



Fair Chance to Work: initial voluntary and community sector experiences of the Work Programme in London

LVSC, October 2011

Summary

The Work Programme commenced in June this year. In London, with its high levels of unemployment, competitive labour market, high living costs and huge inequalities, Work Programme providers face considerable challenges.

In any number of statements over the last year, the government has strongly intimated that it expects Work Programme prime contractors to subcontract delivery to voluntary and community sector (VCS) groups, because they have the specialist expertise to support the most disadvantaged unemployed people into work.

This report reviews published information on Work Programme supply chains in London and draws on results from a survey of VCS subcontractors to identify concerns and issues arising at this early stage of the initiative.¹ Key findings include:

- A number of VCS groups are well underway delivering 'tier 1' or 'end to end' Work Programme subcontracts.
- However, most tier 1 providers report that prime contractors have simply passed the Work Programme's high risk outcome based pricing structure on to groups in their supply chains, regardless of size or financial capacity of subcontractors. Also, TUPE obligations have imposed a considerable burden in terms of cost and resource at the very time these groups were gearing up for delivery.
- The vast majority of specialist 'tier 2' providers have had no Work Programme customers referred to them at all.
- There is a grave risk that the expertise of those specialist groups will be lost unless they are given greater certainty regarding the number of customers they can expect to work with.
- Levels of confidence among VCS subcontractors that the Work Programme will succeed in meeting its minimum performance levels, or that the payments on offer will incentivise providers to help the most disadvantaged customers, are very low.
- DWP has not yet finalised plans for monitoring the performance of the Work Programme. Careful monitoring is needed to ensure that the most disadvantaged customers are not 'parked', and that employment inequalities for groups such as lone parents, disabled people, and minority ethnic groups do not get worse.
- We are still in the early stages of the Work Programme, and it is not too late to adjust aspects of its design to ensure it delivers fairly for the hardest to help, and that specialist VCS providers play the kind of role that the government wishes to see.
- The success of the Work Programme will be instrumental in Mayoral employment equality targets being met in London.

¹ A separate briefing paper provides a basic introduction to the Work Programme.

Government statements on the role of the VCS in Work Programme delivery

The Work Programme is a universal programme. In London, tens of thousands of long term unemployed people with an enormous range of needs will be mandatorily referred onto it for employment support in the coming years. The government has made it clear that such a broad programme can only be successful if prime contractors draw upon the expertise of specialist subcontractors - and voluntary and community sector (VCS) specialists in particular - to meet the diverse needs of customers.

The Department for Work and Pensions (DWP) media release marking the official launch of the Work Programme on 10 June 2011 stated that 508 VCS groups would be involved in its delivery nationally, giving a 'boost to the Big Society.'² A couple of months earlier, announcing the selection of successful prime contractors, the department was even more upbeat, promising a 'massive boost' for the Big Society.³

Other public statements emphasising the importance of VCS delivery to the Work Programme have been made:

- *In the Work Programme (WP) tender documents:*
'Partnerships are central to the delivery of DWP objectives and statutory duties and DWP believes that effective partnership working will be key to effective delivery of the WP. As a result, Providers are expected to work, with a wide range of local partners and partnerships. Our [DWP's] track record in working with voluntary sector organisations within existing Welfare to Work supply chains is an excellent one. Currently, some 30% of sub-contracts are with voluntary sector organisations - and we are confident the WP will build on this to ensure the best possible experience for every WP customer.'⁴
- *By Employment Minister Chris Grayling:*
'[Under the Work Programme] for the first time those charities and voluntary sector organisations across the country with the know how to help people with real difficulties in their communities get back to work are being given the chance to do just that.'⁵
'We have made it clear to prime contractors that we expect them to come with a coalition of organisations, including the voluntary sector. If they don't they won't win contracts. Your hand (as voluntary sector organisations) is pretty strong to make good deals, as primes must remain on good terms with the voluntary sector.'⁶
- *By Minister for the Cabinet Office Francis Maude:*
In response to a question on improving access to public contracts for small charities in the House of Commons, Maude said the Government estimated that 30 to 40% of the value of work under the Work Programme will go to the voluntary sector: 'We believe this will be worth in excess of £100m per year.'⁷
- *By senior DWP officials:*
'DWP sought prime contractors with good supply chain management as it's anticipated that around 1,100 third-sector and small and medium enterprises (SMEs) will deliver elements of the [Work] programme. This is because they're expected to be better able to deliver a

² <http://www.dwp.gov.uk/newsroom/press-releases/2011/jun-2011/dwp062-11.shtml>

³ <http://www.dwp.gov.uk/newsroom/press-releases/2011/apr-2011/dwp037-11.shtml>

⁴ DWP, *Work Programme Invitation to Tender Specification and Supporting Information*, <http://www.dwp.gov.uk/docs/work-prog-itt.pdf> (p 16)

