciated by individuals and could provide the impetus and support they needed to enter work. Jobcentre Plus staff also highlighted that many returners had found work, following a period of intensive support from Jobcentre Plus.

'The interesting thing from our point of view is that there's a high percentage of customers who desperately want the level of support that's being given to them. They're welcoming it, they feel that they have been left for a long period of time so now there's people wanting to work with them and the ones who want to do it, you know. I've sat in on my advisers doing the welcome group information session and people have said thank you, this is exactly what we wanted, we want this level of support so its been I think something the customers themselves feel has been lacking.'

(ATM)

In part, the effectiveness of work with returners was attributed to changes within Jobcentre Plus practices, along with greater capability to use conditionality to full effect, and increased flexibility and linkages to services such as training, the National Careers Service and so forth which could address barriers to work and thereby underpin the achievement of employment outcomes.

11.4 Jobcentre Plus' views on the coverage of the exit reports

The picture that emerged from across Jobcentre Plus offices was that the quality of the exit reports was highly varied. In some cases, ATMs noted differences between providers and in others ATMs talked of differences 'between and within' providers.

Jobcentre Plus staff noted that the exit reports from some providers contained only brief, relatively vague and generic information which was of little use to them, while other providers presented more detail on the interventions offered and taken up by participants.

Other Jobcentre Plus staff were concerned that where exit reports did not contain much detail, this meant that participants had been offered very little by their providers. The accuracy of the reports was also questioned since discussions with returners suggested some inconsistencies between how they described their experience and what was written in the exit report – in that there were instances where returners did not recall activities that were listed, but also cases where providers failed to record activities recalled by participants.

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There was also some recognition that providers might not enter sensitive information into exit reports, on the basis that it was confidential between themselves and participants, or because participants could request a copy of their exit report.

Overall, the impact of inaccuracies or insufficient detail in the exit reports appeared minimal since most ATMs reported that their staff would engage returners in a detailed diagnostic assessment of their experience in order to understand more about their barriers to work and what more support could be offered.

Where the exit reports were sufficiently detailed, containing information about the interventions and support delivered, this was appreciated. Jobcentre Plus staff appreciated information about the attitudes and motivation of returners such as whether they were self-motivated to find work and required a light touch, or whether they were not, and therefore needed a heavier monitoring approach.

Views of whether the exit reports were worthwhile were, unsurprisingly, intertwined with views of their quality. Where they were viewed as worthwhile was when they could be used to question participants on the difference made by activities undertaken and interventions received. However, until the quality, timeliness and depth of information can be made more consistent, it appeared that some ATMs thought that the exit reports were of marginal benefit to their work.

A final point to make about the exit reports is the related issue of providers' criticisms of the quality of the information they received from Jobcentre Plus about participants on referral (see Newton *et al.*, 2012). Therefore, it may be beneficial to provide guidance to Jobcentre Plus and providers on the nature and extent of information that should be shared on referral between the two organisations.

11.5 Summary

Based on end-to-end providers reports, by 2013, the percentage of participants entering work appeared to have increased compared to the previous evaluation wave. On average, end-to-end providers estimated that 50 to 59 per cent of their participants would return to the Jobcentre Plus for support at the end of their two years on the Work Programme.

Not surprisingly, returners to Jobcentre Plus were described as the hardest-to-help and so were particularly challenging for Jobcentre Plus. Some Jobcentre Plus staff were concerned that some returners had received little support while on the programme. Returners to the Jobcentre Plus were expected to undertake intensive activity to find work or increase employability, with mandation as necessary.

Jobcentre Plus reported that the quality of exit reports varied greatly. Whilst jobcentre staff did their own detailed diagnostics with returners, they stressed that it would be useful to receive exit reports which gave a full history of the support received and information about the attitudes and motivation of returners.

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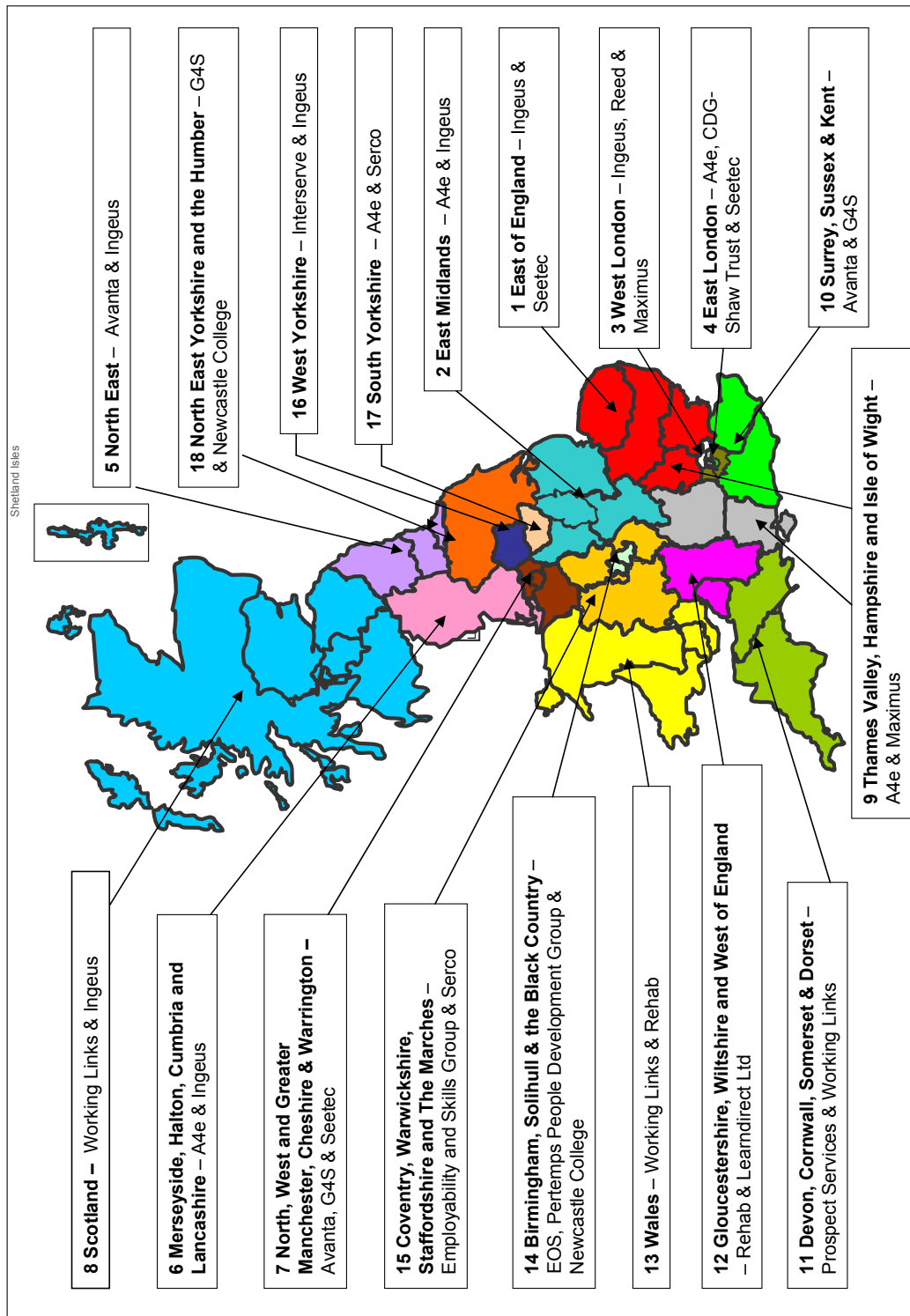
Appendix A

Map of CPAs and prime providers

Please link below

www.gov.uk/government/publications/work-programme-contract-package-area-and-prime-providers

Work Programme – Contract Package Area and Prime Provider



*Numbers refer to the Contract Package Area number

Appendix B

Detailed methodology

The evaluation of Work Programme is divided into two strands, the commissioning strand and the programme delivery strand.

B.1 The commissioning model evaluation

The commissioning strand comprised four years of fieldwork carried out between November 2011 and June 2014. The findings of this report cover the final two years of fieldwork, carried out between May 2013 and June 2014. The breakdown of these fieldwork waves and sample structures is below.

B.1.1 2013 Research

The 2013 research fieldwork included the following:

- Qualitative in-depth interviews with 43 organisations outside supply chains conducted between May 2013 and July 2013. These interviews included organisations who chose not to bid, those who bid and were not successful and those who left the supply chains post contract award. Some interviews were follow-up interviews from the 2011/2012 waves of research and therefore longitudinal; seeking to capture experiences and impacts of being outside of the supply chain over a number of years.
- Qualitative in-depth interviews with directors/senior manager level staff for all prime contracts, carried out between May and June 2013.
- Qualitative in-depth interviews with 99 subcontractors within active supply chains, carried out between May to August 2013.
- Qualitative in-depth interviews with 25 Department for Work and Pensions (DWP) and Jobcentre Plus staff including Account Managers, Senior Performance Managers, Performance Managers, Third Party Provision Managers, Partnership Managers and Compliance Monitoring Officers, June to August 2013.
- An online survey of Work Programme subcontractors, 237 responses, 52 per cent response rate, May to July 2013.

B.1.2 Sampling for qualitative research in 2013

Subcontractors were sampled in three ways. Firstly, subcontractors were sampled from three contract package areas (CPAs) that were selected as case study areas for the commissioning of the evaluation. Case studies were chosen to provide a mix of managing agent primes and delivery primes with different supply chain structures. In each CPA case study interviews were conducted to cover: all large Tier 1 subcontractors and a selection of small Tier 1 subcontractors and Tier 2 subcontractors. Secondly, subcontractors were sampled from the provider commissioning survey where they responded that they were: a small third sector organisation who had received over 100 referrals; had joined a supply chain; or felt they would be unable to continue to fund their delivery in the future. Thirdly,

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subcontractors were sampled from the general DWP stock take to include a variety of different organisations based on sector, size and role in the supply chain. The profile of all subcontractors interviewed in the 2013 research is below.

Table B.1 Profile of subcontractors involved in the qualitative research

Category	Interviews achieved
Sector	
Private	30
Public	13
VCSE	56
Details of specialism	
Generalist	48
Specialist	47
Unknown	2
Tier 1 end-to-end with large amounts of delivery > 10 per cent	19
Organisation's role in supply chain	
Tier 1 end-to-end with small amounts of delivery <10 per cent	22
Tier 2 non-specialist (short course, training etc.)	50
Unknown	8

Qualitative interviews with organisations outside of Work Programme supply chains were conducted across the 18 CPAs. Interviews conducted covered a range of experiences, including:

- unsuccessful prime contractors and subcontractors; and
- non-bidding prime contractors and subcontractors.

Some interviews were follow-up interviews from the previous 2012 research wave. These longitudinal interviews were intended to capture provider experiences and impacts of being outside of the Work Programme supply chain over a number of years.

B.1.3 2014 Research

- The 2014 research fieldwork included the following: qualitative in-depth interviews 17 interviews with providers who had left a successful supply chain, carried out between March and June 2014.
- Qualitative in-depth interviews with 77 providers, including prime contractors and subcontractors within eight case study supply chains carried out between March and June 2014.
- Qualitative in-depth interviews with prime contractors in non-case study supply chains, carried out between March and June 2014.
- Qualitative in-depth interviews with 12 DWP staff including Supplier Managers (previously Performance Managers) and Category Managers (previously Account Managers) carried out between March and June 2014.
- An online survey of Work Programme subcontractors with 167 responses.

B.1.4 Sampling for qualitative research in 2014

The greater part of the qualitative fieldwork was organised through eight case study supply chains in order to facilitate a deeper understanding of different supply chain models of delivery operation and performance management. Case studies were selected on the basis of different models of supply chain ‘typologies’. These typologies are based on different approaches taken by prime contractors to resourcing their supply chains – through different levels of in-house delivery or outsourcing to subcontractors – and also on their different approaches to performance management that either fostered a competitive or collaborative approach within the supply chain. The four case study supply chain typologies are:

- primarily outsourced, high competition;
- primarily outsourced, low competition;
- primarily in-house, high competition; and
- primarily in-house, low competition.

Where possible, different types of supply chain were compared within a common CPA in order to control for geographical variations. The profile of case study supply chains and provider staff interviewed within these is shown in the table B2.

Table B.2 Profile of case study supply chains sampled for fieldwork

Case Study No	Prime contractor CE/CEO	Supply chain prime contractor staff	Tier 1 Subcontractors	Tier 2 Subcontractors
1	1	2	3	3
2	1	2	3	2
3	1	2	3	5
4	1	2	2	3
5	1	2	5	1
6	1	2	3	5
7	1	2	4	4
8	1	2	4	3

B.1.5 Understanding market share and concentration

A key evaluation objective was to establish how the commissioning model that underpinned the Work Programme impacted on the provider market between 2011 and 2014, and whether this led to the formation of an effective quasi-market of Work Programme providers. As part of this, it was important to consider the share of the business that each provider held, to understand how concentrated the Work Programme market was and how this changed during the evaluation period. This involved analysing Work Programme provider market data at national level and exploring how the prime providers managed their supply chains at CPA level between 2011 and 2014.

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Choosing a reliable measure of market share

The most robust measure of market share is income. Each provider's income represents their true share of the full value of the market and for subcontractors it reflects the relative value of the services they deliver (allowing fair comparisons between providers who deliver short, low-cost interventions and those who deliver longer high-value programmes of support). However, for commercial reasons it was not possible to collect and analyse financial data from all the subcontractors. A more realistic objective was to gather information data on referrals/ attachments and calculate each provider's market share as a percentage of the total number of referrals or attachments in any given period. But how reliable would this be?

Prime provider market share between 2011 and 2014

It was possible to calculate prime provider market share using Work Programme referral, attachment and job outcome data from the DWP Tabulation Tool, and to compare the values with each other and with values derived from provider income data.

The following tables show the market share of each Work Programme prime provider between 2011 and 2014 (year by year and over the full period) calculated using referral, attachment and (paid) job outcome data.

