

Implementation Review of Transitional Employment Services 2017

**A report to the Scottish Government
by SQW**

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Executive Summary

Introduction

As recommended by the Smith Commission, powers over certain employability services were devolved to the Scottish Government through the Scotland Act 2016. Powers were commenced in September 2016, with transitional employment services introduced in April 2017. These will support up to 4,800 people with health conditions and disabilities into work before the full devolved service (Fair Start Scotland) launches in April 2018.

SQW was commissioned to review the development and early implementation of the transition year services, namely Work First Scotland (WFS) and Work Able Scotland (WAS). The findings will feed in to and inform the development of Fair Start Scotland, as well as continuous improvement of policy and service design and delivery. The key questions to be addressed through the review were: what worked well; what worked less well and what would improve the pre-delivery and initial implementation phases in future.

Governance arrangements and stakeholder engagement

- There is a clearly defined joint governance structure for the transitional employment services, which includes ministerial-level oversight and input.
- The joint governance structure was found to be working well at both a senior and operational level, enabling early implementation issues to be addressed quickly and effectively.
- In addition to participating in joint governance arrangements, the Scottish Government (SG), Department for Work and Pensions (DWP) and Skills Development Scotland (SDS) each have their own internal governance and reporting structures relating to the programmes.
- This multi-layered governance structure was at times found to have created challenges in terms of conflicting organisational priorities, as well as some overlap and delay in the decision-making process.
- Access to expert resource and guidance has been a key success factor in shaping the design, development and implementation of the programmes. This has come through the establishment of a multi-disciplinary team within SG, engagement with Scotland's Devolved

Employment Services Advisory Group and extensive consultation with stakeholders from across the sector.

Partnership working between SG, DWP and SDS

- SG engaged DWP shortly after the Smith Commission recommended that powers over certain employability services be devolved to Scotland. This engagement has been maintained throughout, although the level and frequency has been variable depending on the stage of development.
- The principles of partnership working between SG and DWP was formalised in a Memorandum of Understanding in October 2016. This was followed by a Service Level Agreement (SLA) between the two organisations, which set out more detail on respective roles and responsibilities in relation to the transitional employability services.
- The relationship between DWP and SG was reported to have developed over time and they have established increasingly effective ways of working together. This was helped by the development of a log for recording issues relating to WFS and WAS, which establishing a process for accountability, as well as an evidence log to support the test and learn approach of the transition year.
- SG and SDS worked together on the design and development of WAS, although again the frequency and levels of engagement between the two organisations was variable throughout the process.
- Partnership working between SG and SDS was widely reported to have worked well in the early stages, when there were very open discussions between the two organisations about the design of the programmes and how they should be delivered.
- However, there were some differences in perspective between SDS and SG, partly resulting from differing expectations around respective roles and responsibilities in relation to WAS. For the other programmes that SDS deliver, SG is responsible for the policy and SDS is responsible for delivery, including programme design. This was different for WAS, with SG taking a much more active role in programme design.
- From an SG perspective, the tight timescales and high profile nature of the transition year programmes, as well as the ongoing policy development and political interaction between SG and DWP, meant

that the established working arrangements for programme delivery between SG and SDS were less appropriate for these new circumstances.

Programme design and development

- There were four key decision points that were critical in shaping the design of the transition year programmes. These were:
 - The decision to implement a transitional year ahead of roll-out of the full devolved programme.
 - The decision to develop two separate programmes – WFS and WAS – rather than a single programme.
 - The decision to give responsibility for each programme to a different body – the Scottish Government for WFS and SDS for WAS.
 - The decision to have a competitive tendering process for WAS, but a non-competitive tendering process for WFS, with existing Work Choice providers to ensure continuity in employability programme provision for the most vulnerable unemployed groups in the transitional year.
- The decision to have a transitional year was influenced by a significant reduction in the financial envelope for delivering devolved services, and a change to the point at which people would become eligible for the programmes (from 12 to 24 months). These changes were announced by HM Treasury in November 2015, thereby fundamentally changing the parameters of the employability programmes and funding to be devolved, and further compressing the time available to get a new programme tendered and operational by April 2017.
- Several consultees were of the view that a transition year was not ideal, particularly given the levels of frustration with the previous programmes highlighted during the consultation phase. But most recognised that it was the only feasible option within the changing financial position and the timescales available. It has also enabled lessons to be learned, which have and will inform the development of Fair Start Scotland.
- The requirements for WFS were already established (to provide continuity of support from Work Choice for disabled unemployed people). Indeed, the non-competitive procurement process meant that

the scope for changing the service was limited. The requirements for WFS were reported to have been clearly communicated to providers, and there were opportunities for them to clarify what was needed to be developed and delivered through the programme.

- A couple of consultees reflected that it was a challenge to separate the two programmes (WAS and WFS) as it has created tension between SG and SDS over what is a relatively small budget. Rolling both programmes into one may however have brought other complications, such as whether a non-competitive action could be used, but it would have focussed attention on a single programme. In addition, the nature of section 31 of the Scotland Act would have required WFS to offer support for 1 year to those at risk of long term unemployment who were not disabled. This would certainly have been a significant material change to the existing Work Choice contracts which would have removed the option for an NCA.
- There was concern from some providers that WAS was too prescriptive in relation to programme delivery (e.g. how often and how many times people are to be seen), which has limited their flexibility and scope to innovate. One lamented the loss of a 'black-box' approach, although an alternative view was that the 'black-box' approach can undermine transparency, consistency and quality of service.

Procurement

- WFS was procured by SG through a non-competitive action with existing Work Choice providers. The process involved inviting existing providers to submit an 'Invitation to Negotiate'. SG then entered into detailed discussions and negotiations with each provider before the contracting stage.
- SDS were responsible for the competitive procurement process for WAS, the approach to which was based on that used for other employability programmes (including the Employability Fund).
- The procurement processes for both programmes were completed well ahead of time – providers were appointed and contracts in place within a relatively short timescale. Indeed, it was commented that contracts were agreed earlier than usual for programmes of this type, which was very positive.
- A few consultees were of the view that, although having a non-competitive action for WFS was the pragmatic choice given the time

limited nature and time constraints on the programme, it might have been better if the contract could have been tendered competitively. This would have enabled the programme to be changed to a greater extent and it would have made it easier to performance-manage.

