



**Department
for Work &
Pensions**

Remploy Employment Services (including Work Choice Contract)

Specification Invitation to Negotiate (ItN) Stage



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Abbreviations

BAFO	Best and Final Offer
CD	Commercial Directorate (DWP)
CEP	Contracted Employment Provision
CPA	Contract Package Area
CSF	Critical Success Factors
DEA	Disability Employment Adviser
DWP	Department for Work and Pensions
ES	Employment Services
EBT	Employee Benefit Trust
ESF	European Social Fund
EU	European Union
DWP	Department for Work and Pensions
FTE	Full Time Equivalent
GB	Great Britain
HR	Human Resources
IS/IT	Information Systems / Information Technology
ItN	Invitation to Negotiate
JCP	Jobcentre Plus
KPI	Key Performance Indicator
OJEU	Official Journal of the European Union
PAT	Provider Assurance Team
PMF	Performance Management
Framework	
PQQ	Pre Qualification Questionnaire
PRaP	Provider Referrals and Payments
PSA	Public Service Agreement
ST	Sourcing Team
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

ItN Amendments

1.1. This document contains a number of amendments / additions to support the ItN stage of the process. These additions are highlighted in boxes and include:

- Para 1.4 – Reference to detailed business information
- Paras 1.8 / 2.40 / Annex 3 para 1.3 / 1.12 – Reference to performance management expectations not included
- Paras 1.11 / 1.33 – Reference to continued commercial operation by Remploy ES during this process
- Paras 1.13/1.14/1.15 / 2.13 / 2.24 – Reference to items for negotiation
- Paras 1.49 / 1.50 / 1.53 / 1.55 / 2.10 – Reference to Work Choice CPA coverage, Terms and Conditions and commercialisation plan
- Para 2.3 – Reference to NDA
- Para 2.17 – Reference to legacy service requirements in support of Remploy Ltd
- Para 2.25 Bullet 6 – Reference to new document in NewCo governance
- Annex 4 para 2 / 3 – Reference to Remploy ES 'Interworker' employees and CPA coverage
- Annex 5 paras 2/3/4 – Reference to Work Choice stock customers
- Annex 8 para 2 – Reference to ESF match

Executive Summary

1.2. The purpose of this procurement is to form a business that:

- delivers a national Work Choice contract;
- continues to deliver Remploy's mission ***to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities***;
- establishes the existing Remploy Employment Services including its assets and infrastructure as a commercial business

1.3. Details on Work Choice can be found at Annex 2. Details on Remploy can be found at section 2, Annex 1 and within the Business Overview Document.

1.4. Detailed business information, including contracts, assets and employees, can be found within the folder entitled 'Remploy ES' on Bravo.

1.5. The Department is seeking an innovative Partner/Investor to acquire a significant stake in the business and invest in the continued growth and development of ES in the private sector including the continued delivery of Work Choice through a commercial contract. The Partner/Investor must be able to demonstrate its commitment to ES's mission which is to transform the lives of disabled people including the continued delivery of Work Choice through a commercial contract. The Partner/Investor is expected to demonstrate how it will help create and grow the new business, supporting and driving innovation and developing effective growth strategies.

1.6. The specific structure and governance arrangements linked to the creation of the company will be subject to the negotiation undertaken as part of this process and the Department is interested in any proposals that will deliver the key objectives of this transaction. It is envisioned that a Joint Venture could be created in which employees hold an interest in the operation of the company. This could be through some shareholding held on the employees' behalf in an Employee Benefit Trust (EBT).

1.7. This document summarises the opportunity including the existing Remploy Employment Services assets and the Work Choice contract.

1.8. This document includes the funding model approach and performance expectations for the Work Choice contract. Some detail regarding performance management expectations are not included within this document and will be discussed with ItN bidders during negotiations. These are expected to include; cohort performance management and management information.

1.9. The vision for the exit of ES is that it will continue to be a market-leading deliverer of

specialist support for disabled people in the workplace, working with disabled people, employers, government, schools, colleges and service providers. In GB there are 3.6 million disabled people out of work and the Government has reiterated its strong commitment to help disabled people to get into and stay in work. For 2015/16, the Department has £350m to fund employment support for disabled people and those with long term health conditions. Other Government Departments and other contracting authorities, including Education and Skills, Local Authorities, Social Housing and the Armed forces are all investing employment services for their disabled stakeholders. This represents a multi million pound market per annum for employment support for disabled people. Remploy is successfully delivering in all of these sectors and is keen to build on this.

- 1.10. The Department will have a contractual arrangement with the business to continue ES's national delivery of Work Choice from April 2015 that spans three years of support.
- 1.11. All other commercial contracts held by Remploy Employment Services at the point of exit will be transferred to the new entity. Remploy Employment Services will continue to operate business as usual processes alongside this commercial process and any new contracts awarded to Remploy Employment Services during the ItN stage of the process will be included in the data room and bidders informed at the point a contract is awarded.
- 1.12. The Partner/Investor will need to demonstrate how it will help the new business meet the current and future financial requirements attached to providing Work Choice and other commercial contracts, including the ability to provide and raise capital.
- 1.13. The Detailed Business Plan for Remploy Employment Services (included within the data room) makes clear the baseline requirement of the business, including funding requirements.
- 1.14. A number of critical elements will be subject to the negotiation undertaken as part of the ItN process, a number of which will be subject to the ItN evaluation process. The elements that are subject to negotiation are as follows (this is not an exhaustive list):
 - Share Capital / Types
 - Detailed Business Plan (including impact of asset handling)
 - Transition Plan (for ES into new entity and ramp up in delivery)
 - Work Choice performance offer
 - Employee Involvement (including impact on share capital)
 - Pensions Provision
- 1.15. All other items (including the contract and asset handling) will be subject to clarification during the ItN stage of the process.

Definitions

- 1.16. For the avoidance of doubt, the term ‘business’ will be used when referring to the new organisation created to support the exit of Remploy ES from Government control. This naming convention makes no assumption on any detailed design principles of that organisation.
- 1.17. The term ‘Interested Parties’ is used to describe organisations who may be interested in this offer.
- 1.18. The term ‘Preferred Bidder(s)’ will be used to describe the bidder(s) selected to acquire shares and take on responsibilities as part of the business outside of Government.
- 1.19. The term ‘Supplier’ will be used to describe the business after exit from Government control as a deliverer of Work Choice provision through the contract included in this specification.

Background

- 1.20. Remploy Employment Services (ES) mission is ***to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities.***
- 1.21. The Department has been working with the Remploy Board to identify if there is opportunity to exit Remploy Employment Services from Government in line with the Sayce Review recommendations. We both agree that there is now an excellent opportunity for an investor or partner to acquire a significant stake in Remploy Employment Services and invest in its continued growth and development. This opportunity will provide the freedom and flexibility for the business to continue to grow and expand its mission by helping even more disabled people find sustainable employment.
- 1.22. By March 2015, it is estimated that ES will have supported over 100,000 disabled and disadvantaged people into work since 2010, through a national network of over 60 branches across GB. ES has considerable skill and experience in providing employment support that enables disabled people to realise their employment goals, including exemplar models of best practice integration with education, health and social care. ES partners with some 2500 employers large and small, and over 750 local community organisations. ES is a national provider of the Work Choice programme for people with specialist needs.
- 1.23. ES is currently a subcontractor for seven Work Programme contracts with five different prime contractors and is the sole provider of the Access to Work Mental

Health contract. In addition, ES operates over 30 smaller contracts from a range of organisations including Department of Education, Skills Funding Agency, Local Authorities, Skills Development Scotland and ESF. More details can be found in the Business Overview Document.

- 1.24. The Work Choice contract included in this offer complies with the 1944 Disabled Persons (Employment) Act (partially repealed 2/12/96), the Employment and Training Act 1973, and the Equalities Act 2010, by promoting equality of opportunity for disabled people.
- 1.25. In addition, the Government has signed the Optional Protocol to the UN Convention on Rights of Disabled People to further demonstrate its commitment to the UN Convention on the Rights of Disabled People, and to the principle of ensuring that disabled people can enjoy their human rights on an equal basis with non-disabled people. The Convention is designed to promote, protect and ensure the human rights freedoms and dignity of disabled people.

Current Position

- 1.26. Remploy ES (ES) is a part of Remploy Ltd. Remploy Ltd's current status is a company limited by guarantee, a non-Departmental Public Body (NDPB) sponsored and funded by the Department for Work and Pensions (DWP) and Public Corporation governed by its Memorandum and Articles of Association and Main Agreement and managed by the Remploy Board. Remploy ES is one of the leading providers of employment support for disabled people.
- 1.27. The ES business delivers a range of services including recruitment and retention, vocational rehabilitation through job placement in work support, and education of employers and their employees. Remploy works with around 70,000 people each year and over 2,500 employers and total revenue has averaged £50m per annum.
- 1.28. Remploy ES comprises of a set of contracts and assets, all of which are detailed in the folder entitled 'Remploy ES' in the data room. A summary of this information is as follows:
- Over **60** branches and offices, all leasehold
 - **Around 850** employees (including nearly 200 Interworker employees)
 - **15** contracts providing national / sub national coverage
- 1.29. Operating from over 60 branch offices across GB supported by central support teams and a contact centre, ES works with disabled and disadvantage people to help them to identify, develop and make the most of their abilities and to find a job that works for them.
- 1.30. ES provides the majority of its support to disabled people through the Department's
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Work Choice programme. The key requirement of Work Choice is to support where necessary but wherever appropriate move people to sustained unsupported employment in the open labour market. Work Choice is a voluntary employment programme which helps disabled people with more complex issues find work and stay in a job. Remploy delivers Work Choice across GB and provides a significant proportion of the overall delivery of the programme.

- 1.31. The Department will have a contractual arrangement with the business to continue ES's national delivery of Work Choice from April 2015 that spans three years of support. Other ES commercial agreements are expected to be transferred as part of this process.
- 1.32. In addition to Work Choice, ES has competed for and won a range of commercial contracts. This includes agreements to deliver as a sub contractor with five prime providers of the Work Programme. ES is also the sole national provider of services under the Access to Work Mental Health contracts and holds a number of other contracts including with local authorities, housing associations, and education providers.
- 1.33. ES will continue to bid for new business alongside this process as part of business as usual. Contract information will be added to the folder 'Remploy ES' as and when contracts are awarded to ES.
- 1.34. Remploy's business success is supported by its unique relationships with a range of national employers across GB. ES has partnership agreements with over 2,500 employers nationally including BT, Tesco, Marks and Spencer, Sainsbury's, Royal Mail, G4S and others covering sectors that include retail and administration, contact centres, financial services, catering, warehousing and logistics, and cleaning and facilities management. ES works closely with employers to understand their needs, build their commitment to recruit and retain disabled and disadvantaged people and provide them with tailored support.

