EUROPEAN STRUCTURAL & INVESTMENT FUNDS

DEPARTMENT FOR WORK AND PENSIONS (DWP) ESF OPT-IN IN THE LEEDS CITY REGION

FRIDAY 29 JANUARY 2016

LEEDS CITY REGION ENTERPRISE PARTNERSHIP
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:30 - 09:40</td>
<td>WELCOME AND HOUSEKEEPING</td>
<td>Heather Waddington - LEP</td>
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<tr>
<td>09:40 - 11:30</td>
<td>PRESENTATION AND QUESTION AND ANSWER SESSION</td>
<td>Graham Eskriett - DWP</td>
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<td>11:30 - 12:30</td>
<td>REFRESHMENTS AND NETWORKING</td>
<td>All</td>
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INTRODUCTION & PURPOSE OF MEETING
European Social Fund  2014-2020

Invitation to Tender Launch event

Local Enterprise Partnership Area
Leeds City Region
Service Delivery Requirements for:
Leeds & Bradford Local Authority Areas;
Calderdale, Kirklees and Wakefield Local Authority Areas.
Introduction – Michelle Gibson-Ree

• Welcome and Introduction of key stakeholders

• Objectives of the event:
  – Set context of the wider Departmental strategy
  – Overview of European Social Fund (ESF) and these specific requirements
  – Understand the tendering process and timescale
  – Opportunity to ask questions
ESF Background – Michelle Gibson-Ree

• The European Social Fund (ESF) was set up by the European Union to improve employment opportunities to help raise standards of living. ESF funds a variety of projects which aim to help people fulfil their potential by giving them better skills and better job prospects.

• 39 local partnerships in each Local Enterprise Partnership (LEP) area in England were given a notional allocation of ESF funds and each produced an Strategy setting out how the funds should be spent locally.

• The final strategies were signed off by the ESF Managing Authority (MA) following the formal adoption of the Operational Programme Plan by the European Commission in September 2015.

• The ESF MA advertise opportunities for organisations and providers to direct bid for ESF funding and the LEP area can also choose to opt-in with a delivery organisation. These are DWP, The Skills Funding Agency and the Big Lottery.

• Within the ESF 2014-20 element there are 3 priority areas: Employment, Skills and Social Inclusion. DWP will focus on the employment priority, though this is not exclusive to DWP.
ESF Requirements – Andrew Legg

- There are a number of regulatory requirements that must be adhered to when delivering ESF provision, these relate to but are not exclusive to:

- **Marketing and Publicity** – using the ESF 2014-2020 logo on publicity materials and displaying ESF posters to promote funding streams.

- **Supporting the cross cutting themes of Gender Equality and Sustainable Development** – there should be commitments to promoting sustainable development in line with UK and European policies and promoting equality and combating discrimination in line with domestic legislation and European Regulations.

- **Documentation and Evidence retention** - robust systems and controls must be in place to ensure all documents (including any electronic information) are readily accessible to requests from auditors and DWP upon request and stored in accordance with DWP standards. We would expect Providers to retain documents to 31st December 2026.

- **Compliance Monitoring Officers** - perform evidence based checks on the regulatory requirements. DWP specify the centralised locations where the checks will take place. Providers will need remote IT equipment to bring to these locations for checks of Providers systems.
ESF Audit - Andrew Legg

- Audits will scrutinise systems and all payments claimed and documentation must show that payments are eligible in accordance with the contract terms and conditions.

- There are a number of bodies which will require access for audit purposes, these include but are not restricted to:
  - ESF Audit Authority;
  - DWP Managing Authority
  - The European Court of Auditors;
  - The European Commission’s Auditors;
  - The National Audit Office;
  - DWP Risk Assurance Division; and
  - Other bodies as required by or on behalf of DWP/European Commission.

- It cannot be emphasised enough that failure to meet audit requirements results in a high financial risk for providers and DWP, as funds used inappropriately or for ineligible participants or purposes are recoverable.
Geography of the two Contract Package areas

**Leeds & Bradford** - The contract for Leeds & Bradford Local Authority Areas is co-terminus with the two Local Authority areas.