2011/12

Provider	Percentage market share in 2011/12		
	By referrals	By attachments	By job outcomes
A4e	12.85%	12.42%	11.96%
Avanta	7.78%	7.78%	7.46%
BEST/Interserve	2.45%	2.46%	1.54%
CDG-Shaw	3.08%	3.06%	2.85%
EOS	2.56%	2.64%	3.40%
ESG	1.87%	1.86%	2.74%
G4S	6.16%	6.26%	9.66%
Ingeus	22.70%	22.85%	25.80%
JHP/Learndirect	1.32%	1.33%	0.88%
Maximus	4.26%	4.34%	4.28%
NCG	4.11%	4.02%	1.32%
Pertemps	2.55%	2.53%	2.09%
Prospects	1.37%	1.37%	0.33%
Reed	2.22%	2.22%	3.07%
Rehab JobFit	3.81%	3.74%	2.31%
Seetec	8.56%	8.61%	7.68%
Serco	3.42%	3.56%	4.06%
Working Links	8.93%	8.95%	8.56%

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2012/13

Provider	Percentage market share in 2012/13		
	By referrals	By attachments	By job outcomes
A4e	14.03%	14.01%	12.43%
Avanta	7.91%	7.92%	8.05%
BEST/Interserve	2.27%	2.31%	2.03%
CDG-Shaw	2.70%	2.80%	3.15%
EOS	2.10%	2.10%	2.68%
ESG	1.93%	1.87%	2.00%
G4S	6.26%	6.31%	6.80%
Ingeus	23.24%	23.11%	24.39%
JHP/Learndirect	1.39%	1.38%	1.11%
Maximus	3.95%	3.93%	4.71%
NCG	3.43%	3.51%	3.34%
Pertemps	2.09%	2.10%	2.18%
Prospects	1.50%	1.47%	1.29%
Reed	1.89%	1.88%	1.97%
Rehab JobFit	4.19%	4.18%	3.30%
Seetec	8.67%	8.75%	8.99%
Serco	3.53%	3.49%	3.55%
Working Links	8.92%	8.90%	8.03%

2013/14

Provider	Percentage market share in 2013/14		
	By referrals	By attachments	By job outcomes
A4e	13.59%	13.58%	13.04%
Avanta	7.78%	7.78%	8.26%
BEST/Interserve	2.34%	2.34%	2.16%
CDG-Shaw	2.71%	2.69%	3.07%
EOS	2.24%	2.24%	2.40%
ESG	1.94%	1.94%	2.14%
G4S	6.20%	6.23%	6.50%
Ingeus	23.82%	23.67%	23.50%
JHP/Learndirect	1.31%	1.33%	1.27%
Maximus	3.96%	3.96%	4.22%
NCG	3.19%	3.27%	3.47%
Pertemps	2.12%	2.23%	2.17%
Prospects	1.56%	1.51%	1.47%
Reed	1.90%	1.84%	1.87%
Rehab JobFit	4.13%	4.11%	3.71%
Seetec	8.54%	8.57%	8.49%
Serco	3.41%	3.41%	3.65%
Working Links	9.26%	9.31%	8.58%

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2011–14

Provider	Percentage market share in 2011–14		
	By referrals	By attachments	By job outcomes
A4e	13.41%	13.23%	12.76%
Avanta	7.82%	7.83%	8.15%
BEST/Interserve	2.37%	2.38%	2.09%
CDG-Shaw	2.87%	2.88%	3.10%
EOS	2.34%	2.36%	2.55%
ESG	1.91%	1.88%	2.10%
G4S	6.20%	6.27%	6.72%
Ingeus	23.13%	23.13%	23.93%
JHP/Learndirect	1.34%	1.35%	1.20%
Maximus	4.09%	4.11%	4.42%
NCG	3.68%	3.67%	3.35%
Pertemps	2.30%	2.31%	2.17%
Prospects	1.46%	1.44%	1.36%
Reed	2.04%	2.02%	1.95%
Rehab JobFit	4.01%	3.98%	3.50%
Seetec	8.59%	8.65%	8.67%
Serco	3.45%	3.50%	3.62%
Working Links	9.00%	9.02%	8.35%

Note: For commercial reasons it was not possible to publish the market share values calculated using financial data.

In 2012/13 and 2013/14 especially, the closest association with income-based market share values was provided using job outcome data. As an increasing proportion of provider income was generated by job outcomes by 2013/14 this was not unexpected.⁶⁷ However, market share values calculated using referral and attachment data were also relatively consistent. On this basis, referrals and attachments were considered to be a pragmatic, but reliable measure to use when calculating market share at subcontractor level.

Measures of market concentration

A very simple measure of the market control of the largest firms in an industry, or the degree to which an industry is oligopolistic, is a concentration ratio. This is a measure of the total output produced in an industry by a given number of firms. The most commonly used concentration ratios are the CR4 and the CR8, which means the combined market share of the four and the eight largest firms, although the CR5 (the combined market share of the five largest firms) is sometimes used.

A more complete measure of market concentration is the Herfindahl-Hirschman Index (HHI), which takes into account the market share of the top 50 firms and places more weight on firms with a larger market share. The index is defined as the sum of the squares of the market shares of the 50 largest firms (or summed over all the firms if there are fewer than 50) within the industry, where the market shares are expressed as fractions.

⁶⁷ By July 2013 attachment fees had been halved and income generated from job outcomes was starting to flow.

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Using Work Programme referral, attachment and job outcome data from the DWP Tabulation Tool and commercial data on provider income it was possible to calculate the CR4, CR5, CR8 and HHI for any given period, to establish differences in results when using one source of data over another.

Prime provider market concentration between 2011 and 2014

The following table shows Work Programme prime provider market concentration at national level between 2011 and 2014, calculated using referral, attachment, job outcome and income data.

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	2011/12	2012/13	2013/14	2011–14
Based on referrals				
CR4	53.04%	54.85%	55.20%	54.13%
CR5	60.82%	62.76%	62.9829%	61.9542%
CR8	75.35%	77.16%	77.2800%	76.2577%
HHI	0.10354	0.10843	0.11010	0.10758
Based on attachments				
CR4	52.83%	54.77%	55.12%	54.03%
CR5	60.61%	62.70%	62.90%	61.86%
CR8	75.22%	77.11%	77.21%	76.21%
HHI	0.10739	0.10813	0.10955	0.10841
Based on job outcomes				
CR4	54.01%	53.83%	53.61%	53.71%
CR5	61.47%	61.89%	61.87%	61.86%
CR8	76.73%	76.69%	76.31%	76.51%
HHI	0.12588	0.11745	0.10809	0.11539
Based on provider income				
CR4		53.18%	54.18%	
CR5		61.11%	62.23%	
CR8		77.16%	76.58%	
HHI		0.10732	0.10776	

In 2013/14, the closest association with income-based measures of market concentration was provided using job outcome data. However, this was not always the case in 2012-13; the closest HHI value to that based on income was the HHI based on attachment data. This is most likely due to the fact that earlier on in the contract period the majority of providers' income was generated through attachment fees.

In summary, given the consistency of market concentration values (CR or HHI) calculated using referral and attachment data with those based on income in 2012/13 and 2013/14, both referrals and attachments were considered to be acceptable measures to use when calculating market concentration and tracking changes during the period as a whole, particularly before attachment fees had been reduced to zero in July 2014.

Subcontractor data collection

Although DWP held high-level information on the proportion of participants to whom the prime providers delivered support themselves, no detailed time series data was held on the volume of Work Programme participants referred and/or attached to individual subcontractors. It was therefore necessary to request this data from each prime provider. To improve response rates, the requested data was limited to Tier 1 subcontractors so that it would not be necessary for primes to approach their subcontractors for equivalent data further down the supply chain.

Data limitations and error

Due to difficulties associated with providers using their own terminology some data obtained was for all subcontractor referrals (i.e. including re-referrals), some returns included first referrals only and others included for starts or attachments (i.e. where participants attended provision and for whom providers would potentially be paid for supporting, depending on the funding model). Due to the close associations identified above, the data was still deemed reliable enough on which to base calculations of market share and concentration.

It was assumed that poor referral to attachment ratios would even out across the supply chain; the data should still provide a robust indicator of relative 'traffic' within supply chains and the extent to which prime providers were delivering in-house or engaging their subcontractors in the delivery of the programme.

Another source of error was the quality/accuracy of data returned by the prime providers. There were few opportunities to check the quality of the data returned because no alternative sources of equivalent data exist. One very high level check conducted was to compare the figures provided by the primes for the total number of participants attached to the prime provider in each CPA against official figures held on the DWP Tabulation Tool. All of the 40 returns were consistent enough with the Tabulation Tool to accept the remaining information as accurate.

However, 5 of the 40 returns did not include figures to show how many of the participants attached each month received end-to-end support from the prime provider rather than being referred onwards to a subcontractor. To make the data consistent with other returns, the total number of referrals made to end-to-end subcontractors each month was subtracted from the number of people attached at prime provider level in that month – therefore assuming that if a participant was not referred to a subcontractor they would be supported by the prime provider.

There were also issues identified relating to the total number of referrals made to subcontractors exceeding the number of participants attached at prime provider level in any one month. There were a number of explanations for this, including:

- participants attached in one month not being referred to subcontractors until the following month;
- participants being referred to end-to-end providers as well as 'spot' or stage providers (non end-to-end provision); and
- the features of some prime providers' referral and attachment systems (e.g. participants being referred to subcontractors in order to be attached, thus meaning that some 'attachments' at prime level were registered in the month after they had been referred to the Tier 1 subcontractor).

The solution to this was to calculate the number of referrals to subcontractors as a percentage of the three-month rolling average number of referrals/attachments at contract level.

B.2 The programme delivery evaluation

The programme delivery strand comprised three years of fieldwork carried out between January 2012 and \$(survey end date) 2014. The findings of this report cover the final two years of fieldwork, carried out between \$ 2013 and \$(survey end date) 2014. The breakdown of these fieldwork waves and sample structures is below.

B.2.1 Qualitative research

The qualitative research fieldwork was conducted in six CPAs and included the following:

- qualitative in-depth interviews with Work Programme provider managers and advisers, carried out between June and September 2013; and
- qualitative in-depth interviews with Jobcentre Plus staff and with District Office employer liaison officers, carried out between \$ and \$ 2013.

B.2.2 Sampling for Work Programme provider qualitative research

The sample, of providers' local delivery offices, was drawn from two localities in each CPA and two prime provider's supply chains. The following table gives the type of structure sought in each CPA: within each locality, for each supply chain, the aim was to sample one generalist end-to-end and a non-end-to-end in their supply chain. In addition, in some localities we aimed to include a specialist end-to-end. Given the total sample and each prime providers' provider structure, the sample could only include a selection of the above.

CPA			
Locality 1		Locality 2	
Prime 1	Prime 2	Prime 1	Prime 2
end-to-end (generalist)	end-to-end (generalist)	end-to-end (generalist)	end-to-end (generalist)
in-work support (if separate)	in-work support (if separate)	in-work support (if separate)	in-work support (if separate)
spot/specialist (non-end-to-end)	spot/specialist (non-end-to-end)	spot/specialist (non-end-to-end)	spot/specialist (non-end-to-end)
specialist end-to-end			specialist end-to-end
3-4	2-3	2-3	3-4

Table B.3 Profile of provider interviews

Category	Interviews achieved
Type of provision	
End-to-end generalist	26
End-to-end specialist	8
Non-end-to-end	18
Contract	
Prime provider	11
Subcontractor	41
Provider has employer engagement	
Yes	36
No	16
Total	52

B.2.3 Sampling for Jobcentre Plus qualitative research

For each locality for the provider sample, one to four ATMs in a local Jobcentre Plus were interviewed, together with the District Office employer liaison officer covering that locality.

B.2.4 Delivery-focused surveys of Work Programme providers

Three national on-line surveys of Work Programme providers were conducted which focused on delivery:

- In 2012, the survey received 169 responses.
- In 2013, the survey received 190 responses.
- In 2014, the survey received 165 responses.

For these surveys, all providers who were active in delivery could respond which included prime providers that delivered services to participants (whether in the CPA in which they were prime provider, or as a subcontractor in another CPA) as well as subcontractors.

Appendix C

2013 and 2014 Provider Survey (Commissioning) Frequency Tables

Table C.1

	2013	2014
Number of referrals in past 12 months	%	%
0 (zero)	17	10
01 – 09	4	5
10 – 49	6	15
50 – 99	6	13
100 – 499	18	29
500 – 999	13	13
1,000 – 4,999	24	8
5,000 – 9,999	5	4
10,000 – 24,999	2	1
25,000 – 49,999	3	1
Don't know	3	2
<i>Base</i>	<i>195</i>	<i>167</i>

Table C.2

Which, if any other DWP programmes are you currently delivering as either a prime contractor or a subcontractors (please select all that apply)?	2013
	%
Work Choice	12
ESF support for families with multiple problems	19
Mandatory Work Activity	12
Community Action Programme	2
Not delivering any other DWP programmes	48
Don't know	2
Other	23
<i>Base</i>	<i>195</i>

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Table C.3

Approximately what proportion of your UK turnover is related to DWP programmes (including the Work Programme)?	2013 %	2014 %
None (zero)	14	9
1% – 9%	29	30
10% – 19%	10	9
20% – 29%	5	10
30% – 39%	10	6
40% – 49%	4	2
50% – 59%	6	6
60% – 69%	3	4
70% – 79%	1	5
80% – 89%	5	5
90% – 99%	4	4
All	2	2
Don't know	8	7
<i>Base</i>	<i>195</i>	<i>161</i>

Note: Base is 160 because 6 people did not answer this question.

Table C.4

Approximately what proportion of your UK turnover is related to the Work Programme?	2013 %	2014 %
None (zero)	–	14
1% – 9%	36	31
10% – 19%	12	11
20% – 29%	6	6
30% – 39%	6	6
40% – 49%	8	4
50% – 59%	2	4
60% – 69%	1	3
70% – 79%	1	4
80% – 89%	4	4
90% – 99%	5	3
All	1	1
Don't know	18	11
<i>Base</i>	<i>170</i>	<i>159%</i>

Note: Base is 170 for 2013 because 25 people did not answer this question, base is 159 for 2014 because 8 people did not answer this question.

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Table C.5

In how many Contract Package Areas (CPAs) are you currently part of Work Programme supply chains (even if you have not yet had any referrals)?	2013	2014
	%	%
1	63	66
2	14	11
3	7	6
4 – 5	9	4
6 – 10	4	3
11 – 15	2	1
16 – 18	0	1
Don't know	3	9
<i>Base</i>	<i>195</i>	<i>158</i>

Note: Base is 158 because 9 people did not answer this question.

Table C.6

	2013	2014
How many primes do you hold contracts with?	%	%
1	55	58
More than one	39	33
Don't know	5	9
<i>Base</i>	<i>195</i>	<i>158</i>

Note: Base is 158 because 9 people did not answer this question.

Table C.7

Which of these best describes your organisation's overall experience in the last 12 months?	2014
	%
Joined a supply chain for the first time, we were not previously in any Work Programme supply chain	12
Increased the number of supply chains we were part of	10
Decreased the number of supply chains we were part of	5
Left one/some supply chains and joined another/others (but no overall increase or decrease in the number of supply chains we were part of)	4
Don't know	5
No change – Did not leave or join any new supply chains	64
<i>Base</i>	<i>159</i>

Note: Base is 159 because 8 people did not answer this question.

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Table C.8

Was your organisation in any Work Programme supply chains as a subcontractor when the programme went live in June 2011?	2013 %
Yes	77
No	21
Don't know	2
<i>Base</i>	195

Table C.9

Have you joined any supply chains since the programme went live in June 2011?	2013 %
Yes	20%
No	78%
Don't know	2%
<i>Base</i>	195

Table C.10

How did you join the new supply chain(s) (please select all that apply)?	2013 %	2014 %
Approaches by prime (we were not already a subcontractor for them in any other Work Programme CPA)	19	21
Approached by prime (we were already a subcontractor for them on a different (non-Work Programme) contract)	2	9
Approached by prime (we were already a subcontractor for them in another Work Programme CPA)	6	1
Responded to Invitation to Tender from the prime	16	15
Submitted EOI through Merlin portal	4	7
Other	0	2
<i>Base</i>	5	41

Table C.11

Do you have an agreement with your prime contractor(s) to receive a set or minimum number of referrals?	2013 %
Yes	27%
No	71%
Don't know	2%
<i>Base</i>	195

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Table C.12

How are the referrals you receive determined by your prime provider (please select all that apply)?	2013	2014
	%	%
Based on participant need or participant group	37	40
Based on geography	49	39
Based on the time at which they are referred to the prime contractor (e.g. certain months of the year)	5	4
Randomly	19	22
Don't know	10	9
Other	7	5
<i>Base</i>	<i>195</i>	<i>156</i>

Note: Base is 156 because 11 people did not answer this question.