⁵ <http://www.dwp.gov.uk/newsroom/press-releases/2011/apr-2011/dwp037-11.shtml>

⁶ <http://www.ersa.org.uk/hub/details/260/grayling-speech-on-voluntary-sector-and-work-programme-and-risk>

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http://www.civilsociety.co.uk/finance/news/content/8883/maude_says_charities_will_receive_100m_per_year_under_work_programme

personalised, local service. It's also in line with government policy. "[Prime contractors] had to be able to source, support and manage SME and voluntary sector suppliers," says [DWP's David] Smith. Meanwhile, [DWP's John] Michalski points out that small organisations based in one town are needed to specifically target hard-to-help people. "A big part of this is how you align these organisations and how the bigger ones will manage the supply chains."⁸

A particular issue that Grayling has been concerned to address is the use of VCS groups as 'bid candy' by primes (that is, primes including VCS groups as potential subcontractors in their bids to impress DWP, but referring no or very few customers to those groups once the contract commences):

- *Speaking at a London Funders conference:*
'If the big guys stuff the little guys than we'll stuff the big guys. If a prime contractor wins the bid with a sexy list of sub contractors then dumps them the day after, then we will dump them in return.'⁹
- *Giving oral evidence to House of Commons Work and Pensions Committee:*
Teresa Pearce (Labour committee member): 'You seemed to imply earlier that, if a bid came to you from a prime with a group of third sectors that was going to be worked with, and then none of them were, that would be a breach of contract. Is that correct?'
Chris Grayling: 'It is and, if it was a blatant example like that, we would just remove the prime contractor from their contract. I am not having that. ...We are absolutely clear: if that happens, the prime contractor will be toast, frankly. I am just not having that.'¹⁰

The government has sent out very strong signals to say that primes must use specialist VCS groups in their Work Programme delivery, and that this is a *quid pro quo* of contracting out a mandatory and universal public welfare-to-work programme to large for-profit providers. However there are no contractual requirements on primes to subcontract to the VCS.

Levels of VCS delivery in London

So, how do levels of delivery by the VCS in London stack up against these statements made by government in the lead up to the Work Programme?

DWP has published lists of 'organisations proposed to deliver specific elements of the service' for each prime contractor. In total, 83 third sector organisations are included on the lists for the two London CPAs. There are 58 private companies included on the lists, and 20 public bodies. The full list of groups is attached at Annex 1 of this paper.

Of the VCS and third sector groups listed, LVSC estimates that 26 are delivering 'tier 1' subcontracts, and 64 are delivering ad hoc 'tier 2' subcontracts.¹¹ Giving precise figures is very difficult because a number of groups listed as tier 1 subcontractors have in fact declined contract offers, but may remain on the books as tier 2 providers, and because the sector categorisation in the DWP lists is sometimes incorrect or inconsistent. Also, subcontracting arrangements are still subject to commercial negotiation and change.

⁸ <http://www.supplymanagement.com/analysis/case-studies/working-towards-change/>

⁹ <http://www.socialenterpriselive.com/section/news/public-services/20110204/you-have-more-power-you-realise-grayling-tells-sector>

¹⁰ <http://www.publications.parliament.uk/pa/cm201012/cmselect/cmworpen/718/11031402.htm>

¹¹ 'Tier 1' subcontractors generally work with an agreed volume of customers, on a long term basis, from the time of the initial referral onto the programme, through to the point that the customer finds work and remains in work for up to two years. Groups with 'tier 2' subcontracts, on the other hand, deliver a much shorter specialist intervention, focused on tackling a particular barrier to work (a short session giving debt advice, for example).

With some exceptions, most of the tier 1 VCS subcontractors tend to be geographically-based generalist groups, whereas providers specialising in working with particular client groups have ad hoc 'tier 2' subcontracts.

The information published by DWP gives an indicative figure for the proportion of each Work Programme contract being delivered by each subcontractor. According to those figures, the level of subcontracted delivery by the third sector accounts for 20% of total programme delivery in London:

	Proportion of contract delivery by third sector subcontractors
Ingeus Deloitte	16.3%
Maximus	52.6%
Reed in Partnership	9.1%
A4e	14.0%
CDG	20.0%
Seetec	8.0%
Overall London total	20.0%

It is worth noting the influence that CDG's (a charity which is both a prime and a subcontractor in London) share of delivery has on these figures. A single subcontract held by CDG accounts for more than a quarter of all tier 1 subcontracted VCS delivery in London. The total level of end-to-end frontline provision (including both tier 1 subcontracting and direct delivery by primes) by the VCS in London rises significantly when CDG's own direct 'prime' delivery in the London East CPA is taken into account.