- Delivery should be for the target groups across the entire contract package area.
- As a minimum the Provider must deliver from at least one delivery location in both Bradford and Leeds city centres.

**Calderdale, Kirklees and Wakefield** – The contract for Calderdale, Kirklees and Wakefield is co-terminus with the three Local Authority areas.

- Delivery should be for the target groups across the entire contract package area.
- As a minimum the Provider must deliver from at least one delivery location in each of Calderdale, Kirklees and Wakefield Local Authority area.
Contract Duration and Referrals

The contract will consist of:

• 8-13 week Commencement Period from the Contract Commencement Date;

• 3 year Provision Period which will include any In-Work Support Provision appropriate to the Participant’s needs;

• 64 week payment tail;

• There will also be a Run Off period under which the Provider will continue to have obligations under the Contract.

• Referrals will take place during the 2 years from the Service start date.
Targets groups (including eligibility)

To be eligible for this Provision individuals must be unemployed or inactive and fall into one of the following categories:

- Pre-Work Programme who have been unemployed for 26 weeks;
- Pre-Work Programme claiming Employment Support Allowance (ESA) at any point in their claim, who are in the Work Related Activity Group;
- Lone Parents claiming Income Support with a youngest child aged one year or over;

and who have one or more of the following barriers:

- Drug and alcohol misusers who are in recovery or have their addiction under control;
- Ex-offenders;
- Those declaring mild to moderate mental health issues/ learning difficulties;
- Those with Autism and/or Dyslexia;
- Those from Ethnic Minorities;
- Young People in particular those leaving care (16-24);
- Homeless people.
Wider Eligibility

After an initial 6 month period DWP will review performance against starts of the specific groups identified by the LEP in their strategy. This will then be done on a monthly basis, looking at the previous rolling six months of performance.

If the performance is below 70% of profile within any six month period after the initial review, then DWP will reserve the right extend eligibility to the wider disadvantaged groups set out in the specification.

This will not be automatic, and an assessment will be made on the appropriateness of this at the time, including:

- Consultation with the LEP and Managing Authority
- Provider demonstration to DWP’s satisfaction that this is despite the Provider’s concerted marketing and community engagement efforts.
Customer Service Standards

The Customer Service Standards detailed in your tender will form part of the contract and these will be measured to ensure they are successfully delivered. As a minimum, these will be:

- Send by secure methods a copy of a fully completed ESF1420 form to DWP within 5 working days of the participant signing the form

- Agree an Action Plan with 100% of people who start on the Provision and ensure this is signed by both the Participant and Provider

- Review the Action Plan with the Participant on a monthly basis, as a minimum, and record clear evidence that the review has been undertaken

- Complete an exit review and record progress, outcomes and recommendations for future actions on the Action Plan with 100% of Participants who complete the Provision (or complete the Provision early). Where requested, send a copy of the final Action Plan to the JCP Work Coach, within 5 working days, in 100% of cases.
Customer Journey (including referral process)

Provider
Generates
Referrals
from
variety of
Agencies
&
Groups

Provider Checks eligibility and completes referral form

Provider sends referral form to DWP for input to PRaP

Job Outcomes & Payment (as appropriate)

Provider acknowledges referral online

End of provision

Participant enters provision
The Commercial Approach – Graham Eskriett

• Open & fair competition leading to contract award to 1 provider for each requirement

• Compliant with EU Procurement & Cabinet Office Lean Procurement Guidelines

• Any legal entity can bid (Special Purpose Vehicle through consortia and partnership)

• DWP strongly support and encourage local market and specialist engagement in the provision either in their own right or through the supply chain
DWP Invitation to Tender Process (ItT)

- ItT process via “e” Procurement System – BravoSolution (Free registration required to submit a tender)

- Bid writing phase – 6 weeks

- ItT consists of:-
  - Specification
  - Technical Envelope
  - Qualitative Envelope
  - Financials
  - Draft T&Cs
  - Instructions to Potential Suppliers & Award Criteria - Guidance
  - Bidder Q&A Process
Evaluation process: Transparency and Level Playing Field

• Tenderers will compete on the award criteria of Most Economically Advantageous Tender

• Evaluation will be carried out by a team of evaluators and scores moderated independently

• Financial evaluation will be carried out independently

• Qualitative assessment will focus on a range of questions as detailed in the Instructions to Potential Suppliers, including how the questions are weighted.
And the Winner is …. 