- There was some concern that SDS's procurement process for WAS was too onerous for the size of programme. This was felt to be at odds with the ambition to encourage small, local specialist suppliers to bid as many would not have access to the resources required to participate in the process.

Preparation for launch

- As part of their preparation for launch, SG asked each WFS provider to develop a comprehensive Implementation Plan, which detailed the key activities that were to be undertaken to ensure they were prepared for their go-live date on 1 April 2017.
- SDS oversaw the mobilisation phase of WAS and provided updates on progress to SG. In January 2017, SDS hosted a session with all WAS providers, the aim being for them to familiarise themselves with each other and to establish a collaborative approach to delivery.
- Another key area of activity during the mobilisation phase involved preparing systems for monitoring and reporting programme activity. SDS used their Corporate Training System (CTS) for WAS. SG agreed with the DWP that they would use their Provider Referrals and Payments (PRaP) system for monitoring WFS activity.
- SG had existing relationships with WFS providers prior to contracts being awarded and these continued into WFS. The engagement of providers in advance of procurement established a precedent of collaboration ahead of the mobilisation phase and ensured frequent and open communication.
- Providers for both programmes reported that most issues could be resolved quickly as they were able to communicate openly with SDS and SG. For WFS, this was attributed to the collaborative approach to the mobilisation phase from conception through to completion. WAS providers cited access to a single point of contact within SDS as being particularly helpful.
- The changes required to the PRaP system to meet the reporting requirements for WFS were reported to have been more extensive than

originally envisaged. There were also legal protocols to be followed to ensure appropriate data sharing arrangements were in place.

- Another issue that became apparent to providers during this stage was that the monitoring system for WAS (CTS) was not set up to handle employability programmes in the way that they had been used to. WAS providers reported frustrations with CTS, stating that there were too many fields to complete which were taking up too much time.
- SG, DWP and SDS created a national Implementation and Communication Plan to present information about WAS and WFS to JCP Work Coaches, who would be responsible for making referrals. However, this was reported to have been significantly scaled back by DWP from what was originally planned. SDS, providers and the SG all cited communication to Work Coaches as being a major challenge during this phase.

Early lessons from implementation

- There was widely reported to be a good system of checks and balances in place, which have enabled SG, SDS and DWP to be responsive to unforeseen issues and challenges in the early stages of implementation.
- In particular, a Joint Operational Group met weekly to keep everyone involved well informed on how programme delivery progressed and provide a forum for responding to issues quickly and efficiently.
- At an operational level, there was provider acknowledgement that SG and SDS contract managers are seeking to work with providers to improve delivery.
- At the time of the consultations, the volume of initial referrals were reported to have been lower than anticipated for WAS and sometimes inappropriate. The Joint Operational Group has subsequently worked to address these issues, which were attributed to: the programme being new; the limitations of having a single referral route (JCP); the delay in briefing JCP Work Coaches; and a lack of detailed understanding about the client group and levels of demand for the provision.

Conclusion

The Governance structures for the new programmes received a wide range of positive comment. SG has been able to build its own capacity to deliver in a fairly short period of time. This has been helped through secondments and recruitment from DWP, as well as advice and guidance provided by SDS and other key individuals.

The decision to have a transitional year was widely regarded as pragmatic within the timescales available. It greatly reduced the risks around launching the new programmes and has created the opportunity to learn about a range of issues, which will benefit the full devolved programme starting in 2018. As already noted, while one combined programme in that period would have perhaps been easier to implement and deliver, the nature of the new devolved powers would have resulted in SG not being able to enter a NCA with Work Choice providers.

SG and SDS launched their programmes on time and relatively smoothly. Given that they were new programmes, and that this was a new area of activity for the Scottish Government, this is a significant achievement. Moreover, the experience of going through the design, development and implementation process provided valuable learning for the launch of future programmes.

As might be expected for the introduction of two new programmes, there have been some issues and challenges. These have mainly centred on the interaction between SG, SDS and DWP, who have had to establish new ways of working together. This is an on-going process and the review found evidence of improvement, with the three organisations finding increasingly effective ways of working together.

1. Introduction

- 1.1 As recommended by the Smith Commission, powers over certain employability services were devolved to the Scottish Government through Section 31 of the Scotland Act 2016. Powers were commenced in September 2016, with transitional employment services introduced on 3 April 2017. These will support up to 4,800 people with health conditions and disabilities into work before the full devolved service (Fair Start Scotland) launches on Monday 2 April 2018. SQW was commissioned to review the development and early implementation of the transition year services and this document reports on the findings from this.

Aims, objectives and approach

- 1.2 The aim of the review was to provide timely feedback on the development and early implementation of the transition year services, namely Work First Scotland (WFS) and Work Able Scotland (WAS). The key questions to be addressed were: what worked well; what worked less well and what would improve the pre-delivery and initial implementation phases in future.
- 1.3 The review was carried out over a short, intensive period. Consultations were conducted between 19 May and 8 June 2017 with relevant people from:
- Scottish Government (SG)
 - Department for Work and Pensions (DWP)
 - Skills Development Scotland (SDS)
 - Providers awarded contracts to deliver WFS and WAS
 - Independent members of the Programme Board and Scotland's Devolved Employment Services Advisory Group.
- 1.4 A total of 27 people contributed to the review through three workshops (with SG, DWP and SDS) and 11 one-to-one interviews. The topic guides for the interviews and workshops were based on a review of key policy, programme and procurement documentation to provide background context.

Structure of report

- 1.5 The focus for the review was on exploring what worked well / less well and the findings have been organised around these themes. The chapters cover in turn:

- Policy and delivery context
- Governance and stakeholder engagement
- Partnership working
- Programme design and development
- Procurement
- Preparation for launch
- Early lessons from implementation.