Experience of VCS providers

The Work Programme has been up and running for two months. In partnership with ACEVO, LVSC recently surveyed 44 VCS subcontractors in London on their initial experiences of the Work Programme.

Survey results show that tier 1 and tier 2 subcontractors have had very different experiences from one another. For tier 1 subcontractors, volumes of referrals have so far generally been in line with expectations, and in some cases they have been higher than expected.

A key challenge faced by tier 1 groups with annual customer volumes of approximately 100 or more has been taking on staff from other welfare-to-work providers under Transfer of Undertakings (Protection of Employment) (TUPE) obligations. This has imposed a considerable burden, in terms of cost and resource, at the very time groups were gearing up for delivery.

Common TUPE issues include:

- *A fundamental lack of clarity about whether and how TUPE would apply under the Work Programme.* There is a strong sense that DWP could and should have provided clear guidance, for example that Flexible New Deal (FND) staff would be protected under TUPE and would transfer to frontline Work Programme delivery bodies.
 'TUPE has been a major problem for us, even though we are a large charity with considerable HR capacity and expertise. Our legal experts found this very difficult. It's uncharted territory.'¹²
 'The risk with TUPE was too great. It was difficult to forecast expenditure as we didn't know the salary, pension and redundancy liabilities that we might have to take on.'
 'TUPE issues should have been dealt with by DWP much earlier and with clearer guidelines. It has made mobilisation for the contract very difficult.'

¹² All quotes taken from responses to survey of Work Programme customers on condition of anonymity

- *Decisions on TUPE being communicated to subcontractors by primes very late:* in many cases, just one or two weeks before programme delivery was due to commence, resulting in costly duplication of recruitment and redundancy processes.
‘Two weeks before rollout, we were told by our prime that we would be taking on five staff from a third party (one of the prime’s FND subcontractors).’
‘We were told at the last minute, after we had already built our team in-house. We were sent the details of TUPE staff on Monday, and had to interview them on Thursday, then do another round of interviews and structuring.’
‘We had already been through internal restructuring and redundancy processes and established a staff team, and we immediately had to go through another interview and restructure process – at considerable cost.’
- *No room to negotiate*
‘We simply received an email saying here are the 4 people we are TUPEing over. It was very much a *fait accompli*.’
‘We considered opposing it and appealing to the prime’s senior management, but it would have been hopeless.’
- *Mismatch in working conditions:* groups are obliged to maintain salary, pension, and redundancy conditions, which can be higher than they offer their in-house staff.
‘Our prime told us we had to take four staff from a provider (not the prime). They told us the average staff salary was £25K, which is higher than most advisors get paid.’

Other issues identified by tier 1 providers include onerous or unfair contractual terms, and prices which are insufficient to cover the cost of delivering intensive or specialist support to vulnerable customers. Several subcontractors reported being told by their prime that problematic contractual terms simply reflected the terms of the prime’s contract with DWP.

The situation for tier 2 providers has been very different. Two months into the programme, the vast majority of tier 2 VCS subcontractors have had no customer referrals at all. Of the 44 London subcontractors we surveyed, 25 are primarily involved in delivering tier 2 subcontracts (and the remaining 19 are primarily delivering tier 1 subcontracts). Of those 25 tier 2 groups, one group has had a single referral, and one group declined to disclose any information regarding referrals. The remaining 23 report that they have had no referrals whatsoever.

There may be a simple reason for the lack of referrals to specialist subcontractors. Some groups report that JCP is referring very few of the most disadvantaged jobseekers on to the programme at this initial stage, in order to give providers the best change of achieving early job outcomes which will generate cashflow as quickly as possible to fund future delivery. If this is true, while it may help assure the long-term viability of the programme, it raises serious concerns about both the level of specialist support available to vulnerable customers and the future viability of tier 2 subcontractors, in the short and medium term.

Summary of other survey results

Survey respondents were also asked a number of further questions, summarised here:

	Yes	No	Unsure
Do you have formal, signed contracts for all your Work Programme provision?	Tier 1: 11 Tier 2: 9 TOTAL: 18	Tier 1: 8 Tier 2: 16 TOTAL: 24	Tier 1: 0 Tier 2: 0 TOTAL: 0
Have you agreed pricing levels for your provision with each prime?	Tier 1: 16 Tier 2: 16 TOTAL: 32	Tier 1: 2 Tier 2: 7 TOTAL: 9	Tier 1: 1 Tier 2: 2 TOTAL: 3
As a subcontractor, do you think your payment profile has been	Tier 1: 1 Tier 2: 5	Tier 1: 16 Tier 2: 10	Tier 1: 2 Tier 2: 10