- Quality evaluation will contribute 80% towards the overall score; Price evaluation will contribute 20% towards the overall score.

- Steps to Contract Award:
  - Internal Governance Board
  - Ministerial Approval
  - Preferred Bidder Announcement
  - Written Feedback
  - Post Tender Clarification
  - Alcatel/Standstill Period
  - Contract Award
  - Publication of Redacted Winning bid(s)
  - Implementation Phase (incl Security checks e.g. penetration testing)
  - Go-live
  - Performance & Contract Management

All queries relating to this tender should be submitted via Bravo Solutions: all queries raised outside this platform will be ignored. If problems accessing Bravo contact the Bravo Helpline (see Instructions to potential Supplier guidance)
## Procurement Timetable

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<tr>
<th>Event</th>
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<tr>
<td>Invitation to Tender available via Bravo</td>
<td>25th January 2016</td>
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<tr>
<td>ItT Briefing Event</td>
<td>Today</td>
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<tr>
<td>Deadline for Q&amp;A Questions</td>
<td>1st March 2016</td>
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<tr>
<td>Deadline for receipt of Tenders</td>
<td>10am 4th March 2016</td>
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<tr>
<td>Intention to Award notification</td>
<td>w/c 6th June 2016</td>
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<tr>
<td>Service Commencement</td>
<td>w/c 5th September 2016</td>
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Bid writing – Hints & tips & Common Faux Pas

- No late bids: don’t leave it till last second
- Start by reading the Instructions to Potential Suppliers thoroughly
- Assume nothing
- Answer pages are limited so make every word count
- Avoid broad sweeping statements
- Comply
- Each question is self contained
- All subcontractors must provide written assurance as part of the submitted bid
Bid writing – Hints & tips

• Ensure your **financials match your qualitative response**

• Have your bid quality assured and reality checked by someone not involved in the bid writing – critical friend. Check your uploaded bid, is it what you want to submit?

• Don’t overbid: you will be contractually bound to your tendering offer if your offer is higher than the specification requirements

• Further information about DWP Procurement can be found at:

  https://www.gov.uk/government/organisations/department-for-work-pensions/about/procurement
Notification of Results

- Written feedback only will be supplied to all Bidders, providing:
  - Score attained against each criterion;
  - The score the successful organisation attained against those criterion;
  - Any other mechanisms which impacted the outcome of the evaluation as detailed in Instructions to Bidders;
  - The name of the successful organisation.
Financial Evaluation – Richard Atack

Cohort 2 - Leeds and Bradford
Calderdale, Kirklees and Wakefield

• The five key areas I am covering are:

  • Payment model
  • Pricing proposal completion
  • Financial support for participants
  • Financial evaluation methodology
  • Financial Viability Risk Assessment (FVRA)
Financial Evaluation – Richard Atack

- **Payment Model – Leeds and Bradford**

- Maximum budget £5,767,000

- Minimum number of Participants Starts on the Programme – 2,691

- Payments structure
  - Delivery Fee 25%
  - Short Job Outcome 40%
  - Sustained Job Outcome 35%

- The Delivery Fee will be paid in 24 equal monthly instalments and is not directly related to the job outcome performance. It is there to provide support whilst cohorts are being established and job outcomes achieved. The Delivery Fee will not be reduced where under occupancy occurs. This will be addressed through Performance Management.

