

**Department for Work and Pensions**

**Research Report No 638**

# **The influence of outcome-based contracting on Provider-led Pathways to Work**

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Rosemary Davidson**

A report of research carried out by the Policy Studies Institute on behalf of the  
Department for Work and Pensions

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First Published 2010.

ISBN        978 1 84712 719 8

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# Acknowledgements

We would like to thank those staff working in the Department for Work and Pensions (DWP), Jobcentre Plus, prime provider organisations and their partners who agreed to take part in the interviews and workshops for this study. We are grateful for the time that they spent sharing their views and experiences with us.

The research team at the Policy Studies Institute (PSI), led by Maria Hudson, had overall responsibility for all stages of this research. The project was managed by Elizabeth Coates at the DWP and we are very grateful for her support and constructive advice. We are also grateful to the variety of stakeholders who commented on our draft final report.

Finally, we would also like to thank PSI Research Administrators Hilary Salter and Jenny Lau for their assistance at various stages of the project.

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# Abbreviations

BDC	Benefit Delivery Centre
CMP	Condition Management Programme
DWP	Department for Work and Pensions
ESA	Employment and Support Allowance
ESOL	English for Speakers of Other Languages
IB	Incapacity Benefit
NDDP	New Deal for Disabled People
NDLP	New Deal for Lone Parents
OBC	Outcome-based contracting
PEM	Provider Engagement Meeting
PIP	Provider Improvement Plan
PL Pathways	Provider-led Pathways to Work
PLMI	Provider Level Management Information
PPR	Provider Performance Review
QAQ	Quality Assessment Questionnaire
SLA	Service Level Agreement
SRM	Supplier Relationship Management
TPPM	Third Party Provision Manager
WCA	Work Capability Assessment
WFHRA	Work Focused Health Related Assessment
WFI	Work Focused Interview



# Summary

## Introduction

In January 2009 the Department for Work and Pensions (DWP) commissioned the Policy Studies Institute to undertake a research project exploring the influence of outcome-based contracting (OBC) upon the delivery of Provider-led Pathways to Work (PL Pathways), and to address this from the perspective of key stakeholders in Jobcentre Plus, the DWP and provider organisations. The research also sought to investigate how targets might bear an influence upon the practice of Provider Advisers. In addition, it explored how contracting arrangements function at present, and also how these might be improved.

The methodology was qualitative in nature and, across four Jobcentre Plus districts, aimed to capture the understandings, interpretations and perspectives of the different stakeholders to the programme, including DWP Contract Managers (CMs), Jobcentre Plus Third Party Provision Managers (TPPMs), managers and advisers from lead provider organisations and managers from subcontracted provider organisations. This allowed an examination of the implications of OBC for the different stakeholders involved and enabled the research to capture any potential tensions and contradictions amongst these different stakeholders, which may influence how the programme is delivered.

## The prime provider organisations

Within this research, three of the Prime Provider organisations are private sector organisations and one charitable. They are based in a range of predominantly urban and more mixed and rural areas. The level of expertise and experience required from front-line staff employed by these organisations varied from none through to having recruitment agency experience, but common to all but one provider organisation was high staff turnover. Providers used a mix of in-house and external provision to support client needs. In a 'black box' approach to service delivery they were required to deliver five Work Focused Interviews (WFIs) for each

client as well as provision of a Condition Management Programme (CMP). There were four basic models for making service delivery links with other organisations:

1. Subcontracted organisations who provide an 'end-to-end' Pathways service (i.e. all five WFIs and associated services) for a certain group of clients (either those in a particular geographical area or those with a specific health condition).
2. Organisations contracted to provide specialist services, usually for a particular client group, who do not undertake WFIs but provide other support to individuals on the Pathways programme.
3. Service level agreements to refer Pathways clients to partner organisations because they deliver a specialist service. In this case, partner providers are not paid by the Pathways programme and the service is funded from elsewhere.
4. Informal referrals and signposting (without formal agreements) to a wide range of service providers.

In practice, arrangements were not clear cut and the relationships used by various prime providers could overlap across these four models.

## The management of provider-led Pathways contracts

The main way in which DWP CMs monitored the performance of providers was through examination of the Management Information (MI) data produced by providers on their outcomes, which was measured against contractual targets. Due to the under-performance of providers, CMs were no longer expecting original profiles to be reached and had often relaxed monitoring against these profiles on an informal basis. However, a variety of mechanisms were being used to drive up performance quality on a continuous basis, through formal mechanisms such as Provider Performance Reviews as well as regular informal communication.

The DWP contract management framework was felt to provide a useful means of standardising the work of CMs across districts/providers and facilitating transparency in their role. However, it was not always clear to the different stakeholders concerned how responsibility for monitoring provider delivery was divided between TPPMs and CMs. TPPMs often felt disempowered in their role of monitoring the quality of customer experience on Pathways and generally felt that they lacked authority with the provider. TPPMs were developing innovative ways of gathering client feedback to monitor quality at the local level but there was scope for further development of this. While providers often had their own means of collecting client feedback to feed into quality assurance, this was often not shared with TPPMs.

Respondents stressed the importance of regular communication between different Pathways stakeholders at the local level in order to improve relationships, break down misunderstandings and generally improve the services delivered to clients. Provider Engagement Meetings were useful for this purpose. Benefit Delivery

Centre staff, who played a key role in Pathways referral processes, were said to be a 'missing link' in the early days of the programme, although this had since been addressed. However, it was relatively rare for subcontractors and partners of the prime provider to be involved in these stakeholder meetings. Some CMs felt that it would be appropriate to have more contact at least with those partners delivering the end-to-end product for clients who have a share of the outcome targets. While there was no great push from the partners themselves to get more involved with CMs or TPPMs, some of the experiences they reported in negotiating with prime providers suggests that more contact with DWP might be beneficial.

## The influence of outcome-based contracting on provider organisations

The influence of the outcome-based contract was highly evident in the operations and delivery of PL Pathways. All stakeholders felt that the contract was shaping the nature and extent of the Pathways support. A division of services emerged whereby prime providers served those customers who were considered more likely to enter work, while partner agencies attended to the not directly work-related needs of customers who were not immediately ready for employment.

The current economic downturn and resultant decline in job vacancies was felt to have exacerbated the financial risks associated with achieving customer employment targets. In the current climate the parameters of the contract were not considered to be feasible. As providers were not meeting their performance targets and service fees were not sufficient to cover running costs, it was widely reported that prime and partner delivery organisations were experiencing financial strain as a result of the contractual agreements.

There was little evidence that prime providers were developing in-house provision to enhance the quality of customer services. Instead, partner agencies were increasingly used to address specialist service needs. Service innovation on the part of prime providers was largely focused on reducing operational costs and achieving performance efficiencies.

## The influence of outcome-based contracting on front-line work with PL Pathways clients

Advisers typically described mandatory clients as difficult to work with because they lacked motivation and willingness to engage beyond the bare minimum needed to receive incapacity-related benefits. Clients with particular health conditions could also be harder to help, including those people with mental health conditions, learning difficulties and clients without written or spoken English. On the whole, voluntary clients were considered as easier to work with due to their willingness to engage in work-related activity. Realistic client work expectations were also seen as important.

Traffic light and numerical systems were being used to classify clients in provider organisations. Some advisers felt that these systems were rather crude and subjective but they were a way of prioritising how much time advisers spent with clients as well as shaping action points. Empathy, the ability to motivate, good organisational skills and the ability to work under pressure were seen as key skills by front-line advisers. Many advisers valued the training they received, but they felt that it should be more on-going and there were gaps.

All prime providers set internal job outcome targets for advisers which had been lowered due to the impacts of the recession on their achievability. However, targets were still felt to be unrealistic, for example due to the impact of the recession, the complexity of client needs and clients lacking motivation. While advisers tended to feel that it was important to have job outcome targets, they were also concerned that targets did not reflect the varied nature of their roles in working with clients.

In all areas there was adviser frustration that management pressure to focus on job ready clients was leading to less time being spent with clients who are further away from work. A strong sense of what needed to be done for business survival and job security saw creaming (working intensively with some clients) viewed as appropriate behaviour in a target-setting environment. Parking (giving other clients a bare minimum of service) was seen as appropriate practice, where there was a clear management steer, for disengaged clients lacking in motivation and for clients who were seriously ill or awaiting treatment. Advisers therefore questioned whether PL Pathways participation was taking place at the right time for some of the clients on their caseload, and showed signs of frustration with their inability to waive clients. In all areas there was some provision in place for clients in need of more help, with signs of prime provider strategies of referring these clients for support in the supply chain. There were factors and measures that could help advisers to work with clients not labelled as job ready. These included adviser motivation and determination to work with all clients and more structural factors such as the lightening of administrative duties and good partnerships.

## Conclusions and policy implications

While PL Pathways is less prescriptive than Jobcentre Plus Pathways, prime providers still felt that the contracts were fairly prescriptive. While in principle prime providers had the scope to be innovative in service delivery, they felt that they lacked the resources to do much beyond making efficiency savings. This research reinforces concern that PL Pathways outcome-based contracts do not reflect an expectation that providers will work with the harder to help. There is a need for policy to look at a number of areas:

- *The division of labour across prime providers and the supply chain.* Supply chain experiences raise a number of concerns, indicative of an imbalance of power in prime provider and supply chain relationships.

- *Stronger client feedback mechanisms* must surely be a priority given the concerns about outcome-based contracts and parking.
- *The adequacy of PL Pathways resources in a difficult economic climate.* This raises the broader issue of whether the contracting framework should be more tightly linked to wider conditions in the overall economy. Adequate resources need to be made available for organisations working with clients with more complex needs.
- *The need to improve administrative processes,* including pre-referral health assessments, job outcome evidence and monitoring of referral flows.
- *Whether providers should be paid on the basis of a wider range of outcomes,* recognising both the nature of client journeys and the nature of the front-line adviser role in supporting those journeys.
- *The potential for differentiated outcomes for groups of customers* requires some creative thinking, recognising the complexity of work orientations and job readiness.



# 1 Introduction

## 1.1 Background to the research

### 1.1.1 **Recent developments in Welfare to Work support for people with health conditions**

The Green Paper *A new deal for welfare: Empowering people to work* which was published in January 2006, set out the Government's aspiration to provide a national Pathways service by 2008, to underpin the implementation of the new Employment and Support Allowance (ESA), and to:

- help many more incapacity benefits customers into sustained work;
- make a major contribution to the wider aspiration to help a million people claiming incapacity benefits off benefit by 2015;
- test the results of greater innovation as a result of more freedoms, outcome based contracts and payment by results; and
- increase the overall percentage of working age population in employment to 80 per cent.

A number of changes have already been introduced to these ends. Building upon the success of the Jobcentre Plus Pathways pilots which have been running since October 2003 and expanded across 40 per cent of the country, Pathways provision through delivery by the private and voluntary sectors has been extended across the remaining 60 per cent of the country since April 2008. From 27 October 2008, ESA was introduced as the replacement benefit for incapacity benefits and Income Support on the grounds of incapacity for new customers. The introduction of ESA has been accompanied by the introduction of a new Work Capability Assessment (WCA) and Work Focused Health Related Assessment (WFHRA) to assess an individual's entitlement to ESA and identify the possible support needed to help them get back into the workplace.

In February 2008, the Department for Work and Pensions (DWP) published its new commissioning strategy, which has seven components:

1. **Market structure:** building a stronger, more consistent base of top-tier providers who work closely with regional and sub-regional partners.
2. **Market development and stewardship:** playing an active role in ensuring that smaller, local providers who have the capabilities and who perform well, can flourish and develop.
3. **Provider capabilities:** specifying the capabilities and requirements that make up a high-performing supply chain and contracting, inspecting, managing and intervening on the basis of these capabilities.
4. **Commercial strategy:** building a competitive market with larger and longer contracts, rewarding providers for sustained outcomes and reducing costs, and using competition to spur greater effectiveness.
5. **Performance management:** moving to a single, integrated, shared and transparent approach to the measurement and management of provider performance.
6. **DWP capability:** building DWP's skill base in order to make a positive contribution to business partnerships.
7. **Customer experience:** enhancing the role of customer experience in the commissioning, delivery and improvement of provision.

Reform of the contracting process has been a key principle of the welfare reform agenda, and this is reflected in the Green Paper *In work, better off: Next steps to full employment* (July 2007), and subsequently the Command Paper *Ready for Work: Full-time employment in our generation* (December 2007). These papers signalled the Government's intention to maximise innovation amongst providers and to contract services on the basis of what works, leading to more and better outcomes for customers.

### **1.1.2 Key aspects of outcome-based contracting in PL Pathways**

DWP holds outcome-based contracts with private and voluntary providers of Pathways to Work. Providers are expected to deliver five Work Focused Interviews (WFIs) to clients and have a Condition Management Programme (CMP) in their package of services, but they have a degree of flexibility in the other services they might offer to meet individual client needs.

Prime providers are paid a service fee for taking referrals from clients on incapacity-related benefits onto their caseloads. This service fee is worth 30 per cent of the contract value and is payable in equal monthly instalments over the life of the contract. Further payments to the provider are made on the grounds of job outcomes and sustained job outcomes. Profiles for these outcomes were agreed with each provider at the start of these contracts, and providers are expected to

meet monthly targets for both. Different weights are given to job outcomes and sustained job outcomes in the contract, as follows:

- **Job outcome payments** are one-off payments made to providers when a client referral has resulted in a successful outcome. For example, the client finds employment within six weeks of leaving the programme. This accounts for 50 per cent of the contract.
- **Sustained job outcome payments** are payments to a provider when a customer has been in employment for a minimum of 16 hours a week for at least 13 of the previous 26 weeks and has generated a job outcome payment to the provider. This accounts for 20 per cent of the contract.

### 1.1.3 The need for research on outcome-based contracting in PL Pathways

Interim findings from the qualitative provider-led Pathways to Work (PL Pathways) early implementation study raised a number of points that suggested the need for a study of outcome-based contracting (OBC):

- Providers were making little effort to work with 'harder-to-help' claimants, choosing to pursue the 'easier to help' to meet their job outcome targets.
- Provider advisers were finding many claimants with more complex needs than they expected. These advisers also reported their concerns about lacking the necessary skills to deal with customers who require intensive support and assistance to return to work.
- Concern from DWP Contract Managers and Jobcentre Plus Third Party Provision Managers (TPPMs) that the job outcome framework of contracts do not reflect an expectation that Providers will work with the harder to help.

The final report reiterated these themes (Nice *et al.*, 2009). A recent rapid evidence review of job outcome performance-based contracting, undertaken for the DWP, suggests that '*minimising cream-skimming, creaming and parking is a key implementation and management challenge in performance-based and output-related funding systems*' (Finn, 2009:3). The terms 'creaming' and 'parking' refer, respectively, to working intensively with some clients and giving others a bare minimum of service.

In theory, outcome-based contracting creates a set of incentives which aim to raise performance and provide value for money, whilst encouraging innovation, flexibility and responsiveness to customers (Finn, 2008; DWP, 2008). The further development and refinement of OBC is a key principle in the new Commissioning Strategy referred to above. While the contracts for PL Pathways are not subject to the new Commissioning Strategy (having been agreed prior to its introduction), research findings can provide evidence to feed in to these ongoing developments in OBC within DWP.

## 1.2 Research aims and questions

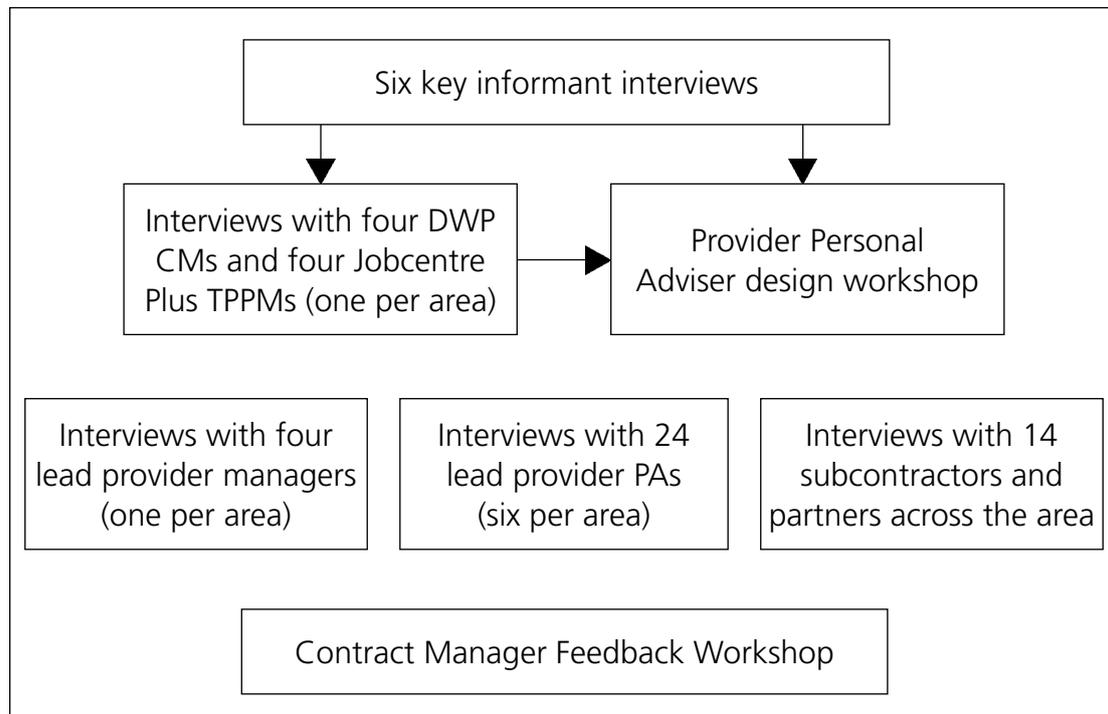
The purpose of this research was to explore the influence of OBC upon the delivery of PL Pathways, and to address this from the perspective of key stakeholders from Jobcentre Plus, the DWP and Pathways provider organisations. The research investigated how targets might bear an influence upon the practice of provider advisers. In addition, it explored how contracting arrangements function at present, and also how these might be improved.

## 1.3 Summary of research design

The methodology was qualitative in nature and aimed to capture the understandings, interpretations and perspectives of the different stakeholders to the programme. These included DWP Contract Managers, Jobcentre Plus Third Party Provision Managers, managers and advisers from lead provider organisations and managers from subcontracted provider organisations. This allowed an examination of the implications of OBC for the different stakeholders involved and enabled the research to capture any potential tensions and contradictions amongst these different stakeholders, which may influence how the programme is delivered.

The research took place in four single provider PL Pathways areas, including two phase one and two phase two districts, with fieldwork taking place with multiple stakeholders in each area. The research methods selected were primarily one-to-one depth interviews which were preferred to group-based methods because of the sensitivity of the issues being explored. Interviews with provider advisers were preceded by a workshop to generate issues and develop research materials collectively. In addition, the workshops were used to develop vignettes (hypothetical scenarios that respondents are asked to comment on and explore) that drew on adviser experiences of working with clients.

The research design was iterative, having four stages which fed into each other sequentially and several elements within the stages, as shown in Figure 1.1. This approach allowed findings from one stage of the research to feed into question formulation and instrument development in subsequent phases. See the Appendix for the topic guides used at each stage of the research.

**Figure 1.1 Iterative research design**

The research took place in an increasingly inhospitable economic climate. As the research got underway, Bank of England forecasts suggested that the UK economy was in recession, raising questions about the challenges faced in generating sustainable employment outcomes. Some commentators were arguing that the Government needed to take radical steps in the face of rising unemployment (see for example, see Simmonds, 2008).

## 1.4 Report content

Chapter 2 provides a descriptive overview of each prime provider, covering their organisational background, PL Pathways structures and client services, including the mix of internal and external provision. It also draws out the differences and commonalities of the provider organisations and their approaches to the delivery of Pathways.

Chapter 3 explores a number of areas in the management of PL Pathways contracts. It looks at performance monitoring of the prime providers and supply chain. The chapter also takes a close look at the nature and quality of the various stakeholder relationships involved in PL Pathways.

Chapter 4 conveys stakeholder views about the contract framework and how OBC may have influenced the structure and delivery of PL Pathways. It addresses OBC in connection with the financial viability of participating organisations, the division of services between prime providers and partner agencies, programme administration and service innovation.

Chapter 5 takes a closer look at the nature of PL Pathways clients and the influence of OBC on the front-line staff working with them in prime provider organisations. The chapter includes an examination of the ways in which advisers were working intensively with job ready clients (creaming) and giving other clients a bare minimum of service (parking) and their feelings about this.

Chapter 6 reviews stakeholder overall reflections on what was working well and not so well in PL Pathways OBC, presenting their suggestions for improvements. The chapter concludes with a discussion of the policy implications of the research findings.