	Yes	No	Unsure
'softened' compared to the DWP's offer to the primes? (e.g. extra attachment fee or job outcome fee)	TOTAL: 6	TOTAL: 26	TOTAL: 12
Are you confident that the Work Programme will attain the DWP's minimum performance level in your CPA(s)?	Tier 1: 4 Tier 2: 0 TOTAL: 4	Tier 1: 7 Tier 2: 8 TOTAL: 15	Tier 1: 8 Tier 2: 17 TOTAL: 25
Do you think the differentiated payment mechanism is adequate to ensure the Work Programme helps harder to reach client groups?	Tier 1: 1 Tier 2: 2 TOTAL: 3	Tier 1: 12 Tier 2: 9 TOTAL: 21	Tier 1: 6 Tier 2: 14 TOTAL: 20

While most groups have agreed prices for their provision, a surprising number are still waiting to sign contracts. Only one tier 1 group reports that their prime contractor is easing the outcome-based profile with upfront payments in recognition of the financial constraints on VCS providers.

Overall confidence that the Work Programme will succeed in meeting its minimum performance levels is very low, and very few groups are confident that that the differential payments on offer for different kinds of customers are adequate to ensure the Work Programme helps harder to reach groups.

Departmental monitoring of outcomes for Work Programme customers

The success of the Work Programme in engaging and supporting harder to help customers is a key concern for the VCS, especially given that the programme is likely to see a wider range of people supported by a smaller number of providers than earlier programmes.

Certain disadvantaged groups face particular barriers in London. Lone parents, disabled people, and Black, Asian, and Minority Ethnic (BAME) people have lower rates of employment in London than in the rest of the UK.

The Mayor of London (through the London Skills and Employment Board) has set an explicit target to close the gap between the London employment rate and that for disadvantaged groups (lone parents, disabled people, BAME) from 19.4% to 15.0% by 2015.¹³

In order for inequalities in employment and skills to be reduced, it is critical that the Work Programme delivers on its promise to provide appropriate specialist support for a wide range of customer groups. Given the scale and scope of the Work Programme, if it fails to deliver effectively for disadvantaged groups, there is little hope that inequalities in employment, skills, and income will be tackled effectively.

Rigorous monitoring and programme evaluation will be the most effective means for assessing the Work Programme's success in meeting the needs of disadvantaged groups. LVSC is in discussion with DWP regarding the way in which it collects information on the experience of the most disadvantaged Work Programme customers. LVSC has asked that volumes of referrals onto the programme, rates of sustained job outcomes, and pay outcomes (in particular the proportion of living wage jobs), are published for groups that face particular barriers to work and that have lower employment rates than the rest of the population (lone parents and disabled people, for example).¹⁴

¹³ London Skills and Employment Board, *Legacy Recommendations for Skills and Employment Action in London*, http://www.cesi.org.uk/Resources/CESI/Documents/LSEB_legacy.pdf

¹⁴ Letter from London Employment and Skills Policy Network to DWP's Alan Cave: <http://www.lvsc.org.uk/media/51971/lespn%20letter%20to%20alan%20cave%20re%20work%20programme%20monitoring%2022%20june%202011.pdf>

LVSC has asked for information to be published at CPA or local authority level, for each prime contractor, broken down by protected Equality Act characteristics (for example age, disability, race, religion or belief, gender, and sexual orientation). In addition to these characteristics, it has asked to see outcomes monitored for Work Programme customers who:

- are lone parents;
- are ex-offenders;
- are former IB claimants;
- are not in education, employment or training (NEET);
- have learning disabilities;
- have mild to moderate mental health issues;
- are care-leavers;
- are carers or ex-carers;
- are homeless;
- are former armed forces personnel;
- are refugees; or
- have current or previous substance dependency problems.

These categories cover the kinds of clients that VCS groups most often work with: people who need specialist support to get into work. By gathering and publishing detailed and timely information, DWP can facilitate the sharing of good practice and will help identify gaps in provision as early as possible.

DWP are still developing their plans for monitoring the performance of the Work Programme. It plans to publish referral figures from spring 2012 and job outcomes data from autumn 2012.¹⁵ The Department says, 'as a minimum we hope to publish figures on the numbers of claimants who have been referred to the Work Programme and for whom a job outcomes has been claimed. These will be made available by various breakdowns including age, gender, ethnicity, disability, and geography, however again this is dependant on the quality of the data from the administrative systems.'¹⁶

At the very least, we can expect official Work Programme performance data to be broken down by Work Programme customer group:

- Customer group 1: JSA customers aged 18 to 24
- Customer group 2: JSA customers aged 25 and over
- Customer group 3: JSA customers given early access to the Work Programme (including those who are ex-offenders; have physical or learning disabilities; have mild to moderate mental health issues; are care-leavers; are carers or ex-carers; are homeless; are former armed forces personnel; have substance dependency problems).
- Customer group 4: JSA customers who have recently moved from IB following a work capability assessment
- Customer group 5: 'voluntary' ESA customers (i.e. people on ESA who are not required to seek work, but who choose to join the programme on a voluntary basis)
- Customer group 6: new 'work capable' ESA customers
- Customer group 7: ESA customers who have recently moved from IB following a work capability assessment
- Customer group 8: 'voluntary' IB and Income Support (IS) customers

Essentially, Work Programme customer groups are defined by the type of benefit a customer is receiving, not on the barriers to work they may face. This gives rise to a number of particular concerns about performance reporting under the Work Programme:

¹⁵ DWP, *Information note on statistics for Work Programme*
http://statistics.dwp.gov.uk/asd/asd1/work_programme/work_prog_note.pdf

¹⁶ DWP's response to LESPN's questions on Work Programme monitoring
<http://www.lvsc.org.uk/media/51974/dwp%20reponse%20to%20lespn%20letter%20re%20wp%20monitoring%207%20jul%202011.pdf>

- The only information on how the Work Programme is delivering for people with physical disabilities, learning disabilities, and mild to moderate mental health issues, will be the performance data from the ESA groups, where customers have identified their primary health condition. However, large numbers of people who face these barriers claim JSA, not ESA. They still face significant barriers to work, including discrimination, but will not qualify for additional funding to get the support they need. They are at risk of being 'parked' by providers, in favour of JSA claimants who will be seen as easier to place in work.
- Performance data for customer group 3 will aggregate outcomes for a wide range of customers who are granted early access to the Work Programme by JCP,¹⁷ including some of those on JSA with physical or learning disabilities or mild to moderate mental health problems. This aggregate data will tell us nothing about how effectively the Work Programme is supporting each of the groups within the early access category: for example homeless people or ex-offenders. If the success of the Work Programme in supporting these disadvantaged customers is to be properly assessed, it will be critical to flag the *reason* each early access customer is referred early, rather than just the fact of early access.
- There are no firm plans to track outcomes for lone parents or refugees, although LVSC understands that DWP is looking at the possibility of providing figures for lone parents.

On a positive note, in the recent Open Public Services white paper, the government emphasises the need for appropriate monitoring to protect the most disadvantaged and ensure effective service delivery:

- 'Clearly, any move to payment by results creates new challenges for commissioners in setting and monitoring appropriate outcomes. These need to be set to align incentives correctly between the provider and the public interest; they need to be complex enough to prevent gaming but not so complex as to undermine the flexibility of providers. ...Furthermore, to ensure accountability for those – often vulnerable – users of payment by results public services, performance needs to be monitored closely, so that no-one gets stuck over the long term receiving services from a failing provider, while commissioners wash their hands of the problem, unperturbed because they do not have to pay.'¹⁸
- 'Fair Access. The key policies we are already implementing include... Diversity: providers are required to publish data about the different social groups who use their service in order to monitor any inequalities.'¹⁹

Conclusions and recommendations

The Work Programme is well under way and, anecdotally, volumes of referrals appear to be high. VCS groups are already working with significant numbers of customers.

Nevertheless, in London the overall rate of subcontracting by the VCS is approximately 20%, lower by a third than the indicative 30% figure forecast in the early Work Programme documentation (quoted above).

We have not yet seen the 'massive boost' for third sector providers that Chris Grayling called for. In fact, we are seeing the marginalisation of the sector from delivery of welfare-to-work services.

Many in the VCS have serious concerns about the ability of the Work Programme in its current form to help disadvantaged unemployed people who are mandatorily referred onto it:

- If primes are not yet referring any customers to tier 2 specialist providers, can we be sure that disabled people, lone parents, and other disadvantaged customers are getting the

¹⁷ On a mandatory or discretionary basis, depending on the customer's situation.

¹⁸ HM Government, *Open Public Services White Paper*, 2011, p33
<http://www.cabinetoffice.gov.uk/sites/default/files/resources/open-public-services-white-paper.pdf>

¹⁹ HM Government, *Open Public Services White Paper*, 2011, p34

specialist support they need? Alternately, if JCP is not referring these customers to the primes, what specialist support is being provided to them through Jobcentres?