Table C.13

How much flexibility are you given by your prime contractor(s) in deciding on your delivery model and the systems you use for provision? Please express your answer on a scale from 1 to 10, where 1 is no flexibility and 10 is complete flexibility	2013	2014
	%	%
1 – no flexibility	10	6
2	4	4
3	8	8
4	7	7
5	13	17
6	5	6
7	10	8
8	15	17
9	5	6
10 – complete flexibility	14	13
Don't know	10	8
<i>Base</i>	<i>195</i>	<i>156</i>

Note: Base is 156 because 11 people did not answer this question.

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Table C.14

	2013
How long is your contract with your prime contractor(s) (please select all that apply)?	%
Up to 6 months	2
More than 6 months but less than 12 months	5
Greater than 12 months	14
Contract ends June 2016/18 when prime contract with DWP ends	66
Don't know	17
<i>Base</i>	<i>195</i>

Table C.15

	2013
Is your contract capped (i.e. You are only paid for a limited number of job outcomes or referrals)?	%
Yes – capped on referrals	5
Yes – capped on outcomes	2
No – our contract is not capped	44
Don't know	10
<i>Base</i>	<i>118</i>

Table C.16

	2013
Are any of your contracts capped (i.e. You are only paid for a limited number of job outcomes or referrals)?	%
All contracts are capped	3
Some of our contracts are capped	8
None of our contracts are capped	77
Don't know	13
<i>Base</i>	<i>77</i>

Table C.17

	2013
Which elements of your contracts are capped?	
Capped on referrals	6
Capped on outcomes	2
Capped on both	0
Don't know	0
<i>Base</i>	<i>8</i>

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Table C.18

As a subcontractor, do you have any direct contact with DWP performance manager or are communications channelled through your prime contractor(s)?	2013
	%
Yes, we have direct contact with DWP performance managers	5
No, all communications are channelled through the prime contractor(s)	93
Don't know	2
<i>Base</i>	<i>195</i>

Table C.19

As a subcontractor, do you have any direct contact with Jobcentre Plus staff or are communications channelled through your prime contractor(s)?	2013
	%
Yes, we have direct contact with Jobcentre Plus staff	51
No, all communications are channelled through the prime contractor(s)	47
Don't know	2
<i>Base</i>	<i>195</i>

Table C.20

What, if any, changes have there been to your role in the delivery of the Work Programme (please select form the following which best describes the changes)?	2013	2014
	%	%
Was generalist (support wide range of participants) now specialist (specified types of support or groups of participants, for example sick/disabled participants)	2	3
Was specialist (specified types of support or groups of participants, for example sick/disabled participants) now generalist (support a wide range of participants)	2	2
Was end-to-end (covering the entire participant journey, for all types of Work Programme participants) now non end-to-end (time limited periods of support for example first three months, or other targeted support for example a training course)	2	4
Was non end-to-end (covering the entire participant journey, for all types of Work Programme participants) now end-to-end (time limited periods of support for example first three months, or other targeted support for example a training course)	1	2
No change	86	82
Don't know	2	4
Other	6	3
<i>Base</i>	<i>195</i>	<i>157</i>

Note: Base is 157 because 10 people did not answer this question.

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Table C.21

Were the changes to your role in the delivery of the Work Programme before June 2012?	Count (2013)
Yes	9
No	3
Don't know	1
<i>Base</i>	13

Table C.22

Were the changes to your role in the delivery of the Work Programme before June 2013?	Count (2014)
Yes	8
No	13
Don't know	1
<i>Base</i>	22

Note: Base is 22 because 145 people did not answer this question.

Table C.23

Have there been any changes to the model of provision or system(s) prescribed by your prime contractor(s)?	2013	2014
	%	%
Yes	33	42
No	54	51
Don't know	13	7
<i>Base</i>	195	156

Note: Base is 156 because 11 people did not answer this question.

Table C.24

Did this involve a change to the Customer Service Standards (previously called Minimum Service Standards)?	2013	2014
	%	%
Yes	48	45
No	47	44
Don't know	5	11
<i>Base</i>	64	66

Note: Base is 66 because 101 people did not answer this question.

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Table C.25

Were the changes to your model of provision or systems(s) prescribed by your prime contractor(s) implemented before June 2012?	2013 %
Yes	41
No	50
Don't know	9
<i>Base</i>	64

Table C.26

Were the changes to your model of provision or system(s) prescribed by your prime contractor(s) implemented before June 2013?	2014 %
Yes	28%
No	60%
Don't know	12%
<i>Base</i>	65

Note: Base is 65 because 102 people did not answer this question.

Table C.27

Have there been any changes to the systems you use to manage customer information on the Work Programme? (e.g Management Information data requirements, systems used to refer customers to you or those you use to refer customers to others, or the systems on which you hold information about your Work Programme customers)	2013 %	2014 %
Yes	72%	56%
No	28%	41%
Don't know	0%	3%
<i>Base</i>	64	66

Note: Base is 66 because 101 people did not answer this question.

Table C.28

Were changes to the systems you use to manage customer information for the Work Programme implemented before June 2012?	Count (2013)
Yes	13
No	27
Don't know	6
<i>Base</i>	46

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Table C.29

Were the changes to the systems you use to manage customer information for the Work Programme implemented before June 2013?	Count (2014)
Yes	12
No	22
Don't know	3
<i>Base</i>	37

Note: Base is 37 because 130 people did not answer this question.

Table C.30

Have there been any changes to the basis on which you receive referrals (e.g. Based on participant need, group or geography from your prime contractor(s))?	2013	2014
	%	%
Yes	14	19
No	78	74
Don't know	7	7
<i>Base</i>	195	153

Note: Base is 153 because 14 people did not answer this question.

Table C.31

Were the changes to the basis on which you receive referrals for your prime contractor(s) implemented before June 2012?	Count (2013)
Yes	7
No	20
Don't know	1
<i>Base</i>	28

Table C.32

Were the changes to the basis on which you receive referrals implemented before June 2013?	Count (2014)
Yes	9
No	15
Don't know	4
<i>Base</i>	28

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Table C.33

On what basis does your prime contractor(s) pay for the Work Programme services you provide?	2013	2014
	%	%
Attachment fee and sustained job outcome payments	53	41
Sustained job outcome payments only	3	6
Combination of service fees and outcome payments	11	11
Service fee only	17	26
Don't know	6	1
Other	10	14
<i>Base</i>	<i>192</i>	<i>153</i>

Note: Base is 153 because 14 people did not answer this question.

Table C.34

Has the basis on which your prime contractor(s) pay(s) you changed since programme go-live?	2013
	%
Yes	9
No	84
Don't know	7
<i>Base</i>	<i>150</i>

Table C.35

Are you happy with the basis on which you are paid to deliver the Work Programme?	2013	2014
	%	%
Yes	50	63
No	42	29
Don't know	8	8
<i>Base</i>	<i>195</i>	<i>153</i>

Note: Base is 153 because 14 people did not answer this question.

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Table C.36

Do you receive a different payment for supporting different types of Work Programme customers?	2013 %	2014 %
Yes – different payment for different Work Programme payment groups (DWP payment groups 1-9)	59	55
Yes – different payment based on the prime provider’s assessment of the customer (e.g. readiness for employment or distance from the labour market)	2	3
Receive same payment for all customers	25	33
Don’t know	14	10
<i>Base</i>	<i>195</i>	<i>153</i>

Note: Base is 153 because 14 people did not answer this question.

Table C.37

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 1 – JSA 18-24		
More than covers	1	1
Covers	37	57
Does not cover	34	21
Varies too much to say	24	17
Don’t know	3	4
Don’t receive these customers	0	n/a
<i>Base</i>	<i>116</i>	<i>81</i>

Table C.38

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 2 – JSA 25+		
More than covers	1	0
Covers	36	57
Does not cover	34	21
Varies too much to say	25	19
Don’t know	3	4
Don’t receive these customers	1	n/a
<i>Base</i>	<i>116</i>	<i>81</i>

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Table C.39

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 3 – Early entrants		
More than covers	1	0
Covers	34	54
Does not cover	34	23
Varies too much to say	26	18
Don't know	3	5
Don't receive these customers	2	n/a
<i>Base</i>	116	78

Table C.40

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 4 – Ex-IB		
More than covers	2	0
Covers	19	32
Does not cover	45	45
Varies too much to say	24	18
Don't know	6	5
Don't receive these customers	4	n/a
<i>Base</i>	116	78

Table C.41

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 5 – ESA volunteers		
More than covers	1	0
Covers	14	29
Does not cover	51	47
Varies too much to say	22	16
Don't know	7	8
Don't receive these customers	6	n/a
<i>Base</i>	116	79

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Table C.42

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 6 – ESA claimants		
More than covers	2	0
Covers	16	22
Does not cover	56	62
Varies too much to say	18	14
Don't know	5	3
Don't receive these customers	3	n/a
<i>Base</i>	<i>116</i>	<i>79</i>

Table C.43

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 7 – ex-IB		
More than covers	3	0
Covers	21	29
Does not cover	45	56
Varies too much to say	17	11
Don't know	9	4
Don't receive these customers	6	n/a
<i>Base</i>	<i>116</i>	<i>79</i>

Table C.44

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013 %	2014 %
Payment Group 8 – IB/IS volunteers		
More than covers	1	0
Covers	19	23
Does not cover	42	41
Varies too much to say	19	15
Don't know	11	21
Don't receive these customers	8	n/a
<i>Base</i>	<i>113</i>	<i>75</i>

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Table C.45

On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group	2013	2014
	%	%
Payment Group 9 – JSA prison leavers		
More than covers	0	0
Covers	17	26
Does not cover	42	39
Varies too much to say	18	14
Don't know	7	21
Don't receive these customers	16	n/a
<i>Base</i>	<i>116</i>	<i>77</i>

Table C.46

On average, does the price you receive for an outcome cover the cost of the support you provide each customer group (please provide a response for each customer group)	2013	2014
Customers with high support needs (e.g. red rated customers)		
More than covers	1	0
Covers	2	1
Does not cover	1	3
Varies too much to say	0	0
Don't know	0	0
Don't receive these customers	0	0
<i>Base</i>	<i>4</i>	<i>4</i>

Table C.47

On average, does the price you receive for an outcome cover the cost of the support you provide each customer group (please provide a response for each customer group)	2013	2014
Customers with medium support needs (e.g. amber rated customers)		
More than covers	1	0
Covers	2	1
Does not cover	1	3
Varies too much to say	0	0
Don't know	0	0
Don't receive these customers	0	0
<i>Base</i>	<i>4</i>	<i>4</i>

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Table C.48

On average, does the price you receive for an outcome cover the cost of the support you provide each customer group (please provide a response for each customer group)	2013	2014
Customers with low support needs (e.g. green rated customers)		
More than covers	1	1
Covers	2	2
Does not cover	1	1
Varies too much to say	0	0
Don't know	0	0
Don't receive these customers	0	0
<i>Base</i>	4	4

Table C.49

What drives your decision to prioritise particular customers? (Select all that apply)	2013	2014
	%	%
A high payment fee	4	7
Whether the cost of supporting a customer is covered by the payment likely to be received	13	15
Customers with the best chance of moving into work	39	43
Those with the greatest support needs	28	40
None of the above	n/a	27
Don't know	8	3
Other	31	11
<i>Base</i>	195	150

Note: Base is 150 because 17 people did not answer this question.

Table C.50

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013
	%
Payment group 1 – JSA 18-24	
Vary hours of support based on funds available	21
Vary frequency of support based on funds available	25
Influences decisions about purchasing specialist support	41
Don't know	30
<i>Base</i>	116

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Table C.51

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Payment Group 2 – JSA 25+	
Vary hours of support based on funds available	18
Vary frequency of support based on funds available	26
Influences decisions about purchasing specialist support	41
Don't know	31
<i>Base</i>	116

Table C.52

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Payment group 3 – Early entrants	
Vary hours of support based on funds available	20
Vary frequency of support based on funds available	24
Influences decisions about purchasing specialist support	41
Don't know	32
<i>Base</i>	116

Table C.53

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Payment group 4 – JSA ex-IB	
Vary hours of support based on funds available	14
Vary frequency of support based on funds available	24
Influences decisions about purchasing specialist support	43
Don't know	34
<i>Base</i>	116

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Table C.54

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013
	%
Payment group 5 – ESA volunteers	
Vary hours of support based on funds available	14
Vary frequency of support based on funds available	24
Influences decisions about purchasing specialist support	42
Don't know	37
<i>Base</i>	116

Table C.55

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013
	%
Payment group 6 – ESA claimants	
Vary hours of support based on funds available	16
Vary frequency of support based on funds available	27
Influences decisions about purchasing specialist support	45
Don't know	33
<i>Base</i>	116

Table C.56

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013
	%
Payment group 7 – ESA ex-IB	
Vary hours of support based on funds available	12
Vary frequency of support based on funds available	24
Influences decisions about purchasing specialist support	42
Don't know	36
<i>Base</i>	116

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Table C.57

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Payment group 8 – IB/IS volunteers	
Vary hours of support based on funds available	11
Vary frequency of support based on funds available	24
Influences decisions about purchasing specialist support	41
Don't know	39
<i>Base</i>	116

Table C.58

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Payment group 9 – JSA prison leavers	
Vary hours of support based on funds available	11
Vary frequency of support based on funds available	22
Influences decisions about purchasing specialist support	39
Don't know	42
<i>Base</i>	116

Table C.59

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014 %
Payment group 1 – JSA 18-24	
More hours of support relative to other participants	19
Fewer hours of support relative to other participants	15
More frequent support relative to other participants	31
Less frequent support relative to other participants	2
Purchase of specialist support	0
Don't know	44
<i>Base</i>	54

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Table C.60

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment Group 2 – JSA 25+	
More hours of support relative to other participants	19
Fewer hours of support relative to other participants	19
More frequent support relative to other participants	31
Less frequent support relative to other participants	2
Purchase of specialist support	0
Don't know	41
<i>Base</i>	54

Table C.61

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 3 – Early entrants	
More hours of support relative to other participants	20
Fewer hours of support relative to other participants	9
More frequent support relative to other participants	28
Less frequent support relative to other participants	2
Purchase of specialist support	2
Don't know	39
<i>Base</i>	54

Table C.62

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 4 – JSA ex-IB	
More hours of support relative to other participants	11
Fewer hours of support relative to other participants	6
More frequent support relative to other participants	19
Less frequent support relative to other participants	7
Purchase of specialist support	6
Don't know	43
<i>Base</i>	54

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Table C.63

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 5 – ESA volunteers	
More hours of support relative to other participants	13
Fewer hours of support relative to other participants	17
More frequent support relative to other participants	13
Less frequent support relative to other participants	15
Purchase of specialist support	13
Don't know	41
<i>Base</i>	54

Table C.64

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 6 – ESA claimants	
More hours of support relative to other participants	24
Fewer hours of support relative to other participants	9
More frequent support relative to other participants	15
Less frequent support relative to other participants	9
Purchase of specialist support	24
Don't know	37
<i>Base</i>	54

Table C.65

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 7 – ESA ex-IB	
More hours of support relative to other participants	19
Fewer hours of support relative to other participants	9
More frequent support relative to other participants	13
Less frequent support relative to other participants	9
Purchase of specialist support	15
Don't know	39
<i>Base</i>	54