## 2 The prime provider organisations

In a 'black box' approach to service delivery, prime providers were required to deliver five Work Focused Interviews (WFIs) for each client as well as provision of a Condition Management Programme (CMP). In the commissioning process, they had a degree of freedom to offer (and later develop) other services and also decide upon the relative mix of in-house and external delivery. This chapter provides a descriptive overview of each prime provider. It paints a pen picture, firstly covering their organisational background including funding base, aims and target groups, experience of delivering back-to-work help, particularly with clients with health conditions. Secondly, it focuses on each organisation's provider-led Pathways to Work (PL Pathways) structures including number of offices, hubs and staff, paying special attention to staff recruitment issues and strategies. Thirdly, it looks at how client services are delivered including types and mix of service provision and levels and types of partnerships formed. Lastly, the chapter draws out the differences and commonalities of the provider organisations and their approaches to the delivery of Pathways.

### 2.1 Prime Provider, Area 1

#### 2.1.1 Organisation background

Prime Provider 1 is an international private sector Welfare to Work organisation. Historically, its work centred on supporting clients with health barriers to return to work, and it has since evolved into an organisation working with the long-term unemployed, helping them to make a transition into sustainable employment.

Since its launch in the UK, in recent years, Prime Provider 1 has been successfully delivering government-funded employment programmes. For example, it has run Employment Zones (EZs) and the New Deal, and also delivered contracts under the European Social Fund project. Its delivery of the Pathways contract can be viewed as a return to its historical roots of helping clients with health barriers to return to work.

### 2.1.2 PL Pathways organisation structures and staffing issues

The organisation is contracted to deliver the Pathways programme in Area 1, which is an urban city area. The programme is delivered in several areas of the Jobcentre Plus district. In one area there are two offices, one having about 60 per cent of the workload and the other, which was opened last year, captures the remaining 40 per cent. In terms of staffing, each office is managed by a part-time Operations Manager due to the fact that the role is job shared. The rest of the staff consists of advisers, administrators and specialist advisers.

The recruitment process undertaken varied across the different roles. However, no experience was required and applicants were taken from a wide range of backgrounds, including debt management and Welfare to Work. With respect to the key role of the adviser, managers wanted applicants who demonstrated such key skills as innovativeness and creativity which they deemed as important for working with, and engaging clients with, complex and multiple work barriers.

Prime Provider 1 has suffered from a variety of staffing issues, primarily of which has been a high staff turnover. According to a manager in Prime Provider 1, this high turnover has a lot to do with the fact that there was considerable pressure to achieve job outcome targets for a vulnerable client group. Advisers were concerned that this was being achieved at the cost of some of those vulnerable people. This struggle to balance the achievement of job outcomes with the meeting of client needs has also proved problematic for the advisers who have remained in the role.

### 2.1.3 Client services

A manager described the organisation as *'very much a work first organisation. We are not a training first organisation, we've seen far too many clients fall into what we call a training cycle basically where they'll finish one course, not get a job at the end of it, start another course etc.'* For Prime Provider 1, the focus of the programme is about getting clients back into work and less about offering further training which does not support a job outcome.

Clients are offered a tailored employment service designed to meet their needs in overcoming barriers to work. This service is carried out by employment advisers who deliver a minimum of five WFIs to mandatory clients and support them on a journey to work-readiness and eventually return to work. At the WFIs, advisers use a number of diagnostic tools to assess clients' work readiness including their level of motivation and a basic needs assessment. If further support is needed regarding English for Speakers of Other Languages (ESOL) or numeracy, these sessions are given in-house. In addition, any clinical specialist support to help the client along their journey to work is also offered in-house through the CMP which provides the expertise of a full-time physiologist and a psychologist. In-work support is also provided for the first couple of months after job entry. This concentration of in-house provision has been a deliberate strategy by Prime Provider 1, due to quality assurance lessons learned from previous New Deal for Disabled People (NDDP) contracts.

Therefore, Prime Provider 1 only holds Service Level Agreements (SLAs) with organisations which provide specialist support which cannot be delivered in-house. Prime Provider 1 has a successful history of partnership working with these specialist intervention organisations. For example, SLAs are held with providers of specialist support for people with mental health conditions, and people with hearing and visual impairments.

## 2.2 Prime Provider 2, Area 2

### 2.2.1 Organisation background

Prime Provider 2 is one of the largest private sector providers of Welfare to Work services in the UK. It has historically delivered employment-related programmes but has recently moved to a more mixed service delivery encompassing skills and training programmes. The organisation has a long established partnership with the Department for Work and Pensions (DWP) on a number of their programmes including New Deal for Lone Parents (NDLP), NDDP, Pathways, Progress to Work, New Deal and Employment Programmes. The organisation also has an established history of delivering health-related programmes. However, the delivery of the Phase 2 Pathways programme by this provider is new in Area 2.

### 2.2.2 PL Pathways organisation structures and staffing issues

The organisation is contracted to deliver the Pathways programme in a Jobcentre Plus district composed of towns as well as rural expanses. The Pathways team is made up of around 30 full-time staff including three performance managers who head up three main service delivery sites, tutors who deliver in-house courses, employment consultants undertaking front-line work with clients and a provision partnership manager. Staff also operate out of several smaller outreach offices. Jobcentre Plus premises are also used to meet with clients to increase the extent of service delivery across areas some distance from the main sites.

Recruitment was competency based and key staff, like consultants, were drawn from a range of backgrounds. However, some effort was made to draw applicants who had existing Welfare to Work, disability, recruitment, and financial experience. It was seen as beneficial to service delivery to have this mix of skills across advisory staff. However, core training was given to new employees by the training department which involved a range of services including induction, health and safety and conflict management. In addition, consultant diagnostic training was also offered, which concentrated on a number of client diagnostic systems to facilitate understanding of clients' barriers to work. Further training is on-going and flexible, the duration of which ranges from a couple of days to a matter of months depending on individual needs and backgrounds. Staff retention issues have not been notable for Prime Provider 2. However, there have been challenges in recruiting specialist staff, e.g. employer solutions tutors, due to low salaries offered by Prime Provider 2.

### **2.2.3 Client services**

A manager in Prime Provider 2 described the organisation's ultimate aim as being to 'get people into work' by delivering job broking services. Clients are directed to services that will help them to eventually get a job. In keeping with this principle, there is little emphasis on training which does not support a job outcome. Clients' barriers to work are assessed through a number of diagnostic tools. Subsequently, support on their journey to work is given by way of a minimum of five WFIs with employment consultants. Specialist support is provided in-house in such areas as job search activity, CV building and writing, and confidence building. Clinical or psychological support is provided through the CMP.

The approach of the organisation has been to work in partnership with existing provision, i.e. working with other organisations which could support the delivery of the programme by providing specialist support to clients. Therefore, SLAs and/or partnership arrangements are used with organisations which can provide this specialist support to clients, and with which Prime Provider 2 already has existing links, e.g. Disability Employment Advisers (DEAs) at Jobcentre Plus who support clients with more severe disabilities, interpreting support, colleges and training providers. Route-ways training is provided by local colleges particularly targeting the 'boom' sectors of care, hospitality and retail. Prime Provider 2 has also subcontracted delivery of the CMP to a private sector organisation, as it lacked the expertise to deliver this internally.

## **2.3 Prime Provider 3, Area 3**

### **2.3.1 Organisation background**

Prime Provider 3 is a private, national provider of back-to-work services with a history of winning contracts to deliver DWP provision. Working with people with disabilities forms part of its remit as a NDDP provider. The organisation has long-standing relationships with both DWP and Jobcentre Plus. In terms of PL Pathways delivery, Prime Provider 3 holds the largest contract of the four providers included in this research in terms of monetary value and outcome targets.

### **2.3.2 PL Pathways organisation structures and staffing issues**

The organisation has a number of main offices across a sizeable geographical area including both urban and rural areas. To facilitate service delivery across the district, it also has several outreach centres or 'community locations' (offering limited opening hours). Staff employed in the district total more than 100, including area managers who hold overall management responsibility for the outreach centres, advisers who provide front-line employment support to clients, occupational health professionals who provide physiological support to clients and the remaining staff provide administrative support to the programme.

Large numbers of new staff have joined the provider as part of an ongoing recruitment drive to counteract a high staff turnover. Private sector recruitment agency experience was preferred as advisers possessing such skills were considered more adept at helping clients into employment. Staff undergo considerable amounts of procedural and technical training on an automated customer management system when they are initially appointed. Subsequent regular training sessions update skills and knowledge, ranging from instruction on IT systems or increasing awareness of specific health conditions.

One of Prime Provider 3's city-based offices found it particularly difficult to recruit and retain staff, due to intense competition from other organisations recruiting at the same time. In addition, it also lacked key senior management support as the role of District Manager was vacant for a few months. These problems resulted in increased resources and time being spent on recruitment, training and managing large numbers of inexperienced advisers at any one time.

### **2.3.3 Client services**

The organisation views itself as a specialist in work preparation, and so uses external providers to meet a wider range of customer needs in terms of specialist support and training. As an established organisation, it utilises an extensive local network of contacts in its aim to deliver comprehensive provision for clients.

Prime Provider 3 provides an 'end-to-end' service. In-house advisers prepare clients for work with five mandatory WFIs. In addition, they also work with voluntary client groups, writing CVs, teaching interview skills, interview preparation, and skills development, all usually delivered in-house. Where appropriate, some clients will be referred by Prime Provider 3 to a partner (external provider) contracted to deliver Pathways services. If a client wants a qualification for a specialised job, for example, Prime Provider 3 would refer them externally as they do not award qualifications or deliver specialist training.

Four types of contracting arrangements are in place to support clients: a subcontract with targets (typically local council or local employment company); a subcontract without targets (typically with the charity sector); an SLA (typically with a government-funded agency like Learn Direct); lastly, ad hoc local provision to meet specific customer needs.

## **2.4 Prime Provider 4, Area 4**

### **2.4.1 Organisation background**

Prime Provider 4 is a charity originally specialising in helping people with learning difficulties, holding existing contracts for NDDP and Progress to Work. An established organisation, its remit has grown to include anyone with health problems who is disadvantaged in the labour market.

### **2.4.2 PL Pathways organisation structures and staffing issues**

Within what is a predominantly mixed urban and rural geographical area, Prime Provider 4 has seven principal offices and 18 outreach sites. The organisation consists of District Managers, Area Managers who line manage 12-14 advisers. Advisers are divided into General Employment Advisers and specialist advisers who provide in-work support. A contact centre deals with the administration including making adviser appointments.

In setting up the programme the organisation had a large-scale recruitment drive to attract advisers, including information days which provided details of the Pathways programme. Desirable skills included previous experience working on similar programmes, being target driven and having knowledge and experience of the client group. While sufficient numbers of staff were found to fill the adviser posts, questions were raised over the suitability of some following the first round of recruitment. Indeed, competition for staff is intensified by organisations with larger funding bases situated in a neighbouring major urban area, leaving the provider with a pool of advisers without preferable skills and experience (for example, in dealing with clients with health complaints). Such challenges coupled with a number of advisers being based in more isolated and less supported outreach areas resulted in a very high staff turnover. This was the biggest challenge faced at the beginning of Prime Provider 4's contract. By the time this provider participated in the research the perception was that it had moved closer to having the right mix of staff. Many of the advisers who had left the provider were not well suited to their roles.

### **2.4.3 Client services**

The organisation is contracted to provide five WFIs and a CMP for mandatory clients as well as provision for voluntary clients. In addition, employment-related and specialist support for medical conditions are all offered as part of a range of additional services, including motivation and confidence courses, job clubs, social activity groups, voluntary work, training, and debt management.

Four subcontractors work with Prime Provider 4: a job matching service; a local organisation delivering mandatory WFIs for customers based in that area; specialist services for the hearing and visually impaired; and a private provider delivers the CMP.

## **2.5 The prime providers compared**

Table 2.1 summarises some of the main provider characteristics. Three are private sector organisations, one charitable. They are based in a range of predominantly urban and more mixed and rural areas. The level of expertise and experience required from staff employed in these organisations varies from none required to having recruitment agency experience but common to all but one is a high staff turnover. Prime Provider 1 focuses on providing its provision in-house whereas

the remaining organisations employ more of a mixture of in-house provision and external providers.

The providers have varying mixes of partners and subcontractors and also varying arrangements governing the management of these relationships (again see Table 2.1). At one end of the spectrum Prime Provider 4 has subcontractor agreements only while at the other end Prime Provider 1 is not using subcontractors at all.

There were four basic models for these relationships:

1. Subcontracted organisations which provide an 'end-to-end' service (i.e. all five WFIs and associated services) for a certain group of clients (either those in a particular geographical area or those with a specific health condition). These organisations usually have performance targets which are a share of those that the prime provider is subject to.
2. Organisations contracted to provide specialist services, usually for a particular client group, who do not undertake WFIs but provide other support to individuals on the Pathways programme. This might be at particular points in the client journey. In these cases, payments and targets are usually based on the services delivered rather than outcomes (i.e. serving a certain number of clients a month). Sometimes there were additional payments for outcomes.
3. Service Level Agreements to refer Pathways clients to providers because they deliver a specialist service. In this case partner providers are not paid by the Pathways programme and the service is funded from elsewhere. Typically, this would involve Pathways clients using generic provision that is available to other eligible clients too. These providers are not subject to targets set by the prime provider but may have (outcome) targets from other funding sources.
4. Informal referrals and signposting (without formal agreements) to a wide range of service providers.

In practice, arrangements were not clear cut and the relationships used by various prime providers could overlap across these four models. In addition, the mix of governance arrangements used by prime providers had changed over time in response to emerging issues in service delivery and performance.

The basic rationale given by prime providers for working with any partner organisations was to provide services for Pathways clients that they themselves could not provide. These were often specialist services for clients with particular health conditions (e.g. visually impaired, hearing impaired, mental health conditions, learning disabilities). Sometimes they were services specifically targeted at less work-ready clients, that provided more intensive or longer-lasting support, or in other instances were services specific to particular areas of work (e.g. vocational training, self-employment support). Other rationales included a political imperative to work with other organisations (it was felt that this was expected by DWP) and to develop new or reinforce existing partnerships with other local organisations, which would be beneficial to the organisation in the long-run.

It was also suggested that subcontracting could spread the risk for prime providers. This was particularly the case where partners were providing the full 'end-to-end product' for clients and were responsible for delivering a portion of the outcome targets. However, in some cases, this had proved problematic when partner organisations were unable to deliver the outcomes expected. In one case, a prime provider had rethought its subcontracting strategy as a result of this and had decided it was best to take some of the targets back 'in-house', and were using partners in a different way to provide specialist services. The financial implications for organisations of outcome-based contracts is considered in more detail in Chapter 4, but first the next chapter considers issues in the management of PL Pathways contracts.

Table 2.1 Prime providers compared

Organisation	Organisation type and history	Area of delivery	Recruitment strategy	Staffing	Client services	Service provision governance structures with specialist providers
Prime Provider 1 [Phase 2]	Private sector Welfare to Work organisation	Inner urban	Recruitment varied across different job roles No experience required	High staff turnover	High concentration of in-house provision	Service Level Agreements with specialist providers No subcontractors
Prime Provider 2 [Phase 1]	Private sector Welfare to Work	Urban/rural	Recruitment competency based Staff from varied backgrounds although relevant experience preferred	Recruitment problems due to low salaries	Mix of in-house and outsourcing of service provision	Service Level Agreements Ad hoc partnerships One main subcontractor
Prime Provider 3 [Phase 2]	Private sector provider of back-to-work services	Urban	Large-scale recruitment drive Staff with private recruitment experience preferred	Difficulties in recruitment and retention of staff	Mix of in-house and outsourcing of client services	Service Level Agreements Subcontracting Ad hoc partnerships
Prime Provider 4 [Phase 1]	Charity supporting people with mental health conditions	Urban/rural	Large-scale recruitment drive Previous experience of working on similar programmes preferred	High staff turnover	Mix of in-house and outsourced provision	Subcontractor agreements Also informal referral arrangements with a range of organisations



## 3 The management of PL Pathways contracts

This chapter explores a number of areas in the management of Provider-Led Pathways to Work (PL Pathways) contracts. It begins by looking at performance monitoring of the providers. This includes a review of issues in the division of responsibilities across Contract Managers (CMs) and Third Party Provision Managers (TPPMs), the use of outcome based targets, Management Information (MI) data, Contract Reviews, Quality Assessment and Development Plans, Provider Engagement Meetings (PEMs) and the monitoring of customer experience. It then explores similar themes in examining the monitoring of the supply chain. Finally, the chapter takes a close look at the nature and quality of the various stakeholder relationships involved in PL Pathways.

### 3.1 Performance monitoring of prime providers

#### 3.1.1 The division of responsibilities

The task of managing the PL Pathways contracts lies with CMs who are employed by the Department for Work and Pensions (DWP) and based in centralised Supplier Relationship Management (SRM) teams, with input from TPPMs, employed by Jobcentre Plus, who are based in local districts. The CM is responsible for monitoring the performance of the provider against the requirements of the contract, largely through monitoring performance against job outcome targets, whilst the TPPM is responsible for monitoring the 'customer journey'. The latter includes a focus on operational issues and their associated paperwork, such as referral processes from Jobcentre Plus to the provider and sanctions for clients who fail to attend Work Focused Interviews (WFIs), as well as the quality of the customer experience on the programme. The TPPM also acts as the primary liaison point between the prime provider and local Jobcentre Plus staff in the district.

This is a new division of responsibilities, since previously the management of providers took place at the local district level, and respective roles and responsibilities were still in the process of bedding down at the time of this research. The views

of various stakeholders on this division of labour are detailed in Section 3.3. CMs reported finding the contract management framework useful for standardising their practice within the SRM team, thus resulting in greater transparency in their role, for both providers and Jobcentre Plus district staff. However the TPPM role and responsibilities appeared to be less clearly defined and there was considerable confusion, misunderstandings or disagreements among the various stakeholders of what this role entailed.

### 3.1.2 The use of outcome-based targets

As explained in Chapter 1, the way that outcome-based contracts in PL Pathways are structured is that prime providers are paid a 'service fee' for taking people onto their caseloads (30 per cent of the contract value), supplemented by outcome payments for job outcomes (when a client enters paid work of at least eight hours a week) and sustained job outcomes (when a client maintains work for 26 weeks). Providers are also required to meet monthly targets or 'profiles' for job outcomes, sustained job outcomes and the numbers of WFIs carried out. While payments (per outcome) are standardised across providers, profiles have been individually negotiated between providers and DWP.

Accordingly, performance monitoring of providers by CMs is primarily based on monitoring the number of job outcomes and sustained job outcomes against the profiles that have been agreed in their contracts. Across the board, performance in the first year had been poor. The reasons given by providers (which other stakeholders concurred with) included, first and foremost, that original profiles were over-ambitious, due to a misunderstanding of the nature of the client group. Some explained that they had based their assumptions on previous experiences with voluntary Incapacity Benefit clients (e.g. through the New Deal for Disabled People (NDDP) programme) and had misjudged the job readiness of mandatory clients and the extent and complexity of their barriers. This was also felt to have been exacerbated by the competitive bidding process, which encouraged providers to set unrealistically high targets:

*'With so many different bidders for one contract, everyone is trying to outbid each other on numbers and what have you,...so I don't think it's at all controversial to say that the vast majority of Pathways targets were never achievable.'*

(Prime Provider Manager<sup>1</sup>)

The problems were also felt to be compounded by the introduction of the Employment and Support Allowance (ESA) part way through the programme (which had altered the nature of referrals), a lower number of voluntary referrals than anticipated, and the economic downturn which had resulted in greater competition for jobs. In addition to these key factors, administrative problems were also felt by some providers to have further hampered their ability to meet

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<sup>1</sup> In order to preserve anonymity, area labels are not given for quotations in this report.

their targets. For example, difficulties gathering the evidence for job outcomes, problems with administrative and payment flows between providers and the Benefit Delivery Centres (BDC), and delays with receiving the outcome of the Work Capability Assessment (WCA) meaning that clients are exited from the programme after they have already received services.

As a result of these difficulties, various approaches had been taken to the monitoring of performance outcomes by individual CMs. In all cases, CMs, as well as providers, admitted that original profiles would be unlikely to be achieved. Nationally, DWP had made an offer to providers to receive more of the service fee for subsequent years upfront, in order to ease immediate cash flow problems, but not all providers had taken this up. While some CMs said that they were continuing to base their performance monitoring on the original profiles, others said that there had been some informal changes<sup>2</sup>. For example, the focus of monitoring had shifted to conversion rates (i.e. the ratio of programme starts to job outcomes) rather than the absolute number of job outcomes, and/or that the expectation was one of continuous improvement, month on month, rather than the achievement of the original profiles. One CM talked about being in the process of re-profiling job outcomes across the three years with the provider to arrive at 'aspirational targets' which were more achievable; performance would then be monitored against the aspirational targets alongside the original profiles. One provider also spoke about their own internal monitoring shifting to focus on their performance vis-à-vis other providers, rather than the achievement of the original profiles.