1.6 The final chapter summarises the key messages.

2. Policy and delivery context

Policy context

- 2.1 The UK Government delivers services to support unemployed people into work through the Department for Work and Pensions (DWP). This includes a range of contracted support. The Work Programme and Work Choice (for disabled people) are the two main employment support contracts delivered by DWP. Following the Scottish Independence Referendum in 2014, the Smith Agreement set out a range of new powers for Scotland, which included devolution of contracted employment support. The DWP contracts for both Work Programme and Work Choice expired on 31 March 2017 and devolved services commenced from 3rd April 2017.
- 2.2 The Scottish Government carried out a consultation exercise on the shape and design of the devolved services in 2015. A total of 215 responses were received and these have been drawn on in the design and development of the new services. A set of key values and principles provide the foundation for the new services. The key values are:
- Dignity and respect
 - Fairness and Equality
 - Continuous Improvement.
- 2.3 The principles of the Scottish approach is based on the principles of:
- Delivery of a flexible 'whole person' approach
 - Services that are responsive to those with high needs
 - A drive towards real jobs
 - Services designed and delivered in partnership
 - Services designed nationally but adapted and delivered locally
 - Contracts that combine payment by job outcome and progression towards work.

Delivery context

- 2.4 Scottish Ministers agreed a one-year transition period from April 2017 in advance of the full devolved Scottish service being launched in April 2018. The focus of the transition year has been on continuity of support for those who are unemployed and facing significant barriers to work, whilst at the

same time capturing lessons to inform the development of the full devolved Scottish service.

2.5 The transition year services are made up of two programmes:

- Work First Scotland (WFS) will deliver employment support to up to 3,300 disabled people. The programme is being delivered through new contracts between the Scottish Government and the existing DWP Work Choice providers – Remploy, Momentum Skills and Shaw Trust.
- Work Able Scotland (WAS) will deliver support to up to 1,500 people with a health condition who want to move into employment. Skills Development Scotland are responsible for the procurement and management of WAS. Following a competitive procurement process, contracts were awarded to the Wise Group, Remploy and Progress Scotland.

2.6 The fully devolved Scottish support service (Fair Start Scotland) will replace the transitional arrangements from April 2018. The aim of the current review is to provide timely feedback on the development and early implementation of the transition year experience, in order to inform the development and roll-out of Fair Start Scotland. The findings will also contribute to continuous improvement of policy and service design and delivery and to ensuring value for money from procurement of future employability service contracts from 2021 onwards.

3. Governance arrangements and stakeholder engagement

Overview

There is a clearly defined joint governance structure for the transitional employment services, which includes ministerial-level oversight and input.

- 3.1 There are four main elements to the joint governance structure for Work Able Scotland (WAS) and Work First Scotland (WFS):
- **Joint Ministerial Working Group on Welfare** – established by the Prime Minister and the First Minister to provide a forum for discussion and decision-making in relation to implementation of the welfare and employment-related aspects of the Scotland Act 2016. The transitional employment services fall under the remit of the group, which is co-chaired by the Secretary of State for Scotland (UK Government) and the Cabinet Secretary for Communities, Social Security and Equalities (Scottish Government).
 - **Joint Senior Officials Group** – includes representatives from the Scottish Government (SG), Department for Work and Pensions (DWP), Jobcentre Plus (JCP) and Skills Development Scotland (SDS). The group was established to ensure senior-level engagement and oversight of the process of devolution of welfare and employability powers, which included the transitional year employability services. It reports in to the Joint Ministerial Working Group on Welfare.
 - **Scottish Government Employability Programme Board** – established to oversee the design, development and implementation of devolved employability support services, including WAS and WFS. The Board includes representatives from across SG departments, observers from DWP, as well as other non-executive members. The Board originally included representation from SDS, also in the capacity as observer, but they removed themselves from this role to focus on operational delivery. The Terms of Reference for the SG Programme Board have been refreshed to reflect the role of the Board in overseeing the implementation and successful delivery of Fair Start Scotland from April 2018.
 - **Joint Operational Group** – set up to review progress and early implementation of WFS and WAS, and to provide an appropriate forum

to raise and address any operational issues arising. The group meets weekly and includes representation from SG, SDS, DWP and JCP. It was originally intended to run for the first eight weeks of programme delivery, but is now continuing to facilitate ongoing performance improvement across the implementation of transition services.

- 3.2 In addition to the joint governance arrangements, **Scotland's Devolved Employment Services Advisory Group** was set up to support the Scottish Government through the devolution process. The Group acts as a critical friend by offering advice, support and challenge to the Government in regular meetings. Its membership includes representatives from employment services, local partnerships, national agencies, service providers, employers, the third sector and the Scottish Government. It is chaired by Professor Alan McGregor from the University of Glasgow.
- 3.3 The **Work Able Scotland Delivery Assurance Group** (WASDAG) was set up to oversee the operational delivery of the programme. It is chaired by the Scottish Government's Employability Implementation Team Leader and comprises representatives of the Scottish Government's Fair Work Directorate, Skills Development Scotland and Jobcentre Plus Scotland. The Group meet on a monthly basis to review and discuss programme performance, expenditure, any delivery and implementation issues and operational risks. It complements a weekly telephone call between SG and SDS, which is the initial resolution point for any issues arising in relation to the programme.
- 3.4 The governance arrangements for the transitional employment services were reported by several consultees to be more comprehensive than most publicly funded programmes of this scale and nature. The level of political scrutiny and oversight of the programmes was considered to be beyond that of larger programmes. Consultees attributed this to two main factors:
- This is the first programme to be devolved to the Scottish Government through the Scotland Act 2016 and could therefore be considered a 'pathfinder' in terms of devolving powers and developing a new level of joint working between UK and Scottish Governments
 - They are new, high profile programmes associated with a high level of expectation and political risk and scrutiny.

In addition to participating in joint governance arrangements, SG, DWP and SDS each have their own internal governance and reporting structures relating to the programmes.

- 3.5 DWP established an internal **Scottish Devolution Programme Board** to oversee the scope of what DWP was required to deliver in relation to the devolution of employment services to the Scottish Government, including the transition year programmes. The establishment of such a Board is the approach taken by the organisation to all major change programmes. The DWP team that is working on WFS and WAS report in to their internal Scottish Devolution Programme Board, which provides sign-off on key decisions relating to the DWP elements of the programmes. This includes the use of DWP IT systems for monitoring and reporting WFS activity, the establishment of DWP referral processes for WAS and WFS and access to work coaches to disseminate information relating to the programmes. The DWP Scottish Devolution Programme Board continues to meet, but its focus now is on the learning from the 2017 programmes and what this means for the 2018 programme.
- 3.6 The SDS team responsible for the design, development and implementation of WAS also has a range of internal SDS reporting structures and arrangements. At the development stage, governance was provided by a number of SDS board committees that the team reported in to. Once operational, WAS became business as usual and the reporting arrangements followed those for the other programmes and services that the SDS team deliver and manage.