General Procurement Approach

- 1.35. We will conduct a commercial process to deliver the objective of exiting ES from Government control as a sustainable commercial business with a national Work Choice contract which continues to deliver its mission. This opportunity comprises two elements:
- The opportunity to partner / invest in the exit of the ES business and
 - A national Work Choice contract
- 1.36. The commercial approach will set out:
- clear criteria to select an innovative Partner/Investor who wishes to

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- acquire a significant stake in the business and invest in the continued growth and development of ES;
 - clear evaluation criteria to assess the Partner/Investors' proposals in respect of Employee ownership and governance; and
 - the requirements for the Partner/Investor, to support and invest in the continued delivery of the Work Choice contract and business.
- 1.37. The Work Choice contract will commence in April 2015 and span 3 years. This contract includes 2 years of new referrals (April 2017) with the potential option to extend at the end of this period for up to 6 months with 1 additional year of earning potential through outcomes (job outcome and sustained job outcome)
- 1.38. The commercial process consists of two key stages:
- A Pre-Qualification Questionnaire (PQQ) and
 - An Invitation to Negotiate (ItN) stages.
- 1.39. The first stage was via a PQQ which provided information on the opportunity and outlined the criteria on which the bids were judged. Bidders who were successful at this stage went forward to the Invitation to Negotiate (ItN) stage.
- 1.40. Within the ItN stage there will be an opportunity to negotiate on a number of elements of the offer, which are listed at a high level in paragraph 1.14 and set out in the Invitation to Bidders. Following this negotiation period selected Bidders will be invited to submit a Best and Final Offer (BAFO) which will be assessed to select a preferred bidder.
- 1.41. At all selection stages, bidders will be expected to provide evidence to demonstrate their ability to achieve the objective of a sustainable commercial future for ES including the delivery of Work Choice and other commercial contracts and to support the long term growth and viability of the business.
- 1.42. The specific structure and governance arrangements linked to the creation of the company will be subject to the negotiation undertaken as part of this process and the Department is interested in any proposals that will deliver the key objectives of this transaction. A potential option is to create a Joint Venture in which employees hold a significant interest in the operation of the company. This could be through some shareholding held on the employees' behalf in an EBT.
- 1.43. The Remploy Board believe that operating as a thriving business, with the right Partner/Investor will mean they can deliver its mission to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities.
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- 1.44. Bidders invited as part of the ItN stage of the commercial process will have an opportunity to inform the governance and documentation for the exited business, expected to include a Memorandum and Articles of Association and a Shareholder Agreement (this is not an exhaustive list). The Partner / Investor may be required to agree to a Business Services agreement as part of the governance documentation of the business, setting out those services the Partner / Investor will contribute to the business.

Work Choice Contract

- 1.45. Remploy ES currently delivers Work Choice through Grant in Aid funding. This commercial process will continue Remploy's national delivery of Work Choice through the Work Choice contractual model. Further details on the Work Choice model can be found in **Annex 2**.
- 1.46. The Work Choice contract offered through this commercial process will be a single contract with national coverage (Remploy commercialisation plan indicates 25 out of 28 CPAs). The business will be expected to:
- Ensure effective support through the Work Choice contract, that continues to support all customers as part of the transition process;
 - Effectively communicate the change in ownership to all customers, including those on placement with other employers.
 - Provide effective support to new customers from the beginning of the contract.
- 1.47. The business will be required to meet contractual standards in the delivery of all provision.
- 1.48. The national contract awarded as part of this process will include full CPA coverage (Remploy Work Choice commercialisation plan indicated delivery in 25 out of 28 CPAs) with the potential to expand this to the full 28 CPA areas – subject to agreement by the Authority.
- 1.49. A set of Work Choice terms and conditions (subject to change as part of the process) will be included in the folder entitled 'Remploy ES' on Bravo in due course.

Work Choice Transition Arrangements

- 1.50. As Remploy ES is currently a provider of Work Choice, It is not expected that there will be significant transition issues for the successful bidder(s).

1.51. This paragraph sets out the principles that will govern transition arrangements. It is not a detailed statement of process. Further details are included in the Transitional Success Criteria Stage (para 2.26 onwards) of the Opportunity and Service Requirement. The transitional arrangements period will start from the point of contract award in March 2015 when ES customers and assets, will transfer to the new business.

1.52. A 'Work Choice Commercialisation plan' document is included in the folder entitled 'Remploy ES' and sets out the Remploy approach to Work Choice delivery under this contract.

1.53. The estimated Remploy ES caseload for Work Choice which will transfer at the point of this specification is expected to be circa **15,000**, spread across the three modules of the programme.

1.54. ES will continue to deliver Work Choice services alongside this commercial process as part of business as usual. It is not expected that this caseload number will materially change during this period, but should any changes occur, bidders will be informed (including any changes to property leases as a result of lease extensions etc)

1.55. The business will be expected to support:

- effective support through the Work Choice contract, that continues to support all customers as part of the transition process;
- Effectively communicating the change in ownership to all customers, including those on placement with other employers.

1.56. It is anticipated that all ES contracts, assets and employees will transfer as part of the exit. Agreement to this will be subject to negotiation.

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

1.57. It is assumed that, as part of the exit of the business, the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply for those contracts that transfer as part of the process.

Universal Credit

1.58. Any potential links to / overlaps with Universal Credit and the associated impacts will be detailed during the ItN stage of the process.

THE OPPORTUNITY and SERVICE REQUIREMENT

- 2.1 The purpose of this procurement is to form a business that:
- delivers a national Work Choice contract;
 - continues to deliver Remploy's mission ***to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities***
 - establishes the existing Remploy Employment Services including its assets and infrastructure as a commercial business
- 2.2 Further Details on Work Choice can be found in this section and within **Annex 2** and on Remploy can be found within the folder entitled 'Remploy ES' which includes the Remploy Detailed Business Plan and full business information.

<p>2.3 Bidders invited to the ItN stage of the process have signed a Non Disclosure Agreement (NDA) for access to commercially sensitive information and may be required to sign an additional letter for access to specific items of information, including a Hold Harmless letter.</p>
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Work Choice Aims and Objectives

- 2.4 The Department will have a contractual arrangement with the business to continue ES's national delivery of Work Choice from April 2015 that spans three years of support. Other ES commercial agreements are expected to be transferred as part of this process.
- 2.5 Work Choice is a specialist disability employment programme launched in October 2010. Work Choice is a voluntary employment programme which helps disabled people with more complex issues find work and stay in a job.
- 2.6 It provides tailored support to help disabled people find sustained employment and, where it is appropriate for the individual, move into unsupported employment. The programme is delivered nationally across 28 contract package areas in GB by 8 contracted providers. This commercial process will agree a contract to continue Remploy's national delivery of Work Choice (Work Choice commercialisation plan indicates delivery in 25 out of 28 CPAs) with the potential for increase to full 28 CPA delivery during contractual delivery. In all areas where Remploy operate, disabled people are able to choose which provider they wish to receive support from.
- 2.7 Work Choice is aimed at disabled people with complex employment support needs for whom other DWP provision is not suitable and those who are in work but under threat

of losing their job as a result of their disability.

2.8 The requirements of this Work Choice contract are consistent with the requirements which are placed on current providers of Work Choice.

2.9 The key principles to be observed for Work Choice are:

- a strong focus on those who need specialist support;
- less prescription and greater flexibility;
- strong links between elements of provision;
- consistency and quality of provision;
- provision for all types of disability;
- effective and appropriate opportunities for the customer to exercise choice and control;
- a strong focus on job entries;
- effective support for people in either employment or self employment;
- progression to unsupported employment;
- a strong emphasis on achieving potential within longer-term supported employment.

2.10 Draft Work Choice terms and conditions will be included in the folder entitled 'Remploy ES' in due course and information regarding delivery expectations is detailed within the document.

Remploy ES Aims and Objectives

2.11 To identify a Partner / Investor who can support the creation and promote the ultimate success of ES as a commercial business that will continue to deliver the ES mission to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities.

2.12 The Department is seeking an innovative Partner/Investor to acquire a significant stake in the business and invest in the continued growth and development of ES in the private sector including the continued delivery of Work Choice through a commercial contract. The Partner/Investor must be able to demonstrate its commitment to ES's mission to continue to transform the lives of disabled people and those experiencing complex barriers to work, including the continued delivery of Work Choice through a commercial contract. The Partner/Investor is expected to demonstrate how it will help create and grow the new business, support and driving innovation, develop effective growth strategies for the business.

2.13 A number of documents, as detailed in the list below (not exhaustive), are included in the folder entitled 'Remploy ES' and provide a baseline position to support formulation of bids. Detailed information on how bids will be assessed against this baseline is included in the Instruction to Bidders:

- Detailed Business Plan
- Transition Plan
- Stakeholder Management Plan
- Employee Involvement
- Pensions Provision

- 2.14 We envision that a Joint Venture will be created and employees will hold an interest in the operation of the company. This could be through some shareholding held on the employees' behalf in an EBT (details included within Employee Involvement baseline in the Remploy ES folder). However the specific structure and governance arrangement linked to the creation of a company will be subject to the negotiation undertaken as part of this process and the Department is interested in any proposals, within the parameters set out in the ItN, which will deliver the key objectives of this transaction.
- 2.15 A key requirement of the new business is to maintain and improve a highly valued business for all existing and new disabled and disadvantaged customers, including those supported through Work Choice and other commercial contracts.
- 2.16 We expect bidders to demonstrate how this capability and capacity will be maintained and improved (Remploy Detailed Business Plan acts as the baseline for evaluation purposes). The business will need to demonstrate the supplier capabilities laid out in the DWP Commissioning Strategy.

- 2.17 The business will be expected to support delivery of legacy services for Remploy Ltd following completion of the commercial process which will be agreed during negotiation.

Overall Key Requirements:

2.18 The key requirements are linked to the minimum / baseline accepted position as detailed in products within the Remploy ES folder. The list of key requirements below identify which document they link to.

2.19 Interested parties will need to demonstrate how they will:

- Build the commercial and financial strength of the business, including how that will underpin and strengthen the delivery of Work Choice and other contracts including bids for new provision – Remploy Detailed Business Plan (word and excel documents)
- Support employee engagement and involvement in the governance of the exited business, including potential for an EBT – Employee Involvement Baseline Description
- Demonstrate consistency with the ES mission to transform the lives of disabled people by supporting and increasing the number of sustainable employment opportunities – Employee Involvement baseline Description and Business Plan
- Maintain and improve good working relationships with key stakeholders – Remploy Stakeholder Management Plan
- Deliver consistent performance across all new and existing contracts , including the Work Choice contract – Work Choice draft Terms and Conditions and contents of ItN Specification
- Support effective transition of the business and its services including maximising performance – Work Choice Commercialisation Plan and Transition Plan baseline descriptions
- Position the business as a strong bidder for future Government contracts as and when current Work Choice / Work Programme contracts come to an end – Remploy Business Plan

2.20 **Work Choice referrals** - It should be noted that the business **will not** be able to refer disabled people directly onto the Work Choice programme. Consistent with the guidance for all Work Choice providers including Remploy ES, all referrals must be through the approved route.

Critical Success Factors

2.21 The critical success factors (CSFs) for the exit of the business are:

- **Consistency in Performance** - The performance expectations of all contracts (including Work Choice) is met and there is no reduction in the quality and effectiveness of delivery. The Partner/ Investor will achieve this by demonstrating a track record of focusing on effective and efficient delivery through a period of organisational change.
- **Strong social values fit** - The Partner/Investor will show clear and powerful values fit with the ES and its mission. The Partner / Investor will achieve this by demonstrating their own mission and how it plays a key role in the development of their business and the markets it operates in and how this will be applied in support of the NewCo.
- **Strong employee champion** – the business will include employee involvement in the governance of the organisation (potentially through the creation of an EBT). The Partner/Investor will achieve this by demonstrating a track record and capability in supporting employee engagement and involvement leading to a powerful employee-led culture and high levels of motivation and productivity, including through periods of transition and significant change, including how these skills will be applied to the NewCo.
- **Good partnership capability** – The business will foster current and develop new partnerships / relationships that support its delivery to disabled and disadvantaged people. The Partner/Investor will achieve this by demonstrating a track record in building and maintaining powerful and effective relationships with key stakeholders, including customers and commercial partners.
- **Strong commercial skills** – The business will have access to the necessary capital and expertise to support the continued development of the business . The Partner/Investor will achieve this by demonstrating a track record in developing effective growth strategies and supporting businesses to become profitable, to achieve operational efficiencies, to access working and investment capital and driving innovation to support growth (economic and where possible social).
- **Strong transition and set up skills** - The selected Partner/Investor will ensure that effective transition arrangements have been implemented and customer service maintained for all customers. The Partner / Investor will achieve this by demonstrating a track record in supporting the creation and set up of new businesses, managing transfer of ownership of an existing business and where possible demonstrating any experience of supporting transition out of the public sector.