### **3.1.3 Use of Management Information**

All CMs reported receiving and working with MI data direct from the provider, which is measured against target profiles on a monthly basis. In theory, the data can be cross-checked against Provider Level Management Information (PLMI) data from DWP. However, CMs and TPPMs felt that both sources of data lacked reliability. PLMI data consists of performance information sent by providers to DWP's performance management infrastructure suppliers for input into a web tool. CMs and TPPMs should, in theory, be able to produce provider performance reports from the web tool. CMs and TPPMs suggested that information that they received direct from the provider did not tally with information on the web tool. They suggested that providers were not meeting deadlines for submitting PLMI data. Such problems led some to question whether they were in a position to assess the value for money being provided by prime providers delivering Pathways services.

TPPMs were more likely than CMs to report problems gaining access to and utilising MI data. In some cases there was confusion or lack of agreement about who needed MI data and why. One TPPM reported that, initially, they had to go

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<sup>2</sup> There has not been any steer from DWP's Delivery or Commercial Employment Provision that CMs can adjust the original profiles so these CM accounts may reflect an individual interpretation of levels of CM authority.

to the provider directly for data because the CM was not providing them with it. Another CM said that the TPPM did not need access to the data since it was not their role to monitor performance. Some providers also commented that it was frustrating having to provide data to different stakeholders:

*'It does cause some frustration that DWP are our contractor and yet there is an awful lot of demand from Jobcentre for monitoring information and stuff like that.'*

(Prime Provider Manager)

While TPPMs were not responsible for monitoring performance, they needed access to performance data in order to understand the quality of referral processes, which was within their remit. As part of this remit, TPPMs attempted to check provider data on starts against referrals, e.g. by looking at the clerical paper trail, their own Labour Market System data on referrals, or against payments data, but this was not always easy to do or to understand the reason for discrepancies that were invariably found. Some spoke about confusion due to the multiple sources of MI data:

*'There are so many variant sources of information, it's hard to really gauge what is actually happening.'*

(Third Party Provision Manager)

Most CMs said that there was no MI data available that broke down customers according to need or job readiness, and so the MI data could not be used to monitor the outcomes according to harder/easier-to-help clients. One CM said that outcome data was available from their prime provider organisation by client job readiness, based on a traffic light system<sup>3</sup>, but that it was difficult to track client progression using this data. Another felt that this was not part of his remit:

*'I mean they're not contracted to get red, green, amber people in – it's just people into jobs, to do five WFLs, OK, and hit their targets, that's all they're contracted to do. I can't go in there and say, "Let me have a look at your red customers, Oh I don't think they should be in there, they should be in there" – This is the black box approach, it's not for me to say, "This is how you should do it".'*

(Contract Manager)

Whilst such monitoring of client progression, arguably, falls within the remit of TPPMs, who are responsible for the customer journey, TPPMs were generally not aware of this data. It therefore seems that there is considerable scope for further exploration of the extent to which MI data could be utilised in monitoring client progression – and hence the quality of provision – as well as job outcomes.

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<sup>3</sup> Most providers had traffic light systems using the labels green, amber and red to categorise clients' job readiness. There was also some use of similar numerical systems – see Chapter 5.

### 3.1.4 Contract Reviews, Quality Assessment and Development Plans

All CMs reported carrying out Provider Performance Reviews (PPRs) once a quarter, the frequency of which was based on the high risk rating given to the Pathways contracts. In most cases, TPPMs also attended these meetings. One TPPM reported that she was initially told not to attend (due to commercial sensitivities) although this had subsequently been resolved. All CMs reported additional monitoring meetings with providers, approximately once a month, either by phone or face to face. Most also had more frequent communication too, usually by phone or email.

Communications between the CM and providers took place with managers at different levels in the provider organisations, including with local operations managers, regional managers, and centralised staff such as quality performance teams and implementation managers. Some CMs noted the benefits of having 'high level' contacts with senior managers in provider organisations. This allowed them a central point of access to the organisation for disseminating information consistently, but more importantly provided a forum for discussion of experiences across the provider organisation, which in most cases within this study, was delivering a number of Pathways contracts in different areas. This allowed the sharing of good practice and dissemination of solutions to problems more effectively across the organisation.

Some stakeholders, mostly TPPMs, questioned whether CMs were 'hands on enough' (TPPM) in their management of providers. Some CMs stressed that the relationship was supposed to be 'light touch' (CM). Hence, they relied on TPPMs to raise local issues that impacted on performance. In most cases, TPPMs had monthly meetings with providers to discuss issues within their remit, namely process issues. These meetings could involve provider district managers, as well as partnership managers and administrative managers. Issues raised at these meetings would then feed into discussions at the quarterly PPR. TPPMs and some CMs stressed the importance of this 'ground-level' information feeding up into assessments of performance. However opinions differed as to whether this was happening effectively at the moment. One TPPM commented:

*'[I] don't feel there's enough drive there to actually say, "Well, OK, look, you know, we said we were doing this, this is how you're going to do it, this is when you're going to do it, right let's keep reviewing it".'*

(Third Party Provision Manager)

One TPPM referred to issues she had raised with the provider repeatedly 'falling off the agenda' of meetings. One prime provider district manager also raised a concern that local issues were not necessarily feeding up to the CM because most of the communication between the provider and the CM took place at the national level.

Provider Improvement Plans (PIPs) had been put in place in all provider organisations as a result of the PPRs. Examples of actions arising from such plans were

staffing changes, such as the appointment of more managerial staff to oversee performance, or the creation of specialist adviser posts. One organisation had initiated a transformation team to drive up the organisation's performance.

Some CMs also raised issues about the usefulness of the quality assurance framework for ensuring provider quality. Providers complete Quality Assurance Questionnaires (QAQs) before each PPR. Both CMs and prime managers reported that the paperwork was very time consuming for providers and was felt to duplicate the Self Assessment Report return for OFSTED. Some CMs thought that providers did not take the assessments seriously. Others felt that what the assessments produced are problematic. Two CMs felt that they were not an honest assessment of provider strengths and weaknesses but more of a 'sales pitch'. This may be because QAQ ratings feed into star ratings, which providers were concerned about. One CM felt that there should be a way for performance data to feed into QAQs, which would provide a more nuanced assessment of quality.

### **3.1.5 Provider Engagement Meetings**

Compared to PPRs, the Provider Engagement Meetings (PEMs) were taking longer to establish; in some case study districts there had only been one meeting at the time of the research and in others a meeting had not yet occurred. These meetings were also less standardised, since it was up to districts to determine the most suitable format. Sometimes the PEMs were contract-specific (e.g. limited to Pathways providers) whereas in other districts they were for providers across contracts, and might focus on specific issues e.g. Local Employment Partnerships (LEPs).

Contract-specific meetings were generally considered by various stakeholders to be the more useful. In districts where PEMs were not contract-specific, separate network meetings had been initiated at the local level for different Pathways stakeholders to get together. Invitees included the CM, TPPM, prime provider, Jobcentre Plus staff and the BDC. In one area, local cluster meetings had also been set up between the various stakeholders in different parts of the district. These regular multi-stakeholder meetings were thought to be useful to ensure that all stakeholders were 'signed up' to the same objectives. There were concerns in some districts that they had not happened soon enough.

In addition to the national PIPs negotiated between providers and CMs, in many cases local action plans had also been developed, arising out of the PEMs or other local meetings. These were felt to be useful, and good practice had emerged from these, for example improvements to the handover between Jobcentre Plus and the providers.

### **3.1.6 Monitoring customer experience**

The 'black box' nature of the Pathways contracts, where the services to be delivered by providers are not completely specified, means that performance monitoring by the CMs focuses primarily on performance in terms of outcomes. Arguably, the quality of customer experience falls within the remit of the TPPM who has

oversight of the 'customer journey', however there was a considerable amount of ambiguity around this. A number of TPPMs expressed frustration with their limited ability to monitor the quality of the service that prime providers were delivering. This was even more the case with the delivery of services by subcontractors and partners. Generally, service quality was an element of the performance monitoring of providers that was underdeveloped.

One of the principal mechanisms of feedback about service quality used by TPPMs was client complaints. Dealing with these fell within the remit of the TPPM, unless the complaint raised contractual issues. If complaints were made by clients to Jobcentre Plus staff, these would generally be reported to the TPPM who would raise them with the provider. If the complaint was a contractual issue or it could not be resolved locally, it was escalated to the CM. In the majority of cases, this procedure was felt to work satisfactorily, although one CM felt that he was being involved in complaints unnecessarily, noting that whether complaints raised contractual issues is a matter of interpretation. In a small number of cases, TPPMs also reported dissatisfaction that they did not always get feedback from the provider on how complaints had been dealt with and/or that they did not get to hear about complaints that clients raised directly with the provider.

It was reported that client complaints were more numerous in the early days of the programme, and that monitoring these complaints had been helpful in identifying shortcomings in programme delivery, such as delays between the Jobcentre Plus referral and the first WFI. One CM also noted that he had been able to use customer complaints to improve services across provider contracts. However, subsequently, client complaints have become less numerous. As a result they are seen as having a reduced role to play in monitoring the quality of the customer experience. TPPMs are therefore looking for other ways to do this, but these are as yet relatively undeveloped.

In general TPPMs expressed some frustration about their limited ability to delve inside the 'black box' of provider service delivery to assess its quality. While they monitored the customer journey via various forms of MI data, it was felt to be necessary to also get 'beneath the statistics'. Some expressed frustration that their contact with the provider was limited to meetings with managers and their presence in provider offices, where services were delivered, was limited. It was felt that to really assess the quality of the service delivered they would need to observe interviews and check action plans for clients, but they were hesitant about their authority to do this.

Ways of gathering feedback directly from clients on Pathways services were being developed by some of the TPPMs, but were generally in their infancy. It was also noted that there was limited resource within Third Party Provision teams to carry out this work. Two TPPMs reported that they were planning to visit provider offices in the near future and collect feedback from customers in face-to-face interviews. This was part of a wider initiative to collect feedback on all provider services in

the districts. In another district, a questionnaire had been developed for customer feedback. This was administered by Jobcentre Plus staff at provider sites or sent out by post, although the latter had a low response rate. Feedback from this exercise was reported to be largely positive, although one issue raised was the representativeness of the results obtained and the problem of reaching those who were not actively engaging in the programme.

All provider organisations had some mechanisms for gaining feedback from clients on their experiences of services, although in the main these were not very well developed. All providers talked about having comments/complaints cards for customers to fill in if they wished. Some advisers said that feedback forms would occasionally be mailed to customers for completion, or that every once in a while there would be a concerted effort to encourage customers to complete them in the office, but this was not done systematically. In most cases, forms would be collated by managers or a quality team in the provider organisation. In one case, it was said that this fed into a quality review on an annual basis, but it was unclear if this happened systematically in all providers. Advisers often said that informal (face-to-face) feedback from clients was more common than completed feedback forms but usually went unrecorded. Written feedback – thanks or complaints – were usually passed on to managers and in one case, positive feedback has been written up as ‘good news stories’ for the office. Complaints and the provider response were also summarised on ‘You said, We did’ posters. One provider reported that they conducted an annual customer satisfaction survey. The same provider also had a customer service focus group to initiate and drive through improvements for customers and had nominated advisers as ‘customer champions’. Similarly, another provider had a quality group with adviser representatives, to improve service quality. While there was good practice such as this in some areas, there was ambiguity regarding how or whether this information should be communicated to the TPPM as part and parcel of their role in monitoring the quality of the customer experience.

## 3.2 Performance monitoring of the supply chain

### 3.2.1 Division of responsibilities

The contracting model in Pathways, which entails DWP contracting with large prime providers who may then subcontract or partner with other organisations, as well as the black box nature of service delivery in outcome-based contracts, means that DWP and Jobcentre Plus managers have a limited role to play in the performance management of subcontractors. Instead, this role is delegated to the prime providers. Most stakeholders felt that this division of responsibilities was appropriate. However, some CMs felt that prime providers could be ‘more inclusive’ with their subcontractors, for example by involving them in PPRs and PEMs, and that it might be appropriate for DWP to have a greater role in monitoring the quality, especially where those partners were delivering the ‘end-to-end product’:

*'Where you've got a big subcontractor that delivers a big chunk of that contract then, you know, the standards between that subcontractor and [prime provider] should be very similar – I'm not sure that they are that similar [in this case]. But I've got no evidence, because like I said we don't get into the nitty gritty of subcontractor delivery.'*

(Contract Manager)

Some CMs also felt that the prime provider's management of subcontractors could be improved. In some cases this had been discussed as part of provider performance reviews and included in improvement plans. In other cases, general advice on the management of subcontractors had been discussed with prime providers as part of the work of the SRM team.

Given their role in monitoring the customer journey, the quality of services delivered by subcontracted or partner organisations could be seen as within the remit of the TPPM, but all TPPMs we spoke with said that so far they had no role in this.

The lack of direct contact with DWP or Jobcentre Plus was rarely a complaint made by subcontractors or partner organisations. One felt that it would be beneficial to attend PPR meetings to hear things 'from the horse's mouth' (subcontractor/partner), while another felt that it was preferable to deal just with the prime provider rather than to multiply the number of people that they were accountable to. Nonetheless, whilst there was no great demand for contact with DWP/Jobcentre Plus, given that a number of partner organisations did experience difficulties in their relationship with the prime provider (as discussed below), some form of intervention from DWP could have been beneficial in these cases.

### **3.2.2 Monitoring arrangements**

In cases where partner providers had targets (either outcome- or process-based), performance monitoring usually entailed partners sending weekly statistics to the prime provider on the number of referrals, fail to attends (if applicable), clients' activities and their outcomes. One prime provider had a web tool that allowed the partners to upload their MI data on to their system directly. Beyond the flow of MI data, the extent of communication was highly variable, depending on the nature of the relationship and whether issues were arising. In some instances there was only occasional contact between managers if problems cropped up, in others there was almost daily email contact. Partners also referred variously to quarterly, bi-monthly, monthly or weekly face-to-face review meetings with prime providers.

Inspection visits to partner premises to observe services and activities were sometimes undertaken, often by specialist partnership or contracting teams in the prime provider, as part of quality assurance processes, usually at the outset of the contract or agreement. In only rare cases were such inspection visits ongoing. In addition, visits by the prime provider to partner sites sometimes took place on an informal basis, which provided a further opportunity for the prime provider to observe activities and speak to partner staff to provide a further check on service quality.

Where partners were subject to outcome targets, monitoring was generally more rigorous. In some cases this had been increased over time as the prime provider realised that their monitoring processes were inadequate. Some stakeholders suggested that this was a contributory factor in the under-performance of partners in the early days of the programme. Supporting this, a number of the partner organisations expressed dissatisfaction with aspects of their performance management by the prime providers, for example they referred to a lack of communication for periods of time resulting from staff turnover at prime organisations, or a lack of sharing of performance data from the prime provider and other partners.

One subcontractor delivering the end to end process felt that relations had very much improved when responsibility for their management had been shifted from national to district level, because the extent of communication and support had increased dramatically. This relationship showed a number of elements of good practice, including joint monthly performance meetings of prime and subcontractor managers, development of a subcontractor performance improvement plan, quality audits of the subcontractor's client action plans, regular visits by the prime provider to the subcontractor premises and subcontractor access to prime provider's staff development resources (e.g. training). Both the prime provider and subcontractor saw the process as one of improving performance in partnership. The subcontractor found it particularly beneficial to have access to the prime provider's staff training programme and to learn from experiences and good practice across the prime provider's organisation. Some other partner organisations also referred to the benefits that they gained from sharing good practice with prime provider organisations at national level, drawing on their experience across contracts.

Front-line staff in prime and partner providers often had good working relationships, but this varied depending on the nature of the services provided. Prime advisers spoke of receiving regular feedback on individual clients from some partner organisations but not others, largely depending on the relationships that had been developed. In some instances, partners were delivering services from the prime provider's premises, and in these cases close working relationships had usually developed between prime and partner provider staff. Prime advisers often expressed more confidence in referring their clients to such services because they could be sure about the quality. The importance of prime and partner advisers meeting and communicating regularly, in order to improve referrals and ultimately provide a better service for the customer, was stressed by many of the stakeholders.

### **3.2.3 The use of client feedback**

Generally, client feedback played a relatively minor role in monitoring the work of the partner organisations by the prime providers, although again this varied. Gathering feedback from clients was often undertaken by partner providers in various different ways as part of their usual operations (aside from Pathways), for example through post-activity evaluation forms, surveys or focus groups of users. Often this data was used by quality teams to improve services. It was variable,

however, whether this data was sought by or shared with prime providers. Sometimes this was said to be inappropriate, where Pathways clients were only a small proportion of the service users and did not receive a new or different service. Where services were developed specifically for Pathways clients, feedback was more likely to be shared with prime providers. In one case, both the partner and prime provider used a post-activity questionnaire with clients to check the quality of the service provided (in this case a training course) and the results were then discussed between the two organisations. Changes to the delivery of the course were introduced as a result of this exercise.

In many cases, the quality assurance of partner organisations was undertaken by specialist partnership or contracting teams in the prime provider, which may or may not seek client feedback as part of the quality assurance process. Prime provider advisers also received feedback from clients about their experiences of partner services which was generally used informally by advisers as a means of guiding their decision-making on referrals rather than being collected in a systematic way. Sometimes advisers fed the information up to managers to raise with partner providers if they felt this to be appropriate.

### 3.3 Key relationships in contract management

#### 3.3.1 The relationship between providers and CMs

In general, both parties reported that relationships between prime providers and CMs were good. One of the consequences of the new structure, with CMs positioned in SRM teams, was that CMs had direct links with senior managers in provider organisations at the national level. This was seen as useful for improving performance because discussions could draw on experience and good practice across the organisation as a whole. Moreover, CMs felt that contact with senior managers enabled them to exert more influence over provider organisations. CMs also felt that the new structure enabled them to develop ongoing relationships with organisations which allowed trust to develop, which again facilitated their role in improving the organisation's performance:

*'Where I feel, though, that I bring added value is because of, almost, trust, because I've worked with the provider, it's no longer – it's not a stick approach. Yes I can be hard on the provider, but I can also listen to what they're saying...So when you get the provider thinking...OK, he's a good guy because he listens to us and he's done something about it...when he comes to us and says we're actually not doing something, then we need to take note.'*

(Contract Manager)

However, some CMs also reported that there were downsides to the 'light touch' contract management relationship; being at a greater distance and conducting communication remotely could have negative implications for these relationships:

*'We could be out there a bit more, and you need to be visible a bit more, and that's the way you build those relationships. It's difficult to build that relationship over the phone, which – that's one of the issues.'*

(Contract Manager)

By and large providers echoed this assessment and reported that their relationships with CMs were good. One summarised the relationship as *'really responsive and really supportive'* (Prime Provider Manager). Another spoke of working in partnership with the CM to raise performance. Providers also viewed the relationship with CMs as useful for a potential point of influence over DWP policy around Pathways and/or contracting processes generally.

### **3.3.2 The relationship between CMs and TPPMs**

Relationships between CMs and TPPMs were more variable than those between CMs and providers. Some relationships were good and described as *'helpful'* and *'supportive'*. One CM had organised regular meetings of TPPMs working with the same provider across districts to share experiences, which was viewed positively by the parties concerned.

However, some respondents, both CMs and TPPMs, reported tensions in relationships (drawing on their own or others' experiences). Some CMs felt that TPPMs were too demanding of providers and felt that they were over-stepping their responsibilities:

*'I think they bang the drum because they're the face-to-face... they're dealing with them on a day-to-day basis, but officially they should be dealing with me.'*

(Contract Manager)

Some CMs also spoke of acting as an arbiter in disputes between the provider and the TPPM, and this was also reported by providers, who had found the CM to be supportive in this respect.

TPPMs, on the other hand, felt frustrated that they did not have sufficient authority over the provider and that the CM was not always responsive to the issues that they were raising:

*'The Third Party Manager kind of sits in the middle and just acts as a liaison, so you've got, you know, you've got the provider, you've got Contract Managers, you've got job centres, and you're kind of sitting in the middle of all of that and just making sure things are running smoothly, so you're kind of, you're having to almost take day to day responsibility, but you haven't actually got the overall control, if you like, and you couldn't enforce anything with a provider.'*

(Third Party Provision Manager)

### 3.3.3 The relationship between providers and Jobcentre Plus

#### *Third Party Provision Managers*

Relationships between the TPPM and the prime provider organisations were also of variable quality. Some providers felt that the TPPM was overzealous in its demands for information from the provider and were concerned about '*having two masters*' (Prime Provider Manager). While some providers acknowledged that this local level monitoring was helpful, others felt that it was sometimes unnecessary and speculated that it could be politically motivated. Equally, some TPPMs felt that providers were unwilling to engage and did not view the relationship in the spirit of partnership. One described the provider as '*very closed*' (TPPM).

Comments from CMs confirmed the tensions in provider – TPPM relationships. One referred to the relationship as '*a bit fraught at times*' (CM), and some felt that TPPM staff were finding it '*hard to let go*' (CM) as they were formerly responsible for the contract management of providers.

However in many cases, the relationship was a good one, and most providers felt that the TPPM played a positive role in bringing together local stakeholders including the BDC, who were often seen as a major stumbling block to the smooth administration of referral processes (see below). They were also credited with sharing information about employers with providers, for example about LEPs and large recruitment events.