What worked well?

Governance arrangements were reported to have worked well at both a senior and operational level, ensuring that early implementation issues have been addressed quickly and effectively.

- 3.7 The SG Programme Board was reported to be working well. It was described as a “very capable” group of people who are engaged and interested. Having senior-level SG representation on the Board was cited as a particular success factor as they have the authority to address issues as and when they arise. For example, the Director of Procurement sits on the Board and so any issues arising in relation to that element of programme delivery have been resolved quickly and effectively. Similarly, the three DWP observers on the SG Programme Board provide valuable input and challenge. In parallel to this, the Scottish Government Director for Fair Work, Employability and Skills, who has overall responsibility for ensuring that the programmes meets their objectives,

has observer status on the DWP Scottish Devolution Programme Board, to promote a joined-up approach.

- 3.8 Moreover, several consultees reported that the papers provided to the Programme Board and Advisory Groups tended to be of high quality and that feedback and comments on these were listened to. That is not to say that they were always taken on board, but people did feel engaged. Also, where serious issues were raised, such as the decision of whether or not to go ahead with a transition year, detailed papers were produced to address concerns and guide decisions.
- 3.9 The Joint Operational Group meets on a weekly basis and has provided an effective forum for addressing delivery issues relating to WAS and WFS. It has opened up regular lines of communication between SG, SDS and DWP at an operational level, which provides a good basis for ongoing partnership working between the three organisations.

Access to expert resource and guidance has been a key success factor in shaping the design, development and implementation of the programmes.

- 3.10 The design and delivery of employability services is a new area of activity for the Scottish Government. They cite a key success factor as having been able to draw in expert resource and guidance to inform and support the process. This has been done through three main routes:
- **Establishing an experienced team** – a multi-disciplinary team was set up within the Scottish Government to lead the design, development and delivery of the programmes. Team members bring a breadth of relevant experience and include a number of former DWP employees with direct experience of designing and delivering employability programmes, as well as good working knowledge of DWP operations and change landscape.
 - **Drawing on the Advisory Group** – the Group was reported to be working well, with high levels of engagement and input provided by stakeholders from across the sector. It has promoted open dialogue between providers, national agencies and third sector representatives. The Chair of the Group, Professor Alan McGregor, was reported to have been a key adviser providing valuable guidance and input throughout.
 - **Consultation exercise** – in advance of developing the programmes, the Scottish Government carried out a comprehensive consultation exercise, which engaged a large number of stakeholders from across

the sector. The feedback from this has been valuable in informing decisions relating to the new programmes. Although, it is acknowledged that this did raise expectations around what the new programmes would deliver, some of which could not be met within the constraints of the transitional year services and the significantly reduced budget available to deliver the programmes (relative to what was originally envisaged).

What worked less well? What are the challenges?

Having multi-layered governance arrangements has highlighted conflicting organisational priorities.

- 3.11 DWP and SDS are key partners in the delivery of WFS and WAS. In addition to the joint governance arrangements for the programme that have been set up by SG, they have their own internal governance arrangements and decision-making structures. At times, this appears to have created challenges in terms of conflicting organisational priorities between the three organisations. These are high profile programmes for SG in the context of devolution and it is important to them (and Government Ministers) that they deliver against Ministerial policy ambitions. However, they form a relatively small part of the wider portfolio of programmes that DWP and SDS deliver, and there was a view amongst some consultees (although not from the organisations themselves) that they were perceived as less of a priority to them.
- 3.12 An example of conflicting priorities related to the challenges faced by SG and SDS in securing access to JCP Work Coaches in advance of programme launch and the decision taken by SDS to remove themselves from their role as observer on the SG Programme Board. In the former case there was a desire for earlier contact, which DWP did not agree with; and in the later SDS's change in status reflected emerging clarity about their role.
- 3.13 The multi-layered governance structures were also reported to have impacted on key decisions taken in relation to the design, development and implementation of the programmes. For example, the SG Programme Board signed off on a plan and timetable for engaging JCP Work Coaches. However, this was not agreed by DWP. The multi-layered governance structures were also reported to have resulted in some overlap and delay, with proposals having to be presented to multiple boards and groups for review and sign-off. However, despite timings and sequencing issues, this was not thought to have caused any major issues to date.

- 3.14 Consultees from both SG and DWP reported that it took some time to establish effective ways of working together. A particular challenge identified was the establishment of protocols to enable sharing of information between the two organisations. However, both parties approached this with a willingness to make it work and were successful in overcoming initial barriers to this, and it is an opportunity to embed a new level of joint working processes and behaviours between Scottish and UK Governments.

It has taken longer than expected to establish a team capable of delivering the programmes.

- 3.15 As noted earlier in this chapter, the establishment of a multi-disciplinary team within SG to lead the design, development and delivery of the programmes was identified as a key success factor. However, the process of recruiting the SG team was reported to have been very protracted, with HR processes and security clearance checks sometimes taking upwards of six months. A particular challenge has been in recruiting people with the right IT and project management skills, which has resulted in them having to shift resource around internally in order to address gaps. These issues have impacted on the time taken to get the team set up and able to deliver.

4. Partnership working between SG, DWP and SDS

Overview

- 4.1 The Scottish Government engaged DWP shortly after the Smith Commission recommended that powers over certain employability services be devolved to Scotland. They have maintained this engagement throughout the process, although the frequency and level of engagement has been variable depending at what stage development work was at.
- 4.2 The principles of partnership working between the Scottish Government and DWP were formalised in a Memorandum of Understanding signed in October 2016. A PraP Service Level Agreement (SLA) between the two organisations set out more detail on respective roles and responsibilities in relation to the transitional employability services. It includes details of the referral processes for both WAS and WFS, the use of the DWP IT systems for monitoring WFS delivery and performance and the production of management information reports from this.
- 4.3 The Scottish Government and SDS worked together on the design and development of WAS, although again the frequency and levels of engagement between the two organisations was variable. SDS did not work directly with DWP on the design and development of WAS – communications between the two organisations were routed through the Scottish Government or at one of the groups described in Chapter Two.

What worked well?

The relationship between DWP and the Scottish Government has developed over time and they have established increasingly effective ways of working together.