- If the DWP does not monitor outcomes for these groups, how will it be possible to fully evaluate the performance of the programme? Outcomes for customers who are homeless, for example, will be unknown. Similarly, how will we know where gaps in provision exist, whether the system of differential pricing needs tweaking, and whether the hardest to help are being 'parked' by providers?
- Levels of statutory welfare to work delivery by the VCS have dropped dramatically from previous levels, despite the express intention of government that the Work Programme will access the sector's specialist expertise.
- The majority of VCS groups involved in the Work Programme are tier 2 subcontractors. One prime in London, for example, has 30 VCS tier 2 groups named in its supply chain. Most have seen no referrals as yet, and have no indication of how many customers they might see in any given year. Are they simply 'bid candy' by another name?
- There is no evidence that prime contractors have used their financial muscle to 'soften' the risk exposure of specialist VCS subcontractors.
- There is now a grave and immediate risk that specialist frontline expertise in supporting vulnerable people into work will be lost. The cumulative impact of reductions in public funding and changes to commissioning on the VCS has already been devastating.²⁰ In London, local authority and London Development Agency investment in employment programmes has dried up, so the Work Programme is now 'the only game in town'.
- Confidence levels that the Work Programme will deliver for harder to help groups (or indeed that it will meet its targets at all) are very low.
- There is no provision in the pricing and design of the Work Programme to allow for the additional barriers to work and costs to delivering services that exist in London as opposed to other areas of the UK.

On top of all of this, of course, the UK is suffering historically low levels of economic growth and employment, making the success of public employment services both more critical and more challenging than ever.

On the bright side, it is still early days: we are two months into a programme that will last seven years. The design of the Work Programme requires enormous changes to the way large primes and VCS subcontractors operate, and it is being rolled out to a very tight schedule, so it is only natural that there will be teething problems.

To ensure the Work Programme delivers on its promise:

- **There must be a far a greater delivery role for specialist frontline groups.** A huge amount of specialist VCS expertise is going unused at present. The vast majority of tier 2 subcontractors have had no referrals. Without guaranteed or even indicative minimum volumes it is impossible for them to plan, and many will be forced to close. Unless it is used, their expertise and knowledge will be lost.
- **DWP must properly measure and scrutinise the way the Work Programme is supporting disadvantaged groups.** JCP advisors must collect relevant information from Work Programme customers at the point of referral, and DWP must use this information to ensure Work Programme outcomes are fair for all customers (as required under the Equality Act). The Work Programme evaluation must examine the experiences of disadvantaged groups and VCS subcontractors.
- **Communication between primes and supply chains needs to be improved.** Prime contractors need to support their supply chains with clear and timely information, and greater certainty around basic conditions like customer volumes. The relationship between prime and subcontractor is not equal. Primes have a responsibility to mitigate their VCS subcontractors' exposure to risk and to ease cashflow.
- **Government must provide clear guidance about what good prime-subcontractor relationships should look like within the Work Programme.** A statement like 'if the big

²⁰ See LVSC's *Big Squeeze* research for details: <http://www.lvsc.org.uk/campaigns/big-squeeze.aspx>

guys stuff the little guys than we'll stuff the big guys' appears supportive of small providers but is hopelessly vague. What protection is there for tier 2 subcontractors who have no referrals and no contract? How will the Merlin standard work in practice, and when will it be up and running?²¹ These issues need to be addressed immediately.

- **The Work Programme pricing mechanism should be reviewed at the earliest opportunity**, to ensure that outcomes for London customers are equitable with customers elsewhere in the UK; and that persistent inequalities in employment rates are being addressed and not getting worse.²²
- **The impact of TUPE regulations on frontline staff, primes, and subcontractors should be reviewed**, so that lessons from Work Programme commissioning can be taken forward in other areas public sector reform.

The Work Programme has been described as a 'gold standard' and a flagship for future commissioning in other sectors, for example health. Before the model is adopted elsewhere, the government needs to take a careful and objective look at its impact on the availability and quality of specialist provision, and on the capacity of VCS groups (many of whom provide wider services that complement their employment and skills work).

Important aspects of the Government's plan to make the Work Programme a genuinely universal programme providing customised support to all long term unemployed people have not yet been realised. VCS employment and skills providers look forward to working with the government and private sector providers to ensure that the Work Programme is a success.

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²¹ The Merlin Standard is the DWP's mechanism for ensuring that providers develop successful, high performing supply chains, and champion positive behaviours and relationships in the delivery of provision. Among other things it aims to ensure appropriate fairness within supply chains for subcontractors.
<http://www.merlinstandard.co.uk>

²² Research by the Centre for Economic and Social Inclusion finds that in the past London has seen lower performance by statutory welfare-to-work programmes than the rest of the UK. This is the result of a number of factors including the city's high cost of living, the large numbers of disadvantaged jobseekers in London, and tough competition for entry-level work.
http://www.cesi.org.uk/Resources/CESI/Documents/Work_Programme_report.pdf

Annex 1: Work Programme providers in London

All data taken from Contracts Finder website (www.contractsfinder.businesslink.gov.uk).