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Table C.66

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 8 – IB/IS volunteers	
More hours of support relative to other participants	7
Fewer hours of support relative to other participants	7
More frequent support relative to other participants	13
Less frequent support relative to other participants	9
Purchase of specialist support	6
Don't know	50
<i>Base</i>	<i>54</i>

Table C.67

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Payment group 9 – JSA prison leavers	
More hours of support relative to other participants	15
Fewer hours of support relative to other participants	7
More frequent support relative to other participants	26
Less frequent support relative to other participants	4
Purchase of specialist support	2
Don't know	50
<i>Base</i>	<i>54</i>

Table C.68

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013
	%
Customers with high support needs (e.g. red rated customers)	
Vary hours of support based on funds available	0
Vary frequency of support based on funds available	1
Influences decisions about purchasing of specialist support	1
Don't know	2
<i>Base</i>	<i>4</i>

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Table C.69

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Customers with medium support needs (e.g. amber rated customers)	
Vary hours of support based on funds available	0
Vary frequency of support based on funds available	1
Influences decisions about purchasing of specialist support	1
Don't know	2
<i>Base</i>	4

Table C.70

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)	2013 %
Customers with low support needs (e.g. green rated customers)	
Vary hours of support based on funds available	0
Vary frequency of support based on funds available	1
Influences decisions about purchasing of specialist support	1
Don't know	2
<i>Base</i>	4

Table C.71

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014 %
Customers with high support needs (e.g. red rated customers)	
More hours of support relative to other participants	1
Fewer hours of support relative to other participants	0
More frequent support relative to other participants	0
Less frequent support relative to other participants	0
Purchase of specialist support	0
Don't know	0
<i>Base</i>	2

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Table C.72

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Customers with medium support needs (e.g. amber rated customers)	
More hours of support relative to other participants	0
Fewer hours of support relative to other participants	0
More frequent support relative to other participants	1
Less frequent support relative to other participants	0
Purchase of specialist support	0
Don't know	1
<i>Base</i>	2

Table C.73

In what way does the price you receive affect the support you provide to different Work Programme participants (please select all that apply)?	2014
	%
Customers with low support needs (e.g. green rated customers)	
More hours of support relative to other participants	0
Fewer hours of support relative to other participants	0
More frequent support relative to other participants	0
Less frequent support relative to other participants	1
Purchase of specialist support	0
Don't know	1
<i>Base</i>	2

Table C.74

What is the current largest source of finance you have for delivering the Work Programme?	2013	2014
	%	%
Service fees from prime	11	24
Attachment fees from prime	14	3
Outcome payment from prime	35	45
Reserves	6	2
Cross subsidy from other funding streams	11	6
Loans	1	0
Don't know	8	9
Other	15	10
<i>Base</i>	195	148

Note: Base is 148 because 19 people did not answer this question.

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Table C.75

Are the service fees paid by your prime contractor(s) due to be reduced in the future?	2013
	%
Yes	2
No	10
Don't know	9
<i>Base</i>	<i>21</i>

Table C.76

Are the attachment fees paid by your prime contractor(s), due to be reduced in the future?	2013
Yes	24
No	2
Don't know	1
<i>Base</i>	<i>27</i>

Table C.77

You indicated that you are financing you Work Programme delivery through loans. Where have you raised those finances from?	2013	2014
	%	%
Bank	0	0
Social finances	0	0
Don't know	0	0
Other	1	0
<i>Base</i>	<i>1</i>	<i>0</i>

Table C.78

Are you using loans to:	2013
Cover day to day running of your organisation	0
Cover implementation/start up costs for the programme that you expect will be recovered by income form the Work Programme	1
Don't know	0
Other	0
<i>Base</i>	<i>1</i>

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Table C.79

You indicated that you are financing your Work Programme delivery through cross subsidy from other funding streams. Are you likely to be able to continue to fund your delivery this way over the next 12 months?	2013
Yes	8
No	7
Don't know	6
<i>Base</i>	<i>21</i>

Table C.80

During the last 12 months, have you made any of the following investments to assist you in the delivery of the Work Programme (please select all that apply)?	2013	2014
	%	%
IT systems	52	38
Staff development (e.g. Training, investment in skills or staff)	70	59
Recruitment of specialist staff	46	29
Acquisition of new premises	37	17
None of the above	18	29
Don't know	1	1
Other	4	5
<i>Base</i>	<i>195</i>	<i>150</i>

Note: Base is 150 because 17 people did not answer this question.

Table C.81

To what extent do you feel your Work Programme contract(s) are commercially attractive ? Please express your answer on a scale of 1 to 5, where 1 is extremely commercially unattractive and 5 is extremely commercially attractive	2013	2014
	%	%
1	38	23
2	23	32
3	30	32
4	6	7
5	1	3
Don't know	2	4
<i>Base</i>	<i>195</i>	<i>150</i>

Note: Base is 150 because 17 people did not answer this question.

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Table C.82

Do your Work Programme contract(s) offer adequate resource to enable you to provide specialist services to customers with specific needs (e.g. Customers with disabilities/health conditions, ex-offenders, drug and alcohol support)?	2013	2014
	%	%
Yes	18	28
No	72	67
Don't know	10	5
<i>Base</i>	<i>195</i>	<i>147</i>

Note: Base is 147 because 20 people did not answer this question.

Table C.83

What processes has/have your prime contractor(s) put in place to monitor and manage your organisation's performance (please select all that apply)?	2013	2014
	%	%
Contractual performance framework with penalties/potential contract termination for underperformance	54	49
Monitoring of service delivery through management information	62	66
Monitoring of service delivery and quality through inspection	52	49
Opportunities for increased volumes of referrals based on good performance in relation to competitors (market share shift)	15	11
Relative assessment of performance amongst subcontractors – e.g. Publication of league tables within the supply chain	44	42
Don't know	15	13
Other	11	9
<i>Base</i>	<i>195</i>	<i>150</i>

Table C.84

Overall, how effective do you think the monitoring and management of your performance is by your prime contractor? Please express your answer on a scale of 1 to 5, 1 is extremely ineffective and 5 is extremely effective	2013	2014
	%	%
1 – extremely ineffective	9	8
2	6	9
3	16	30
4	13	26
5 – extremely effective	8	18
Don't know	9	9
Other	0	n/a
<i>Base</i>	<i>118</i>	<i>89</i>

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Table C.85

Overall, how effective do you think the monitoring and management of your performance is by your prime contractors? Please express your answer on a scale of 1 to 5, 1 is extremely ineffective and 5 is extremely effective	2013 (Percentage)	2014 (Count)
	%	%
1 – extremely ineffective	2	8
2	5	7
3	12	9
4	8	14
5 – extremely effective	4	1
Don't know	4	5
It varies too much to say	4	2
Other	2	n/a
<i>Base</i>	<i>77</i>	<i>46</i>

Table C.86

Do your prime contractor(s) undertake any of the following to monitor the quality of the services you deliver (please select all that apply)?	2013	2014
	%	%
Participant surveys	36	45
Audit of participant case records	54	54
Monitoring participant progress	43	45
Observation of staff/ participant interaction	39	47
None of these apply	18	n/a
Don't know	10	15
Other	3	7
<i>Base</i>	<i>195</i>	<i>156</i>

Table C.87

What processes have you as a subcontractor put in place to monitor and manage your own performance (please select all that apply)?	2013
	%
Monitoring of management information	77
Individual staff performance targets	61
Team performance targets	59
Performance-related pay and incentives	14
None of these apply	11
Don't know	2
Other	8
<i>Base</i>	<i>195</i>

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Table C.88

What processes have you as a subcontractor put in place to monitor the quality of the services you deliver (please select all that apply)?	2013
	%
Participant surveys	68
Audit of participant case records	63
Monitoring participant progress	73
Observation of staff/ participant interaction	75
None of these apply	10
Don't know	1
Other	7
<i>Base</i>	<i>195</i>

Table C.89

How well are you performing in year 2 of the Work Programme (April 2012 – March 2013) against the targets in your contract? Please express your answer on a scale from 1 to 5, where 1 is extremely poorly and 5 is extremely well?	2013
	%
1 – extremely poorly	2
2	5
3	18
4	10
5 – extremely well	5
Don't know	2
Prefer not to say	1
Not applicable, no targets in my organisation's contract	17
<i>Base</i>	<i>118</i>

Table C.90

If you are achieving or exceeding targets, does your prime contractor offer rewards/incentives beyond your outcome payments for this?	2013
	%
Yes	8
No	69
Don't know	22
<i>Base</i>	<i>27</i>

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Table C.91

How well are you performing in year 2 of the Work Programme (April 2012 – March 2013) against the targets in your contracts? Please express your answer on a scale from 1 to 5, where 1 is extremely poorly and 5 is extremely well?	2013
	%
1 – extremely poorly	4
2	6
3	16
4	23
5 – extremely well	12
Varies between contracts	14
Not applicable, no targets on my organisation's contracts	25
Prefer not to say	0
<i>Base</i>	<i>77</i>

Table C.92

If you are achieving or exceeding targets, do your prime contractors offer rewards/incentives beyond your outcome payments for this?	2013
	%
Yes	1
No	73
Don't know	21
Varies between primes	5
<i>Base</i>	<i>77</i>

Table C.93

How well are you performing in year 3 of the Work Programme (April 2013 – March 2014) against the targets in your contract? (Please express your answers on a scale from 1 to 5 where 1 is extremely poorly and 5 is extremeley well)	2014
	%
1 – extremely poorly	0
2	5
3	25
4	25
5 – extremely well	16
Not applicable, no targets in my organisation's contract	23
Prefer not to say	2
Don't know	5
<i>Base</i>	<i>88</i>

Note: Base is 88 because 79 people did not answer this question.

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Table C.94

How well are you performing in year 3 of the Work Programme (April 2013 – March 2014) against the targets in your contract? (Please express your answers on a scale from 1 to 5 where 1 is extremely poorly and 5 is extremely well)	2014
1 – extremely poorly	1
2	0
3	4
4	12
5 – extremely well	7
Not applicable, no targets in my organisation's contract	15
Prefer not to say	1
Don't know	2
Varies between contracts	3
<i>Base</i>	45

Note: Base is 45 because 122 people did not answer this question.

Table C.95

Overall how would you describe your relationship with your prime contractor? Please express your answer on a scale from 1 to 10, where 1 is extremely negative and 10 is extremely positive	2013	2014
	%	%
1 – extremely negative	11	7
2	3	2
3	4	2
4	3	3
5	5	10
6	3	5
7	9	17
8	10	21
9	6	11
10 – extremely positive	7	20
Don't know	1	1
<i>Base</i>	118	87

Note: Base is 87 because 80 people did not answer this question.

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Table C.96

Overall how would you describe your relationship with your prime contractors? Please express your answer on a scale from 1 to 10, where 1 is extremely negative and 10 is extremely positive	2013	2014
	%	%
1 – extremely negative	8	3
2	3	1
3	5	2
4	5	4
5	12	2
6	10	3
7	14	4
8	16	11
9	6	4
10 – extremely positive	6	7
Varies too much to say	n/a	4
Don't know	14	n/a
<i>Base</i>	<i>77</i>	<i>45</i>

Note: Base is 45 because 122 people did not answer this question.

Table C.97

During the last 12 months has/have your prime contractor(s) undertaken any activities with your staff aimed to develop your capacity/capability to improve Work Programme delivery?	2013	2014
	%	%
Yes	44	41
No	53	53
Don't know	3	5
<i>Base</i>	<i>195</i>	<i>147</i>

Note: Base is 147 because 20 people did not answer this question.

Table C.98

Has this included any of the following activities (please select all that apply)?	2013	2014
	%	%
Training in IT systems	86	64
Management training	12	15
Training in dealing with more disadvantaged participants	27	54
Training in assessment and/or early identification tools	33	44
Don't know	1	0
Other	16	7
<i>Base</i>	<i>86</i>	<i>61</i>

Note: Base is 61 because 106 people did not answer this question.

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Table C.99

Does your prime contractor facilitate sharing of good practice within your supply chain?	2013	2014
	%	%
Yes	59	67
No	29	25
Don't know	12	8
<i>Base</i>	<i>118</i>	<i>88</i>

Note: Base is 88 because 79 people did not answer this question.

Table C.100

Do your prime contractors facilitate sharing of good practice within your supply chain?	2013	2014
	%	%
Yes	38	19
No	18	8
Don't know	10	12
Some do, some do not	34	7
<i>Base</i>	<i>77</i>	<i>46</i>

Note: Base is 46 because 121 people did not answer this question.

Table C.101

Do you feel in competition with the other subcontractors in the supply chains you are delivering in?	2014
	%
Yes, a lot	23
Yes, a little	30
Not at all	35
Varies between supply chains	7
Don't know	5
<i>Base</i>	<i>149</i>

Note: Base is 149 because 18 people did not answer this question.

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Table C.102

Which of the following statements describe your relationship with other subcontractors in your supply chain(s) (please select all that apply)	2013	2014
	%	%
We have a strong collaborative relationship	10	11
We have reasonably collaborative contact with one another	12	32
We have a strong competitive relationship	2	5
We have reasonably competitive contact with one another	9	9
We share good practice and experience of what works	24	25
We communicate only when required to by our prime contractor	25	21
None of the above	27	25
Don't know	3	1
<i>Base</i>	<i>195</i>	<i>148</i>

Note: Base is 148 because 19 people did not answer this question.

Table C.103

How easy is it to claim and evidence job outcomes for your prime contractor? Please express your answer on a scale from 1 to 5, where 1 is extremely difficult and 5 is extremely easy	2013	2014
	%	%
1 – extremely difficult	4	14
2	3	24
3	16	24
4	11	21
5 – Extremely easy	7	2
Don't know	20	15
<i>Base</i>	<i>118</i>	<i>87</i>

Note: Base is 80 because 87 people did not answer this question.

Table C.104

How easy is it to claim and evidence job outcomes for your prime contractors? Please express your answer on a scale from 1 to 5, where 1 is extremely difficult and 5 is extremely easy	2013	2014
	(Percentage)	(Count)
1 – extremely difficult	12	3
2	18	10
3	34	10
4	8	3
5 – Extremely easy	1	4
Don't know	22	10
Varies between primes	5	3
<i>Base</i>	<i>77</i>	<i>43</i>

Note: Base is 43 because 124 people did not answer this question.

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Table C.105

Overall what impact do you think the commissioning model behind the Work Programme (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP) has had on the following aspects of your organisation's activity? Please express your answer on a scale of 1 to 10, where 1 is an extremely negative impact and 10 is an extremely positive impact	2013	2014
	%	%
Financial turnover		
1 – extremely negative	31	0
2	9	10
3	13	17
4	5	11
5	15	24
6	9	7
7	7	9
8	2	5
9	0	17
10 – extremely positive	3	0
Don't know	8	n/a
<i>Base</i>	195	144

Note: Base is 144 because 23 people did not answer this question.

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Table C.106

Overall what impact do you think the commissioning model behind the Work Programme (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP) has had on the following aspects of your organisation's activity? Please express your answer on a scale of 1 to 10, where 1 is an extremely negative impact and 10 is an extremely positive impact	2013	2014
	%	%
Efficiency		
1 – extremely negative	17	11
2	6	6
3	8	10
4	8	12
5	17	26
6	9	11
7	12	15
8	8	5
9	1	3
10 – extremely positive	3	1
Don't know	10	n/a
<i>Base</i>	195	143

Note: Base is 143 because 24 people did not answer this question.