Transition Success Criteria –

2.22 The following circumstances must exist on Day One of business delivery, and are reflected where necessary in the Remploy Work Choice commercialisation plan:

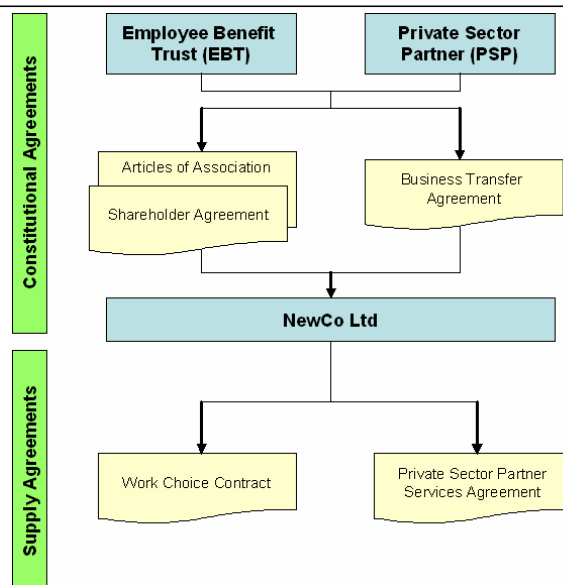
- All customers of existing commercial contracts, that transfer, continue to receive the same level of service including for the Work Choice contract
- ES employees that transfer to the new business have done so in accordance with all appropriate employment law.
- Employers of Work Choice participants understand the nature and level of support that they will receive from the new business.
- There are no delays in payments to host employers.
- All contracts, leases and other assets transfer effectively with minimal disruption to services.

Business Design

2.23 The following example business design is provided for illustrative purposes only at this stage and shows how the business could be structured. The detail of the organisational design is a matter for interested parties in their bids and during negotiation at the ItN stage, taking into account the information and guidance they have received.

2.24 The items within the business design that will be subject to negotiation will include (not exhaustive):

- Share Capital / Types
- Detailed Business Plan (including impact of asset handling)
- Transition Plan (for ES into new entity and ramp up in delivery)
- Work Choice performance offer
- Employee Involvement (including impact on share capital)
- Pensions Provision



2.25 The business would require governance documentation that may include a combination of the following:

- **Articles of Association for the new business** – these are rules about running the company that shareholder and ‘officers’ (directors or company secretary) have to agree to.
- **Shareholders’ Agreement** – is a contract between shareholders (and the company), setting out the rights and obligations of the shareholders.
- **Business Transfer Agreement** – entered into by Remploy Ltd, the DWP and the new business agreeing the assets and liabilities transferred to the new business.
- **Work Choice Service Contract** – entered into by DWP and the new business for the continued provision of Work Choice services.
- **Partner / Investor Services Agreement** – that will be entered into between the business and the Partner / Investor to cover the provision of services by the partner to the new business. Note that depending on the size and scope of the Third Party Partner’s consideration, this Agreement may not be required and the consideration may be covered within the scope of the Shareholders’ Agreement.
- **Deed of Trust** – that will be entered into by the organisation and members of an EBT to legally form the EBT and its role in the business.

2.26 Drafts of these documents / elements of documents will be included in the ‘Remploy ES’ folder for comment and discussion as part of the negotiation stage of the process.

Work Choice Approach

2.27 Work Choice is currently delivered by a network of prime contractors and sub

contractors. Under the terms of this contract we expect that any sub-contractors whether in the private, public or third sector are treated fairly and in line with the DWP Commissioning Strategy (currently subject to the outcome of consultation) and Merlin Standards.

Merlin Standard

- 2.28 The Supplier will be expected to adhere to the Merlin Standard principles in all sub-contractual relationships. Where Suppliers have a supply chain within their delivery model they must gain Merlin Accreditation with the relevant Merlin Standard authorisation body within one year of the Operational Services Commencement Date, and maintain Accreditation by two-yearly re-assessment. For further detail on the Merlin Standard, please see:

<http://www.merlinstandard.co.uk/>

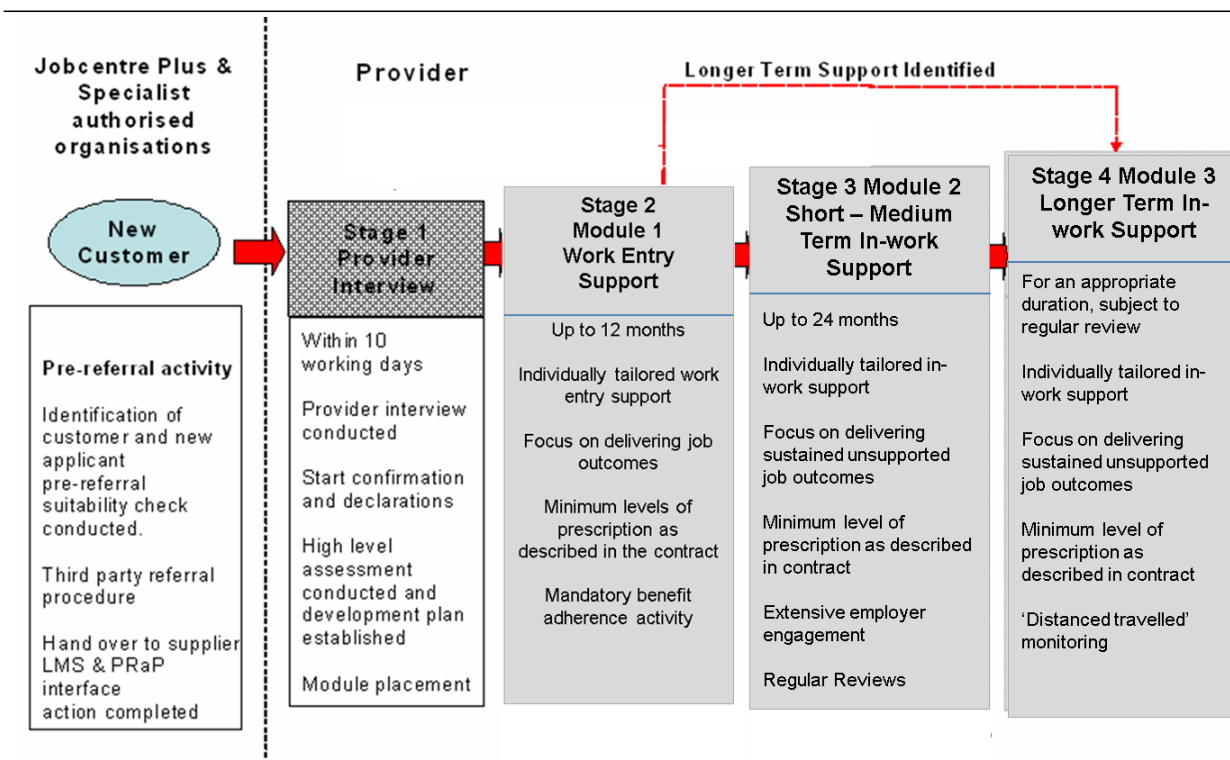
<http://www.merlinstandard.co.uk/downloads/GMN%20-%20The%20Merlin%20Standard.pdf>

<http://www.merlinstandard.co.uk/downloads/The%20Merlin%20Standard%20-%20About%20Assessments.pdf>

- 2.29 Remploi ES has a proven track record in terms of capacity and capability in supporting disabled and disadvantaged people. We expect Partner/Investors to demonstrate how this capability and capacity will be maintained and improved. The supplier capabilities laid out in the DWP Commissioning Strategy (currently subject to the outcome of consultation) will need to be demonstrated at both the bid stages and during live running.

Work Choice Design

- 2.30 The high level process diagram below shows the customer journey through the Work Choice programme. Detailed information on the Work Choice Design and customer journey is in **Annex 2**.



Work Choice Process

- 2.31 The customer's first point of contact for Work Choice will normally be the Disability Employment Adviser (DEA) who will establish the suitability of Work Choice for the customer's needs - in some circumstances the customer may be referred via other specialist organisations.
- 2.32 The details of the customer journey through the Work Choice programme can be found at **Annex 2**. It sets out the required quality standards in detail for each Module of the programme including contacts with a participant or prospective participant. Each Module has the capacity and flexibility to be tailored to serve every participant regardless of their disability.
- 2.33 The business shall have an internal dispute resolution procedure for dealing with complaints from Participants about the Supplier (and/or any of its Sub-Suppliers). If the dispute between the Participant and the Supplier (and/or the Sub-Supplier) cannot be resolved the dispute shall be referred to the Independent Case Examiner (ICE) (<http://www.ind-case-exam.org.uk/>) for mediation. Further details on dispute resolution is in **Annex 2**

Work Choice Budget and Funding Model

- 2.34 The Work Choice funding model will include a service fee and job outcome payment, consistent with the agreed Work Choice funding model. See **Annex 5** for details.
- 2.35 The payment models for other commercial contracts are as outlined in each contractual agreement.

Flexibility within the Work Choice contract

- 2.36 In addition to the service requirements within this specification, DWP may make available further requirements during the life of the contract, such as, changes in funding or the delivery model to reflect good practice or changes to policy. Such requirements will be subject to discussions and agreement according to the terms of the contract at the appropriate time.