Table 1: Size of supply chain by prime contractor

N.B. Total may be less than the sum of other columns where a subcontractor is listed as both tier 1 and tier 2.

	Organisations in supply chain			
	Prime	Tier 1	Tier 2	TOTAL
Ingeus Deloitte	1	15	9	25
Maximus	1	11	13	25
Reed in Partnership	1	7	25	33
A4e	1	17	55	73
CDG	1	15	12	27
Seetec	1	8	17	25

Table 2: Number of providers by sector (combined total for all London contracts)

Sector	Work Programme providers in London
VCS	83
Private	58
Public	20

Table 3: Proportion of end-to-end delivery by sector (combined total for all London contracts)

	Share end-to-end delivery
Prime contractor direct delivery	50.9%
Private sector subcontractors	22.3%
Public sector subcontractors	4.5%
VCS subcontractors	20.0%

Table 3: List of Work Programme providers in London by sector and prime, showing share of overall contract delivery

Please note:

- These figures are indicative only and must be treated with caution. The supply chains lists and figures for share of contract delivery were provided by primes in their bids, prior to contract delivery commencement and the finalisation of supply chain arrangements.
- Figures in square brackets show where LVSC understands that supply chain arrangements have changed.
- Sector category for some groups has been changed where published information was obviously wrong.

	Percentage of overall contract delivery					
	London West CPA			London East CPA		
	Ingeus contract	Maximus contract	Reed contract	A4e contract	CDG contract	Seetec contract
PRIME CONTRACTORS						
Ingeus Deloitte	69.7					
Maximus		32.2				
Reed in Partnership			62.7			
A4e				52.0		
CDG					43.7	
Seetec						45.3
Percentage delivered by prime contractors	69.7	32.2	62.7	52.0	43.7	45.3
PRIVATE SECTOR SUBCONTRACTORS						
Acton Training	0.5	1.2				
Addison Lee				Tier 2		
Advanced Personnel Management				Tier 2		
Advantage 42				Tier 2		
Armstrong Learning						Tier 2
BeOnSite				Tier 2		
BeSmart			Tier 2			
Clarion Interpreting				Tier 2		
Clarion Work Focus	0.1					
Community Systems				Tier 2		
Desinger Life Coaching				Tier 2		
Employer Engagement					Tier 2	Tier 2
Enterprise for Change		Tier 2			Tier 2	
Excelsis Training	0.9					
First Call						Tier 2
Free 2 Learn				Tier 2		
GLE				5.0		
HIT						Tier 2
Impact Universal				Tier 2		
InBiz Ltd	0.5					4.5
Intech Centre			Tier 2			
Integar Training Ltd				Tier 2		
Ixion	6.8					7.0
Jace						Tier 2
JGA Ltd			Tier 2			
John Laing Training						Tier 2
Kaleidoscope				1.0		
Keeping It Simple Training (KIS)			Tier 2			

	Percentage of overall contract delivery					
	London West CPA			London East CPA		
	Ingeus contract	Maximus contract	Reed contract	A4e contract	CDG contract	Seetec contract
Kennedy Scott		3.0				7.3
Learn Assist						Tier 2
Lifecare			Tier 2			
Lifeskill Central Ltd				Tier 2		
London Apprenticeship Company				Tier 2		
London College of Beauty Therapy						Tier 2
Mapalim Ltd			Tier 2			
Martinex Ltd - Burleigh College		Tier 2				
Maximus					22.3	
MEL Productions	0.1					
Mpower Training Solutions				Tier 2		
National Construction College				Tier 2		
Prodiverse			6.6			
Prospects						27.4
Ranstad Support						Tier 2
Seetec				5.0		
Sencia	1.4				5.8	
SST Facilities				Tier 2		
Take Three Days				Tier 2		
The Training Consortium	0.6					
TLE Ltd			Tier 2			
TNG		4.0				
Train 4 Work						Tier 2
Triangle Fusion			Tier 2			
Tribal Education Ltd				Tier 2		
Twin Training			10.4		2.0	
UFI Learndirect	0.5					Tier 2
Urban Futures London Ltd	0.3	4.0	5.5			
West London Vocational Training		Tier 2				
Zest 4 Training				Tier 2		
Percentage delivered by Tier 1 private sector subcontractors	11.7	12.2	22.6	11.0	30.1	46.2
PUBLIC SECTOR SUBCONTRACTORS						
Association of Colleges						Tier 2
Bexley Council - Resource Plus				4.0	3.2	
Big White Wall				Tier 2		
Bromley Council				0.4		
Bromley Field Studies					Tier 2	
Cross River Partnership				Tier 2		
GLLAB				2.0		
Greenwich Council					1.0	
Havering College				1.0		
Imperial College Healthcare NHS				Tier 2		
Islington Council		3.0				
Kensington Council			3.8			
Lambeth Council				Tier 2		
Lewisham College					Tier 2	
Newham Council				5.0		
Southwark Council				Tier 2		