- 4.4 The Scottish Government and DWP both acknowledged that it has taken time to establish effective ways of working together and to understand their respective roles and responsibilities in relation to the programmes. DWP were aware that they had a lot of internal expertise that they could share with the Scottish Government and say that they were open to doing this. Respective colleagues from SG and DWP were put in touch with each other to collaborate and transfer the knowledge. However, DWP felt it was important to give the Scottish Government space to develop the programmes as they saw fit. In their view, this meant being a “critical friend”, but not taking ownership of it.

- 4.5 DWP report that partnership working and knowledge transfer between the two organisations has been very successful, particularly at the ‘official-to-official’ level. However, it is noted that this is in contrast to the view of some Scottish Government representatives in relation to how successful initial partnership working between the two organisations has been. This is discussed in more detail later in this chapter.
- 4.6 A Question, Ideas, Issues and Concerns (QIIC) log was jointly developed by SG and DWP for the purposes of recording issues raised in relation to WFS and WAS and steps taken to address these. In addition to being a useful mechanism for tracking queries raised, this was also cited by the Scottish Government as being a useful tool in helping the two organisations to work together effectively by establishing a process for accountability, as well as an evidence log to support the test and learn approach of the transition year.
- 4.7 DWP and the Scottish Government worked collaboratively on the co-production of operational guidance and materials on WFS and WAS for disseminating to JCP Work Coaches. This was reported by both organisations to have worked very well.

Partnership working between the Scottish Government and SDS worked well in the early stages.

- 4.8 At the start of the process, there was reported to have been very open discussions between SDS and the Scottish Government about the design of the programmes and how they should be delivered, including the potential future role of SDS. However, this was reported to have changed following Ministerial confirmation that SG would lead on commissioning and delivery of Fair Start Scotland. At this point, SDS withdrew from their role as observer on the SG Programme Board and has since been less involved in wider programme development.

What worked less well? What are the challenges?

Following some initial challenges, SG and DWP have been able to establish effective ways of working together.

- 4.9 As noted above, DWP reported that partnership working between themselves and the Scottish Government had been very successful, with no major issues beyond the initial stages when they were still trying to establish effective ways of working together and respective roles and responsibilities. The Scottish Government describe the early stages of the partnership working between the two organisations at operational level as being quite challenging. However,

both organisations were in agreement that, following these initial challenges, they have increasingly managed to find effective ways of working together.

- 4.10 One of the factors reported to have underpinned the early issues around partnership working between the two organisations was that DWP routed all engagement and communications relating to the devolved programmes to go through the DWP Devolution Team. Whilst they were keen to be helpful, the team was described as not always having the direct operational knowledge required for discussions and decisions around programme delivery. This meant that they sometimes had to take information, check with others in the organisation, and then come back to the Scottish Government. This was reported to have resulted in some (even minor) decisions, and requests for information and assistance, taking a long time to get agreed. That said, from DWP's point of view, establishing a central team to lead on communications relating to the devolved programmes was perceived by DWP as a way of co-ordinating activity and engagement within a large organisation.
- 4.11 A further challenge that the Scottish Government faced when dealing with DWP was the very high levels of staff turnover at all levels in the organisation. This has resulted in SG having to invest time in building and rebuilding knowledge and relationships with new DWP colleagues.

SDS was not able to have direct contact with DWP in relation to WAS, which was not in keeping with their usual approach to the design and development of employment programmes.

- 4.12 SDS report that when they tried to establish contact with local DWP representatives to discuss WAS, members of the DWP Devolution Directorate insisted on attending the meetings. This was in contrast to the approach taken to other programmes that they deliver (such as the Employability Fund), where they have direct lines of communication with DWP at both a local and national level. The reasons for this were unclear, although it was speculated that it was due to the political context, with the DWP Devolution Team keen to have oversight of all dialogue with DWP relating to the devolved programmes.

Partnership working between the Scottish Government and SDS on the transition year programmes was reported by both organisations as having been challenging at times

- 4.13 As noted earlier in this chapter, partnership working between the Scottish Government and SDS on the transition year programmes was widely reported to have started well. However, over time, it was reported by both organisations to have become quite challenging. There was a view amongst some that this stemmed from Ministerial confirmation that SDS would not

commission or deliver the newly devolved programmes. Over time, SDS was reported to have taken a less active role in programme development – as demonstrated by their decision to remove themselves from their role as observer on the SG Programme Board as they no longer had a direct involvement in its work.

- 4.14 Another contributing factor appears to relate to differing expectations around respective roles and responsibilities in relation to WAS. For the other programmes that SDS deliver, the Scottish Government is responsible for developing the policy and SDS are responsible for delivery, including programme design. There was an expectation on the part of SDS that this would be similar for WAS, but they felt it was in fact quite different with the Scottish Government taking a much more active role in programme design. It was recognised that this was due to this being a first of kind exercise of devolved employability powers, the need for consistency and transparency in both design and delivery, and the necessary ongoing government to government relationship between Scottish Government and DWP. However, it did lead to some frustration on the part of SDS who reported that, whilst they were developing proposals for WAS as requested, due to the timescale and ongoing Scottish and UK policy and financial landscape, the Scottish Government was making decisions about programme design and funding.
- 4.15 SDS were also of the view that, whilst the Scottish Government were seeking guidance and input from the Advisory Group, they were also drawing heavily on the experience of DWP. This was reported with reference to both through the governance arrangements, and the secondment and recruitment of a number of DWP staff to the Scottish Government delivery team. Although, it is noted that staff from SDS were also working closely with the SG delivery team. A perceived preference for DWP funding models was reported by SDS to have resulted in further tensions between them and SG as:
- SDS were keen to draw on their own experience of delivering employment support programmes in Scotland, but their capacity to do so was limited by the Scottish Government working closely with DWP, thereby lessening the need to draw on the SDS experience of the contracting environment.
 - SDS felt that, whilst they were initially asked to input to the design of the programme, SG required WAS to be aligned to the developing WFS programme, meaning that the parameters for the transitional programme were quite specific.
- 4.16 From a Scottish Government perspective, the usual working arrangements with SDS were not appropriate for the transition year programmes as the

programmes were new, high profile and could not be considered 'business as usual'. Moreover, the Scottish Government was alert to the fact that the specific employability focus on harder to help groups and the health elements of the programme was outside SDS's usual remit, although they did not have concerns about their capacity to delivery on this, particularly as some of the key individuals working on the programme had previous experience in this area.