The quality of relationships could be affected by the amount of time that both parties were able to spend on developing the relationship. In one case study district, the relationship had suffered, seemingly, due to changes in staffing at the provider organisation which meant that communication was irregular. Likewise, turnover in the TPPM role affected relationships; new TPPMs in two of the case study areas were still '*getting to grips*' with the role at the time of the fieldwork. In one area, the provider raised concerns that the TPPM, who was new to the post, had insufficient authority within the district to resolve the issues that they were facing, for example, working with the BDC staff. In another case, concerns were raised that the TPPM was increasingly being pulled away from her role on Pathways due to high claimant numbers. Regular communication between the parties concerned was seen as the key to developing good relationships.

#### *Local Jobcentre Plus office staff*

Relationships between Jobcentre Plus and the prime providers at the level of front-line staff were varied and differed according to the local context, even within a single district. Relations had also evolved over time and had generally improved. Some provider staff (advisers and managers) commented that there was initial (sometimes ongoing) hostility from Jobcentre Plus staff and they had to work hard to break down barriers:

*'The jobcentre seem to have this opinion about Pathways because it's like their job being taken away from them, and they're not willing to help.'*

(Prime Provider Adviser)

Equally, some TPPMs reported an unwillingness to communicate and co-operate on the part of provider staff, for example failing to turn up when shared events had been organised.

Despite this, there were many examples of good practice where the two sets of advisers were working together. Examples include:

- prime advisers working from Jobcentre Plus offices at regular intervals;
- Jobcentre Plus advisers delivering initial client interviews at provider offices;
- case conferencing between provider advisers and Jobcentre Plus Disability Employment Advisers (DEAs) at the end of the WFI process to agree further actions or a handover for the client;
- provider advisers attending Jobcentre Plus DEA and Incapacity Benefit Personal Adviser (IBPA) meetings;
- advisers shadowing one another; and
- joint training and development work, e.g. on client action plans.

Such joint activities were universally felt to be beneficial, both to dispel misunderstandings and negative perceptions among advisers, and to improve service quality for customers, by developing 'a seamless service' (TPPM) between the two organisations.

A number of suggestions were made for greater partnership working between Jobcentre Plus and prime advisers, including case conferencing for individual customers and conducting joint trigger WFIs to increase the number of voluntary referrals to Pathways provision. The barriers to closer communication and co-operation between advisers included the current pressures on Jobcentre Plus staff due to higher claimant numbers as a result of the recession. This limited the extent to which provider advisers could co-locate in Jobcentre Plus offices because of the pressure on office space.

### *Benefit Delivery Centre*

Relationships between providers and the BDCs, which play a key role in referral processes, were often experienced negatively by provider staff. Specific complaints were that BDC staff did not pass notifications to providers when customers had changed their contact details or had left the programme. Some felt that BDC staff were not involved at an early enough stage in the Pathways programme and that consequently they were unaware of the provider and/or Pathways referral processes. This has been addressed to a large extent by including BDC staff in PEMs and other local meetings. However, there were still complaints from some providers that it was difficult to communicate with BDC staff and/or that they were unco-operative.

### **3.3.4 The relationship between different providers**

There were various DWP/Jobcentre Plus initiatives to bring different Pathways providers together to share experience and good practice. In some areas, there were regular regional events organised for all Pathways providers (i.e. both PL Pathways and Jobcentre Plus-led programmes). Some CMs expressed frustration, though, that provider networking events did not encourage the sharing of good practice between organisations because they saw themselves as in competition for DWP contracts.

Prime providers also organised various networking events for their partners. In one area, a networking event for all the prime provider's partner organisations (across contracts) was held monthly, which was thought to be useful for sharing experience and good practice. Some partner providers also found it helpful to be able to access information and good practice from across different districts and contracts, through their relationship with the prime provider.



## 4 Influence of outcome-based contracting on provider operations

This chapter conveys stakeholder views about the contract framework and how the outcome-based contract may have influenced the structure and delivery of Provider-led Pathways to Work (PL Pathways). It addresses outcome-based contracting (OBC) in connection with the financial viability of participating organisations, the division of services between prime providers and partner agencies, programme administration and service innovation.

### 4.1 The business case for entering into an OBC

As noted in Chapter 1, OBC creates a set of incentives which aim to raise performance and provide value for money, whilst encouraging innovation, flexibility and responsiveness to customers. The Department for Work and Pensions (DWP) holds outcome-based contracts with private providers of Pathways to Work. In addition to the 30 per cent service charge which is payable in equal monthly instalments over the life of the contract, payments are made on the grounds of job outcomes and sustained job outcomes.

Perhaps due to the advantage of hindsight, none of the stakeholders who were interviewed explicitly mentioned the fiscal benefits of signing up to a large scale, outcome-based contract for delivering Pathways services. These discussions were overshadowed by topics related to the recession and cash flow issues (see Section 4.2.1). Instead, respondents, particularly prime providers, presented a more cautious view about entering into a contract that was heavily weighted on customer employment targets. For example, one respondent favoured a system that paid for services rendered and felt this would alleviate the financial pressures attributed to the outcome-based contract:

*'I would much prefer it to be more weighted on a service fee and then if it was deemed that you were not hitting where you needed to be, that it was then clawed back...I'm sure you'll be aware it's caused huge problems with a lot of the smaller organisations from a point of view of cash flow.'*

(Prime provider)

Echoing the fiscal risk to the organisation, one respondent from a partner agency felt a contract based on job outcomes would not be economically feasible because it would not recognise the resource intensity of the specialist service they provide.

Providers (both prime and partner) also mentioned more strategic rationales for entering into the Pathways contract: corporate responsibility and enhancing the public profile of the organisation; a mission to improve the employability of disadvantaged workers; diversifying existing services for a specialist group; building capacity in another service market, and; diversifying funding sources for existing services.

In terms of employment service delivery, some respondents acknowledged that a fee structure tied to job outcomes was an efficient way of focusing operations. The targets could also serve as a useful measure for comparing the performance of the different prime contractors. For example:

*'The good things about outcome funding is you're very focused on hitting those outcomes, so therefore you're very targeted. Your staff understand. The staff are very targeted about what we need to achieve in performance. So there is a clear steer on where you're going...I do think that it's good to be able to over-achieve on the outcome contracts and the targets, and [for DWP] to know the good performers and the good providers.'*

(Prime Provider Manager)

#### **4.1.1 Financial viability**

The financial risk associated with the outcome-based contract was the issue most often cited by respondents. The framework was described as *'a very challenging contract'* and *'extremely difficult from a cash flow perspective'*. In addition, initial projections on customer profiles were considered unrealistic for meeting performance targets and the service fee portion of the contract did not cover operation overheads, even after renegotiation of payment schedules.

The prospect of not meeting the contracted targets would result in a devaluing of the contract and a reduction in any profit to the provider. Respondents from both the commissioning and contracting sides affirmed that providers had experienced a financial loss. Prime providers, and some of the partner agencies, reported that their Pathways operations were being subsidised with revenue from other service contracts and funding streams. Providers with a higher turnover were better equipped to absorb the financial loss associated with delivering Pathways.

The economic recession appeared to be adding to the strain. A reduction in job vacancies had rendered the assumptions underpinning the performance targets unrealistic. Performance was also jeopardised by employers not committing to permanent work placements or to jobs that would extend beyond 13 weeks. Furthermore, Pathways customers who were seeking work were facing tough competition with the higher volumes of Jobseeker's Allowance claimants, many of whom possessed a work history that was more attractive to employers. As one respondent explained:

*'...we are dealing with people with sometimes up to 20 years' unemployment so they are going to be sitting along newly redundant people for the jobs that they're going for. I do believe that we can overcome it but it is a challenge that is greater than we realised when the contract started...I suppose it's just come back to the fact that we weren't anticipating such high numbers of clients to be so long term unemployed...'*

(Prime Provider Manager)

Some partners were reconsidering the feasibility of their continued involvement in Pathways. It was also observed that other partners across the PL Pathways network had already pulled out of subcontracts and service level agreements due to the financial burden of delivering Pathways under the agreed terms. One national organisation that had been providing specialist services under a combined service fee and outcome-based subcontract felt the terms were unrealistic. It was the agency's preference that the partnership be redefined so that the prime contractor would only buy-in services as and when needed. Contract terms had been renegotiated for some of the partner agencies, recognising the unrealistic expectations about performance measures contained in the original agreements. One agency noted that a change to their service agreement was necessary not only for their business but also for the viability of the Pathways partnership:

*'...there is a lot of responsibility on the prime contractors because the way they manage the contract and the kind of framework they set up can impact on their partner's ability to deliver and I think that needs to be a shared responsibility.'*

(Partner Provider)

In addition to the economic downturn, respondents outlined a number of other factors that influenced their performance and posed as challenges to the financial feasibility of the outcome-based contracts. In hindsight, prime providers and contract managers noted that the time and intensity of customer support required were stretching service efficiencies. It was felt that the job readiness of customers had been overestimated and the difficulty of engaging customers in job preparation services had been underestimated. In a similar vein, the volume of volunteer customers, those considered to be closer to the labour market, was lower than expected and, in some cases, customer support needs were not revealed until later adviser meetings, thus protracting the service process. Delays in receiving results from the Work Capability Assessments (WCAs) could also result in lost time serving a customer who is not eligible for Pathways.

Staff turnover (management and service delivery staff) and the time needed to train and establish new staff resulted in breakdowns in delivery partnerships and disrupted service delivery. It was also noted that in rural areas, travel distances for outreach activities would increase costs to the provider and acted as a disincentive to customers who would forego the benefits of the service if it was not offered locally.

#### 4.1.2 Length of contract

It was a commonly shared view by all stakeholder groups that the three-year contract held by the prime providers was not sufficiently long enough. It was felt providers needed time to develop and establish the new Pathways services, in conjunction with their network of partners. Start-up delays also created waiting lists for services and this backlog of customers needed to be attended to before services were deemed to be running at an 'optimal' level. Given the time needed to establish a new programme of services, one respondent suggested that a five to seven year contract might be more realistic:

*'...if it's something new like Pathways was...it takes them three, four, five months to get off the ground and get everything running how they would like it to be. They then spend the next few months catching up...it would be nice if they had that little bit longer so they could work, you know get something in place for the first year, eighteen months and then work with it, so I think five possibly seven [years] would be better.'*

(Contract Manager)

It was also argued that a longer contract made good economic sense on the commissioning side, requiring less staff resources to administer and manage. For providers, a longer contract would provide greater staff security which would translate into more continuity in services and organisational relationships.

## 4.2 OBC and service delivery

It was strongly felt by respondents from all stakeholder groups that the structures of remuneration-focused programme services on the end performance targets for which prime providers were being financially rewarded; in other words, job starts and job sustainability. Outcome-based funding was described as setting the business operating model and, put bluntly, the fee structures were said to 'shape' and 'breed' behaviour.

Delivering a programme to serve all customers was described as a 'fine balance' between: a) empathising with customer needs and brokering services to meet those needs; and b) attending to employment targets and focusing customers on the path to work. To address this, prime providers tended to supply job preparation services in-house and broker the non-work-related support to outside agencies who had already developed these services and had experience of the customer group (e.g., needs related to sensory impairment, English for Speakers of Other Languages, mental health, learning difficulties). This division of services

was justified on both financial and pragmatic grounds:

*'If it's an outcome-based funding, your service is about getting your outcomes which is about moving people off benefit and into work. So you are going to concentrate all your funding and all your efforts in moving people into work...if somebody is further away from the job market, what you have to do, and what the advisers are trained to do, is to signpost and link in with other organisations that can support that customer...People have specialisms, and you can't be everything to everybody who walks in the door.'*

(Prime Provider Manager)

The main driver for the division between prime provider and partner delivered Pathways services was considered to be the fees structure and the fact that there was no premium associated with serving specialist needs. As noted by one partner provider:

*'...there's no incentive for [prime provider] or any other Pathways providers, certainly financial incentives, to deal with our clients...I think that's the irony of prime contractors who in their original bid say, "Yes, we can deal with every disability group", then of course will levitate towards the people closer to the labour market.'*

(Partner Provider)

There was some variation in the amount and level of non-work-related services that were delivered by prime providers, depending on the organisational skills base. Partner agencies were also brought into prime provider premises in order to supply more of a seamless service for customers who needed the extra support. As seen in Chapter 3, there were some Third Party Provision Manager (TPPM) concerns around quality management of the supply chain when clients were referred to specialist services (see Section 3.1.6).

To some extent, a focus on end results detracted from other intermediary services that did not directly lead to a customer taking up employment. Some prime providers recognised there were other services which would benefit their customers, such as paying for training fees, financial management and debt advice, but they could not justify the costs because those services did not directly relate to job outcome targets. As one respondent stated:

*'It's definitely changed the model because you have to focus the activity on the things that are definitely going to get you some income. So there would be a lot of additional stuff that I would have liked to have delivered for the customers that would enhance their customer journey, definitely, but that doesn't get me any income.'*

(Prime Provider Manager)

As the contracts near their end, it was anticipated by at least one respondent that income needs would intensify pressure on prime providers to channel resources to the more job ready customers.

### 4.2.1 Views of partner providers

A minority of prime provider organisations were setting outcome targets for their partner providers. Some partners were finding it difficult to meet these targets. The reasons given for this were similar to those given by the prime providers for not achieving their targets (see Section 3.1.2). However, in addition, a number of the partner providers said that they were not getting the referrals that were anticipated from the prime provider, either in terms of overall numbers or in terms of the nature of the clients. Several partner organisations commented that they felt the prime provider was 'cherry picking' those clients who were the most job ready and only referring clients who were less likely to find work in the short run. This impacted on their ability to meet their job outcome targets. It was reported by one partner agency that was experiencing a financial loss that they were considering cost cutting measures that would affect their Pathways-related services.

As a result of this, in a number of cases, prime provider and partner organisations had often renegotiated (or were in the process of doing so) the original terms of the contract. This usually took the form of revising the monthly profiles for job outcomes, and in some cases the balance between service fee and outcome fees had been renegotiated. Some partners were resisting demands from prime providers to reduce their fees. In some cases, negotiations had been successful, however, there were also a number of cases where partners had decided to pull out of contracts, sometimes reverting to a more informal referral arrangement where outcome targets were not involved.

Those partner agencies without job outcome targets did not report the same level of pressure to meet targets as reported by the prime providers. Therefore, it is unsurprising that respondents from these partner agencies reported no change in the range and intensity of services they provide.

## 4.3 OBC and service administration

All prime providers felt that the paperwork and IT data entry required for processing customers through Pathways was an arduous task. Providers were required to follow existing procedures set by Jobcentre Plus and the Benefit Delivery Centre (BDC) to track customers through the programme. It was generally felt that administrative time was not adequately budgeted or resourced.

The requirements of OBC significantly added to the workload of prime providers and, to a lesser extent, the partner agencies, depending on the nature of the contract or service level agreement. The main area of contention was the requirement for Pathways providers to submit evidence of a job outcome before payment was received. This requirement also directly involved employers who ultimately submitted the evidence of the job start. Employers were not always forthcoming with the evidence which resulted in providers devoting more time to follow-up requests and sometimes strained employer relations. Difficulties were also associated with producing evidence of a self-employment job outcome.

When it was an adviser's responsibility to produce evidence of a job start it was felt that the time needed for this was detracting from productive time with customers, for example:

*'So I will do the paper chase and I will run around and try and get the outcomes, but that's another thing that stops me helping people as well, because all I'm doing is chasing paper. It's not doing what you should be doing.'*

(Prime Provider Adviser)

Overall, prime providers were concerned that customer employment was being undercounted due to the rigid procedures required for crediting a job outcome. Ultimately, this was undermining their record of performance.

#### 4.4 OBC and service innovation

Within the parameters of the Pathways Work Focused Interviews (WFIs) and a Condition Management Programme (CMP) framework, prime providers, with their partners, were granted the flexibility to develop a programme of services that could respond to local customer needs. Often described as a 'black box' approach, it was entirely up to the contractor to design a programme of work-related services and supports (in-house and out-sourced) that would address customer needs and, ultimately, move people into work.

As noted in earlier research (Nice *et al.*, 2009), PL Pathways services took time to develop and mature. This was connected to the time needed to develop experience of Pathways customers; gain knowledge of the various needs of the customer group and awareness of service agencies that can help address these needs. All respondents in the current research commented on the protracted process of service learning. As described in Chapter 2, prime providers often already delivered a similar range of work preparation services, such as Job Clubs, CV preparation and job interview coaching. To enhance the customer journey, some providers developed other services to encourage peer support (e.g., workshops for sharing job search experiences) and activities to promote health and well-being (e.g., gym memberships, walking group, Tai Chi).

However, innovation in customer services was arguably limited. Respondents representing the various stakeholder groups pointed out that innovation is tied to extra resources and, in the current economic climate, most prime providers were not in a position to spend on extra services for customers:

*'...if [providers] are now scratching around for outcomes then they've not got the resources to do over and above...they're not going to be able to put extra staff in or do different things that cost them additional resources if they haven't got those resources coming in in the first place...in this sort of economic climate they've got to look at their own balance sheets and balance their investment against their income.'*

(Contract Manager)

Some partners who signed up to an outcome-based agreement concurred that a limited cash flow was constraining their approach to service delivery, as one subcontractor noted:

*'...you haven't got the money to be innovative. You've got to go with what's tried and tested 'cause you can't afford to risk any cash or any funding on something that you don't know is going to work or not.'*

(Subcontractor)

It was evident that prime providers were increasingly relying on their partner agencies to supply services to customers who were less job ready, preferring to invest time in those who are going to contribute to job outcomes. One prime provider justified this strategy on the grounds that specialist partners had the capacity and the financial resources to support these customers:

*'...as part of our innovation. If somebody has a specific need that's really going to help them move into work, then, obviously, that's something that we would fund. But some of the general stuff, for people who are much further away, we look for other organisations who've already pulled funding down to deliver that and pick it up a bit once they've done that initial bit.'*

(Prime Provider Manager)

It was also noted out that service innovation was limited to economies of scale, as extra services would need to help a relatively large cohort of clients into work to justify the expenditure.

Not all prime providers in the study were credited with developing innovative approaches to programme delivery. Some of this was attributed to the Pathways regime. One respondent considered the current set number of WFIs as too regimented and process driven to allow much room for innovative practices:

*'...the five WFI system is extremely rigid and there is so little flexibility around it that to have innovation within such a tight structure is very hard.'*

(Prime Provider Manager)

Past experience with the New Deal for Disabled People was also a reason given for a lack of service innovation on PL Pathways. In this case, providers were seen to be delivering services that had been developed previously.

#### **4.4.1 Efficiency measures**

For the most part, innovation of programme delivery was tied to seeking out efficiencies for meeting contractual targets. As providers entered the second year of their contracts with little improvement in securing income from job placements, innovation strategies became increasingly linked to improving their performance. In response, all prime contractors had installed quality assurance and performance improvement plans to address performance issues. These resulted in a variety of changes to operations and delivery procedures. For example, various amendments were made to the process of delivering WFIs. High fail to attend rates were

redressed with group warm-up sessions before the first WFI and double booking WFI appointments. The duration of WFIs was adjusted so that less time was allocated for customers who were unlikely to participate in a job search and some of the responsibility for delivering WFIs was subcontracted to a partner agency. To cope with higher caseloads one adviser reported that their employer had started to conduct WFIs in a group format<sup>4</sup>. Explaining the introduction of group WFIs, this adviser stated:

*'...our.... advisers who currently have an insanely high caseload and have started conducting group WFIs, so sometimes 10 clients at a time have an hour's appointment and it's more like a workshop than a work focused interview. And then they hand them over [to another team of advisers] as they get more job ready'.*

(Prime Provider Adviser)

Other actions intended to improve performance included:

- the development of different methods for identifying customer work readiness, such as the measurement of attitudes to work and customer self-assessment on distance travelled;
- investment was channelled into marketing Pathways. This included a re-launch in one area to improve the programme profile; enhanced marketing to attract more volunteer customers; developing employer awareness of the programme and encouraging employers to reserve job vacancies for Pathways customers;
- identifying a market sector with job vacancies and supplying relevant skills training to improve customers' chances of filling the vacancies;
- reinforcing staff and customer behaviours that contribute to performance targets. For example, some office staff were rewarded (e.g., gifts, money) for reaching targets. Customers received monetary incentives to reward a job start; customers who submitted a job application or CV to a prospective employer were eligible to enter a weekly draw for a gift voucher.

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<sup>4</sup> Technically group WFIs should not be occurring and may reflect a misinterpretation of what working practices are allowed. Alternatively, the adviser may be confusing group WFIs with group warm-up sessions.