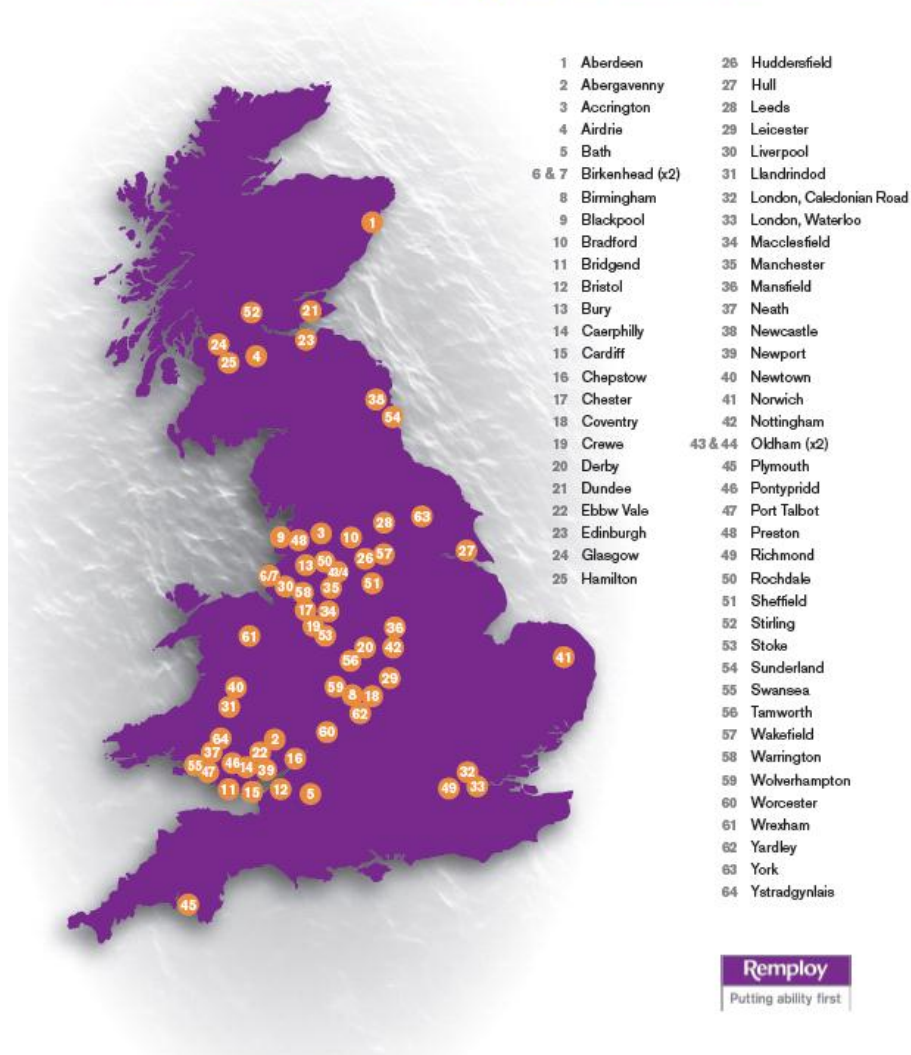
Work Choice Quality and Contract Management

- 2.37 The business must continue to invest in, and be active in, its own improvement and development. The Department will be actively involved in shaping and promoting the infrastructure that supports continuous improvement as part of its contractual delivery.
- 2.38 The business will be responsible for ensuring that disabled people have access to suitable, high quality support and guidance that provides a good service and an excellent customer experience. It must be clearly understood that the provider will be responsible for all sub-contractors in this matter.
- 2.39 Work Choice contracts will be managed using DWP's Performance Management Framework (PMF). This sets out a standard process for managing CEP supplier performance based on an assessment of risk against a range of factors including contract value, performance and an assessment of quality. The business will need to take responsibility for managing issues and addressing poor performance under this Framework.
- 2.40 Some detail regarding performance management expectations are not included within this document and will be discussed with ItN bidders during negotiations. These are expected to include; cohort performance management and management information.

Annex 1 - Remploy ES Delivery Locations

REMPLOY ES LOCATIONS AS AT 30TH JUNE 2014 – Bidders will be informed of any amendments to this information as a result of business as usual delivery.

Remploy has an extensive network
of branches throughout the UK

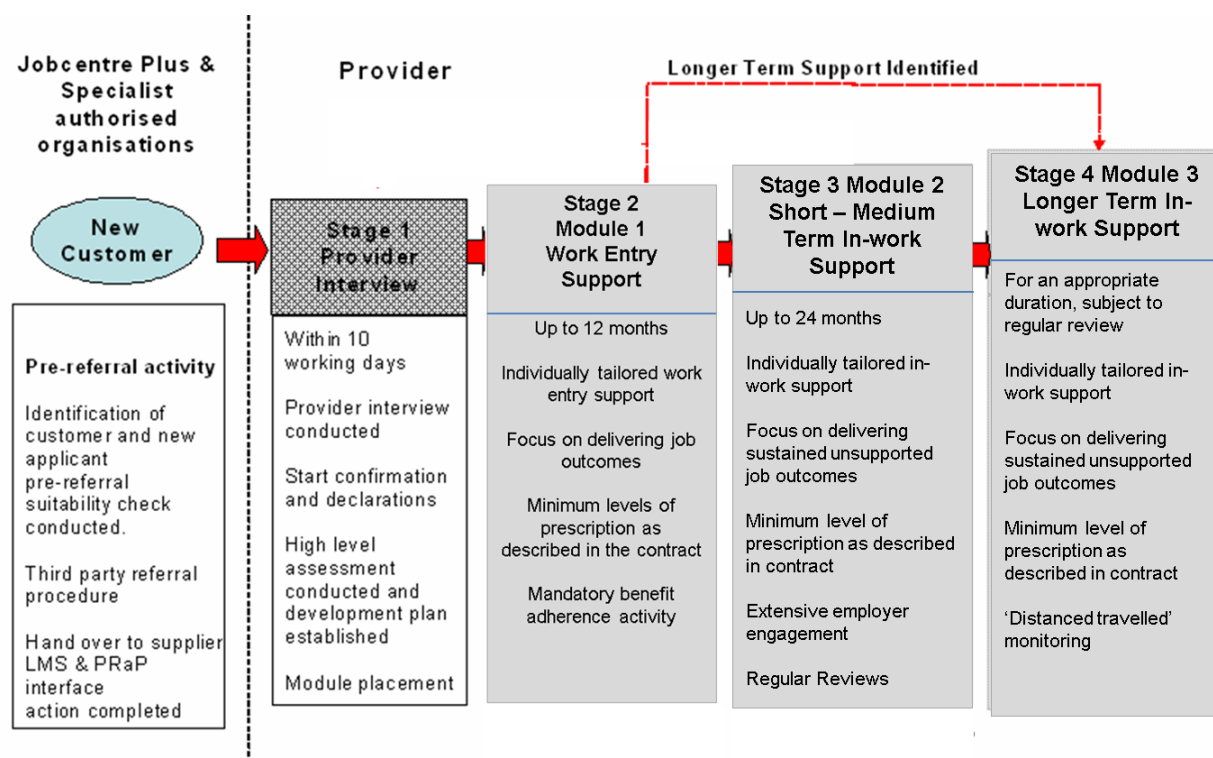


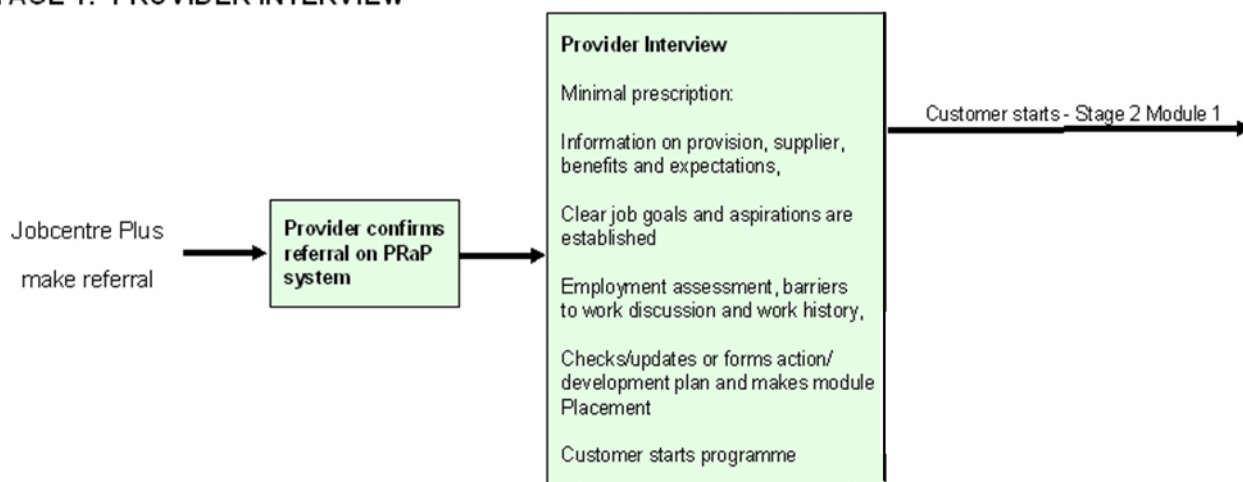
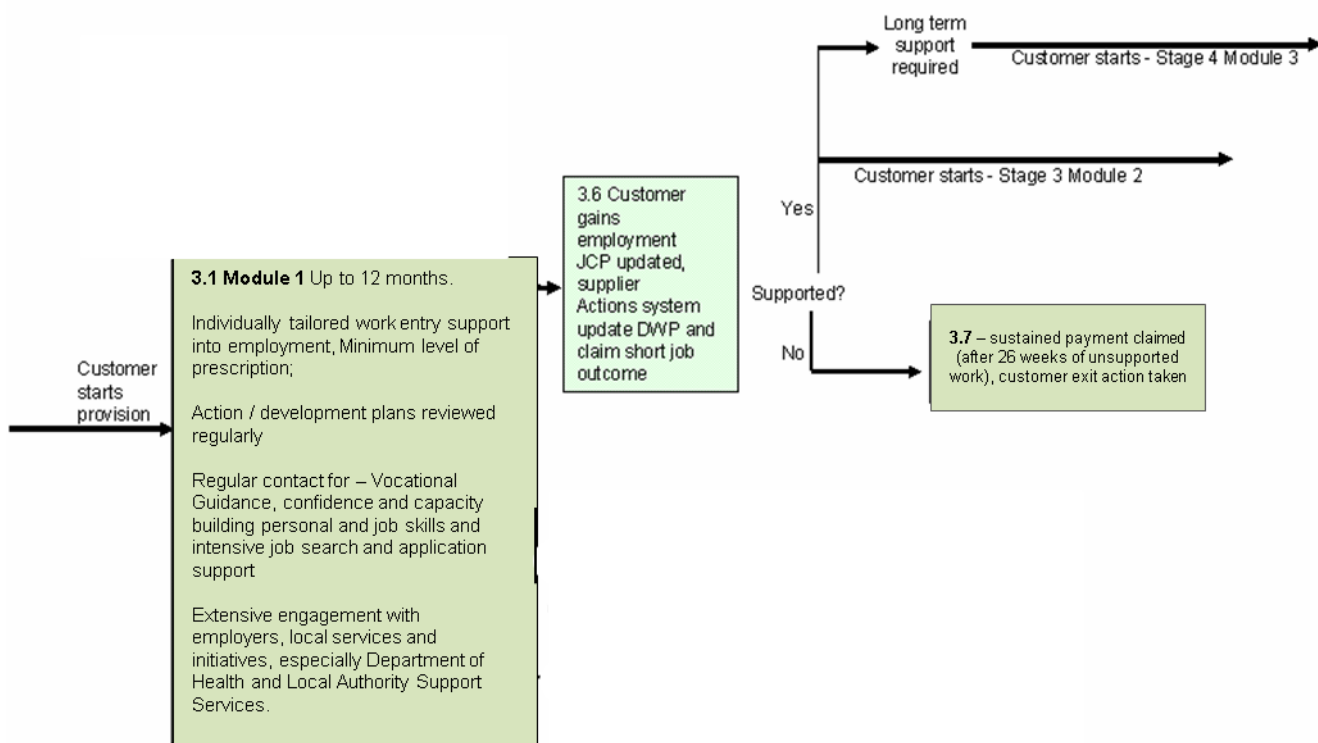
Branch	Address	Post Code
Birkenhead	Atlantic House, 18-22 Hamilton Street, Birkenhead	CH41 1AL
Birmingham	98 Newhall Street, Birmingham	B3 1PB
Bradford	4th Floor Howard House, 6 Bank Street, Bradford	BD1 1EE
Bridgend	Level 3, Brackla House, Brackla Street, Bridgend	CF31 1BZ
Bristol	37 Colston Avenue, Bristol	BS1 4TT
Bury	Suite 14&15, Europa House, Barcroft Street, Bury	BL9 5BT
Cardiff	Golate Court, Golate Street, Cardiff	CF10 1ED
Coventry	27-29 Trinity Street, Coventry	CV1 1FJ
Derby	St Peter's House, Gower Street, Derby	DE1 1SB
Edinburgh	22-24 Earl Grey Street, Edinburgh	EH3 9BN
Glasgow	Ground Floor, 145 St Vincent Street, Glasgow	G2 5JF
Hamilton	135 Quarry Street, Hamilton	ML3 7DR
Hull	Dunedin House, Albion Street, Hull	HU1 3TG
Leeds	Ground Floor, Phoenix House, South Parade, Leeds	LS1 5QX
Leicester	4 Causeway Lane, Leicester.	LE1 4AP
Liverpool	Ground Floor, Graeme House, Derby Square, Liverpool	L2 7ZH
London, Caledonian Rd	Delta House, 1st Floor, 4/10 North Road London	N7 9EY
London, Waterloo	202-206 Union Street, Southwark, London	SE1 0LH
Macclesfield	Sunrise House, Hulley Road, Macclesfield	SK10 2LP
Manchester	2nd Floor, 75 Mosley Street, Manchester	M2 3HR
Meridian Head Office	18C Meridian East, Meridian Business Park, Leicester	LE19 1WZ
Newcastle	Unit 3-4 Northumberland House, Princess Square, Newcastle	NE1 8ER
Newport	Clarence House, Clarence Place, Newport.	NP19 7AA
Nottingham	2nd Floor, Chiltern House, 25-27 Castle Gate, Nottingham	NG1 7AR
Oldham 1	Ground Floor, Motion House, 19-25 Union Street, Oldham	OL1 1HA
Oldham 2	1st Floor, Motion House, 19-25 Union Street, Oldham	OL1 1HA
Plymouth	1st Floor Mayflower House, 178-184 Armada Way, Plymouth	PL1 1LD
Rochdale	1st Floor, Octagon House, 25-27 Yorkshire	OL16 5RD