Table C.107

Overall what impact do you think the commissioning model behind the Work Programme (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP) has had on the following aspects of your organisation's activity? Please express your answer on a scale of 1 to 10, where 1 is an extremely negative impact and 10 is an extremely positive impact	2013	2014
	%	%
Customer caseloads		
1 – extremely negative	23	15
2	11	6
3	9	13
4	14	12
5	15	31
6	3	7
7	6	10
8	7	6
9	0	1
10 – extremely positive	2	0
Don't know	10	n/a
<i>Base</i>	195	143

Note: Base is 143 because 24 people did not answer this question.

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Table C.108

Overall what impact do you think the commissioning model behind the Work Programme (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP) has had on the following aspects of your organisation's activity? Please express your answer on a scale of 1 to 10, where 1 is an extremely negative impact and 10 is an extremely positive impact	2013	2014
	%	%
Ability to deliver services		
1 – extremely negative	19	10
2	8	8
3	9	13
4	12	10
5	18	31
6	4	8
7	8	12
8	8	6
9	2	0
10 – extremely positive	3	1
Don't know	8	n/a
<i>Base</i>	<i>195</i>	<i>143</i>

Note: Base is 143 because 24 people did not answer this question.

Table C.109

To what extent has the commissioning model behind the Work Programme (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP) created opportunities for your organisation? Please express your answers on a scale of 1 to 10, where 1 is no opportunities and 10 is significant number of opportunities	2013
	%
1 – no opportunities	31
2	26
3	28
4	11
5 – significant number of opportunities	3
Don't know	3
<i>Base</i>	<i>195</i>

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Table C.110

Have you sought to change your business model or capacity to better meet DWP's commissioning principles (e.g. Larger, longer contracts; a prime contractor model; outcome-based funding; and more limited prescription from DWP)?	2013	2014
	%	%
Yes	62	55
No	34	37
Don't know	4	8
<i>Base</i>	<i>195</i>	<i>146</i>

Note: Base is 146 because 21 people did not answer this question.

Table C.111

What are your future intentions with regard to the Work Programme?	2013	2014
	%	%
My organisation definitely intends to increase our involvement in the Work Programme	16	21
My organisation may increase our involvement in the Work Programme	20	24
My organisation intends to continue to be involved in the Work Programme at current levels	23	23
My organisation may decrease our involvement in the Work Programme	15	9
My organisation definitely intends to decrease our involvement in the Work Programme	5	3
My organisations intends to stop being involved in the Work Programme	12	12
Don't know	9	9
<i>Base</i>	<i>195</i>	<i>146</i>

Note: Base is 146 because 21 people did not answer this question.

Table C.112

What are your future intentions with regard to other DWP – commissioned welfare to work provision?	2013	2014
	%	%
My organisation will definitely seek to be involved in future DWP programmes	37	48
My organisation may seek to be involved in future DWP programmes, depending on specific terms and requirements	55	43
My organisation won't seek to be involved in future DWP programmes	4	5
Don't know	4	4
<i>Base</i>	<i>195</i>	<i>145</i>

Note: Base is 145 because 22 people did not answer this question.

Appendix D

Topic guides

D.1 Topic Guides from the 2013 wave of the commissioning model evaluation

D.1.1 Prime provider guide

Changes to supply chain and delivery model

Have there been any changes to your Work Programme supply chains in the past year?

If yes, what?

Why were changes made? (Probe for details of any leaving subcontractors, whose decision was it for them to leave (prime or sub), processes for this and the reasons, probe specifically for poor performers).

Are there any forthcoming changes? If so, what and why? (Probe around whether they feel expansion or contraction of the supply chain is expected.)

If new subcontractors added: how did you select them? (Probe: approached directly, already contract with them elsewhere, sent out ITT, sent out EOI on Merlin portal) What were the costs associated with selecting new subcontractors? [Do you do anything to reduce barriers to joining your supply chain for small organisations?

Again, thinking about the last 12 months, have there been any changes to your delivery model or the services offered?

If yes, what changes?

Have you needed to buy in specialist support for participants?

Why was the change(s) made?

Are any participant groups being prioritised?

What was the process for making the change(s)? (Probe: did this involve a change to the Minimum Service Delivery Standards; how much does this differ from what is in your contract)

Have there been any changes to the IT or information system(s) you use for managing participant information?

If yes, what?

Why were the changes made and how do they support delivery?

Have there been any changes to the basis on which you allocate referrals to your subcontractors?

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If yes, what?

Why has this changed?

Does participant choice play a part in how referrals are allocated?

If yes, who makes the choice? What information is available to advisers and participants to inform their choices?

How long are your contracts with your subcontractors?

What are the advantages and disadvantages of having contracts of this length (to you or your subcontractors)?

Do you offer 'black box' contracts or do you specify what you want your subcontractors to deliver?

Are your contracts with your subcontractors capped? (i.e. are they only paid for a certain limit of job outcomes or a maximum number of referrals)

What are the advantages and disadvantages of capping/not capping?

Finance

Module for delivery primes:

How do you finance your delivery of the Work Programme?

Probe: Attachment fees, outcome payments, reserves, cross subsidy from other funding streams, loans.

If through attachment fees, what is your plan to make up the reduction?

If through loans, where have you raised this finance? Any difficulties doing so. Is this for the day-to-day running of the programme or just for start-up costs? Do you think you will recover this through outcome payments?

If from cross subsidy, from where, and what is the impact of this on your delivery of those contracts/programmes.

What is the impact of the way you finance your Work Programme delivery on your organisation?

What is the impact of the way you finance your Work programme delivery on delivery itself?

Is the way you finance your Work Programme delivery sustainable?

If unsustainable: what factors have influenced this?

Has the way you finance your Work Programme delivery changed over time?

In the past year, have you made any significant new investments to assist you in the delivery of the Work Programme?

Prompt: IT systems, staff development, specialist staff, premises, etc.

If yes, how large has this investment been and how long do you expect it will take you to recover the investment through outcome payments?

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How does the level of payment for different Work Programme payment groups compare to your experience of the actual cost of supporting participants into work?

Module for managing agent primes:

How do you finance your Work Programme operation?

Probe: Attachment fees, outcome payments, reserves, cross subsidy from other funding streams, loans.

If through attachment fees, what is your plan to make up the reduction?

If through loans, where have you raised this finance? Any difficulties doing so. Is this for the day-to-day running of the programme or just for start-up costs? Do you think you will recover this through outcome payments?

If from cross subsidy, from where, and what is the impact of this on your delivery of those contracts/programmes.

What is the impact of the way you finance your Work Programme operation on your organisation?

What is the impact of the way you finance your Work programme operation on delivery itself?

Is the way you finance your Work Programme operation sustainable?

If unsustainable: what factors have influenced this?

Has the way you finance your Work Programme operation changed over time?

In the past year, have you made any significant new investments to in your Work Programme operation?

Prompt: IT systems, staff development, specialist staff, premises, etc.

If yes, how large has this investment been and how long do you expect it will take you to recover the investment through outcome payments?

Ask all:

How commercially attractive do you feel your Work Programme contract(s) is?

Are the prices and funding models viable and sustainable in the long term?

Are you able to invest adequate resources in supporting participants who will take longer to find work (e.g. ex-offenders or participants with disabilities or, substance misuse issues)?

Has this changed?

On what basis do you pay your subcontractors for the Work Programme services they deliver?

Probe: attachment fee and sustained job outcomes; combination of service fees and outcome payments; service fees only. Include different kinds of outcome (e.g. paying for getting people off drugs rather than getting them into work)

Have you changed these payment terms since go-live? If so, how and why?

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How are you finding the process for claiming job outcome and sustainment payments from DWP?

Probe on the impact of changes made to the validation procedure over recent months.

How does this impact on your income stream?

In the past year, have you made any new investment to assist your subcontractors in the delivery of the Work Programme?

Prompt: IT systems, staff development, specialist staff, premises, etc.

Do you offer different payments/prices for supporting different types of participants?

Is this different to the DWP payment groups? Why?

Has this changed over time?

Contract and performance management

What processes are in place to monitor and manage your performance?

Probe: which processes are their own and which are DWP's

Effectiveness of what is in place

Do they monitor the quality of delivery? If so, how?

Do they monitor the progress of participants? If so, how?

What processes are in place to monitor and manage the performance of your subcontractors?

Effectiveness of what is in place

Do they monitor the quality of delivery? If so, how?

Do they monitor the progress of participants? If so, how?

How well are you performing to date against your originally forecast outcomes?

Identify any specific challenges/plans to address these (including changes to systems and processes)/implications of underperformance.

How well are your subcontractors performing to date against their targets?

Identify any specific challenges/plans to address these (including changes to systems and processes)/implications of underperformance.

How would you describe your working relationship with your subcontractors?

Has your made any investment to assist subcontractors in the delivery of the Work Programme? (e.g. IT systems, premises etc)

Is good practice or experiences of what doesn't work shared?

If so, how does this work and how does it affect your delivery?

Have you experienced any disputes with your subcontractors?

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If so, are these now resolved, have you used the Merlin mediation service?

How would you describe your relationship with DWP performance and account management staff?

What are your future intentions regarding the Work Programme and other DWP commissioned welfare to work provision?

D.1.2 Subcontractor guide

Organisational profile

Sector – Public, private or VCSE	
Size – number of employees (excluding volunteers)	
Specialist or generalist – if specialist, which group(s)	
Per cent of organisation’s funding from Work Programme	
Per cent of organisation’s funding from DWP contracts	
List of other DWP (sub)contracts (eg Work Choice, Mandatory Work Activity, Community Action Programme, ESF families with multiple problems)	
Work Programme subcontract in other CPAs – yes/no	
Work Programme prime contract in other CPAs – yes/no	

Have you joined the supply chain in this CPA in the last 12 months?

Delivery model and supply chain

How and why did you join this supply chain?

Probe: approached by prime, already sub for prime in another CPA, responded to ITT, responded to EOI on Merlin portal.

What is your organisation’s role in delivery of the Work Programme (in this CPA)?

To what extent is the way you deliver your provision set by your prime provider(s)?

Are you contracted to deliver outcomes and provide a specific type of service?

How long is your contract with your prime?

If less than the prime’s contract (ends June 2016/18), does this influence the way you work with participants?

Is your contract capped? (i.e. are you only paid for a certain limit of job outcomes or a maximum number of referrals?)

If so, does this effect your delivery? (For example, do you ever stockpile job outcomes or not support people because you will not get any more funding if these people get work?)

What IT or information systems do you use for managing participant information?

Does this support delivery? If so, how?

Did your organisation develop this system or was it provided/imposed by your prime?

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On what basis are the referrals you receive determined by your prime provider(s)?

e.g. Are they determined on a geographical basis or according to participant needs or characteristics?

Do you have any direct contact with DWP/Jobcentre Plus or are all communications channelled through your prime provider(s)?

Changes to delivery model and supply chain

Have there been any changes to your role the in delivery of the Work Programme in the last 12 months (in this CPA)?

If yes, what?

Why has this changed?

Are there any forthcoming changes?

Again, thinking about the last 12 months, have there been any changes to the model of provision and system(s) prescribed by your prime provider(s)?

If yes, what changes?

What was the process for making the change? (Probe: did this involve a change to the Minimum Service Delivery Standards)

Why was the change(s) made?

Have there been any changes to the IT or information systems you use for managing participant information?

If yes, what?

Do these changes improve service delivery? If so, how?

Have there been any changes to the basis on which the referrals you receive determined by your prime provider(s)?

Prompt: for example, to the types of participants you receive, where they come from or to the volumes of participants you deal with.

Why have these changes been made and how have they affected the organisation?

Do you have any direct contact with DWP/Jobcentre Plus or are communications channelled through your prime provider(s)?

Has this changed over the last year?

How long is your contract with your prime?

If less than duration of current main DWP Work Programme contracts, how does this influence the way you work with participants?

Is your contract capped? (i.e. are you only paid for a certain limit of job outcomes or a maximum number of referrals?)

If so, how does this effect delivery? (For example, do you ever stockpile job outcomes or not support people because you will not get any more funding if these people get work?)

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Finance

On what basis are you paid for the Work Programme services you provide?

Probe: attachment fee and sustained job outcomes; combination of service fees and outcome payments; service fees only.

Have your payment terms changed since programme go-live? If so, how and why?

Are you happy with your terms and conditions? (Capture specifics and impact).

How are you finding the process for claiming job outcome and sustainment payments?

How does this impact on your income stream?

Do you receive a different price for supporting participants in different Work Programme payment groups?

If yes, does this influence what support you provide to participants in different payment groups? In what way?

How does the level of payment compare to your experience of the actual cost of supporting a participant into work?

How do you finance your delivery of the Work Programme?

Probe: Service fees from prime, attachment fees, outcome payments, reserves, cross subsidy from other funding streams, loans.

If through service fees or attachment fees, are these fees planned to reduce in the future? If so, what is your plan to make up the shortfall?

If through loans, where have you raised this finance? Any difficulties doing so.

If from cross subsidy, what is the impact of this on your delivery of those contracts/ programmes.

What is the impact of the way you finance your Work Programme delivery on your organisation?

What is the impact of the way you finance your Work programme delivery on delivery itself?

Have you made any new investment to assist you in the delivery of the Work Programme?

Prompt: IT systems, staff development, specialist staff, premises, etc.

How commercially attractive do you feel your Work Programme contract is?

Are the prices and funding models viable and sustainable in the long term?

Are you able to invest adequate resources in supporting participants who will take longer to find work (e.g. ex-offenders or participants with disabilities or, substance misuse issues)?

Contract and performance management

What processes are in place to monitor and manage your performance?

Probe: which processes are their own and which are the prime provider(s),

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Effectiveness of what is in place,

Do they monitor the quality of delivery?

Do they monitor the progress of participants?

Do they monitor you against their Minimum Service Delivery Standards?

How well are you performing to date against the targets in your contract?

Identify any specific challenges/plans to address these (including changes to systems and processes)/implications of underperformance. Probe: loss of market share, termination of contracts.

If achieving or exceeding targets, does your prime reward this?

How would you describe your relationship with your prime provider(s)?

Has your prime provider(s) undertaken any activities with your staff aimed to develop their capacity/capabilities and improve delivery? If yes, probe for details and effectiveness.

Has your prime made any investment to assist you in the delivery of the Work Programme? (e.g. IT systems, premises etc)

Is good practice or experiences of what doesn't work shared?

If so, how does this work and how does it affect your delivery?

Have you experienced any disputes with your prime?

If so, are these now resolved, have you used the Merlin mediation service?

What is your relationship with the other subcontractors in your supply chain(s)?

Are you subject to competition with other subcontractors? If so, how does this work and how does it affect your delivery?

Do you share good practice/have you learnt from other providers' experience?

Do you share experiences of what doesn't work?

If so, how does this work and how does it affect your delivery?

Overall impact

Overall, what impact do you feel the Work Programme commissioning model (Larger, longer contracts for providers; prime provider model; Outcome-based funding Limited prescription from DWP ('Black Box' model)) have had on your organisation?

Probe: has it created barriers or opportunities?

How have you responded?

Have you sought to change your business model or capacity to better meet DWP's commissioning principles?

What are your future intentions with regard to DWP commissioned Welfare to Work provision?

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Do you intend to try to expand your involvement in the Work Programme/other programmes in the future?

D.1.3 Non-bidder and unsuccessful prime provider guide

Current delivery

What employment related provision or other public services do you currently deliver?