# 5 The influence of outcome-based contracting on front-line work with PL Pathways clients

One of the concerns raised about outcome-based payment systems is that they may provide greater incentives for 'creaming' and 'parking', *'where providers work most with those who are easily placed and provide a minimal service to the harder to help'* (Finn, 2009: 12-13). This chapter takes a closer look at the nature of Provider-led Pathways to Work (PL Pathways) clients and the influence of outcome-based contracting (OBC) on the front-line staff working with them in prime provider organisations. It examines client barriers to work and staff views on the characteristics of clients who are easier and harder to work with, in so doing considering issues in client journeys through PL Pathways. Adviser perceptions of the key skills in supporting clients and adequacy of their training are reviewed. The chapter then turns to an examination of the use of targets and other management tools in the supervision and monitoring of front-line staff. The chapter finally turns to an examination of the ways in which advisers were working intensively with job ready clients (creaming) and giving other clients a bare minimum of service (parking) and their feelings about this.

## 5.1 Client barriers to work and views on clients who are easier and harder to work with

### 5.1.1 Barriers to work

Advisers often described a continuum of client support needs. Client attitudes were often presented as a barrier to work, advisers typically describing mandatory clients as difficult to work with because they lacked motivation and willingness to do more than they needed to receive incapacity-related benefits. Clients with a

history of cycling between different benefits were also part of this group. Advisers spoke of clients lacking confidence and also questioning whether it was the right time for them to be participating in PL Pathways. Other clients were felt to be challenging to work with because they had unrealistic job expectations or were older men in their 50s with physical health conditions who had not worked for several years.

Advisers often described people with mental health conditions as a difficult group to work with. For example, one adviser, in discussing how targets were initially unrealistic for this group, noted that *'It can take six to eight months to convince them that they could make a transition into employment'*. There were also issues around the suitability of the workplace and the recession making it even more difficult to work with employers to promote job entries.

In addition, ethnic minority groups were sometimes felt to be difficult to work with, with advisers describing cultural barriers that needed to be overcome. For example, Muslim/Arab women who had never been employed, who had culturally had a focus on domestic work in the household, and did not speak English. People with severe learning difficulties were also seen as a challenging group to work with.

On the whole, voluntary clients were seen as easier to work with due to their being keen to engage in work-related activities, in order to take steps into employment. But, as will be explored below, there were also other reasons. Clients were also easier to work with if they had realistic expectations about engaging in PL Pathways and future work or had been on benefit for no more than one year and were *'more eager to get back to work'* (Adviser). The following kind of comment was made by several advisers, though advisers could feel constrained in taking this approach if clients were not classified as job ready:

*'If somebody's suffering and wants to work, and actually not being at work is making them uneasy and unhappy, there's a green light, and I will pull out every stop. They're the easiest ones.'*

(Prime Provider Adviser)

### 5.1.2 Classification systems

As touched on briefly in Chapter 3, traffic light systems for the classification of clients were widely used across the providers, with the following categories:

- Red – clients who were described as 'non-movers', who were some distance away from being ready to move into employment.
- Amber – clients who were 'on a journey', needing to take several steps before being ready for employment.
- Green – clients who were ready for work.

Two prime providers had numerical systems for classifying clients. One provider had a system whereby they numbered clients 'one to five'. Running this system in parallel

with a traffic light system, 'one' signified a job ready client while 'five' signified the hardest to help group of clients. Another provider took a similar approach but used the numbers 'one to four' in order to classify clients. The extent and nature of work that advisers did with clients was influenced by their classification as easier or harder to help. There were criticisms of these kind of classifications and some advisers balked against them, as the following comments illustrate:

*'It's a very primitive form of trying to get human beings into classifications and boxes, which never really is accurate.'*

(Prime Provider Adviser describing numerical and traffic light system)

*'You could have somebody that's really job-ready, got lots of experience, could walk into a job tomorrow if they wanted to, but if they don't have the right attitude they could have as many interviews as they liked but they might not necessarily pass them. There is always going to be an element of categorization when you're working with large numbers of people, but for me personally my time is better invested for those that want it and can benefit from it.'*

(Prime Provider Adviser)

As the above quotations imply, traffic light classifications were not necessarily felt to correspond with job readiness. Some advisers explained how they tried to distinguish the extent to which they could help a client, which often depended on the client's willingness to engage and move towards work, which is not necessarily the same as their distance from the labour market or the complexity of their needs and/or health conditions.

Despite these issues, the traffic light system and its numerical equivalents were described as a way of prioritising how much time advisers spent with clients as well as a way of shaping adviser action points in working with clients, for example, green or one clients being worked with more intensively or passed onto colleagues working in a job brokerage role. Clients labelled as amber were channelled into various forms of support to help them get more job ready, for example Condition Management Programmes. As is explored further below, clients labelled as red were often given a bare minimum of service.

## 5.2 Key skills and the adequacy of training for front-line staff

Advisers were asked what they felt were the key skills that an adviser needed to have to work with clients. There were a number of recurring themes, including:

- empathy;
- the ability to motivate the client, build confidence, the ability not to take negative attitudes personally;
- good organisational skills, including the ability to multi-task;

- the ability to work under pressure.

Other desirable skills were felt to be a good knowledge of the benefits system. The importance of a solid knowledge base was also described as being important to truly be able to provide equality of opportunity and service to clients. It was important to have not only knowledge of service provision but also the range of clients that an adviser had to work with.

There were advisers in all four areas with concerns about the adequacy of training. While many valued the training they had received, with prime providers delivering a range of induction programmes on arrival and varying degrees of follow-up provision (see Chapter 2), some felt that they did not have a sufficient understanding of a range of health conditions, for example working with people with severe learning difficulties or mental health conditions. While some advisers did feel comfortable working with these health conditions because of their backgrounds, others sometimes keenly felt the absence of training around how to work with such client groups, including access to support services.

Some advisers wanted to receive more training in their roles. Some questioned their employers' commitment to on-going professional development in an environment where so much emphasis was being placed on job outcomes and processes that were ostensibly geared towards achieving them.

Over time management have also given a steer on styles of working. For example, in one area front-line staff are encouraged to challenge customer motivation and build confidence regarding work after previously being perceived as being too 'health focused' in their advice. This kind of shift reflects prime provider emphasis on working with job ready clients as will be explored further below.

## 5.3 The use of targets and other approaches in the supervision and monitoring of front-line staff

### 5.3.1 Use of targets

As seen in Chapter 2, it was common for the prime providers to recruit front-line advisers from private sector recruitment backgrounds. Many of these recruits were familiar with working in a targeted environment and saw the importance of targets. Advisers from Welfare to Work type backgrounds also felt that targets were important in ensuring that mainstream employment outcomes were secured for client groups on incapacity-related benefits:

*'What you're getting is an outcome for people going into work...Now in some ways, that is quite liberating for somebody that's from a background of, well we can put you on training, I can put you on literacy and numeracy and we can do a bit of job search with you, and we'll do you some training on personal and social skills and well if you get a job it's like a by product. So it's quite liberating to say, "yes, want to do training? You can do training in your own time but I am here to focus on getting you right for work. What do you need, what can we give you to support you within Pathways?".'*

(Prime Provider Adviser)

All four providers had introduced individual job outcome targets for their advisers. Chapters 3 and 4 discussed how, in the context of rising unemployment, providers across the areas had been struggling to achieve job outcome targets. There were reports, at the provider manager and front-line adviser level, of advisers feeling demoralised because they found these targets unrealistic.

A variety of reasons were given for targets being unrealistic:

- the impact of the recession;
- the often complex needs of the PL Pathways client group;
- clients who lacked motivation;
- clients who could enter work and leave the job within just a few days;
- understaffing.

As implied in Chapter 4, the recession was affecting adviser achievement of targets via a number of routes. Advisers reported that rising unemployment had increased employers' expectations of the extent of job readiness required for entry level jobs. Moreover, recession had made client perceptions of their job prospects deteriorate creating a further barrier that needed to be engaged with to facilitate a movement into employment. The following comment was typical:

*'...people are getting laid off left, right and centre. How am I supposed to get that person a job when they've also got a gap in their CV 'cause they've been ill for whatever reason?'*

(Prime Provider Adviser)

There was also a degree of adviser frustration that targets did not recognise that clients could have high support needs or fluctuating health conditions that meant that they could be: *'job ready one minute and just not ready to engage the next'* (Adviser). Clients lacking in motivation was a recurring theme as the following adviser conveyed:

*'...the targets are unrealistic because pushing many of these clients into work is really, really difficult. I've got clients whom I've seen even 10 times and they think, "no, why are you still calling me, I don't want to come and do", no matter how many times you show them how good it is, actually, to get back into work.'*

(Prime Provider Adviser)

However, a high degree of client motivation did not mean that a client would be able to sustain their employment. There were concerns about a high number of clients not being able to sustain employment because of their health conditions. In particular, people with mental health conditions were described as lacking confidence in making an into-work transition. There were adviser concerns that these clients were not receiving the support that they needed to make a sustained transition into employment. Understaffing, a particular issue in one of the areas, could also limit adviser time working with clients to secure a job outcome.

The prime provider response to the internal job outcome targets for advisers becoming unachievable was to reduce them. Lowering of internal adviser targets took place across all prime provider organisations and these changes were universally welcomed by front-line staff; albeit that some were still struggling to meet the reduced targets.

There was some concern amongst advisers that targets did not sufficiently reflect the nature of their roles. There were several themes here, including:

- targets did not recognise softer client outcomes so that advisers did not get any recognition for these kinds of achievements;
- caseload composition was important. Advisers with more job ready clients were in a stronger position to achieve job outcomes;
- local area context, e.g. a new superstore opening on an adviser's patch could make it easier for them to achieve job outcome targets;
- the number of meetings with clients was also a target. Advisers felt that it was unfair that they could fail to achieve these targets when clients failed to attend meetings for reasons beyond the adviser's control.

### **5.3.2 Management support and case reviews**

On the whole advisers had good relationships with their immediate line managers, valuing the empathy that they seemed to convey with the pressures of everyday working life as a front-line adviser. There were some signs that advisers felt that senior management were remote and lacked both awareness of and interest in the pressures that advisers were working under. This theme was more pronounced in some areas than others with signs from adviser accounts that this was linked to management style. Case reviews were common across all providers though their format varied. The typical model was that immediate line managers conducted monthly performance reviews with individual advisers. In one area these one-to-one reviews were supplemented by monthly group meetings, while in another area advisers, who were organised into teams, met in these teams in order to review cases. Advisers felt that team working helped facilitate the exchange of ideas. Sometimes Jobcentre Plus advisers also attended these team meetings.

### **5.3.3 Observation**

There were signs that one-to-one line management observation of adviser conduct of WFIs was valued in all areas, though the extensiveness of this practice varied. Across two providers a line manager observes adviser WFIs on a regular basis, feeding back on performance. This practice tended to take place monthly or every six weeks and advisers seemed to appreciate the support this feedback provided for their interactions with clients:

*“...when I first started, as I said, you were kind of left to your own devices a little bit, and at first I wondered, “am I asking the right things? Should I be saying this to this person?”, but now because we get shadowed on our interviews, at least you know that you are saying the right things and you’re doing the right things.’*

(Prime Provider Adviser)

In one area observation had been part of adviser support practice but had lapsed, but there were plans to start them up again while in another area observation was about to begin.

In one of the areas a line manager also did spot checks on action plans, feeding back on what information should be included in the action plan, given to the client and key areas of action plan strength and potential for improvement.

### **5.3.4 Peer support**

Advisers spoke favourably of the support that they receive from their peers, both in scheduled team meetings and during the working day. Office meetings took place at a regular time each week. They involved front-line advisers and their team leaders. It was not always easy to get all advisers together for these meetings because of the variable timing of their work commitments as explained by the following adviser who commented that:

*‘...because of the nature of this job it’s really hard to get everyone together at the same time.’*

(Prime Provider Adviser)

Nevertheless, and despite the emphasis on individual targets, there were signs of team spirit, for example one adviser taking on some of the workload of a colleague who was feeling *‘really low’* as he did not have time to do his administrative tasks.

## **5.4 Targets and front-line adviser working practices: the duration and intensity of adviser contact with clients**

### **5.4.1 Caseloads and client contact**

Reflecting the drive for job outcomes, which seemed to be shaping developments in working practices; in two areas the amount of time that advisers spent in a Work Focused Interview (WFI) with a client had been reduced. In one area advisers had been spending half an hour with clients for each WFI but had been told to spend no more than 15 minutes with them. In the other area the working rule was that the first WFI should be quite lengthy, while the further four should be no more than 20 minutes long. The underlying philosophy of this approach was that the more clients that advisers could see the more they would get into work. However, there was adviser concern that 20 minutes was not enough time to get to know a person and *‘build trust’* with them. A related theme here was that the balance of helping and caring and profit sharing must be right.

The quality of referrals being received by advisers was being affected by delays in the administration of new health assessment processes for Employment and Support Allowance (ESA) claimants as well as the quality of those assessments. The delays often meant that advisers would invest time and effort in supporting clients before it became known that they were ineligible for the benefit and therefore, the Pathways programme. Pressures on the amount of time that could be spent with eligible participants were therefore exacerbated.

There were some signs that pressure to get clients into work could mean that some advisers did a bit too much for green clients, potentially not maximising the scope to improve their self-reliance in volatile labour markets, as explained by the following adviser:

*'...you'll have some advisers that will do 100 applications a day for their clients but that's what they're doing, they're doing them for them as opposed to empowering them to do it themselves.'*

(Prime Provider Adviser)

Advisers occasionally referred to not having enough front-line staff, describing how not achieving targets had knock-on effects for the prospects of staff recruitment:

*'So it's, kind of, turned into a Catch 22 situation, we're never going to reach targets because of the extra work load put on us, so there's not enough staff. Literally there's not having targets, just leads to having no staff again so, nothing can be done'.*

(Prime Provider Adviser)

#### **5.4.2 Creaming practices**

##### *Targets and the intensity of adviser work with clients*

As evidence in the previous chapter implied, more intensive working with green clients was a common experience for advisers across all prime provider organisations. The following adviser graphically described how he had noticed a change in emphasis in the provider that he worked for:

*'...there has been a massive shift from actually working with our client group, working with a caseload of clients and moving everyone closer to almost creaming the top off and working with them and processing the less ready clients, I would say.'*

(Prime Provider Adviser)

While there was some concern that this led to a focus on clients who might get a job without assistance, advisers tended to acknowledge the support needs of job ready clients. There was a feeling that clients who were making a transition into employment often needed an intensive period of support to do this effectively. Not only did adviser support help to boost the confidence of the job ready and build trust with clients, it also helped to achieve sustainable job outcomes from green and, with more time, amber clients. Length of time out of work could further increase the need for support:

*'If a client's ready to go into work, you should be working more with them and more intensely with them, because that gives them the right support, especially people who haven't worked for a long time, you need to make sure that you are supporting them all day because that's what's going to get them the job. To keep saying "I know it's tough but keep going, you will get a job".'*

(Prime Provider Adviser)

There was some discussion of a desire for more motivated green clients, who many saw as *'good quality voluntary referrals'* needing relatively little support to move into employment, for example those who had a job held open for them to return to. The heterogeneous nature of the voluntary client group was recognised in adviser perceptions of voluntary clients. This ranged from those who would need more time to become job ready but were highly motivated, to others who consistently failed to follow up on action points to the occasional *'time waster'* who just want to engage with PL Pathways to *'pass the time'*.

Issues of business survival and job security were also linked to a job ready focus. These concerns were, to varying degrees, held by many advisers. The way in which they could help underpin a focus on job ready clients is apparent in the following quotations:

*'...if we don't get our target we lose our job, because if we don't get our target the company fails.'*

(Prime Provider Adviser)

*'Because of the targets that we have, you can't waste your time on customers that are not moving...Your tick box customers that you know for a fact are going through the motions, they're either rude or say they've got no intention of returning back to work, you know, see them on one day and get them all out the way for that Work Focused Interview.'*

(Prime Provider Adviser)

Concerns about the implications for job security of not achieving targets seemed to be fuelled by the management of probationary periods. This theme was particularly evident in one area where advisers had either been faced with the threat of having, or have had their probation extended.

### *Concerns about the influence of a job ready focus*

A strong sense of what needed to be done for business survival and job security meant that many advisers (and their senior managers) saw creaming as appropriate behaviour in a target-setting environment. Parameters within which advisers had to work were being set by senior managers. While advisers were very clear on the pressure that they were under to work with green clients, the extent to which advisers felt that a focus on green clients was appropriate or inappropriate behaviour was a grey area. There were signs of adviser concern that their potential

work with clients who needed a lot more help was being compromised, as with the following adviser who described a colleague who was seen by management as a strong performer but whose selective engagement with clients he saw as unethical:

*'I watch him working and see a difference in the way that he will, depending on the opening gambit of the customer, to how he actually deals with the rest of the interview. If he feels there's no outcome coming in the next month, he won't even bother having anything, engaging properly with them. It's just, like, get out the door as quick as possible.'*

(Prime Provider Adviser)

While all providers had Adviser Discretion Funds, their use was limited and some managers seemed to be discouraging advisers from using them at least in part due to the inhospitable economic environment for placing clients into jobs and generating income.

### 5.4.3 Parking practices

#### *Views on parking as appropriate behaviour*

The accounts of advisers' experience of working with clients suggest that there were circumstances in which giving clients a bare minimum of service was seen as appropriate adviser practice, including:

- when there is a clear management steer;
- for disengaged clients, lacking motivation;
- for clients who are seriously ill;
- for clients who are awaiting treatment.

Some of these circumstances are indicative of advisers, as well as clients, questioning whether the PL Pathways referral had come at the right time for them. The capacity of advisers to waive clients was removed with the introduction of ESA from October 2008. However, some advisers showed signs of frustration with their inability to waive clients for whom they felt PL Pathways provision was, and would continue to be, inappropriate. The following quotation is illustrative:

*'There are some that I might go through the motions with because they're so ill that they really shouldn't be with us. In my opinion they're never going to be able to return to work, they might have umpteen ailments from heart disease to COPD [Chronic Obstructive Pulmonary Disease], emphysema, there's no cure, there's no recovery, you know, they're so ill at the minute that they can't work, there is no next step, is there? I know it sounds very negative but something like emphysema it's downhill from here on, there is no recovery.'*

(Prime Provider Adviser)

### *The experiences of clients who need a lot of help*

In all areas there was some provision in place for clients in need of a lot more help to make a transition into employment (red clients). In other words, they were not a completely neglected group. However, there were concerns about whether there was organisational capacity, including adviser skills, to work with clients who have challenging support needs. People with mental health conditions, severely disabled people and Asian women with ESOL needs who had never worked were all amongst the groups that providers were not geared up to work with. Having said this, there were signs that advisers were referring clients on to organisations that could support them, though this was not always an easy process. Sometimes there were area gaps in the kinds of agencies that might be helpful for clients or, as with the following adviser, there was a lack of awareness of agencies:

*'We can refer people to those and obviously if we just focus on a specific type of support, we'd be neglecting the majority, so I think that's potentially sometimes frustrating. There's Remploy for example that we work with closely. There's the Disability Employment Adviser at the Job Centre and sometimes it's just knowing when you can't give somebody the type of support they need, but simply knowing who you can refer them to.'*

(Prime Provider Adviser)

Other support gaps included clients with drug and alcohol problems and people with mental health conditions.

### *Factors that help advisers work with red clients*

There were factors on an individual adviser level and on a more structural institutional level that allowed advisers to work with red clients. On an individual level, advisers could be highly motivated to do their best for clients. They could decide to prioritise working with red clients, sometimes hiding their efforts from management, rather than the target pressures to work with green clients. At a more structural level, greater time to work with red clients could be assisted by:

- changes to diary management and lightening of administrative duties;
- changes to the size and composition of caseloads;
- work reorganisation that split adviser roles to allow them to specialise in working with green or red clients;
- more flexibility around the organisation of WFIs, for example the scope to conduct group WFIs;
- case reviews with line managers that might encourage work with clients in need of greater assistance;
- good management of partnerships that assisted advisers in decisions to refer clients on to additional support.

Some advisers made the more general point that some clients needed an holistic approach from an adviser able to understand and take into account their health condition and how this might be managed in the workplace as well as providing guidance on a CV and how to be successful in an interview. Support from referral agencies also needed to be built in. One or two advisers pointed out that it was still early days for the PL Pathways contracts and these issues were being looked at. Nevertheless there was recognition of the constraints:

*'...I think given that the client group that we're dealing with a lot of them are those are going to need long-term support. I mean management do address that they will always ask who's coming forward, those clients that are further away from work what are you doing to move them forward, so it is addressed, but I think the very nature of it being outcome-based means that getting jobs on the board is always going to be a priority.'*

(Prime Provider Adviser)

## 6 Conclusions and policy implications

### 6.1 Main themes in stakeholder reflections on PL Pathways services and outcome-based contracting

#### 6.1.1 What was working well?

The main areas that the research respondents emphasised to be working well were the support offered to the Provider-led Pathways to Work (PL Pathways) client group and PL Pathways stakeholder relationships.

##### *Support for the client group (some, not all)*

Respondents, across the range of stakeholders participating in the research, identified the support given to the client group as the successful element of the programme. They reported that clients who felt motivated to work seemed to value receiving support away from the jobcentre, although there were concerns about the support available for the broader range of clients.