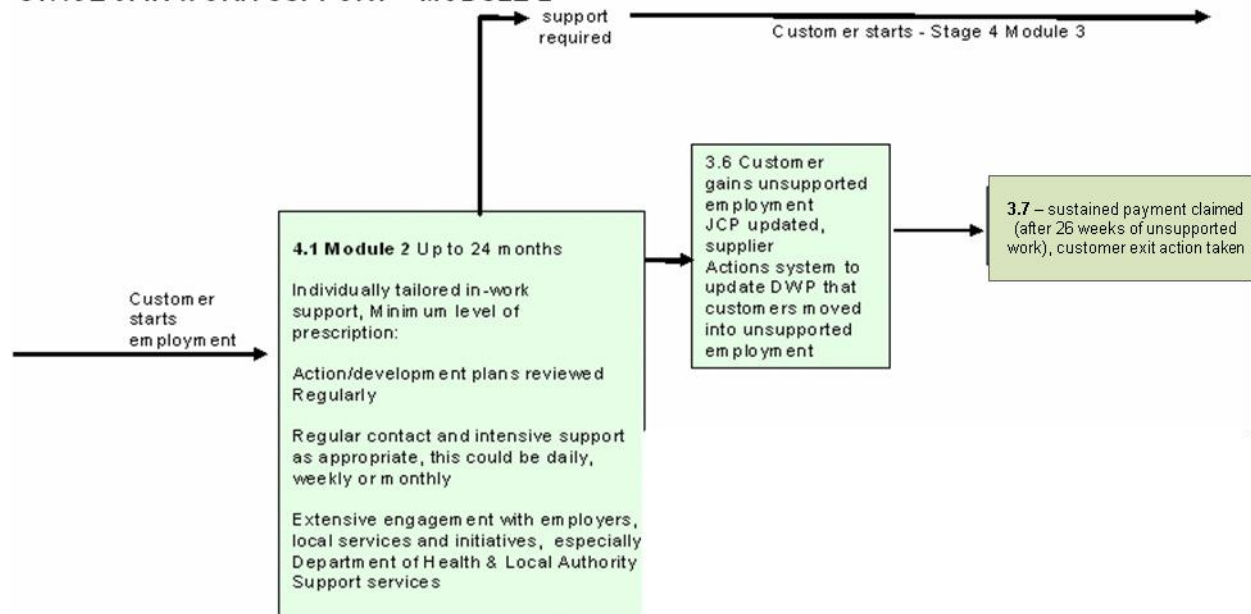
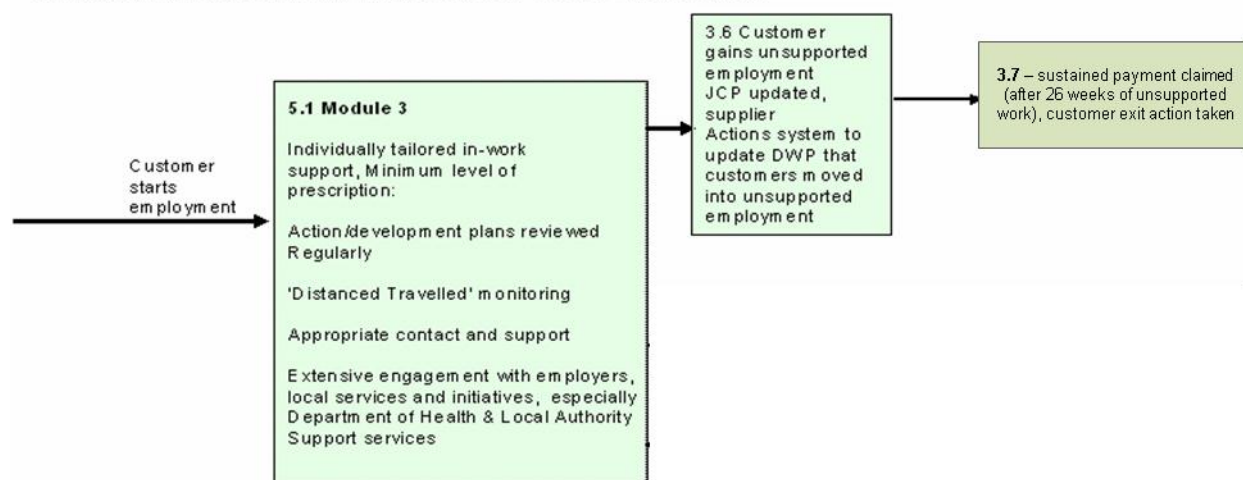
Branch	Address	Post Code
	Street, Rochdale	
Sheffield	Synergy Building, Campo Lane, Sheffield	S1 2EL
Sunderland	2 John Street, Sunderland	SR1 1DX
Swansea	Alexandra House, Alexandra Road, Swansea.	SA1 5ED
Wakefield	First Floor, Raines House, Denby Dale Road, Wakefield	WF1 1HR
Warrington	Priory House, Ground Floor, Mersey Street, Warrington	WA1 2AY
Wolverhampton	Derwent House, 42-46 Waterloo Road, Wolverhampton	WV1 4XB
Worcester	Virginia House, The Butts, Worcester.	WR1 3PA
Wrexham	Regent House, Regent Street, Wrexham.	LL11 1PR
Yardley	Equipoint, Second Floor, Coventry Road, Yardley	B25 8AD
Office	Address	Post Code
Aberdeen	First Floor, 40 Union Terrace, Aberdeen	AB10 1NP
Abergavenny	Cantref Court, Brecon Road, Abergavenny	NP7 7AX
Accrington	Hyndburn Voluntary Community Resource Centre, Cannon Street, Accrington	BB5 2ER
Airdrie	Airdrie Business Centre, 1 Chapel Lane, Airdrie	ML6 6GX
Bath	1st Floor, Percy Community Centre, New King Street, Bath	BA1 2BN
Birkenhead	Egerton House, 2 Tower Road, Birkenhead	CH41 1FN
Blackpool	Forsyth Business Centre, 16 Queen Street, Blackpool	FY1 1PD
Caerphilly	Suite 3, Tredomen Business & Technology Centre, Tredomen Park, Ystrad Mynach, Hengoed	CF82 7FN
Chepstow	Unit 1a, First Floor, Beaufort Park, Chepstow	NP16 5UH
Chester	Suite 1 3rd Floor, Refuge House, Watergate Street, Chester	CH1 2LE
Crewe	Suite EG2, Electra House, Crewe Business Park, Crewe.	CW1 6GL
Dundee	Unit 10, Nethergate Business Centre, Nethergate, Dundee	DD1 4ER
Ebbw Vale	Room 133, Ebbw Vale Innovation Centre, Festival Drive, Ebbw Vale	NP23 8XA
Huddersfield	Studio 9, The Media Centre, 7 Northumberland Street, Huddersfield	HD1 1RL
Llandrinodd	Clovelly, High Street, Llandrinodd,	LD1 6AG
Macclesfield	Sunrise House, Hulley Road, Macclesfield	SK10 2LP

Branch	Address	Post Code
Mansfield	North Notts Business Centre, Rosemary Street Mansfield	NG18 1QL
Neath	First Floor Market Chambers, The Parade, Neath	SA11 1PU
Newtown	Room 219, Ladywell House, Newtown	SY16 1JB
Norwich	Sackville Place, Suite 221, 44-48 Magdalen Street, Norwich	NR3 1JU
Port Talbot	Water Street Business Centre, Water Street, Port Talbot	SA12 6LF
Pontypridd	1st Floor, Pennant House, Catherine Street, Pontypridd	CF37 2TB
Preston	Cotton Court, Church Street, Preston	PR1 3BY
Richmond	Room 203, Mortlake Business Centre, 20 Mortlake High Street, London	SW14 8JN
Stirling	Room 14, Stirling Business Centre, Wellgreen Place Stirling	FK8 2DZ
Stoke	Hanley Hope Centre, Garth Street, Hanley, Stoke on Trent	ST1 2DA
Tamworth	16 Victoria Road, Tamworth	B79 7HL
Ystradgynlais	Wind Road, Ystradgynlais, Swansea, West Glamorgan	SA9 1AF

Annex 2 - Work Choice Design and Customer Journey



STAGE 1: PROVIDER INTERVIEW**STAGE 2: WORK ENTRY SUPPORT – MODULE 1**

STAGE 3: IN WORK SUPPORT – MODULE 2**STAGE 4: LONGER TERM IN WORK SUPPORT – MODULE 3**

- 1.1 The following paragraphs are not intended to be a full description of the Work Choice guidance. Full guidance is included within the provider guidance document.

STAGE 1: PROVIDER INTERVIEW

- 1.2 Business will need to conduct an interview for each customer within ten working days of referral. Interested parties should note that it is the role of the DEA to determine a customer's suitability for the programme. Suppliers may only decline to accept a

customer if their provision is full. The supplier interview should, as a minimum:

- provide the customer with information on the supplier's services, and a discussion of the features and benefits of Work Choice, what support is available and how suitable support can be tailored to meet individual needs;
- ensure agreement of clear goals and aspirations;
- conduct an employment assessment, including a discussion on support needs in work and work history;
- where the referral is made by a specialist organisation If necessary you should refer customer to Jobcentre Plus for clarification of their entitlement and, if necessary, advice about appeals procedures;
- agree and assign the customer to the most appropriate module and discuss what this means for the customer; For new starts, entry to Work Choice is always via Module One.
- complete a development plan that adheres to the principles of SMART (i.e. that is Specific, Stretching, Measurable, Achievable, Realistic and Time bound) and initiate a distance travelled plan;
- start the customer on the programme within ten working days of the initial interview.