5. Programme design and development

Overview

- 5.1 There were four key decision points that were critical in shaping the design of the transition year programmes. These were:
- The decision to implement a transitional year ahead of roll-out of the full devolved programme.
 - The decision to develop two separate programmes – WFS and WAS – rather than a single programme.
 - The decision to give responsibility for each programme to a different body – the Scottish Government for WFS and SDS for WAS.
 - The decision to have a competitive tendering process for WAS, but a non-competitive tendering process for WFS, with existing Work Choice providers contracted to ensure continuity in employability programme provision for the most vulnerable unemployed groups in the transitional year.
- 5.2 The design and delivery of WFS was built on the previous model of provision being delivered through the Work Choice programme. The tendering process was non-competitive as WFS was essentially a continuation of existing programmes. The main differences between Work Choice and WFS is that the former was open ended, whilst WFS aims to get participants eligible for work within six months. The job outcomes targets have also become more challenging. Existing providers were invited to negotiate the delivery arrangements with the Scottish Government.
- 5.3 The Scottish Government and SDS formed a working group to design WAS. In line with Ministerial policy ambitions, the programme was required to provide support to those individuals with a long term health condition that were in the Employment Support Allowance Work Related Activity Group and had been assessed as capable of work within a 12 month period. As neither organisation had experience of designing programmes for this client group, they also engaged a range of external stakeholders and partners, including the Glasgow and Clyde Valley City Deal team and disability representative groups, to provide input and guidance to the process.

What worked well?

The concept of having a transition year was seen as pragmatic and broadly welcomed.

- 5.4 The decision to have a transitional year was influenced by a significant reduction in the financial envelope for delivering devolved services, and a change to the point at which people would become eligible for the programmes (from 12 to 24 months). These changes were announced by HM Treasury in November 2015, subsequently limiting the time available to get a new programme tendered and operational by April 2017. The consensus was that the transitional year was the pragmatic choice. One provider stated that the interim programme was a good idea, as going straight from Work Choice to a new programme would have been too risky – both reputationally and politically.
- 5.5 To have developed a wholly new programme within the timescales would have been challenging for the Scottish Government as they did not yet have a team in place to deliver. Moreover, this was compounded by the UK Government announcing an intention to replace Work Programme and Work Choice in other parts of the UK also by April 2017, which meant a lack of awareness of wider changes around DWP programmes for the client group in other parts of the UK. One consultee reported a perceived desire to fit in with these in Scotland for fear of introducing too much change to the system at any one time. In this context, the decision to award contracts to existing Work Choice providers through a non-competitive process was the only feasible option. SDS had pre-existing established processes for competitively tendering employment and training programmes and were therefore able to proceed with a competitive procurement process for WAS within the timescales available.
- 5.6 The decision to have a transition year has allowed lessons to be learned which have and will inform the development of Fair Start Scotland. Examples include around the IT system, where for the current programmes the DWP system was tweaked, but going forward a new bespoke system will be developed (this would have been challenging to do in the timescale and given the lack of in-house resource); and some of the issues around governance and sharing referred to in Chapter Two have been worked through.

The open communications around the tendering of WFS were welcomed.

- 5.7 The requirements for WFS were already established (following on from Work Choice), Indeed, the non-competitive procurement process meant that the

scope for changing the service was limited. The requirements were reported to have been clearly communicated to providers, and there were opportunities for them to clarify what was needed to be developed and delivered through the programme.

- 5.8 The level of communication with the Scottish Government in the development of WFS has been highlighted by providers as valuable, with one provider stating that it was the most involvement a funder has had in the set-up of a programme. The Scottish Government was willing to take on board the providers' experiences of delivering Work Choice in developing the programme. In this context, the decision to award contracts non-competitively was likely to have been a factor in enabling a more open discussion to take place.
- 5.9 One provider stated that they were happy to use DWP processes in the delivery of WFS given that they were familiar with these and they had worked well in the delivery of Work Choice. This represents a further benefit from the continuity of approach.

What worked less well? What are the challenges?

The transition year has been at odds with some expectations of more radical change.

- 5.10 The Scottish Government was midway through an iterative process of public consultation and policy development on the newly devolved programmes when it became clear in the November 2015 UK budget statement that the available budget to deliver these was to be significantly reduced at the point of devolution, and the point at which people would become eligible for devolved support services was changed from 12 months unemployed to 24 months unemployed. This led to the decision to implement a transition year to give more time for the fully devolved programme to be designed and developed, as well as to provide the opportunity to test and learn. Several consultees were of the view that this was not ideal, particularly given the levels of frustrations with the previous programmes which were highlighted during the consultation phase, but most of this group recognised it was the only feasible option within the timescales available.
- 5.11 A couple of consultees referenced the costs associated with the transition year. These were said to have occurred at several levels:
- The Scottish Government had to pay for DWP's IT system to be configured for the new programme. This capital cost only covers one year, as a new system will be required from 2018 (although, it does

include contingency for the system to be used in 2018 should that be required).

- The increased design and development work incurred through the programme groups, as they have in effect had to develop three separate programmes.
- Providers have to write two tenders for 2017 and 2018.

Having two programmes spread the workload, but has created challenges for partnership working.

- 5.12 Similarly, a couple of consultees reflected that having to separate the two programmes (WAS and WFS) was unfortunate, as it has created a number of challenges for both Scottish Government and SDS over what is a relatively small budget. Rolling both programmes into one would however have brought other complications in particular the requirement in section 31 of the Scotland Act 2016 which requires that support for those at risk of long term unemployment but not disabled should last one year. This would have constituted a material change to the existing Work Choice contracts which would have meant the Non-Competitive Action would not have been possible.
- 5.13 However, it was recognised that even the development of WAS was pressured due to the time available. Therefore, extending the need for further development work for a wider programme may simply have been a step too far. It would also have caused problems if the Scottish Government was to lead the implementation given the resource constraints described above.

It can be challenging to meet public service expectations.