##### *Stakeholder relationships (some, not all)*

In most of the areas, Contract Managers (CMs), subcontractors and partners felt that they had developed good working relationships with the prime providers. Subcontractors and other partners discussed initial uncertainty about how their partnerships with prime providers would work which fuelled low expectations of the relationships. Therefore, where prime provider partnerships with subcontractors/ other partners were working well this tended to take the latter by surprise as was the case with the following subcontractor:

*'I think to be honest it's a bit more than what we expected, because when they first come in it was like "Okay, how can we work in partnership?", and it probably didn't take a bit of a while to get it up and running, the links are there, we know the advisers that are down there by name to name basis, so the partnership working is really working and we're hoping that that will continue and increase really.'*

(Subcontractor)

As seen in Chapter 3 not all stakeholder relationships were working well, for example that between CMs and Third Party Provision Managers (TPPMs). Respondents stressed the importance of regular communication between different Pathways stakeholders at the local level in order to improve relationships, break down misunderstandings and generally improve the services delivered to clients.

### **6.1.2 What was not working well?**

Respondents raised concerns in three main areas, all of which made delivering services in an OBC framework difficult:

- the complexity of the processes involved in delivering Pathways services, particularly the quality of health assessment systems prior to referral and job outcome evidence systems;
- the use of targets in the management of provider adviser performance; and
- the broader contractual framework.

#### *Process issues – referrals*

Chapter 5 highlighted the impact of the delays in the administration of the new Work Capability Assessment (WCA) process for Employment and Support Allowance (ESA) claimants. Advisers (and their managers) questioned the usefulness of Work Focused Health Related Assessments (WFHRAs) as an indicator of a client's readiness to work. They felt that these process issues were a drain on the time they had to work with clients and generate job outcomes in a high pressure environment.

#### *Process issues – job evidence*

Difficulties in securing evidence of job outcomes, required by providers to receive payment for supporting clients into work, was a wide source of frustration; particularly for provider staff but also for some of the Jobcentre Plus and Department for Work and Pensions (DWP) staff supporting them. There was also some frustration that sustained job outcomes could not be obtained for clients entering employment for less than 16 hours per week.

### *The use of targets in the management of front-line staff*

As emphasised in Chapter 5, advisers were broadly in favour of having job outcome targets. However, there were some concerns about the pressure to achieve targets at the cost of an acceptable quality of service to clients. The majority can be seen as the 'struggling adviser', trying to maintain a balance of providing a good service to clients as well as achieving targets. There were a minority of advisers who enjoyed and achieved targets; the 'target driven adviser'; and there was a further minority who chose to ignore targets and concentrate on progressing the client.

### *Meeting the needs of clients*

The evidence from this research reinforces findings from the qualitative PL Pathways early implementation study (Nice *et al.*, 2009) that Providers were making little effort to work with 'harder to help' claimants, choosing to pursue the 'easier to help' to meet their job outcome targets.

This needs to be understood in the context of how the introduction of ESA has altered the PL Pathways client caseload and therefore clients are generally 'harder to help', often having complex barriers to work. Clients who are ineligible for ESA are those that would be easier to work with. Providers found it was difficult to meet the needs of the unexpectedly high proportion of clients with complex barriers to work. Problems with the new WCA intensified the challenges that providers faced in working with clients and meeting their needs. Respondents discussed inappropriate referrals in terms of clients not being referred to PL Pathways at the right time, as explained by the following adviser:

*'I think that the big issues again going back to whether the clients that are referred over to us are appropriate. If those clients have gone through the correct process, the clients that we see here, should be right to come and see us and invite to the programme. The fact is that they are coming through too fast and that's where the problem lies, and that's why we're sometimes struggling to address things that we shouldn't have to address.'*

(Prime Provider Adviser)

Contract managers, provider managers and front-line advisers felt that there was a real lack of provider knowledge of the client group which impacted on the delivery of the programme. Those clients with greater support needs appeared to be being referred on to partner agencies. It was these agencies which seemed to be attending to most non-work-related needs of clients who were not immediately ready for employment.

### *The broader contractual framework with DWP*

While PL Pathways contracts are less prescriptive about service delivery than Jobcentre Plus Pathways, prime providers still felt that the contracts were fairly prescriptive. This was reflected in the stipulation that five Work Focused Interviews (WFIs) should be carried out with mandatory clients and the need to provide a Condition Management Programme (CMP). While in principle prime providers had

the scope to be innovative in service delivery beyond such basic elements, they lacked the resources to do much beyond making efficiency savings. Reflecting this, although all providers had Adviser Discretion Funds their use was limited. Some managers seemed to be actively discouraging advisers from awarding these funds to clients in order to save on costs in a context where they were struggling to generate income through job outcomes.

## 6.2 Discussion and policy implications

### 6.2.1 The division of labour across prime providers and the supply chain

One of the drivers for this research was concern from DWP CMs and Jobcentre Plus TPPMs that the job outcome framework of contracts does not reflect an expectation that providers will work with the harder to help (Nice *et al.*, 2009). Evidence from this study reinforces this theme. All stakeholders felt that the contract was shaping the nature and extent of the Pathways support made available to clients. The common prime provider strategy was, broadly speaking, to focus on job ready clients and encourage supply chain focus on clients requiring more intensive support and assistance to return to work. On the one hand this kind of division of labour is a cogent strategy. On the other hand, supply chain experiences raise a number of concerns.

Subcontractors wanted to have more flexibility in the contracts and have reviews built in. In particular, some expressed a desire for the financial terms of the contract to be reviewed to make it more feasible for them to work with a lower than expected volume of referrals. They were also frustrated at experiences of prime provider cherry picking of clients and there was some demand to have a much broader range of clients referred to them, not only those in greater need of support. At the heart of this were these organisations' own concerns in achieving job outcomes and being financially viable. One suggestion for improvement was to have a more participatory contract design and this reflected an imbalance of power in prime provider and supply chain relationships. This arguably needs to be addressed.

Part of the flexibility in service delivery that prime providers do have is in forming relationships with other agencies to meet client needs. Several partners felt that they were subsidising a major government initiative in their Pathways role. Arguably, without these formal and informal partnerships clients with greater support needs would have a greater support gap than they do at present. However, monitoring arrangements for the supply chain seem to vary widely. This is a source for concern given prime provider strategies for delivering support for non-job ready clients; that is the fragmentation of programme responsibility across multiple providers. Generally, client feedback played a relatively minor role in monitoring the work of the supply chain. Given the concerns about incentive-based contracts and parking raised in this report and elsewhere (see Finn, 2008, 2009), strong client feedback mechanisms must surely be a priority.

### **6.2.2 The adequacy of resources**

The adequacy of resources that providers have access to under the OBC framework needs to be examined. Providers (both prime and subcontractors in the supply chain) felt that their Pathways contracts were tightly funded and contracts insufficiently long. The economic downturn and resultant decline in job vacancies had no doubt exacerbated the financial risks associated with achieving employment targets. In the current climate the parameters of the contract were not considered to be feasible. As providers were not meeting their performance targets and service fees were not sufficient to cover running costs, it was widely reported that prime and partner delivery organisations were experiencing financial strain as a result of the contractual agreements. With provider organisations increasingly reliant on partner agencies to address specialist service needs, service innovation on the part of prime providers was largely focused on reducing operational costs and achieving performance efficiencies. This raises the issue of whether the contracting framework should be more tightly linked to wider conditions in the overall economy.

Some respondents in the supply chain conveyed how a focus on job ready clients was sometimes being passed onto them (in contrast to those who felt that prime providers were keeping job ready clients to themselves). Their reflections on the effectiveness of Pathways conveyed a desire for more resources for clients with more intensive support needs. As they argued, if prime providers are going to focus on working with less job ready clients, adequate resources need to be made available to organisations working with clients who have more complex needs.

### **6.2.3 Improving administrative processes**

Improving a number of administrative processes would contribute to the more effective operation of OBC. Prime providers clearly identified where improvements need to be made, including:

- the WCA process working more smoothly to avoid adviser time being wasted by working with clients only to find out that they were ineligible for the programme;
- a need for DWP to respond to the challenges in obtaining job evidence. Use of off-benefit checks as standard practice where job evidence is unavailable is a possible solution worthy of exploration. This would involve conducting a check that clients were no longer claiming benefit and taking this as reliable evidence of a job outcome;
- a need for the monitoring of referral flows, having this data more readily available being likely to facilitate improved provider planning.

These issues were recognised by DWP and Jobcentre Plus stakeholders, some of whom were pushing for them to be explored at a more national level.

### 6.2.4 Exploring other approaches to outcome-based contracting

To reiterate, this research reinforces the conclusions of other assessments: that OBC can lead to perverse incentives (Finn, 2008, 2009). A key issue is whether OBC might be modified to support more desirable behaviours, thus providing incentives to support, in practice, the contractual expectation that providers should be working with the harder to help. Suggestions for doing this include: (a) paying providers on the basis of a wider range of outcomes; and (b) deploying differentiated outcomes for groups of clients.

#### *Paying providers on the basis of a wider range of outcomes*

Many provider advisers, and some of their managers and stakeholders in the supply chain, were very supportive of greater recognition of soft outcomes in any future OBC framework. As seen in the previous chapter, while some front-line advisers had multiple targets to meet, they did not feel that DWP contract and payment structures were sensitive to qualitative aspects of the nature of their role and the realities of supporting many clients into employment. An aspect of this was the time that it could take for clients to really take ownership of a possible into-work transition (see Chapter 5). Indeed, the pressure to get clients into work could mean that a focus on building client skills could be compromised.

Qualitative outcomes achieved by clients who are some way off from getting a job include, for example, an increase in self-esteem or self-confidence that improves the quality of their everyday life even it does not make them job ready. There are also other outcomes that it is perhaps easier to measure, for example completion of a training course, entering voluntary work or completing a work trial. These may also have a positive influence on self-esteem and self-confidence. For example, there was some discussion of older Asian women who have never worked being helped to acknowledge that raising a family entails many skills and being encouraged to undertake training courses or do voluntary work:

*'I've had one lady who's teaching the Koran to young children at a local volunteer centre. Because maybe the types of work that they want to do aren't necessarily out there, they tend to be voluntary-type jobs, I mean even working in a nursery or something like that. If it's someone who has ESOL needs for example, in my view they can only work with Arab children, so they would undertake some sort of actual activity that they weren't necessarily doing before. So it's certainly becoming more active but in more of a voluntary capacity.'*

(Prime Provider Adviser)

Similar arguments were made by some advisers about the value of therapeutic work for people with learning difficulties and severe mental health conditions. While there is a state aspiration for people on incapacity-related benefit to be included in policy goals of full employment and 'work first' (see for example, DWP, 2007), a moot point is whether voluntary and permitted work activities should be valued as the completion of a journey in itself for some members of disadvantaged

groups (i.e. those covered by Public Service Agreement 16) or should be seen as a stepping stone to mainstream employment.

The DWP's new Commissioning Strategy (DWP, 2008) seeks to promote the further development and refinement of OBC. For example, there are plans to develop and test new sorts of outcome targets, such as longer-term sustainable work outcomes, outcomes that reward work progression or the acquisition of skills. While the contracts for PL Pathways are not subject to the new Commissioning Strategy, the research findings suggest that movement in this direction would be regarded as a positive development by a range of stakeholders in PL Pathways. The present balance between voluntary and mandatory participation in PL Pathways beyond five WFIs also needs to be reviewed. There is mixed evidence from this research on the desirability of the greater conditionality advocated in the Gregg report (Gregg, 2008). Many front-line advisers and their managers were frustrated that some mandatory clients displayed minimal commitment to engaging with provision and, implicitly, fulfilling their potential; albeit that there were also issues of clients not engaging at the right time (in terms of their health condition). However, they also tended to emphasise how genuine client motivation and willingness to engage made them easier to work with in PL Pathways (see Chapter 5).

#### *Differentiated outcomes for groups of customers*

In the light of wider policy discussion of the merit of differentiated outcomes for groups of customers based on their distance from the labour market and the obstacles they face (for an earlier discussion see Finn, 2008), respondents were asked for their views on alternative contracting models. The Escalator Funding Model was used as a means of illustration and was defined as the idea that providers are paid lower outcome payments for more job ready clients and higher payments for less job ready clients.

While respondents felt that this sounded like a good idea in theory, they felt there were two main practical problems: One was the thorny issue of who would categorise clients into easier and harder to help. The second issue raised was concern that labelling clients as harder to help was a discriminatory practice, in that clients already struggling with self-confidence, self-esteem could feel demoralised and demotivated by this label. Providers' traffic light systems for classifying clients were not made known to clients and one might argue that an Escalator Funding Model could be used discreetly. However, the challenges associated with an Escalator Funding Model should not be underestimated. As seen in Chapter 5, traffic light classifications did not necessarily correspond with job readiness. Some advisers tried to distinguish the extent to which they could help a client, which often depended on the client's willingness to engage and move towards work, which is not necessarily the same as their distance from the labour market or the complexity of their needs and health conditions.



# Appendix

## Topic guides



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### **Key informant topic guide**

#### **The purpose of the interviews**

As part of the research development process for this project, preliminary interviews are being undertaken with a small number of key informants. These will involve telephone interviews with senior DWP and Jobcentre Plus contract management staff. The interviews aim:

- To consult respondents well-placed to comment on past experience in delivering services through private and not-for-profit organisations utilising forms of outcome based contracting.
- To help increase the research team's awareness of recent and current developments in contracting and perceptions of the key issues, thus helping to maximise the relevance of subsequent fieldwork.

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and the Jobcentre.
- Explain/reiterate purpose of the research
- State that there are no right or wrong answers, we are interested in the key informant's views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or chose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will last **up to 45 minutes**
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.
- Check whether respondent has any questions and is happy to proceed – ask for verbal agreement of consent (form to be emailed to respondent ahead of interview)

*If asked what we mean by 'complying with the Data Protection Act' explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

### **1. Respondent background**

1. What is your current job title and what responsibilities does your role involve?
2. How has your current/previous roles provided you with knowledge of outcome based contracting?

### **2. Previous experience of outcome based contracting**

1. What would you say are the distinguishing features of outcome based contracting?
2. Outcome based contracting can be described as a contracting approach that creates a set of incentives which aim to raise performance and provide value for money, whilst encouraging innovation, flexibility and responsiveness to customers. Would you agree with this description?

Probe:

Why?/why not?

3. What previous experience does DWP/Jobcentre Plus have of delivering services involving outcome based contracting through private and not-for-profit organisations?

Probe:

- New Deal for Disabled People
- New Deal for Lone Parents Innovative Schemes
- New Deal for Young People
- Flexible New Deal
- Other programmes
- Job outcome/entry payments
- Job retention/sustained job outcome payments
- Strengths and weaknesses
- Lessons learnt

### **3. Outcome based contracting in Provider Led Pathways**

1. What is the rationale for outcome based contracting in Provider Led Pathways?

Probe:

- Commercial strategy underpinning PLP
- Degree to which strategy is reflected in provider outcomes and reward structures

2. What are the strengths and weaknesses of outcome based contracting?

Probe:

- Is there any potential to promote incentives for working with harder to help groups
- Views on need for greater differentiation of outcomes for client groups at a greater distance from the labour market.
- Potential to promote innovation amongst providers. Why?/why not?
- Flexibility to address a shortfall of service provision
- Competition amongst provider driving down costs and increasing performance over Jobcentre Plus outcomes

3. What are the key issues for DWP contract managers in supporting the effective operation of PLP outcome based contracting?

4. What are the key issues for Jobcentre Plus TPPMs in supporting the effective operation of PLP outcome based contracting?

5. Are there any mechanisms to promote provider feedback on the operation of outcome based contracting?

Probe:

Nature

Regularity

Importance

6. How, if at all, is the current economic climate having an impact upon PLP outcome targets?

Probe:

- Any feedback from providers
- Whether this is adhoc
- Whether there has been a systematic response to feedback
- Nature of any response

#### **4. Reflective assessment**

1. Overall, how effectively do you feel that outcome based contracting is operating in Provider Led Pathways?

Probe:

- Suggestions for improvement

2. Are there lessons from previous experience of outcome based contracting in DWP or elsewhere that might be relevant for Provider Led Pathways?

3. Do you have any (further) suggestions for issues that should be raised with other participants in this research?

Probe:

- Contract managers
- TPPMs
- Provider Managers
- Provider Advisers
- Subcontracted Provider Managers

Thanks and close.



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### Final Contract Manager Topic Guide

#### **The purpose of the research**

The aim of the research is to explore how outcome based contracting is operating within PL Pathways and how this is having an influence on the delivery of the programme and to explore this from numerous perspectives.

#### **The purpose of the interviews**

Interviews will take place with Contract Managers in two phase 1 areas and two phase 2 areas. Themes to be covered include:

- Respondent role
- The nature of contract provision
- Contract management issues: monitoring & scrutiny
- Key relationships and their effectiveness
- Contract incentives for working with harder to help groups
- Overall reflections of what is and is not working well

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

The interviewer will distinguish between models of outcome based contracting and practice when interviewing.

Interviewer familiarisation should include: PLP provision specification, DWP Quality Framework, DWP Contract Management Framework )and key informant interview transcripts are also a source of useful background).

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and the Jobcentre.
- Explain/reiterate purpose of the research
- State that there are no right or wrong answers, we are interested in the respondent's views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or chose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will around **90 minutes**
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.
- Check whether respondent has any questions and is happy to proceed – ask for written agreement of consent (if interview taking place by telephone, form to be emailed to respondent ahead of interview to secure verbal agreement of consent)

*If asked what we mean by 'complying with the Data Protection Act' explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

## **1. Respondent background**

### **[COVER BUT DO NOT DWELL ON]**

1. What is your current job title and what responsibilities does your role involve?

Probe:

- Length of time in role
- Nature of role
- Provider they have contact with (nb. All fieldwork takes place in single provider areas)

2. What proportion of their work is taken up with [NAME OF PROVIDER] in [NAME OF DISTRICT]?

Probe:

- Relative importance of Performance Management and relationship building in role

## **2. The nature of contracted provision & contract management & scrutiny**

1. What is [PROVIDER] contracted to deliver?

### **[DO NOT DWELL ON 2.1 IF PRESSED FOR TIME]**

Probe:

- The nature of services contracted
- Length of contract (& date contract commenced)
- The outcome measures/targets set for contractor
  - o Job outcomes (mandatory/voluntary)
  - o Sustained job outcomes (mandatory/voluntary)
- Prime contractor use of subcontractors (extent, which ones)

2. Has your experience of working with [PROVIDER] differed from your expectations?

Probe:

- What has been working well?
- What has not been working well?
- Whether anticipated referrals (mandatory/voluntary) have emerged in practice

3. Does outcome based contracting (in its current form) pose any significant risks for providers?

Probe:

- In theory, in practice
- Balance of risk between purchaser and provider
- Volume of work (if less than, more than expected, why?)
- Volume of harder to help clients
- Extent to which targets are being met?
- Impact of an economic downturn/delivery of provision in a high unemployment area (any impact of the current economic climate)
- Any provider cash flow issues (whether 30% service fee is sufficient to cover fixed costs)
- Any feedback from providers
- Whether there has been a response to feedback/re-negotiation
- Nature of any response/re-negotiation
- Whether there is sufficient time/resource to explore on-going issues relating to labour market contexts in which Provider is trying to find jobs for client group.

## 4. How do you monitor the work of the provider?

Probe:

- Provider contacts, nature & frequency of contact
- Use of management information (what this covers)
- Involvement in Provider Engagement Meetings, regularity of meetings, topics and issues covered, usefulness of meetings
- Whether there are contract reviews, what these involve, regularity (and links to risk rating), circumstances in which contract review would give rise to a revision of targets

## 5. Do you have a role in the monitoring of 'user' experience?

Probe:

- Nature of complaints/evaluation procedures in place
- Main themes/issues expressed by users
- How complaints/evaluation procedures facilitate learning for JC+ and provider

## 6. Are there any difficulties with provider provision of evidence of job outcomes?

Probe:

- What is/is not working well
- Feedback from provider
- Feedback from Regional Payment Team (on J04 and J05 forms)
- Suggestions for other types of evidence
- Whether delays in payment occurring/reasons

7. How useful have the principles embedded in the DWP Quality Framework been in managing the contract?

Probe:

- Did the provider complete an evaluative Quality Assessment Questionnaire at the start of the contract? If not, why not. If so, how easy was this to complete?
- Main actions agreed in the contract start-up plan
- If a QAQ was completed, has this been reviewed, has a Provider Development Plan been developed and implemented? Strengths & weaknesses identified in Provider Development Plan(s)
- Any suggestions for improvement to DWP Quality Framework
- How useful has the DWP Contract Management Framework been in helping to manage the contract?

### **3. Working with harder to help groups**

1. How are Jobcentre Plus processes helping to identify client needs?

**[DO NOT DWELL ON 3.1 IF PRESSED FOR TIME]**

Probe:

- Any feedback on effectiveness of initial action plan drawn up by IBPA
  - Whether providers are undertaking sufficiently intensive assessments of individuals' problems, needs and underlying barriers?
  - How this is monitored. Use of DWP Quality Framework principles.
  - Whether WFHRAs are working smoothly/any issues getting these to provider
  - Views on their purpose
2. Does [Provider] have the skill sets that facilitate working with Pathways clients?