STAGE 2: WORK ENTRY SUPPORT – MODULE 1

1.3 Work Entry Support module, suppliers will need to provide:

- a choice of activities;
- individually tailored vocational guidance and development planning to help identify and address support needs (disability related and otherwise);
- personal and job-skills support, confidence building, and capacity building;
- jobsearch support – advice, job matching of individuals to identified vacancies, active sourcing of suitable jobs, and advising employers on opportunities for 'job-carving';
- job application support – including managing disclosure of health/disability information, CV and interview preparation, skills development, advocacy to the employer if needed;

- labour market advice and support including:
 - providing Better Off In Work calculations;
 - promoting in work benefits;
 - assisting with tax credit applications;
- close working with employers to help them see beyond perceptions of a person's disability and help them focus on abilities and strengths;
- brokerage between employers and participants – analysing the support needed with the participant prior to the support being put into place;
- an explanation to both the participant and the employer of the appropriate types of adjustment or customisation of the workplace and the wider support available from DWP and beyond;
- knowledge of support available within the local labour market that helps the participant manage their personal circumstances which is relevant to their job aspirations;
- help for participants wanting to enter self-employment;
- for all participants entering paid employment providers must:
 - obtain assurance that the individual has settled into their workplace;
 - ensure that their transport arrangements are working;
 - ensure that the individual is receiving appropriate benefits advice;
 - with the help of the individual and employer, put into place an agreed support plan that indicates how the support they receive will change over time;
 - help the employer make independent adjustments for the individual and where appropriate, offer advice to the employer and colleagues;
 - be available to provide advice and support where, for example, an unexpected issue occurs.

1.4 It is expected that some people will move directly into unsupported employment following completion of 'Module 1'. Normally, up to six months in Module One should be adequate for most participants, however, if an individual participant would benefit from extra time in Module One, provider may allow up to a further six months – i.e. up to a maximum of twelve months in total.

STAGE 3: IN WORK SUPPORT – MODULE 2

1.5 Once a participant has found paid employment, (or self employment) the Business will work with the employer and participant to identify the support required for the participant to start work.

-
- 1.6 This module can last up to two years, although the expectation is that the majority of participants will remain on the module for a shorter period.
- 1.7 The Business need to be fully conversant with the range of complementary support that can be made available.
- 1.8 Business and participants may decide that other employees need information about working with a disabled colleague. This should be discussed.
- 1.9 Within the In Work Support module, the Business will need to:
- discuss with the participant what their career goals are;
 - discuss with the participant and employer how these goals can be met;
 - agree a support package that is tailored to the needs of the individual customer which will ensure the customer is able to stay in employment and develop further;
 - ensure the participant is aware of any changes to their benefit entitlement and ensure that they are receiving all appropriate in-work benefits;
 - work with Access to Work Business Centres, where appropriate, to provide advice and support about accessibility solutions;
 - agree, with all parties, a development plan that will normally taper off the support from the supplier;
 - conduct regular reviews* with the participants and their employer to ensure:
 - agreed actions have been fulfilled;
 - the participant is making progress towards unsupported employment;
 - appropriate adjustments to the support package and the participant's roles and responsibilities can be agreed;
 - progress is recorded and agreed;
 - work with other organisations;
 - ensure the participant is aware of their rights as a disabled person (e.g. under the Equalities Act).

*Normally, reviews will be face-to-face meetings and involve the supplier, participant and employer.

- 1.10 As a minimum, the exited organisation (potentially through a Business) is expected to ensure that the participant is engaged in activity ~~on activity~~ that will further their aim (and that of module two) of progression to unsupported employment within two years. In Module Two, the exited organisation must work with the participant, or with others on behalf of the participant (e.g. their employer), to ensure that for at least eight hours per month, your participant is engaged in activity that will further their aim (and that of Module Two) of progression to unsupported employment within two years
- 1.11 As life circumstances, including impairments, can change over time, some people are likely to start off receiving transitional support – because at the time unsupported employment looked an achievable goal – but subsequently require longer-term supported employment. A change could occur because it has become clear that the need for support is likely to be on-going, or because the move to unsupported employment, whilst still achievable, is likely to take longer than two years.
- 1.12 When appropriate the exited organisation will need to liaise between the participant, the employer and the DEA, as applicable, to ensure that the long term module is suitable and all is being done to fulfil the participant's needs to move them into the unsupported labour market.

STAGE 4: LONGER TERM IN-WORK SUPPORT – MODULE 3

- 1.13 The longer-term supported employment strand will focus on helping provide a stable working environment and helping the individual develop their career. This module will recognise that, for some people, there will always be a need for them to be supported in the workplace. Longer-term supported employment will have a clear focus on the on-going development of customers through their career.
- 1.14 The Business will need to be aware there must be a continuing focus on the possibility that each participant can move into unsupported work (such work may necessitate the use of Access to Work).
- 1.15 As part of the longer-term service there should be regular checks to ensure that participants are receiving a quality service, they are in receipt of all in work benefits and that the support they are continuing to receive remains appropriate. Interested parties are expected to set out how they will provide agreed support to long term supported employment participants.
- 1.16 The business must ensure that for at least four hours per month, the participant is engaged in activity aimed at developing their full potential at work and that will further their long term aim of progression to unsupported employment.

WORK CHOICE ELIGIBILITY AND TARGET GROUP

- 1.17 Participation will be voluntary and any candidate for Work Choice must be disabled as defined by the Equalities Act 2010. Suitable candidates for Work Choice:
- experience complex work-related support needs arising primarily from disability; AND
 - have requirements in work which cannot be overcome through workplace adjustments required under the Equality Act and/or Access to Work support; AND
 - need support in work as well as help with finding work, AND
 - Cannot be helped through other DWP programmes; and
 - Following module one, expect to be able to work for a minimum of 16 hours per week
- 1.18 Link to Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/contents>
- 1.19 Target groups are those with complex disabilities for whom other DWP provision is not appropriate and those who are in work but under threat of losing their job as a result of their disability.
- 1.20 It should be noted that mandatory provision for certain jobseeker groups will take precedence over Work Choice provision, provided it is able to meet the disability-related needs of the customer.
- 1.21 It should be further noted that **the potential Business will not be able to recruit directly onto the Work Choice programme.**
- 1.22 Specific statutory organisations have already been identified during the operation of the Work Choice programme to date. Any further organisations will be identified at local level following contract award to the Business. The statutory organisation will introduce the potential participant to the business. The business determines eligibility and notifies Jobcentre Plus who will generate referrals using the PRaP system.

Outcome Definitions

- 1.23 **Short Job Outcomes Definition** - In Work Choice short job outcomes may be claimed for either a supported or an unsupported outcome.

1.24 The definitions within this specification for Short Job Outcome are consistent with current definitions. A change is under consideration in terms of the text highlighted in **bold** below. A decision has not yet been made on this change and bidders will be informed of any decision to support development of robust bids.

- 1.25 The definition of a short job outcome in Work Choice is as follows:

- An unsupported outcome i.e. where the participant is not supported in employment by

the Work Choice Provider:

- a minimum of 16 hours per week;
 - **involves continuous employment which is expected to last 13 weeks (no breaks in employment); and**
 - started prior to, or within six weeks (the tracking period) of, a participant leaving Work Choice;
 - a self employed participant must be expected to trade independently for 13 continuous weeks.
 - 16 hours unsupported employment may be made up of more than one job, but each job must, therefore, be evidenced.
- A supported outcome i.e. where the participant is supported in employment by the Work Choice Provider:
- a minimum of 16 hours per week;
 - **involves continuous supported employment which is expected to last 13 weeks (no breaks in employment); and**
 - started after the participant was admitted to your programme and remains on the Work Choice programme with your support;
 - **a self employed participant must be expected to trade, independently with your support, for 13 continuous weeks.**
 - 16 hours supported employment may be made up of more than one job, but each job must, therefore, be evidenced.

1.26 Sustained job outcome - In Work Choice, a sustained job outcome may only be claimed for an unsupported job. The definition of a sustained job outcome is a job that:

- a minimum of 16 hours per week;
- involves employment that lasts for at least 26 weeks out of 30 starting from the date of progression into unsupported employment (breaks in employment must total no more than four weeks). Note: progression means the point at which the participant leaves the programme and continues in employment without your support; and
- for self employment, once the participant has traded independently for 26 weeks out of 30 week period starting from the date of progression into unsupported employment you can claim the sustained job outcome.

Annex 3 – Work Choice Quality, Evaluation, Performance and Contract Management Requirements

Introduction

- 1.1 DWP is committed to raising the standards of its contracted provision. Continuous improvement is an integral part of our contracting arrangements. Our intentions for developing a high-performing supply chain are set out in the DWP Commissioning Strategy.
- 1.2 Continuous self-assessment and development planning are key aspects of quality improvement and all DWP suppliers are expected to produce an annual Self Assessment Report which feeds into the Provider Assurance review process.
- 1.3 Some detail regarding performance management expectations are not included within this document and will be discussed with ItN bidders during negotiations. These are expected to include; cohort performance management and management information.

Merlin Standard

- 1.4 The Supplier will be expected to adhere to the Merlin Standard principles in all sub-contractual relationships. Where Suppliers have a supply chain within their delivery model they must gain Merlin Accreditation with the relevant Merlin Standard authorisation body within one year of the Operational Services Commencement Date, and maintain Accreditation by two-yearly re-assessment. For further detail on the Merlin Standard, please see:

<http://www.merlinstandard.co.uk/>

<http://www.merlinstandard.co.uk/downloads/GMN%20-%20The%20Merlin%20Standard.pdf>

<http://www.merlinstandard.co.uk/downloads/The%20Merlin%20Standard%20-%20About%20Assessments.pdf>

Work Choice Partners

- 1.5 In England, we will continue to work with the Department for Business, Innovation and Skills (DBIS), and the Skills Funding Agency.
- 1.6 In Scotland, we will continue to align our services with those of the skills body, Skills Development Scotland. In Wales, we will work closely with the Welsh Assembly Government and the Wales Employment and Skills Board on the on-

going development of this shared agenda.

- 1.7 We will continue to work with the Office for Civil Society and Devolved Administrations to identify ways in which specific support can be developed that will help third sector organisations grow and flourish in the welfare to work market.

Quality of provision delivered

- 1.8 The supplier will be responsible for ensuring that customers have access to suitable, high quality support and guidance in a way that provides a good service and an excellent customer experience. It must be clearly understood that the prime provider will be responsible for all sub-contractors in this matter.
- 1.9 For Work Choice to offer the most effective support possible to customers a number of key features need to be integral to its delivery. Suppliers must:
- demonstrate innovative approaches to working with those with the most complex support needs in work based upon best practice and evidence based approaches;
 - focus strongly on performance;
 - deliver quality support;
 - provide minimum standards of support for all;
 - build strong links with local employers and key partner organisations;
 - support the DWP Diversity and Equality policy. **NB This list is NOT exhaustive.**

Contract / Performance Management

- 1.10 Work Choice contracts will be managed using the Performance Management Framework (PMF). This sets out a standard process for managing CEP supplier performance based on an assessment of risk against a range of factors including contract value, performance and an assessment of quality.
- 1.11 Suppliers of Work Choice will need to take responsibility for managing issues and addressing poor performance with sub-contractors. The business will be responsible for ensuring that sub-contractors meet all performance, quality, equality and legislative standards. This must include ensuring they understand their duty towards the protection of vulnerable adults. Please see para 1.3 on Merlin Standard for more information.
- 1.12 Some detail regarding performance management expectations are not included within this document and will be discussed with ItN bidders during negotiations. These are expected to include; cohort performance management and management information.