- Delivery Fee will be paid monthly in arrears and will be paid one month after the Service Start Date. The Service Start Date is defined as the date the Provider starts delivering the provision.
Payment Model – Calderdale, Kirklees and Wakefield

- Maximum budget £3,711,000
- Minimum number of Participants Starts on the Programme – 1,731
- Payments structure
  - Delivery Fee 25%
  - Short Job Outcome 40%
  - Sustained Job Outcome 35%
- The Delivery Fee will be paid in 24 equal monthly instalments and is not directly related to the job outcome performance. It is there to provide support whilst cohorts are being established and job outcomes achieved. The Delivery Fee will not be reduced where under occupancy occurs. This will be addressed through Performance Management.
- Delivery Fee will be paid monthly in arrears and will be paid one month after the Service Start Date. The Service Start Date is defined as the date the Provider starts delivering the provision.
Financial Evaluation – Richard Atack

• Pricing Proposal

• Comprises of:
  – Pricing Summary Sheet
  – Assumptions Sheet
  – Assets Schedule Sheet
  – Cohort Summary Sheet
  – Cohort Profile – Short Job Outcomes
  – Cohort Profile – Sustained Job Outcomes

• Costs must exclude Output VAT
• Costs must include inflation
• Working Capital Requirements
• Legal Entity Status

• Declaration must be signed by the Lead Contractor in a consortium
Financial Evaluation – Richard Atack

• Pricing Proposal

• Mandatory Fields
  – **Pricing Summary Sheet**
    • Table 2 on Working Capital Requirements
    • Legal Entity Status
    • Declaration
  – **Assumptions Sheet**
  – Additional Information tables on
    • Marketing
    • Storage
  – Part 6 – Risk Premium
    • If cost has been included in Risk Premium cells on the Pricing Summary Sheet
  – Part 8 – VAT
  – **Assets Schedule** (where relevant)
  – **Cohort Profile sheets**
Financial Evaluation – Richard Atack

• **Financial Support for Participants**

• **Travel and additional support costs**
  – Providers are responsible for travel and additional support costs while Participants are participating in the Provision
  – Travel costs include those to attend the provision and to attend job interviews
  – Additional support is defined as any support that allows a Participant who needs extra help to attend and participate fully in Provision (e.g. clothing, child care and specialist equipment e.g. a specialist keyboard).

• **Child Care or Caring Responsibility Costs**
  – DWP currently sets its costs for childcare up to the Tax Credit limits
  – Providers must not recommend particular childcare facilities to Participants
  – Providers are expected to fund replacement care costs for individual Participants, aged 18 or over, not in work or work less than 16 hours per week and
    • spend a significant proportion of their lives providing unpaid support to relatives, partners or friends who are ill, frail, disabled or have a mental health or substance misuse problem.
  – Replacement care must be provided by a local authority registered Provider, a local authority preferred Provider, or a recognised care organisation within the local areas.

**Potential Providers must promote this funding as part of the promotional campaign**
Financial Evaluation – Richard Atack

• Financial Support for Participants

• In work support costs
  – For employment which falls within the Participant’s provision duration, In Work Support may be required which meet the individual needs of the Participant to ensure they have the opportunity to sustain employment
  – On commencement of employment, Providers should agree with Participants the In Work Support they will provide during their provision duration
  – In Work Support will maximise Providers’ opportunity to claim both the Short and Sustained Job Outcomes.
  – Providers should also be aware that in some instances participants may require up to 26 weeks in-work support during the participant’s provision duration in order for the Sustained Job Outcome to be achieved

• Completing the Pricing Proposal for these costs
  – Ensure detail of how the costs have been calculated in the assumptions boxes provided
  – Be clear to explain your assumptions about the number of participants you consider may incur these costs and why
  – Show your calculations for any costs to prevent the financial team sending a clarification asking for the costs to be broken down.
Financial Evaluation – Richard Atack

- **Financial Evaluation**

  - All bids must be equal to or lower than the maximum contract price. If a bid is over this amount it will be considered to be non-compliant and will be excluded from the evaluation.

  - Bids are assessed on the total of the Short Job Outcome and Sustained Job Outcome price offers, being added together to provide a total Job Outcome Price.

  - Delivery Fees are not assessed as part of the evaluation as it is a fixed 25% of the total contract value but is contained within the maximum contract value.

  - The overall total Job Outcome price is compared to all bids received and ranked.

  - The lowest combined Job Outcome price per participant will receive 100 marks and all other bids will be relatively assessed against this bid. For example, if the next bid is 10% more expensive, they will receive 90 marks.

  - The relative assessment scores are then multiplied by the finance weighting of 0.2 to give an overall financial score.
Financial Evaluation – Richard Atack

• Financial Evaluation

• Median Based Control

  – To ensure that bid prices are credible, a median based control will be applied to all bids

  – The tolerance band will be + / - 40% of the median participant unit price.