Probe for Jobcentre Plus support contract and other DWP (e.g. Work Choice, ESF support for families with multiple problems) and non-DWP funding.

If non-DWP funding, what is the source?

Has any of this provision or services started since January 2012 (as a prime or subcontractor)?

Are you currently delivering Work Programme provision as a subcontractor in any area?

If so, how did you join this supply chain(s)? Probe: approached by prime, responded to ITT, responded to EOI on Merlin portal.

What services do you provide? Prompt: end-to-end, specialist.

Is this a recent development, i.e. since January 2012 or in the last year?

Work Programme commissioning impact and destination

In general, what impact do you feel the Department's commissioning strategy has had on your organisation? (both the framework and the overall commissioning model.)

Prompt with components of the model (i.e. contract length and size, diversity of participant base, prime contractor model, strength of outcome focus, reduced prescription, etc.)

Probe: has it created barriers or opportunities? How have you responded?

Have you changed your business model to improve your organisation's ability to compete under the Department's commissioning model?

If no, why not?

If yes, how? Probe around following areas: supply chain management, improved performance (more job outcomes), partnership working, investment in staff capability, financial strength/access to capital.

If yes, why? Probe around whether a result of not bidding as a prime or (if applicable) being unsuccessful as a sub.

How successful has this been?

In general, how commercially attractive is the DWP commissioned Welfare to Work sector at present?

Probe for examples, reasons and Work Programme in particular.

How has not being involved in the Work Programme as a prime provider impacted on your organisation?

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Probe: On future impacts and how this is affecting delivery of other employment related provision?

How has not being involved in the Work Programme as a prime provider impacted on the service delivery for participants?

Probe: have your services been lost or replaced by someone else? In what way is your lack of involvement detrimental to participants?

What are the advantages and disadvantages of being on the Framework for the Provision of Employment Related Services?

Probe: What, if any, are the benefits to your organisation? How useful is it?

How likely is it that your organisation would bid for other work that comes through the framework?

If Work Programme contracts were re-let, or re-let in particular CPAs, would your organisation bid for these contracts as a prime?

For non-bidding primes: If yes, why has this changed from the original procurement?

If no, why not? What would need to change for you to bid for Work Programme contracts as a prime?

What are your future intentions with regard to DWP commissioned Welfare to Work provision?

Do you intend to try to:

enter (more) supply chains for the Work Programme in the future? For example, to deliver on behalf of another subcontractor or prime? If not, why not?

provide other programmes? If not, why not?

If neither, what other sectors or types of work do you intend to turn to and why?

D.1.4 Non-bidder and unsuccessful subcontractor guide

Current delivery

What employment related provision or other public services do you currently deliver?

Probe for Jobcentre Plus support contract and other DWP (e.g. Work Choice, ESF support for families with multiple problems) and non-DWP funding.

If non-DWP funding, what is the source?

Has any of this provision or services started since January 2012?

Are you currently delivering Work Programme provision as a subcontractor in any area?

If so, how did you join this supply chain(s)? Probe: approached by prime, responded to ITT, responded to EOI on Merlin portal.

What services do you provide? Prompt: end-to-end, specialist.

Is this a recent development, i.e. since January 2012 or in the last year?

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Work Programme commissioning impact and destination

In general, what impact do you feel the Department's commissioning strategy has had on your organisation?

Prompt with components of the model (i.e. contract length and size, diversity of participant base, prime contractor model, strength of outcome focus, reduced prescription, etc.)

Probe: has it created barriers or opportunities? How have you responded?

Have you adapted or changed your business model to improve your organisation's ability to compete under the Department's commissioning model?

If no, why not?

If yes, how and why? Probe around following areas: improved performance (more job outcomes), partnership working, investment in staff capability, financial strength/access to capital.

How successful has this been?

In general, how commercially attractive is the DWP commissioned Welfare to Work sector at present?

Probe for examples, reasons and Work Programme in particular.

How has not being involved in the Work Programme (in this area) impacted on your organisation?

Probe: On future impacts and how this is affecting delivery of other employment-related provision?

How has not being involved in the Work Programme (in this area) impacted on service delivery for participants?

Probe: will your services be lost or replaced by someone else? In what way will your lack of involvement be detrimental to participants?

What are your future intentions with regard to DWP commissioned Welfare to Work provision?

Do you intend to try to:

enter the supply chains for the Work Programme in the future? For example, to deliver on behalf of another subcontractor or prime? If not, why not?

provide other programmes? If not, why not?

If neither, what other sectors or types of work do you intend to turn to and why?

D.1.5 Performance and Account Manager guide

Background

What is your role?

Probe for job description, grade/level and location.

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How long have you been in this role (and with the organisation)?

How large a part of the work you do is related to the Work Programme?

Has this changed (increased/decreased) over time?

What are your duties other than the Work Programme?

Experience of programme delivery

How are you involved in the Work Programme?

Probe for number of providers/contracts/size of area they are responsible for.

In relation to Work Programme, can I clarify whether you are involved in:

Performance monitoring and management?

Encouraging/facilitating exchange of innovation and good practice?

Contract and/or compliance management?

Do you feel the scope of your Work Programme related role is appropriate?

Do they feel their role should cover more, less or different elements? Why?

Have there been any changes to the scope of your Work Programme-related role in the last year?

If yes, what and why?

What are their views on these changes?

Which changes have improved your role and the way providers are managed?

Performance Managers only – role specifics

How do you carry out Work Programme performance monitoring?

Probe for balance between checking MI, remote contact and visits to primes

Frequency of relevant activities

Any discussions with subcontractors, participants and/or non-contracted partners (e.g. colleges, BIS or SFA)?

What information do you use to perform your role?

Probe for MI, contract info, sources, systems, etc

Probe for their views on appropriateness and effectiveness.

What could be improved?

Are there any issues with measuring and monitoring certain performance standards?

If yes, probe for examples and what they do about this.

How frequently do you undertake formal performance reviews for prime providers?

Probe what is involved in the performance review and does it regularly or only occasionally

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involve interviews with participants or strategic partners and employers.

What tools do you have available to manage underperformance?

Probe for their views on appropriateness and effectiveness.

Is the process to managing underperformance clear to you?

Do you think the prime providers you work with understand the process?

What could be improved?

What role, if any, do you have in assessing the quality of provision as well as performance in terms of attachments and outcomes?

Probe – what role do they have in monitoring the delivery of minimum service levels

Have you experienced any difficulties relating to your providers' minimum service delivery standards?

If yes, probe for examples and the impacts on DWP staff, the providers and participants.

What is your overall approach to performance management?

Do you focus more on a performance improvement approach (e.g. developing provider capability) or on a punitive approach (e.g. threat of contract withdrawal) or a combination of these?

Why do you approach performance management in this way?

How much flexibility do you have to choose your performance management approach?

Probe for their views on appropriateness and effectiveness.

What could be improved?

Account Managers only – role specifics

How do you carry out Work Programme account management?

Probe for balance between checking MI, remote contact and visits to primes

Frequency of relevant activities

Any discussions with subcontractors, participants and/or employers?

What information and tools do you use to perform your role?

Probe for MI, contract info, sources, systems, etc

Probe for their views on appropriateness and effectiveness.

What could be improved?

Have you experienced any difficulties relating to your providers' minimum service delivery standards?

If yes, probe for examples and what they did about this.

Relationships

[If AM] How does your role differ from that of DWP Performance Managers?

Probe for views on the appropriateness of the current split of responsibilities between role and effectiveness of linkages between them.

[If PM] How does your role differ from that of DWP Account Managers?

Probe for views on the appropriateness of the current split of responsibilities between role and effectiveness of linkages between them.

How do you work with CMOs in relation to Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

What is working well and what could be improved?

How do you work with TPPMs or their equivalents in relation to Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

What is working well and what could be improved?

Are any other DWP/Jobcentre Plus staff critical to your role in relation to the Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

What is working well and what could be improved?

Are there other links they think would be useful that they are not currently making?

Can you describe your working relationships with your prime provider(s)?

Probe: What level are those you work with in the organisation(s)? Is this appropriate/sufficient?

Are the relationships equal/two way, or unbalanced? Who drives the contact/relationship?

Are there any problems with working relationships? What could be done to improve these?

Have there been problems that have been addressed, if so how?

Do you have any links with subcontractors?

If yes, what? Probe for effectiveness and impact of these relationships.

If no, do you feel this is appropriate?

What about any informal networks?

Could you tell me about any communication links/mechanisms in place to facilitate knowledge and good practice sharing between DWP, Jobcentre Plus and Work Programme providers?

Who initiated or established this mechanism?

How effective are they?

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What is working well and what could be improved?

How realistic is it that primes will share good practice in a competitive environment?

Do you have any examples of providers sharing ideas?

Are some providers more open or more closed to sharing ideas?

Has there been any change (increase/decrease) in providers' willingness to share ideas?

Role and capability developments

Have there been any changes to how you perform your role over the last year?

If so, what and why?

How much flexibility do you have in terms of how you perform your role?

What is working well and what could be improved?

How effective do you feel your current role is?

What impact do you feel your role has had? Probe for examples.

What is working well and what could be improved?

Do you feel you have the support you need to perform your role as effectively as possible?

Have you any suggestions for how you could be better supported to perform your role?

Views on programme design, delivery and impact

Have any primes that you work with changed their model of provision/services offered?

If yes, what changes?

What was the process for making the change(s)? Did this involve a change to the Minimum Service Delivery Standards? How much does this differ from what is in their contract?

Have any there been any changes to the supply chains that you work with (e.g. market share shift, leavers, new entrants)?

If yes, what changes?

Are the prime provider supply chains that you have knowledge of catering for all participants?

Probe for: adequacy both to meet the needs of particular client groups, such as those with mental health or accommodation issues, and in terms of geographic coverage, location of offices, etc.

What do you think about how the Work Programme market is shared across the current prime providers?

Do you feel this is appropriate?

Do you feel there are any risks for DWP? If so, what?

D.1.6 Contract Monitoring Officer and Third Party Provision Manager guide

Background

What is your role?

How long have you been in this role (and with the organisation)?

What proportion of the work you do is Work Programme related?

Has this changed (increased/decreased) over time?

What are your duties other than the Work Programme? [looking for brief overview only]

Experience of programme delivery

How are you involved in the Work Programme?

Probe for number of providers/contracts/size of area they are responsible for.

What role, if any, do you have in relation to monitoring Work Programme referrals and handover?

Probe for specifics and extent of this role

What works well? What could be improved? Any issues?

What role, if any, do you have in monitoring the quality of Work Programme provision?

Probe for extent of this role – just gather information or also assess?

Probe for specifics of how they carry this out – do they visit providers or just remotely review paperwork?

What works well? What could be improved? Any issues?

What role, if any, do you have in monitoring the delivery of minimum service delivery standards?

Probe for extent of this role – just gather information or also assess?

Probe for specifics of how they carry this out – do they visit providers or just remotely review paperwork?

What works well? What could be improved? Any issues?

What role, if any, do you have in relation to monitoring Work Programme participant experience?

Probe for specifics and extent of this role

What works well? What could be improved? Any issues?

What role, if any, do you have in relation to gathering and reporting Work Programme participant feedback?

Probe for specifics and extent of this role

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What works well? What could be improved? Any issues?

What role, if any, do you have in relation to monitoring the attendance of Work Programme participants?

Probe for specifics and extent of this role

What works well? What could be improved? Any issues?

Do you have a role in relation to any other aspects of the Work Programme?

If yes, probe for specifics and extent of this role

What works well? What could be improved? Any issues?

Do you check the production of action plans? If so, what is the process for doing this?

Do you feel the scope of your Work Programme related role is appropriate?

Do you feel your role should cover more, less or different elements? Why?

Have there been any changes to the scope of your Work Programme related role in the last year?

If yes, what and why?

What are your views on these changes?

Management Information

What information do you use to perform your Work Programme related role?

Probe for MI, contract info, sources, systems, etc.

Probe for their views on appropriateness and effectiveness.

What could be improved?

What Work Programme related information do you collect yourself/provide to others?

Probe for details of what they collect, who from, and who they share it with.

Are there any issues with measuring and monitoring certain minimum service delivery standards?

If yes, probe for examples and what they do about this.

Relationships

Do you work with DWP Performance and/or Account Managers in relation to Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

What is working well and what could be improved?

Do you work with any other DWP or Jobcentre Plus staff in relation to Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

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What is working well and what could be improved?

Are there other links they think would be useful that they are not currently making?

How does your Work Programme related role differ from that of TPPMs or their equivalents?

Probe for views on the appropriateness of the current split of responsibilities between role and effectiveness of linkages between them.

How does your Work Programme related role differ from that of CMOs?

Probe for views on the appropriateness of the current split of responsibilities between role and effectiveness of linkages between them.

Can you describe your working relationships with your prime providers?

Probe for effectiveness and impact of these relationships.

Do you have any links with subcontractors?

If yes, what? Probe for effectiveness and impact of these relationships.

If no, do you feel this is appropriate? Why?

Do you get any direct or indirect feedback from Work Programme participants?

If yes, what? Probe for effectiveness and impact of this contact.

If no, do you feel this is appropriate? Why?

Could you tell me about any communication links/mechanisms in place to facilitate knowledge and good practice sharing between DWP, Jobcentre Plus and Work Programme providers?

How effective are they?

What is working well and what could be improved?

How realistic is it that primes will share good practice in a competitive environment?

Do you have any examples of providers sharing ideas?

Are some providers more open or more closed to sharing ideas?

Has there been any change (increase/decrease) in providers' willingness to share ideas?

Role and capability developments

Have there been any changes to how you perform your Work Programme related role over the last year?

If so, what and why?

How much flexibility do you have in terms of how you perform your Work Programme related role?

What is working well and what could be improved?

How effective do you feel your current Work Programme related role is?

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What impact do you feel your role has had? Probe for examples.

What is working well and what could be improved?

Do you feel you have the support you need to perform your Work Programme related role as effectively as possible?

Have you any suggestions for how you could be better supported to perform your role?

Views on programme design, delivery and impact

Have any primes that you work with changed their model of provision/services offered?

If yes, what changes?

What was the process for making the change(s)? Did this involve a change to the Minimum Service Delivery Standards? How much does this differ from what is in their contract?

Have any there been any changes within the supply chains that you work with (e.g. market share shift amongst the T1 subcontractors, any leavers or new entrants)?

If yes, what changes?

To your knowledge do the prime providers you work with cater for all their participants or are some groups under-served for any reason?

Probe for: adequacy both to meet the needs of particular client groups, such as those with mental health or accommodation issues, and in terms of geographic coverage, location of offices, etc.

D.2 Topic Guides from the 2014 wave of the commissioning model evaluation

D.2.1 Prime provider guide

Changes to supply chain and delivery model

Since the last time we interviewed you [insert date], have you begun to deliver any new provision? (As a prime provider or a subcontractor?)

Have there been any changes to your Work Programme supply chains in the past year?

If yes, what?

Why were changes made? (Probe on why new subcontractors were required, why subcontractors left, whose decision was it for them to leave (prime or sub) and the reasons – especially poor performance or reputation for good performance).

If now working with fewer subcontractors, what issues have they experienced? What are the pros and cons of working with fewer providers?

Are there any forthcoming changes? If so, what and why? (Probe around whether they feel expansion or contraction of the supply chain is expected.)

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If new subcontractors added: how did you select them? (Probe: approached directly, already contract with them elsewhere or on list of approved suppliers, sent out ITT, sent out EOI on Merlin portal) What were the costs associated with selecting new subcontractors?