Probe:

- IB/ESA clients in general
- IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg.ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
- Types of skills that are important in delivering service to client group
- Any skills gaps
- How these are identified
- How skills gaps can be/are being addressed

3. How important to client progress is maintaining the present balance between mandatory and voluntary participation?

**[DO NOT DWELL ON 3.3 IF PRESSED FOR TIME]**

Probe:

- Importance of mandatory WFIs for the Work Related Activity Group
  - Whether voluntary nature of further client engagement with service options has advantages/disadvantages for the PLP client group
4. Outcome based contracting can be described as a contracting approach that creates a set of incentives which aim to raise performance and provide value for money, whilst encouraging innovation, flexibility and responsiveness to customers. Would you agree with this description?
- Probe:
- Why?/why not?
5. There is evidence to suggest that outcome based contracting can have perverse effects on the support that Providers give to clients. To what extent does outcome based contracting promote disincentives for working with harder to help groups?

Probe:

- Who are the easier to help PLP client groups? Examples
  - Who are the harder to help PLP client groups? Examples
  - IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg.ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
  - Any signs of creaming effects (ie. prioritised working with more job ready clients)? Why is/isn't this happening? How do you know this?
  - Any signs of parking effects (ie. where harder to help clients receive a bare minimum of service)? Why is/isn't this happening? How do you know this?
  - Does MI data provide you with the scope to identify any unintended handling of clients/client selection? In what way(s)? How could this be improved?
  - Any signs of inappropriate deferrals? Why is/isn't this happening? How do you know this?
  - Are FTAs being appropriately followed up? How are these monitored?
  - Whether contracts sufficiently long? Why/why not?
6. To what extent does outcome based contracting promote innovation in working with PLP clients?

Probe:

- IB/ESA clients in general
  - IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg.ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
  - How can outcome based contracting foster innovation?
  - Any signs of innovation? What has facilitated this?
  - Provider opportunities to share innovation, eg..best practice workshops, PEMs, Performance Improvement Workshop, DWP Provision Forum, provider integration into steering groups and committees.
  - Any constraints on innovation?
    - o Financial costs of implementing ideas
    - o Incentives & structures to share best practice
    - o Whether contracts are sufficiently 'open specification' to promote/ encourage innovation, ie.. has the service delivery model been over specified? E.g. by stipulating 5 mandatory WFIs.
    - o Length of Provider contracts, e.g. whether long enough to promote shared risk
7. As a Contract Manager, to what extent are you able to help facilitate the kinds of changes that help [the Provider] meet the needs of PLP clients in your locality?

Probe:

- Factors that enable this, e.g. sufficient local knowledge, quality of relationships with provider, resources, support from other DWP roles/ teams, eg.WWEG Delivery
  - Scope for Contract Manager to influence provider actions if there are problems in service delivery
  - Support provided for Contract Manager role by Contract Management Framework – suggestions for improvement
8. How effective for service delivery is having a single provider operating in an area?

Probe:

- Advantages of this approach
- Disadvantages of this approach

#### **4. Relationship with Provider**

1. How effective is your relationship with the provider?

Probe:

- Signs of an effective relationship
- What helps foster a constructive relationship?
- What restricts the development of a constructive relationship?
- Any previous relationship with provider – whether this had any impact on relationship building in PLP Pathways
- What have you found to be the best way to resolve problems?
- How effective is the relationship between the prime and subcontractor(s) in this district? Do you have any contact with the subcontractors? Is this desirable? Is there untapped subcontractor potential in the district?

#### **5. Relationship with Jobcentre Plus TPPM**

**[DO NOT DWELL ON SECTION 5 IF PRESSED FOR TIME]**

1. How does your role differ from that of a Third Party Provision Manager?

Probe:

- Are the boundaries between the CM and TPPM roles clear? (eg.. responsibility for monitoring quality)
- Why? Why not?
- Are there aspects of the CM role that would be better placed with the TPPM and vice versa? (eg.. aspects of contract compliance/quality monitoring)

2. How effective is your relationship with the TPPM for [Provider]?

Probe:

- Frequency of contact with TPPM
- What works well and why
- What does not work well and why
- Attendance at Provider Engagement Meetings?
- How can relationships be (further) strengthened

## **6. Reflective assessment**

1. Overall, how effectively do you feel that outcome based contracting is operating in Provider Led Pathways?

Probe:

- Suggestions for improvement
  - o Pricing structure
  - o Service delivery
- 2. One suggestion for improvement to the pricing structures of contracted out employment programmes is to move to an Escalator Funding Model. The idea is that Providers are paid lower outcome payments for more job ready clients and higher payments for less job ready clients. What do you think of this idea?

Probe:

- Views on need for greater differentiation of outcomes for client groups at a greater distance from the labour market (Advantages of this approach/disadvantages of this approach)
  - Views on whether there should be a requirement that particular quotas of participants with greater needs are represented amongst outcomes
  - Views on whether specific tenders should be designed targeted at particular hard to help groups (Advantages of this approach/ disadvantages of this approach)
  - Views on whether more careful regulation of referral flows would help so that providers and their case managers have more incentive to work intensively with participants they already have rather than wait for other (more job ready) clients to arrive. (Advantages of this approach/ disadvantages of this approach)
3. Do you have any (further) suggestions for issues that should be raised with other participants in this research? [DO NOT ASK IF PRESSED FOR TIME]

Probe:

- Provider Managers
- Provider Advisers
- Subcontracted Provider Managers

Thanks and close.



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### **Final Third Party Provision Manager Topic Guide**

#### **The purpose of the research**

The aim of the research is to explore how outcome based contracting is operating within PL Pathways and how this is having an influence on the delivery of the programme and to explore this from numerous perspectives.

#### **The purpose of the interviews**

Interviews will take place with TPPMs in two phase 1 areas and two phase 2 areas. Themes to be covered include:

- Respondent role
- The nature of contract provision
- Contract management issues: monitoring & scrutiny
- Key relationships and their effectiveness
- Contract incentives for working with harder to help groups
- Overall reflections of what is and is not working well

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

The interviewer will distinguish between models of outcome based contracting and practice when interviewing.

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and the Jobcentre.
- Explain/reiterate purpose of the research
- State that there are no right or wrong answers, we are interested in the respondent's views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or chose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will last up to **90 minutes**
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.
- Check whether respondent has any questions and is happy to proceed – ask for written agreement of consent (if interview taking place by telephone, form to be emailed to respondent ahead of interview to secure verbal agreement of consent)

*If asked what we mean by 'complying with the Data Protection Act' explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

**1. Respondent background****[COVER BUT DO NOT DWELL ON]**

1. What is your current job title and what responsibilities does your role involve?

Probe:

- 1 Length of time in role
  - 2 Nature of role
  - 3 Provider they have contact with (nb. All fieldwork takes place in single provider areas)
2. What proportion of their work is taken up with [NAME OF PROVIDER]?

Probe:

- 4 Relative importance of Performance Management and relationship building in role

**2. The nature of contracted provision & contract management and scrutiny**

1. What is [PROVIDER] contracted to deliver?

Probe:

- The nature of services contracted
- Length of contract
- The outcome measures/targets set for contractor
- The outcome measures/targets set for contractor
  - o Job outcomes (mandatory/voluntary)
  - o Sustained job outcomes (mandatory/voluntary)
- Prime contractor use of subcontractors (extent, which ones)

**[DO NOT DWELL ON 2.1 IF PRESSED FOR TIME]**

2. Has your experience of working with [PROVIDER] differed from your expectations?

Probe:

- What has been working well?
  - What has not been working well?
  - Whether anticipated referrals (mandatory/voluntary) have emerged in practice
3. Does outcome based contracting (in its current form) pose any significant risks for providers?

Probe:

- In theory, in practice
  - Balance of risk between purchaser and provider
  - Volume of work (if less than, more than expected, why?)
  - Volume of harder to help clients
  - Extent to which targets are being met?
  - Impact of an economic downturn/delivery of provision in a high unemployment area (any impact of the current economic climate)
  - Any provider cash flow issues (whether 30% service fee is sufficient to cover fixed costs)
  - Any feedback from providers
  - Whether there has been a response to feedback/re-negotiation
  - Nature of any response/re-negotiation
  - Whether there is sufficient time/resource to explore on-going issues relating to labour market contexts in which Provider is trying to find jobs for client group.
4. How do you monitor the work of the provider?

Probe:

- Provider contacts, nature & frequency of contact
  - Use of management information (what this covers)
  - Involvement in Provider Engagement Meetings, regularity of meetings, topics and issues covered, usefulness of meetings
  - Whether there are contract reviews, what these involve, regularity, circumstances in which contract review would give rise to a revision of targets
5. Do you have a role in the monitoring of 'user' experience?

Probe:

- Nature of complaints/evaluation procedures in place
- Main themes/issues expressed by users
- How complaints/evaluation procedures facilitate learning for JC+ and provider

### **3. Working with harder to help groups**

1. How are Jobcentre Plus processes helping to identify client needs?

Probe:

- Any feedback on effectiveness of initial action plan drawn up by IBPA
- Whether providers are undertaking sufficiently intensive assessments of individuals' problems, needs and underlying barriers?
- How this is monitored. Use of DWP Quality Framework principles.
- Whether WFHRAs are working smoothly/any issues getting these to provider
- Views on their purpose

**[DO NOT DWELL ON 3.1 IF PRESSED FOR TIME]**

2. Does [Provider] have the skill sets that facilitate working with Pathways clients?

Probe:

- IB/ESA clients in general
- IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg.ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
- Types of skills that are important in delivering service to client group
- Any skills gaps
- How these are identified
- How skills gaps can be/are being addressed

3. How important to client progress is maintaining the present balance between mandatory and voluntary participation?

**[DO NOT DWELL ON 3.3 IF PRESSED FOR TIME]**

Probe:

- Importance of mandatory WFIs for the Work Related Activity Group
- Whether voluntary nature of further client engagement with service options has advantages/disadvantages for the PLP client group

4. Outcome based contracting can be described as a contracting approach that creates a set of incentives which aim to raise performance and provide value for money, whilst encouraging innovation, flexibility and responsiveness to customers. Would you agree with this description?

Probe:

Why?/why not?

5. There is evidence to suggest that outcome based contracting can have perverse effects on the support that Providers give to clients. To what extent does outcome based contracting promote disincentives for working with harder to help groups?

Probe:

- Who are the easier to help PLP client groups? Examples
  - Who are the harder to help PLP client groups? Examples
  - IB/ESA clients in general
  - IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg.ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
  - Any signs of creaming effects (ie. prioritised working with more job ready clients)? Why is/isn't this happening? How do you know this?
  - Any signs of parking effects (ie. where harder to help clients receive a bare minimum of service)? Why is/isn't this happening? How do you know this?
  - Does MI data provide you with the scope to identify any unintended handling of clients/client selection? In what way(s)? How could this be improved?
  - Any signs of inappropriate deferrals? Why is/isn't this happening? How do you know this?
  - Are FTAs being appropriately followed up? How are these monitored?
  - Whether contracts sufficiently long? Why/why not?
6. To what extent does outcome based contracting promote innovation in working with PLP clients?

Probe:

- IB/ESA clients in general
- IB/ESA clients with more complex needs eg.. older people, ethnic minority groups (eg. ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. Sensory impairments), ex-offenders, care leavers.
- How can outcome based contracting foster innovation?
- Any signs of innovation? What has facilitated this?
- Provider opportunities to share innovation, eg..best practice workshops, PEMs, Performance Improvement Workshop, DWP Provision Forum, provider integration into steering groups and committees.

- Any constraints on innovation?
    - o Financial costs of implementing ideas
    - o Incentives & structures to share best practice
    - o Whether contracts are sufficiently 'open specification' to promote/encourage innovation, ie.. has the service delivery model been over specified? E.g. by stipulating 5 mandatory WFIs.
    - o Length of Provider contracts, e.g. whether long enough to promote shared risk
7. As a TPPM, to what extent are you able to help facilitate the kinds of changes that help [the Provider] meet the needs of PLP clients in your locality?
- Probe:
- Factors that enable this, e.g. sufficient local knowledge, quality of relationships with provider, resources, support from other DWP roles/ teams, eg.WWEG Delivery
  - Scope for TPPM to influence provider actions if there are problems with service delivery.
8. How effective for service delivery is having a single provider operating in an area?
- Probe:
- Advantages of this approach
  - Disadvantages of this approach
  - Whether there is sufficient client choice
  - Degree of cooperation/partnership working taking place between provider and pertinent agencies/subcontractors

#### **4. Relationship with Provider**

1. How effective is your relationship with the provider?

Probe:

- Signs of an effective relationship
- What helps foster a constructive relationship?
- What restricts the development of a constructive relationship?
- Whether there was a previous relationship with the provider. Whether this had any impact on relationship building
- What have you found to be the best way to resolve problems?

Improvement activity

- o Has the provider completed an evaluative Quality Assessment Questionnaire? If so, has this been reviewed, has a Provider Development Plan been developed and implemented?
- How effective is the relationship between the prime and subcontractor in this district? Do you have any contact with the subcontractor(s)? Is this desirable? Is there untapped subcontractor potential in the district?

### **5. Relationship with DWP Contract Manager**

**[DO NOT DWELL ON SECTION 5 IF PRESSED FOR TIME]**

1. How does your role differ from that of a DWP Contract Manager?

Probe:

- Are the boundaries between the CM and TPPM roles clear? (eg.. responsibility for monitoring quality, management of relationships with providers)
  - Why? Why not?
  - Are there aspects of the CM role that would be better placed with the TPPM and vice versa? (eg.. aspects of quality monitoring)
2. How effective is your relationship with the DWP contract manager?

Probe:

- Frequency of contact with CM
- What works well and why
- What does not work well and why
- Attendance at Provider Engagement Meetings?
- How can relationships be (further) strengthened?

## **6. Reflective assessment**

1. Overall, how effectively do you feel that outcome based contracting is operating in Provider Led Pathways?

Probe:

- Suggestions for improvement
  - o Pricing structure
  - o Service delivery

2. Do you have any (further) suggestions for issues that should be raised with other participants in this research? **[DO NOT ASK IF PRESSED FOR TIME]**

Probe:

- Provider Managers
- Provider Advisers
- Subcontracted Provider Managers

Thanks and close.



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### Prime Provider Topic Guide

#### **The purpose of the research**

The aim of the research is to explore how outcome based contracting is operating within PL Pathways, from the perspectives of different stakeholders, and how this influences delivery of the programme.

#### **The purpose of the interviews**

Interviews will take place with Prime Contractors in two phase 1 areas and two phase 2 areas. Themes to be covered include:

- Respondent & organisation background
- Services & operations
- Contracting arrangements
- Working with subcontracted providers/partners
- Working with harder to help groups
- Relationships with Contract Management, Jobcentre Plus and other providers
- Overall reflections

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and Jobcentre Plus.
- Explain/reiterate purpose of the research.
- This interview will explore a range of themes:
  - o Respondent & organisation background
  - o Services & operations
  - o Contracting arrangements
  - o Working with subcontracted providers/partners
  - o Working with harder to help groups
  - o Relationships with Contract Management, Jobcentre Plus and other providers
  - o Overall reflections
- State that there are no right or wrong answers, we are interested in the respondent's views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or choose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will last **up to 90 minutes**. Check that respondent is ok for time.
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.
- Check whether respondent has any questions and is happy to proceed – ask for written agreement of consent.

*If asked what we mean by 'complying with the Data Protection Act' explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

## **A. Respondent & Organisation background**

### **1. What is your current job title and what responsibilities does your role involve?**

Probe:

- Length of time in role & previous experience with Pathways client group
- Nature of role

### **2. Briefly, can you tell me about your organisation?**

Probe:

- Private/third sector organisation
- General services provided (& to which client groups)
- Number of offices/hubs [**in PLP district**], number of advisory staff/other staff
- Experience delivering back to work help/how long?/other DWP contracts
- Experience working with clients with health conditions/how long?

## **B. Services and operations**

### **3. Under your PLP contract with DWP, what do you deliver?**

Probe:

- The nature of services under the current contract (***Establish internal provision as subcontracted/partner provision will be explored later. Also ask if they have any leaflets about provision that you can take away with you***)
- The outcome measures/targets that are set
  - Job outcomes (mandatory/voluntary)
  - Sustained job outcomes (mandatory/voluntary)

### **4. How has [Provider] approached staff recruitment?**

***(Nb. If recruitment is done centrally provider manager may not know very much about strategy)***

Probe:

- What backgrounds are staff from?
- Have they sought particular experience/skills?
- Generalist advisory staff and specialist staff? Links made with specialist staff rather than directly employing them?
- Staff training?
- Have there been any problems with recruitment? With retention?

## **5. How do you supervise, support and monitor your frontline (advisery) staff?**

### Probe:

- Use of targets? If so, are these the same for all front-line advisers irrespective of range of clients in workloads (ie.. the mix of harder to help and easier to help) probe on outcome (eg job outcomes) and process targets (eg no of WFIs a day, referrals to provision)
- Case reviews? Case conferences? Whose is involved?
- Use of deferrals monitored?
- Role of adviser managers?
- Role of client feedback on their experiences? Mechanisms for this.

## **6. What is your assessment of your services under this contract thus far?**

### Probe:

- Compared to expectations, what has the volume of work been like?
- Whether anticipated referrals (mandatory/voluntary) have emerged in practice, probe on balance between vol and mandatory clients
- Whether need for more notice of Jobcentre Plus referrals so can plan resources.
- Whether job outcome targets have been met? Why/why not?

## **7. Can you describe your processes for:**

- Deferring clients? In what circumstances should/does this happen?
- Following up clients who have been referred to other provision (what happens if they do not attend)?
- Following up clients after a course of provision (e.g. CMP) finishes? Any mechanism for monitoring progress?
- Following up clients at the end of the 5 mandatory WFIs?

## **C. Contracting arrangements**

## **8. What would be the business case for entering into an outcomes-based contract, similar to the one you hold with DWP for Pathways provision?**

### Probe:

- Has your PLP contract met your expectations?
- What are the risks?
- Whether taken more than 30 per cent of the service fee up front, why, whether expect this will generate further problems down the line
- Views on setting outcome targets

- Whether provider feels valued.

### **9. What are the implications of PLP outcome based contracting for your organisation?**

Regarding:

#### *Service delivery*

- Influence on overall service design
- quality & time with different client groups
- flexibility & innovation – provide examples (any constraints on innovation)

#### *Administration*

- work with DWP/Jobcentre Plus/BDC (benefit delivery centres)
- work with subcontractors

#### *Financial viability*

- Impact of changes to service fee payments

### **10. What are your views on the current target model for delivery?**

- Are the targets appropriate?
- What is going well?
- How could the targets be improved?

### **11. [If not already raised] What impacts, if any, has the weakened economy had on your ability to fulfil the contract agreement?**

### **12. How is your performance monitored by DWP/Jobcentre Plus?**

Probe:

- Use of management information (what this covers)
- Meetings, site visits
- If there are contract reviews, what these involve, regularity
- Any discussion/revision of targets
- Involvement in Provider Engagement Meetings, regularity of meetings, topics and issues covered, usefulness of meetings
- Opportunities to feed back on experiences & issues, eg
  - o Quality Assessment Questionnaire?
  - o Provider Development Plan been developed and implemented? Has anything been changed as a consequence?

### 13. How do you feel the monitoring is going?

- Is it adequate? What is going well? How could monitoring be improved?
- Any suggestions for improving:
  - o Contract arrangements
  - o Contract monitoring (e.g., any concerns about being monitored against starts given ATOS delays)
  - o Payment (e.g., any issues around provision of evidence of outcomes)
- Extent to which admin processes are absorbing resources
- Whether contracts sufficiently long, too short or about right? Why/why not?
- *(If hold more than one DWP contract)* whether would be advantages in having one contract to cover all programmes they are delivering

### **D. Working with subcontracted providers/partners**

#### 14. Which, if any, subcontractors do you work with to help deliver these services in the district?

Probe:

- Which services? For which client groups?
- Why are you using subcontractors to deliver these services? Eg.. are they specialist services that buy in expertise for client support?
- Where located? (urban/rural, peripatetic)
- Ask about service coverage – service needs that are better and less well covered in area

#### 15. How do you monitor and assess your subcontractors' performance?

Probe:

- Use of management information (what this covers)
- Is this information shared with DWP/Jobcentre Plus? Why/not?
- Use of targets/any revision to targets?
- Meetings, site visits
- If there are contract reviews, what do these involve?
- Whether subcontractors are raising issues of cost effectiveness of their contracts
- Whether they are able to pay subcontractors promptly.

**16. Do you also signpost to other (non-contracted) service provision to address your clients' needs?**

Probe:

- Nature of this provision, e.g, specialist contractors.
- Why don't you use formal subcontracts for referrals to this service provision?
- Use of Service Level Agreements for non contracted service provision/ why a SLA rather than a subcontract?
- Any monitoring of client experience/progress on this provision. How monitored?