  – The median participant unit price per Short Job Outcome, Sustained Job Outcome and Total Job Outcome will be calculated from all the compliant bids received.

  – The Authority reserves the right to exclude Potential Providers from the competition where the offered prices for any of the Short Job Outcome, Sustained Job Outcome and Total Job Outcome per participant are outside the tolerance band.
Financial Evaluation – Richard Atack

- Financial Viability Risk Assessment (FVRA)

- A review of the financial accounts of bidding organisations to assess their financial standing.

- The purpose of the FVRA is to ensure Potential Providers have sufficient resources to successfully deliver the contract with a minimal risk of failure.

- This is separate from the financial evaluation and therefore does not form part of your overall evaluation score.

- Assessed in three areas
  - Organisational Stability;
  - Financial Stability; and
  - Growth Management.

- The formula used to calculate organisation threshold is:

  \[ \text{Annual Turnover} \times 100\% = \text{Potential maximum annual value of business with DWP.} \]
Financial Evaluation – Richard Atack

• **Financial Viability Risk Assessment (FVRA)**

Within the qualification envelope on Bravo we require:

• Most recent 2 years audited accounts
• Other evidence of financial standing if audited accounts are not available e.g. recent bank letters confirming balances and overdraft / loan facilities with the current balances, management accounts for the period from the last audited accounts

• Where a Potential Provider has a Parent Company, the most recent 2 years audited accounts for the parent company must also be provided

• Where the bid is for a consortium that is a legal entity in its own right; the most recent audited 2 year accounts are required

• Where the consortium is **not** a legal entity in its own right:
  • Most recent 2 years audited accounts for all organisations within the consortium
  • 2 years audited Parent company accounts for consortium organisations with a Parent Company
Data and Information Security – Claire Francis

- The DWP has one of the largest and diverse supply bases in Government and its suppliers are responsible for millions of pieces of personal and sensitive information and data.
- Protecting that data has been a key legal requirement since 1998 under the Data Protection Act.
- It is important that suppliers have appropriate measures in place to meet this requirement throughout the life of a contract.
- The DWP takes data security very seriously and is required to give assurance that personal data is being appropriately protected throughout its supply chain.

Risk to individuals
Reputational risk
ICO fines
Contractual requirements

• Data Handling Terms and Conditions

• A specific security schedule, ‘Security Requirements’
  Principles of security for the Contractor System, the creation of the Security Plan; Audit and testing of the Security Plan; Conformance to ISO/IEC:27002 (Information Security Code of Practice) and ISO/IEC 27001 (Information Security Requirements Specification) (Standard Specification); Meets the requirements of the Cyber Essential Standards; and Breaches of Security.
  The ‘DWP Security Policy for Contractors’
Requirement for a Security Plan

“The Provider shall be responsible for the security of the Provider System and shall at all times provide a level of security which:

- is in accordance with Good Industry Practice and Law
- complies with the Security Policy
- meets any specific security threats to the Provider System
- complies with ISO/IEC27002 ISO/IEC27001 & Cyber Essentials

Security Plan
Requirement for a Security Plan

Best practice control objectives and controls for:

- Governance and Personnel Security
- Confidentiality, Legal and Contractual Requirements
- Access Controls
- Staff Training and Awareness
- Communication Management
- Data Protection
- System Security, Audit and Testing
- Premises Security
- Risk and Incident Management

Why it is required

Provider methodologies

To enable DWP to assess and assure the successful suppliers for go live
Key Security Considerations

Each supplier must deliver security measures around key areas for example:

- Personnel security
- Secure information handling and transfers
- Portable media
- Off shoring
- Premises security
- Security incidents
Performance Management – Julie Simms

• Requirements – Provision Delivery
• Performance Expectations - Minimum Levels, Management Information,
• Cohort Profiles and Management Information
• Background to our approach for Performance Management
Requirements – Provision Delivery

• The Provision will be delivered by individual mentoring and specialist support which will focus on the needs of the specific target groups.