	Percentage of overall contract delivery					
	London West CPA			London East CPA		
	Ingeus contract	Maximus contract	Reed contract	A4e contract	CDG contract	Seetec contract
Tower Hamlets - Skill Match				2.0		
Uxbridge College			1.9			
Wandsworth Psychological Therapies and Wellbeing Service				Tier 2		
Westminster and Kingsway College					Tier 2	
Percentage delivered by Tier 1 public sector subcontractors	0.0	3.0	5.7	14.4	4.2	0.0
VOLUNTARY AND COMMUNITY SECTOR SUBCONTRACTORS						
5E Ltd	11.8	7.9				
Action Acton	0.5		3.5			
Action for Blind People	0.1					
Addaction		Tier 2	Tier 2		Tier 2	
Adult Training Network	0.5		Tier 2			
Age UK				Tier 2		
Beatbullying				Tier 2		
Blue Sky Development		Tier 2	Tier 2			
Broadway	0.4		Tier 2			
Bromley By Bow Centre				[1.0]	[2.0]	
Business in the Community			Tier 2			
Camden Society	0.9		Tier 2			3.2
Capitalise Debt Advice Partnership		Tier 2			Tier 2	
Cardboard Citizens				Tier 2		
CDG		35.9				
CITE			Tier 2			
Citizens Advice Bureau						Tier 2
Citizens Trust	0.3	3.0				
Community Links					6.0	
Cricklewood Homeless Concern		Tier 2				
Deans London				Tier 2		
Disability Works UK			Tier 2	1.0		
Eco Actif services CIC			Tier 2		Tier 2	
Elevation Network Trust				Tier 2		
Ellingham Employment Services					0.4	
Employment and Training Consortium				Tier 2		
Employment First				1.0		
Expert Patients Programme CIC		Tier 2				
Faith Regeneration Foundation					2.0	
Football League Trust				Tier 2		
Gingerbread		Tier 2		Tier 2	Tier 2	Tier 2
Groundwork	0.5					
Hackney CEN						[0.5]
Hammersmith & Fulham MIND	0.4					
HCT Group				Tier 2		
Hillside Clubhouse			Tier 2			
Khulisa Crime Prevention Initiative				Tier 2		
Leap Confronting Conflict				Tier 2		
LifeLine				8.0		
London Outreach Alliance				Tier 2		
MAC-UK				Tier 2		

	Percentage of overall contract delivery					
	London West CPA			London East CPA		
	Ingeus contract	Maximus contract	Reed contract	A4e contract	CDG contract	Seetec contract
Mencap		Tier 2				
NACRO			Tier 2			Tier 2
Network for Black Professionals				Tier 2		
New Deal of the Mind				Tier 2		
New Highway						Tier 2
NOVA			Tier 2			
Oracle Training			Tier 2			
People's Supermarket				Tier 2		
Phoenix Futures	0.5					
Platform 51				Tier 2		
Praxis Community Projects		Tier 2		Tier 2	Tier 2	
Prince's Initiative for Mature Enterprise (PRIME)		Tier 2			Tier 2	
Prince's Trust		1.4	Tier 2		0.4	
RAPt (Rehabilitation for Addicted Prisoners Trust)				Tier 2		
Red Kite Learning			Tier 2			
Redbridge Business Education Partnership (REBEP)					1.7	
Refugee Council				1.0		
Relate				Tier 2		
Renaisi Works	0.4	2.3			2.5	
Rolling Sound				Tier 2		
Single Homeless Project (SHP)						1.6
Soul Project Family Centre				Tier 2		
South Bank Employer Group					2.0	
SOVA				Tier 2		
Speakersbank				Tier 2		
St Giles Trust				[2.0]		
St Mungos		Tier 2	Tier 2	Tier 2	Tier 2	
Stockwell Community Resource Centre					0.4	
Streetleague				Tier 2		
Tamil Relief Centre			Tier 2			
Think3e				Tier 2		
Third Sector Consortia (3SC)				3.0		
Tomorrow's People Trust Limited				[5.0]	4.6	
Training For Life Ltd				Tier 2		
Trees for Cities				Tier 2		
TWIST Partnership						3.2
Vital Regeneration			5.6			
Volunteer Centre for Kensington & Chelsea	[0.2]					
Westminster Works Consortium		2.1				
Women Like Us CIC	[0.6]			[2.0]		
Young Enterprise Society				Tier 2		
Zacchaeus 2000 Trust	[0.4]					
Percentage delivered by Tier 1 VCS subcontractors	16.3	52.6	9.1	14.0	20.0	8.0