Do you do anything to reduce barriers to joining your supply chain for small organisations?

How frequently have you run procurement exercises to refresh your supply chains or replace failing suppliers?

Probe on:

Why do you run/not run exercises frequently? Is this due to the constraints of the locality or a conscious business decision/strategy?

What are the advantages and disadvantages of running a fixed model approach compared with regularly refreshing supply chains (e.g. benefits of choice and competition versus benefits of long-term collaboration)?

What length contracts are offered to new joiners at this stage and over the last year? How does this affect supply chain changes at this stage?

Thinking about the last 12 months, have there been any changes to your Work Programme delivery model or the services offered?

If yes, what changes?

Have you needed to buy in specialist support for participants?

Why was the change(s) made?

Are any participant groups being prioritised?

What was the process for making the change(s)? (Probe: did this involve a change to the Customer Service Standards (formerly MSS); how much does this differ from what is in your contract.)

What drives your decision to provide services in-house or to contract out?

Probe for company policy, existing infrastructure or capacity of the prime/market?

Have there been any changes to the basis on which you allocate referrals to your subcontractors?

If yes, what?

Why has this changed?

Does customer choice play a part in how referrals are allocated to subcontractors?

If yes, who makes the choice? What information is available to advisers and participants to inform their choices?

Does performance information for advisers and claimants drive these decisions if there is choice?

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How closely do you work with local partners, including Local Enterprise Partnerships, to help meet the needs of business in your area?

Are you actively involved in any local employment and skills boards?

Probe on:

Whether they understand the role of LEPs; including leading the development of strategic economic plans, identifying skills gaps, etc.

How they've been involved in discussions with LEPs about local employment provision?

Differences in the quality and nature of their relationships with different partners, especially LEPs across England.

Barriers to successful relationships with LEPs.

Changes experienced in the last 12 months.

Differences in involvement with local partners between England, Scotland and Wales.

Examples of where you have worked well with local partners to meet employer demand (good practice.)

What do you do to ensure that your customers, wherever they are in your supply chains, can access appropriate skills provision?

Probe on:

Activities underway to ensure that providers' own skills provision dovetails with other skills provision and employer delivered training.

Things that work well and key problems.

Improvements and changes made/experienced in the last 12 months.

Differences within England and between England, Scotland and Wales.

Finance

In the last 12 months, have there been any changes in how you finance your Work Programme operation?

Probe:

Implications of attachment fees ending, discounts taking effect (if offered), outcome payments, reserves, cross subsidy from other funding streams, loans.

If through loans, what income have you used to pay these back or how do you expect to pay these back? Any difficulties doing so. What is the impact on their organisation and on Work Programme operation if they have not.

If from cross subsidy, from where, and what is the impact of this on your delivery of those contracts/programmes.

What is the impact of the way you finance your Work Programme operation on your organisation?

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What is the impact of the way you finance your Work programme operation on delivery itself?

Is the way you finance your Work Programme operation sustainable?

If unsustainable: what factors have influenced this?

Has the way you finance your Work Programme operation changed over time?

How commercially attractive do you feel your Work Programme contract(s) is at present?

Has this changed?

Is the cost of getting participants into work, particularly ESA claimants being covered by payments?

In the last 12 months, have there been any changes in payment terms for services your Work Programme subcontractors deliver?

Probe: continued attachment fees; sustained job outcomes; combination of service fees and outcome payments; service fees only. Include different kinds of outcome (e.g. paying for getting people off drugs rather than getting them into work).

How are you finding the process for claiming job outcome and sustainment payments from DWP?

Probe on the impact of changes made to the validation procedure over recent months.

How does this impact on your income stream?

How do you manage the flow of contract extrapolation rates down your supply chain?

e.g. Are these absorbed by the prime provider, applied universally across their supply chain or applied to specific subcontractors?

What, if any, has been the impact of changing levels of provider income and volumes/profile of referrals on adviser caseloads?

Probe for current size of adviser caseloads (which may vary by customer group). How, if at all, has changed since the programme started and why?

Which of these is most important in planning staffing/caseloads?

What impact, if any, has this had on quality?

Performance management and market share shift

I understand that you gained/lost/were unaffected by market share shift in September 2013. What effect, if any, did this have on programme delivery and your organisation as a whole?

Probe for CPA specific and organisation wide effects if they have multiple supply chains.

In what ways, if at all, is it influencing your business strategies, plans for service design or approach to performance management

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What effect, if any, did this have on your subcontractors?

Probe for differences by types of subcontractor, e.g. large end-to-end compared with smaller specialist end-to-ends or spot purchase providers?

What (three) changes have you made to what you deliver or how you deliver it that have made the biggest difference in terms of your performance or that of your subcontractors?

Probe for supply chain model, competition or collaboration between subcontractors, local labour market, funding model.

FOR PRIMES THAT SELF-DELIVER: What are the different issues between improving job outcome performance within your own organisation and generating this from your supply chain (similar activities and key differences)?

How would you describe your working relationship with your subcontractors over the last 12 months?

Is good practice or experiences of what doesn't work shared?

If so, how does this work and how does it affect your delivery?

Have you experienced any disputes with your subcontractors?

If so, are these now resolved, have you used the Merlin mediation service?

To what extent are your subcontractors in direct competition with each other?

Why do you exploit/not exploit competition within your supply chain(s)?

How does competition or collaboration between your subcontractors affect their performance?

If referrals are allocated on the basis of geography, what are the advantages and disadvantages of this in relation to excluding the potential for competition?

(If applicable) How do you feel about some of your subcontractors handling significant business from other primes in the same CPAs?

What are the advantages/disadvantages?

Do you monitor customers who are supported by your subcontractors' progress towards work or do you monitor performance/job outcomes only?

How has your approach changed over the last year and what has driven these changes?

Do you monitor quality?

What impact, if any, has the announcement of the termination of the Newcastle College Group contract had on your organisation's approach to performance?

What, if any, changes have been put in place within your organisation and supply chain as a result?

Has it changed your view of the management of performance by DWP? If so, how?

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How would you describe your relationship with DWP performance and account management staff?

Have there been any changes to systems, personnel or the quality of relationship in the last year?

What are your future intentions regarding the Work Programme and other DWP commissioned welfare to work provision?

Are you considering bidding for the Newcastle College Group contract? Probe for reasons.

D.2.2 Subcontractor guide

Organisational profile

Gather information about each organisation. Confirm information on sector and subcontract/prime elsewhere from sample.

Sector – Public, private or VCSE	
Size – number of employees (excluding volunteers)	
Specialist or generalist – if specialist, which group(s)	
% of organisation's funding from Work Programme	
% of organisation's funding from DWP contracts	
List of other DWP (sub)contracts (eg Work Choice, Mandatory Work Activity, Community Action Programme, ESF families with multiple problems)	
Work Programme subcontract in other CPAs – yes/no	
Work Programme prime contract in other CPAs – yes/no	

Have you joined the supply chain in this CPA in the last 12 months?

If yes go to Q3, if no go to Q9.

Delivery model and supply chain – new entrants to supply chain only

How and why did you join this supply chain?

Probe: approached by prime, already sub for prime in another CPA, responded to ITT, responded to EOI on Merlin portal.

What is your organisation's role in delivery of the Work Programme (in this CPA)?

To what extent is the way you deliver your provision set by your prime provider(s)?

Are you contracted to deliver outcomes and provide a specific type of service?

How long is your contract with your prime?

If less than 2 years (particularly for end-to-end subs) or ends before the prime's contract end date (June 2016/18), how has this influenced the way you work with participants?

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On what basis are the referrals you receive determined by your prime provider(s)?

e.g. Are they determined on a geographical basis or according to customer needs or characteristics? Do customers (or Personal Advisers for non end-to-ends) have a choice between your organisation and any others operating in this area?

Ask subcontractors that contract with two (or more) primes in this CPA only:

What are the advantages and disadvantages of subcontracting to more than one prime provider in this CPA?

Probe on:

Minimising risk (eggs not all in one basket).

Financial security (better cashflow).

Do they deliver the same service for both/all primes, is it aimed at different customer groups, do they cover slightly different areas within the CPA?

Any conflicts of interest?

Changes to delivery model and supply chain – existing members of supply chain only

Thinking about the last 12 months, have there been any changes to your role the in delivery of the Work Programme or the model of provision and system(s) you use?

If yes, what changes?

What was the process for making the change? (Probe: did this involve a change to the Minimum Service Delivery Standards.)

Why was the change(s) made?

Have there been any changes to the basis on which the referrals you receive determined by your prime provider(s)?

Prompt: for example, to the types of customers you receive, where they come from or to the volumes of customers you deal with.

Why have these changes been made and how have they affected the organisation?

Do customers or advisers have a choice in where customers are referred to?

How long is your contract with your prime?

If less 2 years (particularly for end-to-end subs) or ends before the prime's contract end date (June 2016/18), how has this influenced the way you work with participants?

Ask subcontractors that contract to two (or more) primes in this CPA only:

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

What are the advantages and disadvantages of subcontracting to more than one prime provider in this CPA?

Probe on:

Minimising risk (eggs not all in one basket).

Financial security (better cashflow).

Do they deliver the same service for both/all primes, is it aimed at different customer groups, do they cover slightly different areas within the CPA?

Any conflicts of interest?

Only ask subcontractors in supply chains where (prime level) market share shift has occurred:

Has the market share shift that occurred in August 2013 had any impact on your Work Programme delivery?

Probe on:

Changes to volume and profiles of referrals.

Financial impacts.

Way in which your prime provider monitors/manages your performance.

Finance

On what basis are you paid for the Work Programme services you provide?

Probe: attachment fee and sustained job outcomes; combination of service fees and outcome payments; service fees only.

Have your payment terms changed in the last 12 months? If so, how and why?

Are payments from your prime affected where claims made by them have failed to meet DWP validation checks?

If yes, do you know whether this affects all subcontractors equally in your supply chain? Does the prime absorb any of this or pass it all down to you?

Do you receive a different price for supporting different types of Work Programme customers?

If yes, what determines the price and how does this influence what support you provide to participants?

How do the levels of payment compare to your experience of the actual cost of supporting participants into work?

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Has the amount of money paid to you for a successful job outcome or sustainment changed since July 2013?

Increased or decreased?

Why did the price change?

What, if any, effect has this had on your cashflow?

During the last 12 months have you or your prime provider made any new investments to assist you in the delivery of the Work Programme?

Prompt: IT systems, staff development, specialist staff, premises, etc.

How does the income you receive for the Work Programme compare to other programmes you deliver or have delivered previously?

Probe:

Does this have an impact on caseloads?

Does this have an impact on service quality?

How commercially attractive do you feel your Work Programme contract is at present?

Are the prices and funding models viable and sustainable in the long term?

Are you able to invest adequate resources in supporting customers who will take longer to find work (e.g. ex-offenders or customers with disabilities or, substance misuse issues)?

Contract and performance management

What processes are in place to monitor and manage your performance?

Probe:

Which processes are your own and which are the prime provider's?

Effectiveness of what is in place.

Do they monitor the quality of delivery?

Do they monitor the progress of customers?

Do they monitor you against their Minimum Service Delivery Standards?

How well are you performing to date against the targets in your contract?

Identify any specific challenges/plans to address these (including changes to systems and processes)/implications of underperformance.

Probe on: loss of market share, termination of contracts.

If achieving or exceeding targets, does your prime reward this?

What is the most important factor in determining your Work Programme performance?

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

What effect, if any, has DWP performance improvement activity had on your performance?

Probe on involvement with the National Operations Group and its various sub-groups, and the best practice group?

For subcontractors working for more than one prime: Have there been differences in impacts between primes and CPAs?

Have you made any changes to your delivery or management that have had any impact on your performance?

Probe: If so, what are these?

How would you describe your relationship with your prime provider(s)?

Has your prime provider(s) undertaken any activities with your staff aimed to develop their capacity/capabilities and improve delivery? If yes, probe for details and effectiveness.

Is good practice or experiences of what doesn't work shared?

If so, how does this work and how does it affect your delivery?

Have you experienced any disputes with your prime?

If so, are these now resolved, have you used the Merlin mediation service?

Are there any contractual clauses, systems or other measures that you would like to see primes prevented from putting in place?

Probe: if so, what are these?

Why?

What is your relationship with the other subcontractors in your supply chain(s)?

Do you feel you are in competition with other subcontractors in this/each supply chain? If so, how does this work and how does it affect your delivery?

Do you share good practice/have you learnt from other providers' experience?

Do you share experiences of what doesn't work?

If so, how does this work and how does it affect your delivery?

Overall impact

Ask large, non-prime subcontractors only:

Has working as a Work Programme subcontractor prepared you for becoming a prime contractor in the future?

Probe:

If yes, in what ways has it prepared you? Has your prime contractor helped or hindered you in this preparation?

If no, why not?

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Only ask subcontractors who are on the ERS Framework but are not WP primes:

Would you consider bidding for the Work Programme contract currently held by Newcastle College Group in CPA 18?

Why/why not?

Ask all:

Overall, what impact do you feel the Work Programme commissioning model (Larger, longer contracts for providers; Prime provider model; Outcome-based funding Limited prescription from DWP ('Black Box' model)) have had on your organisation?

Probe: has it created barriers or opportunities?

How have you responded?

Have you sought to change your business model or capacity to better meet DWP's commissioning principles?

D.2.3 Leaver guide

Organisational profile and current delivery

Can you please tell me briefly about your organisation?

Prompt for:

Organisation's type: public, private or third sector.

Organisation's size: turnover and approximate numbers of employees.

Geographical coverage.

Urban and/or rural areas.

What, if any, employment related services have you delivered in the past?

Probe for: Flexible New Deal, Employment Zones, New Deals (e.g. NDLP, ND25+, NDYP, ND50+, NDDP), Pathways to Work, Progress2Work, or other relevant service provision?

Customer volumes and geography of customers supported (just overview, not detail).

In total, how many Work Programme contracts has your organisation held since 2011, including those you no longer deliver?

Ask for each contract:

Where was this contract? (i.e. which part of which CPA?)

Who was the prime?

What percentage of the contract did you deliver and what did this translate to in terms of the average number of referrals per month?

Were you delivering to all customer groups or to specific groups? (i.e. providing generalist or specialist provision?)

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Besides the Work Programme, what employment related provision or other public services do you currently deliver?

Probe for Jobcentre Plus support contract and other DWP (e.g. Work Programme in other supply chains and/or for other primes, Work Choice, ESF support for families with multiple problems) and non-DWP funding.

If non-DWP funding, what is the source?

Leaving supply chains

We understand from our records that your organisation left [enter primes' name] supply chain in the last year? Is this correct?

If not, which of your Work Programme contracts have you stopped delivering?

When did your organisation stop delivering the contract(s)?

Why did your organisation stop delivering the contract(s)?

Prompt if necessary: due to financial viability related issues, performance related issues and/or other issues.

[If financial] Why was the contract not financially viable for you?

Prompt referral volumes, performance, unit costs, PbR, etc.

Has financial viability changed over time?

If yes, what was behind this? (e.g. were attachment fees reduced, did the provider experience discounting that affected viability?)

[If performance related] How were you performing in this contract/these contracts relative to your targets and relative to other providers in the supply chain?

Do you feel your prime(s) operated a competitive or collaborative model?

[If other issues] What were the reasons?