COMPLAINTS AND ENQUIRIES

- 1.13 The business shall have an internal dispute resolution procedure for dealing with complaints from Participants about the business (and/or any of its Sub-Suppliers).
- 1.14 If the dispute between the Participant and the business (and/or the Sub-Supplier) cannot be resolved the dispute shall be referred to the Independent Case Examiner (ICE) (<http://www.ind-case-exam.org.uk/>) for mediation.
- 1.15 If the dispute cannot be resolved by mediation, ICE will conduct a full investigation. The decision of ICE shall be final and binding upon the parties to the dispute. The ICE investigation shall carry a £5,000 contribution to costs paid by the business or the Sub-Supplier, who will also be liable for any financial redress recommended by ICE. In the event that the complaint against the business or Sub-Supplier is dismissed, no costs shall be payable. Any costs in respect of complaints that have been upheld against the business or the Sub-Supplier and any financial redress due to the Participant shall be paid within four weeks of the date of the ICE final investigation report.
- 1.16 The business will provide an overview report of all complaints received on a monthly basis in the format specified by the Authority. This will include details of action taken to address the cause of the complaints as appropriate.

Serious Complaints

- 1.17 The business must ensure that its complaints process includes provision for allegations of serious misconduct.
- 1.18 The main types of serious complaint include, but are not limited to:
- racial abuse;
 - sexual abuse;
 - serious breach of professional conduct;
 - theft or fraud;
 - criminal activities.
- 1.19 The business must inform the Authority immediately upon receipt of a complaint in this category. The business should also consider suspending any supplier from continuing delivery until any investigations into the complaint have been completed.
- 1.20 The business must liaise with the Authority on the outcome of any investigation into a serious complaint. If a serious complaint is upheld, the business must consider liaising with the relevant professional body and request revocation of approval from the Authority.

- 1.21 Suppliers of Work Choice will be managed by the Employment Category Strategic Supplier Relationship Management (SSRM) contacts in DWP. These dedicated contacts have responsibility for the development and maintenance of working relationships with our major suppliers.

Sub-Contractors

- 1.22 The responsibility for managing and monitoring the performance and quality of sub-contractors will rest entirely with the Business who will be required to ensure that the terms of the contract with DWP are fully reflected in the terms of contracts with all sub-contractors; they adhere to the Code of Conduct; they have appropriate Safeguarding policies in place and they shall be bound by the same obligations as will apply to the prime. This means that the Business will need to ensure that sub-contractors understand the objectives of the provision, and their part in the delivery of this, so that there is no compromise in the levels of quality and performance.
- 1.23 Specifically the Business will need to:
- contract manage and support sub-contractors closely;
 - ensure that they have in place appropriate administrative systems;
 - have appropriate arrangements in place to check health and safety requirements (included in the HSQ1) of sub-contractors;
 - make sure sub-contractors are aware and have a copy of DWP guidance; and ensure that DWP have right of access to sub-contractors.
- 1.24 In particular, the Business will be responsible for ensuring that sub-contractors meet performance, quality, Equality Act duty, Disability Equality Duty, Human Rights Act, Health and Safety regulations and Data Protection Act standards and will need to take responsibility for managing issues and addressing poor performance within sub- contractors.

Contracted Employment Programme (CEP) Provider Assurance Team

- 1.25 The primary purpose of the (CEP) Provider Assurance Team is to provide the DWP Contracted Employment Provision Director with an assurance that
- payments made to DWP Contracted Employment Programme Providers are in accordance with DWP and Treasury requirements;
 - public funds and DWP data are protected;
 - value for money has been obtained.
- 1.26 This work is carried out by reviewing providers' internal control systems to assess their ability to manage risk across four key areas:-
- Governance Arrangements – covering the provider's governance

arrangements, systems for tracking and reporting performance and their anti-fraud measures;

- Service Delivery – includes the provider's systems for starting, ending and moving Participants through provision and generally looks to ensure that DWP is getting the service it is paying for. This section also covers management of sub-contractors;
- Financial Procedures – looks to ensure that providers have in place effective systems to support their claims for payment, including appropriate segregation of duties; and
- Data Security – looks to ensure that providers have in place adequate systems to safeguard DWP data whilst it is being stored and/or transmitted around their organisations

- 1.27 The Provider Assurance Team operate at a national level enabling them to present CEP providers operating across regions with a single view of the effectiveness of their systems – each provider will have a nominated Senior Provider Assurance Manager and therefore a single point of contact within DWP for management of assurance related issues/concerns.
- 1.28 On completion of each review, providers are awarded an assurance rating from the following four categories – weak, limited, reasonable and strong. They are also sent a formal report which details the review findings including key strengths and areas for improvement; where weaknesses have been identified they are asked to complete an action plan setting out appropriate steps for improvement and this is followed up at an agreed point.
- 1.29 The rating awarded will determine the timescale for subsequent visits (dependant on resource) and this ranges from within 3 months, where the assurance level is weak up to 12-18 months where the assurance level is strong.
- 1.30 Findings from each review are routinely reported to the relevant contract manager/account manager and other DWP stakeholders but specific action is also taken in the following circumstances.
- 1.31 Where a provider fails to improve on a weak or limited assurance level, the account manager will take remedial action which may lead to breach activities if the provider fails to improve.
- 1.32 Where there are suspicions that a provider may be acting inappropriately the team will refer to Internal Investigations as the experts trained in the legalities and techniques required to do formal investigations.
- 1.33 Where there are serious concerns around data security these are reported through

the respective channels to colleagues in Supply Chain Information Assurance Team.

- 1.34 The results of any investigations carried out by these teams are subsequently fed back to the Provider Assurance Team and this information is in turn used to inform future reviews and target specific areas for testing.

Annex 4 – Work Choice Contract Structure

1. The following table details the indicative outcome volumes for the Work Choice contract and is not an exhaustive description of the Work Choice requirement, for example it does not include requirements linked to cohort progress / conversion rates.
2. This table includes funding to support Remploy's existing 'Interworker employees' who are employed by ES but are working with Mainstream employers. This funding (equating to £4,800 per person) is to support the on-going employment by mainstream employers and transition out of ES if appropriate. This funding will cease at the end of this contract.

REF:	1	Region:	National	Jobcentre Plus Districts in contract package:	28 CPA areas
Indicative Budgets					
Contract Budget per annum					
£30-37m					
Interworker Employees (£4,800 rate)				c.200	
Total Contract Budget per annum				£31-38m	
				Year 1	Year 2
				Year 3	
Programme Referrals				19,500	20,000
				0	

Annex 5 Work Choice Funding and Payment Model

1. The indicative funding available to deliver the Work Choice provision through an exited Business over a three year period (2 years of new referrals) is between £30- 37m per annum, subject to the necessary approvals.
2. The £30-37m contract value includes the support the exited business will need to provide to caseload customers who transition to the exiting business. (i.e. the service fee)
3. The £30-37m contract value includes outcome payments associated with those achieved from caseload customers who transition to the exited business (i.e. the outcome fees). **Annex 4** detailed the outcome volume baseline which includes the outcomes for caseload customer.
4. Outcome rates (both Job Outcomes and Sustained Job Outcomes) for those achieved for caseload customers will be based on an assessment of the expected conversion rate with this rate applied across all transition customers.

Payment Arrangements

5. Business will be required to deliver on price as well as quality for Work Choice contracts. The Business will be paid as follows:-
 - on achievement of **job outcomes**. Payments will be made on a unit price basis, which will represent 25% of the contract price divided by the number of job outcomes offered in the bid. (See Annex 2 for the definition of a job outcome);
 - on achievement of **Sustained job outcomes**. Payments will be made on a unit price basis, which will represent 25% of the contract price divided by the number of job outcomes offered in the bid. (See Annex 2 for the definition of a sustained job outcome).
 - **a service fee** which will be paid monthly in arrears, the value of which will equate to 50% of the contract price and is intended to provide a degree of certainty in meeting fixed costs associated with delivery of the service; This could also include funding for remaining protected places.

Service Fee

6. An important element of Work Choice is to provide not only support to those who have a chance of progressing into unsupported employment, but to support and

provide a quality service to those for whom working without support is not a realistic option. In view of this we will expect the business to maintain a minimum number of people on the programme at any one time.

7. As part of negotiation, bidders will have an opportunity offer additional places over and above our baseline expectations as set out in Annex 4

8. **Annex 4** provides indicative budgets and minimum customer volumes and performance expectations.

Short Job Outcomes/Sustained Job Outcomes

9. It will be the responsibility of the business to report achievement of job outcomes/ sustained job outcomes to DWP and therefore initiate the claim for payment.
10. Before doing so, the business will need to satisfy themselves that their outcomes meet the standard definitions outlined in **Annex 2** and that they have the appropriate evidence to support their claim.

Short Job Outcome payments

11. Before raising claims, the business will need to assure themselves that a job is expected to last at least 13 weeks and therefore must obtain/maintain adequate assurance/evidence to support any claim should a review of the claim be undertaken by DWP.
12. The Business will need to become familiar with and understand the Work Choice definition for a Short Job Outcome, which can be found in **Annex 2**. All claims for Short Job Outcomes will be validated against this standard definition.

Sustained Job Outcome payments

13. Before raising claims, the business will need to assure themselves that a customer has been in unsupported work for the relevant period, and therefore must obtain/maintain adequate assurance/evidence to support any claim should a review of the claim be undertaken by DWP.
14. The business will need to become familiar with and understand the Work Choice definition for a Sustained Job Outcome, which can be found in **Annex 2**.
15. All claims for Sustained Job Outcomes will be validated against this Work Choice definition.

Evidence requirements and checks to support claims

16. The business will be expected to maintain sound systems of internal control which must include appropriate checks, monitoring and evidence to ensure that they only submit claims for payments to which they are entitled.
17. DWP will validate all claims for payment using off benefit checks and audit inspections. In the event of any claims failing the off benefit check, the business will be invited to supply additional evidence which will have to be sent to DWP prior to payment of the outcome claim.

Annex 6 Provisions Relating to ES Employees

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

- 1 TUPE may apply to ES employees as part of the transfer of the business. The exact impact of TUPE will only be understood upon agreement with the preferred bidder on the design of the business.
- 2 The purpose of TUPE is to protect employment rights, continuity of employment and the terms and conditions of service of people who are transferred from one employer to another when a business or part of a business (“an undertaking”) in which they work is transferred. The new employer takes over all rights, duties and obligations of the former employer. It is as though the individual’s contract of employment was originally made with the new employer and not the original employer. TUPE also places obligations on both the existing employer (the transferor) and the new employer (the transferee) to inform, and where appropriate, consult, representatives of all “affected employees”
- 3 Under TUPE, where there is a relevant transfer, TUPE applies the principle of an automatic transfer of contracts of employment from the previous service supplier (ES) to the new service supplier (business), whether the new supplier is a prime contractor or a sub-contractor. Note also that TUPE may also apply when it is only part of a service that is subcontracted: in that case, staff who worked in the relevant part can expect to transfer to the sub-contractor delivering that part of the service. The operation of TUPE can become very complex when subcontracting is involved and/or the service ends up being delivered by a number of suppliers. Interested parties should seek their own advice in relation to TUPE.
- 4 Set out below is the DWP position with regard to TUPE and its application in relation to the exit of Business based on our legal advice. In the context of the re-tendering of a contract, a relevant transfer under TUPE occurs:
 - when there is a transfer of an economic entity that retains its identity in the hands of the new supplier;
 - when there is a service provision change, as defined (i.e. where previously a supplier had an organised grouping of employees carrying out activities on behalf of a customer who intends that the same activities be carried out by another supplier).
- 5 DWP expects Partners/Investors to obtain their own advice on whether TUPE applies.