**17. Do you feel you have enough information about the services potentially available in the area?**

- Are they adequate for this client group? Any gaps?

**18. How would you describe the quality of services provided by your:**

- Subcontractors?
- Non-contracted providers/partners?

Probe:

- What is working well?
- What is not working well?

**E. Working with harder to help groups**

**19. How well do you think your organisation (and partner providers) is able to address the range of Pathways clients' needs?**

Probe:

- IB/ESA clients in general
- IB/ESA clients with long-term benefit histories
- IB/ESA clients with more complex needs eg. older people, ethnic minority groups (eg. ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. sensory impairments), ex-offenders, care leavers.
- How do you classify client needs? Is the initial action plan drawn up by IBPAs used for this? Why/why not? Role/usefulness of WFHRAs
- Ease of identifying how hard to help a client is. Where challenges are identified, what are the implications?

**20. What is the present balance between mandatory and voluntary clients using your services?**

- What do you think about this?

## **21. In your opinion, does outcome based contracting promote incentives to work more intensely with certain clients?**

- Which ones? Why? What implications does this have for support for other clients?
- To what extent are you prioritising work with more job ready clients? Ask for examples. What are the advantages this? Are there any disadvantages? Are some clients getting a bare minimum of service? Which ones? Is any guidance given to front-line advisers on prioritisation of clients? In what way(s)?
- Have you seen or experienced creaming practices, which prioritise work with more job ready clients? Ask for examples
- Is there a role for these practices in delivering your PLP services? Why? Why not? Any guidance provided to advisers on this?
- *(If respondent feels that these practices are problematic)* How can you guard against this?
- Any resource constraints on supporting some clients? Which ones? Extent to which working with subcontractors/partners helps overcome any constraints.

## **F. Relationships with Contract Management, Jobcentre Plus and other providers**

### **22. How is your relationship with DWP and Jobcentre Plus staff? (take each in turn:)**

- DWP Contract Manager
- Jobcentre Plus Third Party Provision Manager/Pathways Manager
- Jobcentre Plus IBPAs
- Benefit Delivery Centre staff

#### Probe:

- Type and frequency of contacts
- Any previous dealings through other Jobcentre Plus programmes – whether this had bearing on current relationship
- What is going well?
- What could be improved?
- Whether provider feels part of the district team? Invited to meetings?
- Whether provider encouraged to send front-line advisers for familiarisation visits in jobcentres and vice versa.
- How receptive the Jobcentre Plus district is to requests for help. Eg. With better off calculations
- Whether satisfied that Jobcentre Plus advisers are adequately selling Pathways

**23. What contact do you have with Pathways contractors in other areas?**

Probe:

- Type and frequency of contacts
- Any previous dealings through other Jobcentre Plus programmes – whether this had bearing on current relationship
- Sharing of practices

**G. Reflective assessment****24. One suggestion for improvement to the pricing structures of contracted provision is to move to an Escalator Funding Model. The idea is that providers are paid lower outcome payments for more job ready clients and higher payments for less job ready clients. What do you think of this idea?**

Probe for views on:

- greater differentiation of outcomes for clients at different 'distances' from the labour market
- outcome quotas for participants with greater needs/harder to help
- tenders designed to target particular 'hard to help' groups
- more regulation of referral flows (so that providers can work intensively with participants they already have rather than wait for other (more job ready) clients)

**25. To what extent do you think that outcome based contracts promote innovation in working with Pathways clients?**

- Can they give examples of innovation
- What are the constraints on innovation?
- How could innovation be better promoted

**26. Is there anything else you would like to add or comment on that we haven't already covered?**

Thank you very much for your time.

Remind respondent of confidentiality/anonymity and ensure that they are happy to be quoted.

Ask for contact details of Pathways subcontractors/partners we could interview as part of this study.



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### Provider Adviser Topic Guide

#### **The purpose of the research**

The aim of the research is to explore how outcome based contracting is operating within PL Pathways, from the perspectives of different stakeholders, and how this influences delivery of the programme.

#### **The purpose of the interviews**

Interviews will take place with Prime Contractors in two phase 1 areas and two phase 2 areas. Themes to be covered include:

- Respondent role and organisation background
- Service delivery
- Working with subcontracted providers
- Experience of working with different client groups
- Reflective assessment of outcome based contracting

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and the Jobcentre.
- Explain/reiterate purpose of the research.
- This interview will explore a range of themes:
  - o Respondent role and organisation background.
  - o Service delivery.
  - o Working with subcontracted providers.
  - o Experience of working with different client groups – **To help you explore your experience, I will be drawing on ‘hypothetical’ examples of client & adviser experiences.**
  - o Reflective assessment of outcome based contracting.
- State that there are no right or wrong answers, we are interested in the respondent’s views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or chose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will last **up to 75 minutes** – and check that respondent is ok for time.
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.

*Check whether respondent has any questions and is happy to proceed – ask for written agreement of consent*

*If asked what we mean by ‘complying with the Data Protection Act’ explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

## **A. Respondent & Organisation background**

### **1. What is your current job title and what responsibilities does your role involve?**

Probe:

- Length of time in role & previous experience with Pathways client group
- Caseload size, client generalist/specialist? Balance between vol and mand clients
- Work with non-Pathways clients?

*(nb: client characteristics to be probed on in more depth in section D)*

## **B. Service delivery**

### **2. Can you briefly describe the client process on Pathways?**

Probe:

- Distinguish between IB/ESA, voluntary/mandatory clients
- Referrals from Jobcentre Plus – appropriateness?
- Practice on FTAs? And deferrals? (nb:advisers are not allowed to waive)
- WFIs (any deviation from 5 WFIs every 28 days?)
- Use of assessments and Action Plans
- Procedures for monitoring of client progress
- Can you describe the range of tasks you would cover in a typical day?

### **3. How do you decide to refer a client to the internal and/or external services available under your PLP provision?**

Probe:

- decision tools/guidance
- own discretion

### **4. What contact do you have with clients:**

- once they take up a referral (e.g., CMP, go to another provider)?
- once they enter work? Any support for work retention?

Probe:

- extent of contact
- decision tools/guidance
- own discretion

**5. What happens in the process:**

- if a client does not take up a referral?
- after a mandatory client completes all 5 WFIs?
- after a client completes provision that been referred to?
- when a client exits work?

Probe:

- How do you find out when these things happen?
- decision tools/guidance
- own discretion

**6. What skills do you think are necessary for working with the range of clients in Pathways?**Probe:

- Training (induction/on-going); any need to upskill knowledge?

**7. What other kind of support do you receive for your work with Pathways clients?**Probe on:

- Manager support (aware of/responsive to front line staff experience of working with clients)
- Case reviews? Case conferences?
- Peer support
- Partnership working (eg with Jobcentre Plus)
- Is support adequate?

**8. How is your work with Pathways clients monitored?**Probe:

- Use of targets?
  - o are these the same for all types of clients (e.g., harder to help?)
  - o probe on outcome (eg job outcomes) and process targets (eg no of WFIs a day, referrals to provision)
  - o what do you think of the targets? What is working well? How could they be improved?
- use of deferrals monitored?
- Client journey/outcomes monitored
- Role of client feedback. Awareness of mechanisms for this.
- Interview quality monitored?

**9. What is your assessment of the service you are providing thus far?**

Probe:

- What has been working well?
- What has not been working well?
- Are you meeting job outcome targets? Why/not?

**10. [If not already raised] What impacts, if any, has the weakened economy had on your ability to fulfill targets?****11. What feedback have you had from clients about your services?**

Probe:

- Formal mechanisms for feedback/informal feedback

**C. Working with subcontracted providers/partners****12. Are there services outside [provider] that you refer your clients to?**

Probe:

- Which services? For which client groups?
- Where located? (urban/rural, peripatetic)
- Ask about service coverage – service needs that are better and less well covered in area

**13. Do you also use non-contracted service provision to address your clients' needs?**

Probe:

- Nature of this provision
- How find out about these

**14. What are your views on the quality of these outside services, provided by:**

- Subcontractors?

- Non-contracted providers?

Probe:

- What is working well?
- What is not working well?

**15. What feedback have you had from clients about their experiences with these other providers?**

**D. Experience of different client groups**

**16. Can you describe the types of barriers to work that your clients have?**

**17. Are some clients easier to help than others? How? Why?**

Probe on:

- Different health conditions (e.g. mental health, learning difficulties, mobility impairments)
- Voluntary/mandatory
- Ask for examples of harder and easier to help clients on their current/recent caseload.

**18. Do you classify clients with different needs/harder/easier to help? How?**

Probe:

- Tools/guidance, e.g. traffic light system
- Views on the initial action plan drawn up by IBPAs
- Use/role of WFHRAs

**19. Next, I'd like to give you some fictional scenarios about clients and I'd like you to say what course of action you would take with each client**

Vignette 1:

"Marvin is 35 with bipolar disorder. He was previously employed as a sales assistant at DIY retail store but dropped out of work due to bullying from work colleagues which aggravated his condition. He has been unemployed for the last two years. He wants to work but needs to get his condition under control first. He is very nervous about coming in to see the personal adviser because of his experiences of bullying at work and he also very unsure about himself. Marvin is currently on IB and has 10 years retail experience but is unsure about returning to work in retail due to his recent experience".

**Questions:**

- What would be your first step with Marvin?**
- Are you able to help him with managing his condition?**
- Would you encourage him back into retail work despite his concerns? Why, why not?**

“You are at your initial meeting with Marvin and you are halfway through him telling you about why his condition worsened in his last job. He is very nervous and aware of disclosing his information to new people. A client comes into the office unexpectedly to tell you that they have been offered a job and requires 20 minutes of your undivided attention”.

**Questions:**

- i. **Do you leave Marvin by himself at your desk or do you leave your job ready client to wait?**
- ii. **Do you risk not providing timely support to the client with the job offer or losing the trust of a new client?**
- iii. **Have you or one of your colleagues had a similar experience What happened? Why? How do you feel about this? How typical/exceptional is this kind of experience?**

Vignette 2:

“Julie is a voluntary client with severe learning difficulties who has asked Provider-led Pathways to help her into work. She desperately wants to work and has been put forward for several jobs but her appearance and inter-personal skills seem to be contributing to her lack of success at interviews. Julie often visits the provider’s office without an appointment and is becoming dependent on her. The adviser is struggling with targets and feels that the chance of Julie getting into work is slim, particularly as there have been lots of job losses in the area recently.

**Questions:**

- i. **What should the adviser do? What impact will this action have on Julie, the adviser, others?**
- ii. **Have you or one of your colleagues had a similar experience What happened? Why? How do you feel about this? How typical/exceptional is this kind of experience?**

**20. How well do you think your organisation (with other providers) is able to address the range of Pathways clients’ needs?**

Probe:

- IB/ESA clients in general
- IB/ESA clients with more complex needs eg. older people, ethnic minority groups (eg. ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. sensory impairments), ex-offenders, care leavers.
- Voluntary clients
- For mandatory clients, does the current balance of mandatory and voluntary participation work well? What could be improved?
- What is working well in terms of in work support and job retention? What could be improved?

**21. What kinds of support do you receive for working with clients with more complex needs?**

Probe:

- Training/guidance received, adequacy of this
- Whether more support/training needed?

**22. In your opinion, do outcome targets (eg job entry targets) promote incentives to work more intensely with certain clients?**

- Which ones?
- Why?
- Does this matter?
- Have you seen or experienced parking practices, where harder to help clients receive a bare minimum of service? Ask for examples.
- If you cannot help clients any further, do you refer them onto other support? If yes, where to (examples) if not, why not.
- Have you seen or experienced creaming practices, which prioritise work with more job ready clients? Ask for examples
- Is there a role for these practices in delivering your PLP services? Why? Why not? Any guidance from line managers on this.
- (If respondent feels that these practices are problematic) How can you guard against this?

**E. Reflective assessment**

**23. One suggestion for improvement to contracted employment programmes such as Pathways to Work is to move to an Escalator Funding Model. The idea is that providers are paid lower outcome payments for more job ready clients and higher payments for less job ready clients. What do you think of this idea?**

- What are the pros and cons?
- What else would be helpful?
- What do you like about having outcome targets? What don't you like?
- Should the outcome targets be changed at all? How?
- Advantages/disadvantages of more focus on client progression?

**24. Is there anything else you would like to add or comment on that we haven't already covered?**

Thank you very much for your time.

*Remind interviewee of confidentiality/anonymity of contribution and ensure that interviewee is happy to be quoted.*



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Policy Studies Institute

## **Qualitative study exploring the influence of outcome based contracting in Provider-led Pathways to Work**

### Subcontractor/partner Topic Guide

#### **The purpose of the research**

The aim of the research is to explore how outcome based contracting is operating within PL Pathways, from the perspectives of different stakeholders, and how this influences delivery of the programme.

#### **The purpose of the interviews**

Telephone interviews will take place with Subcontractors and partners in two phase 1 areas and two phase 2 areas. Themes to be covered include:

- Respondent & organisation background
- Services & operations
- Contracting/partner arrangements
- Working with harder to help groups
- Relationships with other Prime Providers & Jobcentre Plus
- Overall reflections

The interviews will follow a semi-structured format, maximising the opportunity for respondents to raise issues that they feel are important for the research project to understand and engage with.

## 1. Introduction

- Introduce self and organisation/research consortium.
- Explain/reiterate independence of research team from DWP and Jobcentre Plus.
- Explain/reiterate purpose of the research.
- Explain what the interview will cover
- Respondent & organisation background
- Services & operations
- Contracting arrangements
- Working with harder to help groups
- Relationships with other Prime Providers & Jobcentre Plus
- Overall reflections
- 
- State that there are no right or wrong answers, we are interested in the respondent's views.
- Confirm confidentiality/anonymity of respondent contribution.
- Explain that participation is voluntary; they can change their mind about participating at any point or choose not to answer particular questions.
- Indicate that (as mentioned in email/on the phone) interview will last **up to one hour**.
- Explain purpose of tape-recording (ask permission), transcription, nature of reporting.
- Check whether respondent has any questions and is happy to proceed – ask for verbal consent (as interview is to be taking place by telephone, form to be emailed to respondent ahead of interview to facilitate secure verbal agreement of consent)

*If asked what we mean by 'complying with the Data Protection Act' explain that we will:*

*keep all data in a secure environment;*

*allow only members of the research team (including administrators and transcribers) access to the data;*

*keep the data only as long as is necessary for the purposes of the research and then destroy it.*

- Check respondent happy to start the recording of the interview.

## **A. Respondent & Organisation background**

### **1. What is your current job title and what responsibilities does your role involve?**

Probe:

- Length of time in role & previous experience with Pathways client group
- Nature of role

### **2. Briefly, can you tell me about your organisation?**

Probe:

- Private/third sector organisation
- General services provided
- Number of offices/advisory staff/other staff
- Experience delivering back to work help/how long?
- Experience working with clients with health conditions/how long?
- Other client groups they work with
- Any previous experience working with Prime provider

## **B. Services and operations**

### **3. In your relationship with [Prime provider], what are you expected to deliver?**

Probe:

- The nature of services they deliver for Prime provider/Pathways clients
- Awareness of the broader programme of PLP service delivery of which they are part
- Whether have a contract/Service Level Agreement (SLA) governing delivery of these services
- Reasons these arrangements are in place/not in place/how they came about
- Whether any previous dealings had bearing on current relationship/arrangements
- Date contract/SLA commenced (& length of any contract)
- Any Pathways related outcome measures/targets that are set
  - o Job outcomes
  - o Sustained job outcomes
  - o Appropriateness of these
- Payment arrangements, e.g. quarterly.
- Any changes to the original contract, e.g. changes to funding arrangements

#### **4. Can you briefly describe the client process through your provision?**

Probe:

- Referrals from [prime provider] – appropriateness?
- Any response to inappropriate referrals & whether improvement activity has occurred around this issue.
- Use of Action Plans? Caseloading?
- Procedures for monitoring of client progress?
- Any follow-up after provision ended?
- What happens if referred client does not attend?
- Referrals to other providers?

*Ask respondents with contracts or SLAs*

#### **5. Have you needed to recruit staff as a result of the contract/service level agreement?**

Probe:

- What backgrounds are staff from?
- Have they sought particular experience/skills?
- Staff training?
- Have there been any problems with recruitment? With retention?

#### **6. How do you supervise, support and monitor your frontline staff who work with Pathways clients?**

Probe:

- Use of targets? If so, what are they?
- Case reviews? Case conferences?
- Line management arrangements
- Quality assurance

#### **7. What is your assessment of your delivery of services under this contract thus far?**

Probe:

- Compared to expectations/volume of work as expected?
- What has been working well?
- What has not been working well? Have any issues been raised with the prime provider & what has been the result of this.
- Whether work with any other Prime providers and, if so, whether issues are the same.

*Ask all who have targets*

**8. Have targets been met?** (if appropriate – refer back to Q3 regarding what targets they have)

- Why/why not?
- Has any improvement activity been implemented?

**9. What feedback have you had from frontline staff about their experiences of working with Pathways clients?**

Probe:

- What is working well
- What is not working well
- Has any improvement activity been implemented?

**10. What feedback have you had from clients about their experiences?**

Probe:

- Do they/how do they monitor the quality of customer experience?

### **C. Contracting/partnership arrangements**

**11. What would be the business case for entering into a contract with [prime provider]?**

Probe:

- Has your involvement with PLP met your expectations?
- What are the risks?
- Views on any pricing structures and targets

**12. What are the implications of your relationship with the prime provider for your organisation?**

Regarding:

#### *Service delivery*

- Influence on overall service design
- quality & time with different client groups
- flexibility & innovation – provide examples (any constraints on innovation?)
- whether feels part of a wider PLP team, or on the periphery
- what is working well and what is not?

#### *Administration*

- work with prime provider/Jobcentre Plus
- work with other providers
- what is working well and what is not?

*Financial viability*

- Impact of any payment structure
- What is working well and what is not?
- Have a fair deal with prime provider? Whether they are subsidising PLP services they are delivering
- Any delays in payment & impact of this

**13. [If not already raised] What impacts, if any, has the weakened economy had on your ability to fulfil your contract/service level agreement/spirit of your partnership?**

*Ask all respondents with contracts/SLAs*

**14. How, if at all, is your performance monitored by [prime provider]?**

Probe:

- Use of management information (what this covers)
- Meetings, site visits
- If there are contract/service level agreement reviews, what these involve, regularity
- any revision of targets
- Opportunities to feed back on experiences

**15. How do you feel the monitoring is going?**

- Is it adequate? How could it be improved?
- Any suggestions for improving:
  - o Contract/SLA arrangements
  - o Contract/SLA monitoring
- Whether contracts sufficiently long? Why/why not?

**D. Working with harder to help groups**

**16. How well do you think your organisation (and partner providers) is able to address the range of Pathways clients' needs?** (if appropriate – depending on who they work with)

Probe:

- IB/ESA clients in general
- IB/ESA clients with more complex needs eg. older people, ethnic minority groups (eg. ESOL needs), mental health conditions, particularly moderate to severe mental health conditions, moderate to severe learning difficulties, disabled people (eg. sensory impairments), ex-offenders, care leavers.
- Do you/how do you classify client needs?

**17. What is the present balance between mandatory and voluntary clients using your services?** (may not be aware of this)

- What do you think about this?

**18. In your opinion, does outcome based contracting promote incentives to work more intensely with certain clients?**

- Which ones?

Probe:

- Who are the easier to help client groups? Examples
- Who are the harder to help client groups? Examples
- Can it be inappropriate to work intensively with only certain clients? In which circumstances

**E. Relationships with other prime providers and Jobcentre Plus**

**19. How is your relationship with Jobcentre Plus?**

Probe:

- Type and frequency of contacts
- Any previous dealings – whether this had bearing on current relationship
- What is working well?
- What could be improved?

**20. Do you have any contact with a DWP contract manager?**

Probe:

- If any contact, views on relationship – what is working well, what could be improved?

**21. What contact do you have with Pathways Prime providers/ subcontractors & partners in other areas?**

Probe:

- Type and frequency of contacts
- Sharing of practices
- What is working well?
- What could be improved?
- Whether any involvement in prime provider's self assessment review processes

## **F. Reflective assessment**

**22. One suggestion for improvement to the pricing structures of contracted provision is to move to an Escalator Funding Model. The idea is that providers are paid lower outcome payments for more job ready clients and higher payments for less job ready clients. What do you think of this idea?**

Probe for views on:

- greater differentiation of outcomes for clients at different 'distances' from the labour market
- outcome quotas for participants with greater needs/harder to help
- tenders designed to target particular 'hard to help' groups

**23. To what extent do you think that outcome based contracts promote innovation in working with Pathways clients?**

- Can they give examples of innovation
- What are the constraints on innovation?
- How could innovation be better promoted

**24. Is there anything else you would like to add or comment on that we haven't already covered?**

Thank you very much for your time.

*Remind respondent of confidentiality/anonymity and ensure that they are happy to be quoted.*



# References

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