Whose decision was it to stop delivering the contract(s)?

Prompt if necessary: their decision, the prime provider's decision or a joint decision?

If the prime's decision, how was this communicated and what was the process? e.g. if performance related issues did this follow a set of performance management process?

Were your referral volumes managed downwards in the lead up to contract withdrawal?

If yes, probe for why this was done and what the impacts were for the organisation (e.g. steady reduction of income, maintenance of premises and staff etc.).

Work Programme evaluation: Operation of the commissioning model, finance and programme delivery

Did you make, or consider making, any changes to try to keep the contract(s) viable and/or from being withdrawn?

If yes, probe for details on what, why and the outcome.

If no, probe why.

Did your prime provider(s) work with you, or offer to work with you, in any way to try to help you keep the contract(s) viable and/or from being withdrawn?

If yes, probe for details on what, why and the outcome.

If no, probe whether they would have welcomed this and why.

What, if anything, could have prevented your organisation leaving the supply chain(s)?

If known, who is now delivering what you previously delivered in the supply chain(s)?

Are these existing or new providers to the supply chain(s)?

What impact do you think this change of providers will have on customers?

Ongoing Work Programme delivery (if applicable)

Does your organisation expect to continue to deliver the Work Programme contract(s) you still hold?

If yes, why? i.e. are these contracts more financially viable and/or are they performing better in these contracts than the ones they have stopped delivering? Why is this the case?

If no, why? i.e. are they planning on leaving the supply chain(s) and/or are the prime(s) considering withdrawing their contract(s)? Why is this the case?

Work Programme commissioning impact and destination

The DWP commissioning strategy includes a focus on larger, longer contracts, the prime contractor model, a focus on outcomes and reduced prescription. In general, what impact do you feel this commissioning strategy has had on your organisation?

Probe: has it created barriers or opportunities? How have you responded?

How do you think not being involved in/having reduced involvement in the Work Programme will impact on the future of your organisation?

What are your future intentions with regard to DWP commissioned Welfare to Work provision?

Do you intend to:

try to enter other Work Programme supply chains? Why/why not?

consider bidding to be involved in any successor programme to the Work Programme? Why/why not?

look to provide other DWP programmes? Why/why not?

If none of the above, what other sectors or types of work do you intend to turn to and why?

D.2.4 Performance and Account Manager guide

Background

What is your role?

Probe for job description, grade/level and location.

How long have you been in this role (and with the organisation)?

How large a part of the work you do is related to the Work Programme?

Has this changed (increased/decreased) over time?

What are your duties other than the Work Programme?

How are you involved in the Work Programme?

Probe for number of providers/contracts/size of area they are responsible for.

Role and capability developments

We understand there has been a reorganisation of the account management and performance management teams. As you understand the changes, can you explain what the key changes are and what these aim to achieve?

What are your views on these changes?

Do you think these are these the right changes?

Probe why.

How are these changes working so far?

Probe why.

Do you feel your new role/responsibilities better meet the needs of DWP and the prime provider(s) you work with?

Probe how and why.

Have you any suggestions for how the impact of your role could be (even) greater?

How much flexibility do you have in terms of how you perform your role?

What impact do you feel this has?

Is this the same level of flexibility you had a year ago or has it changed?

If changed, how? What are your views on this? (appropriateness and impact)

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Do you feel you have the support you need to perform your role as effectively as possible?

Do you feel you have more, less or the same support as you had a year ago?

If changed, how? What are your views on this? (appropriateness and impact)

Have you any suggestions for how you could be better supported to perform your role?

Would a more formal learning and development routeway be beneficial in developing the capability of performance managers?

What, if any, are the challenges of managing a payment by results contract compared with other types of contract?

Relationships

What key changes will the reorganisation of the account management and performance management teams have on how you work with DWP Performance Managers [if an AM]/Account Managers [if a PM] in relation to the Work Programme?

What are your views on these changes?

Do you think these are these the right changes?

Probe why.

How are these changes working so far?

Probe why.

Do you feel the new split of responsibilities and linkages between roles better meet the needs of DWP and the prime provider(s) you work with?

Probe how and why.

Have you any suggestions for (further) improvement?

Are any other DWP or Jobcentre Plus staff critical to your role in relation to the Work Programme?

Probe for how any links operate, effectiveness and impact of these relationships.

Have there been any changes to your working relationships with other DWP/JCP in relation to the Work Programme in the last year?

If changes, what? What are your views on these? (appropriateness and impact)

What could be improved?

Can you describe your working relationships with your prime provider(s)?

Have there been any changes to your working relationships with your prime(s) in the last year?

If changes, what? Why do you think these have occurred? What impact have they had?

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What could be improved?

Do you have any links with subcontractors?

If yes, what? Probe for effectiveness and impact of these relationships.

If no, do you feel this is appropriate?

What about any informal networks?

Have there been any changes to this in the last year?

If changes, what? Why do you think these have occurred? What impact have they had?

To what extent is there competition or collaboration with the supply chains you work with?

How does this affect/drive performance?

Views on programme design, delivery and impact

Have any primes that you work with changed their model of provision/services offered?

If yes, what changes?

What was the process for making the change(s)? Did this involve a change to the Customer Service Standards? How much does this differ from what is in their contract?

Have any there been any changes to the supply chains that you work with (e.g. market share shift, leavers, new entrants)?

If yes, what changes?

What has been the impact of market share shift on this CPA?

Are the prime provider supply chains that you have knowledge of catering for all participants?

Probe for: adequacy both to meet the needs of particular client groups, such as those with mental health or accommodation issues, and in terms of geographic coverage, location of offices, etc.

What do you think about how the Work Programme market is shared across the current prime providers?

Do you feel this is appropriate?

Do you feel there are any risks for DWP? If so, what?

Has your view of this changed since the introduction of market share shift?

D.3 Topic Guides from the 2013 wave of the programme delivery evaluation

D.3.1 Programme provider guide

General background

What is your office's role in the delivery of the Work Programme?

Identify whether: prime end-to-end; non-prime end-to-end; specialist end-to-end, describe specialism; other sub-contractor, describe nature of provision.

If sub-contractor, for this location: who sub-contracted to if not directly by a Prime, ultimately, which Prime?

Provision

In the last year, have there been any significant changes made to:

the types of services you provide to customers?

who you provide a service to?

how you organise your service?

anything else you think affects the services your organisation delivers under the Work Programme?

Probe for: What? Why? What has been the impact on customers? (number affected; provision; outcome). Have the effects been different for each customer group? Other effects?

The support decision

How is the support for each customer decided?

What techniques and tools are used to identify barriers to employment?

Are customers allocated to treatment groups or streams. If so, are these aligned to Work Programme payment groups?

Probe for: role of customer choice, degree of adviser discretion, limits or controls on costs of provision. In what way does this affect: adviser contact and use of specialist advisers, the frequency and appointment length, the degree of conditionality/mandation?

In the last year, have any changes been made in the way support is determined?

Prompts: Has the way customers are assessed changed? Have any new screening tools been developed or upgraded? What changes have been made? Why? What has been the impact on customers? (number affected; provision; outcome) Do you consider this change to be an improvement?

How have these changes affected the way you support different customer groups?

Any groups less well served? Are there any remaining problems?

Are there any remaining problems with the way support needs are determined?

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Pre-employment support

Do you provide training: In house? Sub-contracted? Other external?

(get brief description of providers)

What use do you make of Skills Funding Agency training?

Why?

What use do you make of training funded under the ESF (European Social Fund)?

Why?

How do you ensure customers who need training can access appropriate training provision?

Check for differences between: in house training, Skills Funding Agency funded training, ESF, supply chain training; customer groups

Have your processes for identifying customers' training and skills requirements, and for accessing provision changed in the last year?

In what way? Has this affected some customer groups more than others? Which groups (which provision)? Why? If not, changed, why not?

In-work support

Do you provide support for Work Programme customers once they are in work?

(Include support provided to employers as well as customers.)

IF NOT Which organisation within your supply chain provides this support? How well do you feel this works?

(Include effectiveness for customers and information from those leaving employment.)

GO TO Q15.

How important do you think it is to provide in-work support?

For whom? Why?

Please describe in detail the support provided.

Probe for: support to customers and support to employers; how delivered (call centre based support, Personal Adviser – same or different PA, other model); methods of support (careers advice, mentoring, practical and financial support, training needs, progression, mediation, supported job search); customer, employer or provider led – why?; mode and frequency of contact; sequencing and timing (e.g. financial support only provided in first 4 weeks of employment) – when does the support end?

Do you prioritise in-work support for some customers?

Who?

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Probe for whether:

target those at risk (at risk of what?) and how these are identified.

prioritise customer groups.

In what way?

Why?

Are some customer groups more or less receptive to offers of in-work support?

Why do you think this is?

What do you do when customers are less receptive?

Do you think your model for in-work support is successful?

Probe for reasons for its success/failure/limitations.

Has this model of in-work support always been like this or has the process been modified or changed since go-live?

How? Why? What has been the effect?

Are there ways in which in-work support could be improved?

How?

Employer engagement

Do you undertake any employer engagement activities (that is, activities with employers)?

What? Probe for exclusive agreements with any employers.

How well does this work?

Are there any problems?

Do you co-ordinate your employer engagement activities with the Jobcentre Plus?

And with other providers? Why/why not? How well does this work? Are there any problems?

Conditionality and sanctioning

Regarding the way you support mandatory customers, what approach does your organisation take to applying conditionality?

Probe for: use of rigid processes/rules (e.g. all customers having at least 3 mandatory activities on their action plan) or adviser discretion; philosophy of organisation; which groups are mandated to provision most/least and which are excluded.

Where customers do not comply with mandated activities, what is your approach to referring for sanctioning?

Is it automatic or is there discretion or does it vary?

IF VARIES: In what way? Why? Probe for differences by customer group or other type of customer.

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IF SOME DISCRETION [whether varies or not]: What factors do you take into account to decide whether to refer in a specific case? Why?

Does this mean that customers from some claimant groups or types of customers are more likely to be referred than others? Which? Why?

How useful is it to be able to use the threat of a benefit sanction to encourage customers to engage with provision?

What are the effects on relationships with customers, co-operation, participation and outcomes?

What discourages advisers from imposing mandatory activities or following through with sanctions referrals?

Probe for: examples of positive and negative effects on customer behaviour; examples of successful or unsuccessful sanctions decisions and the implications for advisers.

Minimum service delivery standards

Are you aware of your Prime provider's minimum service delivery standards?

IF YES: How does this affect the way you operate?

Have customers tried to use minimum service delivery standards to affect your service to them?

IF YES: How often has this happened? (Ball park figures to see if common or not.)

In what way have they been used? What has been the type of outcomes?

IF NO: Why do you think customers have not used them? (Standards are met/low customer awareness of standards.)

Financial controls

How do you manage the costs of support?

PROBE: balancing between the needs of different customers; costs for each customer over time; set provision per customer/type of customer; set budget – how determined?

Does this result in differences in support by customer group?

Has the way you manage the costs of support changed in anyway over the last year?

How? Why?

Has this affected the support provided?

How? Why?

What has been the effect on customers?

Has this affected customer groups differently?

How? Why?

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General views on provision within the Work Programme

In terms of delivery of services to your WP customers, what aspects of the WP are working well?

And not so well?

How is the Work Programme's financing model (i.e. paying for outcomes) affecting how you operate?

Does it focus support on some customer groups? Which? Why?

Does it create uncertainty over staffing and provision?

How much of your WP income is dependent on outcomes?

Do you think it affects which individuals are helped by your provision? Which and in what way?

Do you have any suggestions for changes in the way that performance targets are used within the WP?

Are there any other changes you think could be made to improve the programme?

Is there anything else you would like to say about the Work Programme, your involvement as an organisation and you personally?

D.3.2 Jobcentre Plus Advisory Team Manager guide

Support to Work Programme participants

Do your customers continue to have any contact with the Jobcentre once they are on the Work Programme?

Purpose of the contact?

Contact prompted by Jobcentre Plus, individual member of staff or customer

face to face/phone/email/text?

Does this result in Jobcentre Plus staff providing any form of assistance to Work Programme customers?

What?

Systematic/ad hoc support?

By whom?

Under what circumstances?

Why?

IF NO SUPPORT PROVIDED: Do you think there would be benefits to providing assistance to Work Programme customers?

What?

For whom/which groups?

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Why?

Why is support not provided?

GO TO Q2.6.

Are some claimant groups or types of customers more likely to seek assistance?

Which?

Why do you think this is?

Are some claimant groups or types of customers more likely to receive assistance?

Which?

Why?

What additional value is provided to customers on top of what they are receiving from their Work Programme provider?

Has the contact and support given to customers once on the Work Programme changed in anyway over the last year?

How?

Why?

Work Programme returners

You will have been getting customers returning to Jobcentre Plus from the Work Programme. What types of customers are returning?

Check for types by: claimant groups, other characteristics, those with particular barriers: what barriers?

Could you tell me about the types of experiences returners have had on the Work Programme? Include examples, if possible.

Check for: differences by claimant group, differences by other characteristics/type of barriers.

What types of barriers to work have typically been addressed and which have not?

Check for: differences by claimant group, differences by other characteristics/type of barriers.

Why do you think their (remaining) barriers to work have not been fully addressed?

Check for: differences by claimant group, differences by other characteristics/type of barriers.

Work Programme exit reports

How well do the exit reports summarise customers' experience on the Work Programme?

Probe for: how well they describe key activities completed and success, variability in quality of reports (and whether varies by provider).

Do they identify differences in the extent of support received?

Get examples.

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Do there seem to be differences in the extent of support by: claimant group, other characteristics/type of barriers? In what way?

How useful do you find the providers' exit reports?

What is most useful? Why?

What is less useful? Why?

What would be useful, but is usually omitted? (Differences by claimant group, differences by other characteristics/type of barriers.)

How do the exit reports compare to participants' accounts of what they have experienced?

Are they generally accurate? Are there conflicts?

Do they provide information which participants are less inclined to share?

Overall, are the exit reports worthwhile?

General views on provision within Work Programme

In terms of delivery of services to your WP customers, what aspects of the WP are working well?

And not so well?

Are there any other changes you think could be made to improve the programme?

Is there anything else you would like to say about the Work Programme, your involvement as an organisation and you personally?

D.3.3 Jobcentre Plus District Offices: Employer engagement

Employer engagement

Could you briefly describe the employer engagement activities which are done in your District.

Does your Jobcentre Plus district coordinate its employer engagement activities with those of the Work Programme providers operating here?

In what ways?

PROBE ON: types of coordinated activities (e.g. vacancy filling and vacancy finding), how they work together (processes), whether provider/Jobcentre Plus/joint initiated, whether coordinated with all or just some primes/providers and why, role of other partners (e.g. Local Enterprise Partnerships or SFA).

How well does this work?

What works well, why?

What does not work well, why?

Do you think there are aspects of competition between Jobcentre Plus and the providers which affect (the potential for) co-ordination?

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In what way?

Which organisations see themselves as competitors?

Jobcentre Plus sees providers as competitors.

providers see Jobcentre Plus as competitor.

providers see other providers as competitors.

whether each applies to some or all providers.

How does this affect co-ordination?

How does this affect employer engagement?

Do you think there is the need for better co-ordination in engagement with employers?

Why? Over what?

IF YES, How could co-ordination be improved? What are the barriers?

Is there anything else you would like to say about the Work Programme and employer engagement?

What works well? What does not work so well? How things could be improved?