- 5.14 All parties recognised the challenges of setting achievable performance targets for a new programme (especially given the new client group). There was concern amongst some consultees about the performance expectations for WAS in comparison to other DWP-run programmes, especially when the spend per head and the delivery models were broadly aligned to what went before. This is not to say that providers and agencies are not taking their targets seriously (they are), but simply a reflection on the process and thinking that goes in to deciding these targets.
- 5.15 One related frustration from providers was a reported lack of timeliness of when data on the new programmes will become publicly available. The first set of statistics for the new programmes will be published towards the end of 2017, which was seen by current providers as too late to influence their planning for the 2018 programme. However, whilst final figures won't be published until the end of the year, monitoring and performance data and

learning has been available to current providers, the Scottish Government and SDS throughout, to monitor performance, encourage continuous improvement and inform planning for the 2018 programme.

The delivery models have raised frustrations with some feeling previous experience has not been built on.

- 5.16 There was concern from some providers that WAS is prescriptive in relation to programme delivery. This approach was adopted to ensure specific expectations of levels of service: including how often and how many times people are to be seen to deliver a consistent and coherent standard of service. Some feel this limits flexibility, for example, one provider thought that the length of time from referral to starting work was too short and not likely to not work in practical terms for the client group, who can be unpredictable, meaning that they need to be supported over a longer period of time. Some providers were concerned that their scope to innovate or draw on their experience was limited by the programme design; for example one lamented the loss of a 'black-box' approach (the Work Programme approach whereby the DWP was interested in job outcomes but allowed contractors to decide how to these).
- 5.17 SDS felt that the influence of DWP was reflected in the delivery model at the expense of their own experience in Scotland. For example, a service fee is being paid based on projected recruitment rather than actual numbers, and having a single provider in each area increases risk if that provider does not perform. This is an approach that SDS does not usually take, preferring to work on the basis of outputs and outcomes. A small number of consultees expressed concern that the payment model risks having insufficient incentives, both for recruitment and later for job entry, due to the high level of service fee and the low level of job outcome payments. However, others argue that the payment model enables smaller providers to make up-front investment in the programmes.

Lower than expected initial referrals to WAS was identified as an early implementation issue.

- 5.18 Several consultees cited lower than anticipated initial referrals to WAS as an early implementation issue. In relation to this, providers reported frustration that there were no indicative targets set for the volume of referrals that would be expected from JCP. However, this is not something that DWP would have considered as their model involves referring the right people to the right provision at the right time. In this context, low referrals could be perceived as a mismatch between supply and demand for the provision, and a clear conflict in expectations which could continue to be an issue in future. However, it is

also likely to be related to the fact that it was a new programme for a new client group and therefore took time to become fully established.

- 5.19 WAS providers are able to actively market and promote the programme to potential clients through their own networks, although referrals must be made through JCP reflecting the reality of the interaction between reserved and devolved responsibilities. Some providers reported that they would have liked more scope to reach out and recruit clients directly through links in the community, rather than being reliant on JCP for referrals. This was perceived as offering a way to mitigate the risk around having a single referral route and the limited extent and frequency of contact that JCP (reportedly) has with the target client group.
- 5.20 While again, using DWP client definitions to determine eligibility for services reflects operational reality, there were some frustrations expressed in relation to the definition of the client group. Whilst conceptually people understood it, some argued the definition was not helpful in practice. Moreover, there seemed to be limited information about the scale of different sub-groups, or around particular issues faced.
- 5.21 In hindsight, DWP recognise that they could have spent more time working with the Scottish Government on the volumes of referrals expected and to understand the WAS client group. This would have been particularly useful given that it is a new client group and there was limited knowledge about the overall scale of specific needs, within a fairly broad definition. This lack of clarity around the potential needs of users contributed to making the procurement process for WAS more onerous than perhaps it should have been for providers (discussed further in Chapter five).

New programmes have specific monitoring and reporting requirements. Earlier notification of what these should entail would have been helpful.

- 5.22 Two providers noted that they had to update their monitoring systems to meet the reporting requirements for WFS. One provider stated that there could have been clarification at an earlier stage surrounding these reporting requirements. Similar concerns were also highlighted in relation to WAS, where a provider stated that SDS wanted data to be displayed in a particular way, however this was not consistent with the way employability data was usually presented by that provider.
- 5.23 There was also reported to be some changes to monitoring systems introduced by SDS to ensure alignment and consistency with what was being collected for WFS. While this was a reasonable expectation, and is fairly typical of the activities associated with the introduction of new programmes, it

does highlight a learning point around alerting providers to these at as early a stage as possible.

6. Procurement

Overview

- 6.1 WFS was procured by SG through a non-competitive action with existing Work Choice providers. The process involved inviting providers to submit an 'Invitation to Negotiate'. They then entered into detailed discussions and negotiations with each provider before the contracting stage.
- 6.2 SDS were responsible for the competitive procurement process for WAS, the approach to which was based on that used for other employability programmes (including the Employability Fund).

What worked well?

Both programmes were contracted in advance of their launch date.

- 6.3 The procurement processes for both programmes were completed well ahead of time - providers were appointed and contracts in place within a relatively short timescale. Indeed, it was commented that contracts were agreed earlier than usual for programmes of this type. This is very positive.
- 6.4 The Scottish Government sought and benefited from legal advice at each stage to ensure they were keeping within the Public Sector Procurement rules – wanting a rigorous and thorough process. A key challenge they faced was in sourcing people with experience of procuring employability programmes. SG embedded in house SG procurement expertise in the programme team, seconded in people from DWP who had relevant experience and also sought advice from procurement colleagues within SDS. Moreover, the Scottish Government Director of Procurement sat on the Programme Board to aid with the resolution of any issues. This drawing in of wider experience was helpful and has enabled any issues to be resolved quickly and efficiently.
- 6.5 The Scottish Government Procurement Directorate wanted the ability to extend provider contracts into 2018 in case of any delays with the mobilisation of Fair Start Scotland. This recommendation was based on previous experience of other procurement. Although the Fair Work Directorate was initially resistant to this, they did agree and the option for extension was incorporated. However, this agreement took time and was only possible because they were using an invitation to negotiate as opposed to a competitive tender process. It perhaps highlights the need to agree such issues at as early a stage as possible.