- 6 Where it is clear an employee is assigned to an undertaking which transfers to business, TUPE must be allowed to apply so that the contract transfers in the usual way. It is also open to the business to offer employment to staff working in the service even if TUPE does not strictly apply to transfer employment automatically.
- 7 DWP will take very seriously any failure by the business to apply the law further, any such failure will expose the business to legal action in the employment tribunal by redundant staff. It is imperative therefore, that each of the preferred bidders seeks its own legal advice as to the application of TUPE and the Statement of Practice.

Annex 7 Legislative Requirements Equality of Opportunity

- 1 Interested Parties are responsible for ensuring they comply with all Equal Opportunities legislation - the Race Relations Act 1976, the Race Relations Act (Amendment) Act 2000, the Sex Discrimination Act 1975, the Equality Act 2010 and, if they are a public sector organisation, they are required to adhere to the requirements of the Disability Equality Duty (DED), which came into force in December 2006.
- 2 The Business must be provided with an environment free from discrimination or harassment, which protects their dignity. The Business must ensure that provision makes a positive contribution to achieving the Government's equal opportunities objectives. They must work with DWP and Jobcentre Plus to achieve outcomes set out in equal opportunities action plans, which will be developed by Jobcentre Plus locally. These action plans should identify specific activities to improve equality of access and outcome for participants on DWP provision. The Business must be aware of and deliver provision that takes account of equal opportunities issues in their local area and more generally, for example providing full access and support for disabled people, avoiding age and gender stereotyping, encouraging and facilitating access by people from minority groups and tailoring provision to meet the needs of all participants.
- 3 Whilst equality of opportunity is enshrined in law and increasingly embedded in culture, Interested Parties and the Business must be especially mindful that all of the participants in this particular provision will have a disability. A sound awareness of all the implications that this entails must underpin every dealing and contact with programme participants, or potential participants.

Welsh Language

- 4 The Welsh Language Act 1993 established the principle that the Welsh and English languages should be treated on a basis of equality in the conduct of public business and the administration of justice in Wales. DWP operates a Welsh language scheme which helps the public in Wales to use Welsh as part of their day to day lives. It is our normal practice to ensure that all the services we provide for the public in Wales are available in Welsh and that our customers are aware of this fact. The principle also applies to all services delivered on our behalf by our agents and contractors. The Business must, therefore, ensure that they are able to satisfy this requirement when tendering to deliver services to our customers in Wales.

Health and Safety

- 5 The Business must:

- ensure appropriate precautionary measures are taken when customers could come into contact with vulnerable groups such as children or the elderly;
 - ensure that all elements of provision (including work placements) are delivered in a safe environment and customers receive health and safety induction, supervision, training and equipment, including safety equipment, which is appropriate to the provision being delivered (these are statutory requirements for all employees and customers);
 - ensure that the health and safety arrangements set out within the contracting process are monitored and reviewed as appropriate, both at the providers' and at any sub-contractors' premises;
 - provide Jobcentre Plus with timely and accurate reports of any relevant accidents occurring to Jobcentre Plus customers.
- 6 This requirement is in addition to Health and Safety legislation e.g. RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995) and the provider's own accident and investigation arrangements.
- 7 Organisations providing a health, social, or education service for these vulnerable groups have a duty to protect these individuals from harm. The term used to denote these duties and responsibilities is 'Safeguarding'. Safeguarding relates to all DWP provision and is generally the principle that all people accessing provision should be safe from abuse, bullying etc.
- 8 In addition, from Oct 2009 new legislation will come into force which will place a legal obligation on providers (in this case Business) to ensure they complied with 'The Safeguarding Vulnerable Groups Act 2006, The Safeguarding Vulnerable Groups Order (Northern Ireland) 2007 and the Protection of Vulnerable Groups (Scotland) Act 2007 and any requirements needed because of the introduction of subsequent schemes to support this legislation. For DWP provision this relates to provision targeted at Vulnerable Adults e.g. our disability programmes.
- 9 It is important for the Business to have a Safeguarding policy. It is recommended that there should be a whole organisational approach to Safeguarding (i.e. not just for vulnerable adults) and the following areas should be covered:
- accountabilities;
 - adopting a whole organisational approach to safety and security;

- policies and procedures;
- recruitment;
- induction, training and awareness;
- protecting vulnerable adults from abuse;
- how are participants involved;
- how is information disseminated.

Data Protection

- 10 The Business will be required to comply with DWP data storage and data movement requirements and standards. The Business will be required to work with DWP to put in effect and maintain appropriate technical and organisational measures to ensure the prevention of unauthorised or unlawful processing of personal data and accidental loss or destruction of, or damage to, personal data.
- 11 Data must not be transferred outside the UK without the express permission of DWP, which must be applied for in writing.
- 12 Further information on Data Protection and Freedom of Information can be found in the draft terms and conditions of the contract which is included in the Invitation to Negotiate pack.

Security Policy for Suppliers of services to the Department for Work and Pensions

- 13 In order to protect DWP information appropriately, our suppliers (in this case the Business) must provide the security measures and safeguards appropriate to the nature and use of the information. All suppliers of services to the DWP must comply, and be able to demonstrate compliance, with the Department's relevant policies and standards.
- 14 All suppliers must comply with the relevant Standards from the DWP Information Systems Security Standards. The Standards are based on and follow the same format as International Standard 27001, but with specific reference to the Department's use.
- 15 The following are key requirements and all suppliers must comply with relevant DWP policies concerning:

Personnel Security

- staff recruitment in accordance with government requirements for pre-

employment checks;

- staff training and awareness of Departmental security and any specific contract requirements.

Secure Information Handling and Transfers

- physical and electronic handling, processing and transferring of DWP data, including secure access to systems and the use of encryption where appropriate.

Portable Media

- the use of encrypted laptops and encrypted storage devices and other removable media when handling Departmental information.

Offshoring

- the Department's Data must not be processed outside the United Kingdom without the prior written consent of DWP and must at all times comply with the Data Protection Act 1998.

Premises Security

- security of premises and control of access.

Security Incidents

- includes identification, managing and agreed reporting procedures for actual or suspected security breaches.

- 16 The Business shall develop, implement and maintain a Security Plan during the period of the Contract, showing how they will address the key requirements of the Security Policy, and how they will implement appropriate arrangements which ensure that the Department's information and any other Departmental assets are protected in accordance with prevailing statutory and central government requirements. These arrangements will clearly vary according to the size of the organisation.
- 17 Draft Security Plans may be required at the Invitation to Negotiate stage of the commercial process. The final version of the Security Plan will need to be submitted to and approved by the Department within 20 days of the Effective Date of any contract awarded.
- 18 It is the Business's responsibility to monitor compliance of any sub-contractors and provide assurance to DWP.

Annex 8 The European Social Fund

Background

1. The European Social Fund (ESF) is one of four European Structural Funds¹ designed to strengthen economic and social cohesion in the European Union (EU).
 - a. The ESF aims to:
 - i. help unemployed and inactive people enter work;
 - ii. provide opportunities for people at a disadvantage in the labour market;
 - iii. promote lifelong learning;
 - iv. develop the skills of employed people;
 - v. improve women's participation in the labour market.
 - b. The ESF channels money into strategic, long-term programmes in member states and regions across the EU, particularly those where economic development is less advanced. Seven-year programmes are planned by member states together with the European Commission and then implemented through a wide range of organisations, both in the public and private sector. These organisations include national, regional and local authorities, educational and training institutions, non-governmental organisations (NGOs) and the voluntary sector, as well as social partners, for example, trade unions and works councils, industry and professional associations, and individual companies.
 - c. The ESF is administered differently across the United Kingdom. England, Northern Ireland, Scotland and Wales each receive their funding allocations separately and have chosen to deliver ESF programmes differently. As a Government department with responsibilities across England, Scotland and Wales, DWP plays a different role in the delivery of ESF programmes in each country.
2. It is not expected that the Work Choice contract included in this process will be used for ESF match purposes. This will be confirmed and bidders notified during the negotiation stage of the process

¹ The other three Structural Funds are the European Regional Development Fund, the European Agricultural Fund for Rural Development and the European Fisheries Fund.

Annex 9 Sustainable Development

1. DWP supports the main goal set out in the UK Strategy for Sustainable Development, *Securing the Future*, (Securing the Future: <http://www.dwp.gov.uk/about-dwp/sustainable-development/>) which is to “enable all people throughout the world to satisfy their basic needs and enjoy a better quality of life without compromising the quality of life of future generations”.
2. The UK Strategy for Sustainable Development has four main aims:
 - social progress that recognises the needs of everyone;
 - effective protection of the environment;
 - prudent use of natural resources;
 - maintenance of high and stable levels of economic growth.
3. When delivering services outside the DWP estate, the Business (including sub-contractors) should, where possible, make all reasonable endeavours to comply with the principles set out in the UK Strategy for Sustainable Development and the Sustainable Operations on the Government Estate (SOG) targets.
4. When delivering services on the DWP estate (Jobcentre Plus premises) the Business (including sub-contractors) should, where possible, work with DWP to assist in making progress towards the SOG targets and the wider sustainable development principles.
5. The Business will be required to complete a policy statement (within six months of the contract start date) to demonstrate how they will satisfy and adhere to the principles of sustainable development. As part of this policy statement, the Business will need to give an assurance that their waste is disposed of by a registered waste collector, in accordance with current regulations, and that items such as ink cartridges and toners are recycled or disposed of in the correct way. Assurance must also be provided that Waste Electrical and Electronic Equipment (WEEE) regulations are observed with regard to the disposal of electrical and electronic equipment.
6. The Business must produce an action plan (within six months of the contract start date) to explain:
 - a. how waste produced will be minimised and the promotion of recycling within their business;
 - b. how energy consumption will be minimised;
 - c. how the use of transport will be minimised and how they will promote the use of public transport;
 - d. how staff awareness of sustainability will be increased;

- e. details of a baseline assessment of their current position in terms of waste minimisation, recycling levels and energy consumption (energy consumption will only be required if current energy usage is available); and
 - f. annual estimates of the progress of their actions detailed in their plan.
- 7. Sustainability must be integrated into services so that they are delivered through a sustainable, innovative and productive economy that delivers high levels of employment and a just society that promotes social inclusion, sustainable communities and personal well being. This will be done in ways that protect and enhance the physical and natural environment and uses resources and energy as efficiently as possible.
- 8. Provision will improve the employability of participants and deliver environmental or community benefits by:
 - g. using innovative methods (including those that reduce travel requirements) to deliver services;
 - h. supporting skills and jobs identified that will work towards improving conservation;
 - i. identify skills needed in work areas that will have a positive effect on the environment;
 - j. reduce skills gaps locally;
 - k. providing placements delivered through local and charitable organisations.