• Providers will need to demonstrate they have knowledge of employment issues, the local labour market and local specialist training Provision alongside having the specialist skills to help those with specific barriers.
Performance Expectations

What we measure – Performance and Service

• Minimum Performance Levels
• Performance targets from the Providers’ bids
• Minimum Service Levels
Performance Expectations

How we measure – Performance

• MPLs and Performance Targets from the Bid
• Outcomes tallied via PRaP, and collated in CEP MI.
• Cohort MI.
• Monthly packs which do all the work for you.
• Separate figures for the MPLs and the bid levels.
• Providers ranked against both MPLs and bid levels.
• MSLs
• Collated in CEP MI.
• Other MSLs – collated in Quality MI pack (issued monthly with the CEP MI).
• PRaP service requirement
• Collated in CEP MI (if appropriate).
Cohort MI

What do we mean by cohorts:

– A cohort is simply a group of people;
– We use cohort based measures to monitor DWP employment provision;
– In most cases a cohort relates to people joining provision in a calendar month;
– This allows us to measure how successfully the provision – or individual providers – is performing against expectations

Two measurements:

– End of cohort check;
– Profiled outcomes.

The problem

– Journey through programme takes many months;
– We need to measure performance in the meantime, before a cohort ‘matures’.

The solution

– Build model of anticipated outcomes over time;
– Use information supplied by Provider.
Cohort MI

1. We use the expected pattern of outcomes – taken from provider bids

2. We apply that pattern to each monthly cohort of starts

3. From this, we calculate how many outcomes we would expect in a *calendar month*

4. We then layer the expected outcomes from all cohorts to get the final target for how many outcomes anticipated in a month.

5. The following slides show a worked example of how we do this.

6. A recording of the cohort approach is available via Bravo.
**Cohort MI – example:**

- Provider assumes 35% will achieve the outcome – taken from the tender
- Provider tells us when they expect outcomes to be claimed – from the tender
- Assuming 100 start in each month, we build the anticipated outcomes

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**In-month Outcomes**: 0 0 0 2 6 14 19 24 28 32 35 35
Cohort MI – example:

- We layer the anticipated outcomes together from each month.
- We then measure performance against the total.
Cohort MI – example 2

- In reality, starts don’t stay the same every month.
- We build the model based on actual starts

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Cohort MI - example 2

- Shown as a chart...
Wider Eligibility – MPLs and Cohort MI

• Where there are insufficient start volumes from the eligibility groups…. DWP in consultation with the LEP, Provider, and Managing Authority may widen the eligibility criteria.

• In the ItT, bidders are asked to specify the anticipated conversion rate from starts to outcomes for the main eligibility group….  
  • …and a conversion rate for the wider eligibility group – which will be a higher conversion rate reflecting the slightly less severe barriers faced by these groups.

• In the event that the wider eligibility criteria are invoked, participants joining the provision will effectively be managed as two separate cohorts:  
  • The main group, managed against the original conversion rate (MPL); and  
  • The wider eligibility group, managed against the revised conversion rate (MPL).

• The profile of when outcomes are anticipated to fall will be the same for both groups and taken from the successful bidder’s original tender.
Performance Management Regime

There are four levels of this regime:

- Level 1: Performance Management Regime (PMR)
- Level 2: Informal action - Performance Manager (PM) Led
- Level 3: Informal action - Nationally Led
- Level 4: Formal action - Nationally Led
Performance Management Regime

- Level 1: Performance Management Regime (PMR)
- Contract Assessment Reports
- Monthly Contract Performance Review
- Performance Managers ‘Go Look See’ Visits
- Level 2: Informal action - Performance Manager (PM) Led
Performance Management Regime

- Level 3: Informal action - Nationally Led
- Level 4: Formal action - Nationally Led
- Performance Improvement Notice
Q&A

• Michelle Gibson-Ree – Project Manager

• Andrew Legg – Policy & Service Requirement

• Richard Atack – Finance

• Graham Eskriett – Procurement

• Julie Simms/Barney Williams – Performance Management
THANK YOU FOR ATTENDING
RECAP AND FURTHER QUESTIONS
AND THANK YOU!
KEEP IN TOUCH

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