- 6.6 Also, and building on the point made previously about the levels of engagement between the Government and providers, they were able to enter into negotiations with providers in advance of contracting. This was reported to have saved money as the Scottish Government could negotiate for the removal of “unnecessary costs”, for example some relating to the mobilisation phase.
- 6.7 The procurement process for WAS involved navigating EU procurement policy alongside domestic procurement policy. There was a reported tension between the two with EU policy placing emphasis on avoiding or managing poor performing providers, whilst Scottish Government policy was focussed on socio-economic factors. Navigating the two was reported to be challenging. However, this was achieved and they managed to procure provision in the limited time available whilst ‘avoiding a legal challenge’ (despite a threat).
- 6.8 One provider noted that the procurement process was carried out via Public Contracts Scotland (PCS) – a familiar system which aided the process for them.

What worked less well? What are the challenges?

The single tender process brought restrictions.

- 6.9 A few consultees were of the view that, although having a non-competitive action for WFS was the pragmatic choice given the time constraints on the programme, it would have been better if the contract could have been tendered competitively. This would have enabled the programme to be changed to a greater extent and it would have made it easier to performance-manage.

The SDS process was perceived as onerous.

- 6.10 There was some concern on the part of the Scottish Government and providers that SDS’s procurement process was too onerous for the size of programme, and that tender documents submitted were disproportionate to the value of the contracts. It was suggested by two providers that the Scottish Government’s ambition to encourage small, local specialist suppliers to participate in the procurement processes may be at odds with how the process worked in practice. It was said that there are not many local organisations who would have had access to the resources required to participate in the procurement process.
- 6.11 From SDS’s point of view this reflected:

- The need to meet EU procurement rules.
 - A lack of clarity about the detailed client groups that would be served.
- 6.12 There was also concern that SDS was too focused on the skills element of the programme at the expense of considering other barriers to employment faced by participants – particularly in relation to health issues. It was felt that, although SDS’s approach may work well for the Employability Fund, it may be less suited to a programme on the scale of WAS, and for the client group the programme was targeting.
- 6.13 There was concern that the intended client group for WAS had not been well-defined for tenderers. One consultee felt that there had been little clarification as to the nature of the barriers to work that participants might be facing. Providers felt they had to respond to a very open invitation about the nature of different issues in the overall client group. They had to cover all bases and state what they would do for each client group. This made the process much more onerous than it should have been. This in turn led to some very long bids that were also a frustration to those having to review and score them. It was suggested that a word limit would have been appropriate.
- 6.14 There was also a concern that the timescale to respond to the Invitation to Tender was too short. Again, this could have influenced who was able to bid. The challenge was seen to be particularly high on this occasion as providers had to bid for something that they had not delivered before.
- 6.15 There was also a concern that the bidding requirements were too inflexible. Providers saw this as reducing their ability to draw on their experience to best meet the needs of the client group (as described in Chapter Four). Similarly, one provider was also frustrated by SDS’s requirement for them to provide the names and addresses of employers, which they felt was inappropriate. This gave the impression that SDS thought that providers did not know what they were doing. Conversely, it could simply be seen as testing applicants’ track records and networks.
- 6.16 A further frustration with the tendering process was the definition of package areas. These were, we understand, based on previous DWP arrangements. However, it was commented that they did not correspond to coherent labour markets or make supply chain management arrangements easy.

Communications were an issue throughout the tendering processes.

- 6.17 In contrast to the Scottish Government, who engaged WFS providers in advance of procurement, SDS did not engage with providers in advance of the procurement exercise for WAS. For providers involved in both

programmes, this difference was very noticeable, and from their point of view to the detriment of WAS. That said, it was acknowledged that it may be easier to have dialogue during a single (non-competitive) tender process.

- 6.18 SDS highlighted a concern over the transparency of the tendering process, where providers bid for work and write in sub-contractors who 'may' assist with delivery. There was concern that some smaller providers might not actually get used as, whilst they were named in the bids, they were not guaranteed any actual business. This was reported to have been an issue with the Work Programme and at odds with the perceived desire to involve smaller, local and specialist providers.

7. Preparation for launch

Overview

- 7.1 As part of their preparation for launch, the Scottish Government asked each WFS provider to develop a comprehensive Implementation Plan, which detailed the key activities that were to be undertaken to ensure they were prepared for their go-live date on 1 April 2017. Providers had fortnightly meetings with the Scottish Government to measure progress against their agreed targets. In the final weeks, this activity intensified and there were daily checklists of actions. In addition, the Scottish Government established a 'go-live' readiness checklist with Job Centre Plus to ensure that all the relevant IT, partnerships and communications and performance monitoring systems were in place for both programmes.
- 7.2 SDS oversaw the mobilisation phase of WAS and provided updates on progress to Scottish Government. In January 2017, SDS hosted a session with all WAS providers, the aim being for them to familiarise themselves with each other and to establish a collaborative approach to delivery.
- 7.3 Another key area of activity during the mobilisation phase involved preparing systems for monitoring and reporting WFS and WAS activity. SDS used their Corporate Training System (CTS) for WAS, which they also use for their national training programmes and the Employability Fund. The Scottish Government agreed with the DWP that they would use their Provider Referrals and Payments (PRaP) system for monitoring WFS activity. This required a number of technical changes in order to meet the reporting requirements for WFS. There were also legal protocols, including data sharing agreements, to be established.

What worked well?

Scottish Government and providers communicated well throughout the implementation phase.

- 7.4 The Scottish Government had good pre-existing relationships with WFS providers prior to contracts being awarded and these continued into WFS. The engagement of providers in advance of procurement established a precedent of collaboration ahead of the mobilisation phase and ensured frequent and open communication, which both parties reported as being beneficial. One consultee reported that this partnership approach had worked so well that it would be incorporated into the mobilisation phase for Fair Start Scotland. This feedback was mirrored in discussions with WFS providers.

- 7.5 WFS providers were reported to have responded well to the process for developing their Implementation Plans and monitoring progress towards these. Although, a key learning point for the Scottish Government was that they it would have been better if they had developed standardised Implementation Plans for each provider to complete at the outset, rather than personalised plans. This would have ensured greater consistency in implementation across the providers and made it easier to track overall progress.
- 7.6 Providers for both programmes reported that most issues could be resolved quickly as they were able to communicate openly with SDS and the Scottish Government. For WFS, this was attributed to the collaborative approach to the mobilisation phase from conception through to completion. WAS cited having access to a single point of contact within SDS through dedicated Skills Investment Advisers as being particularly helpful. This clarity of relationship was valued. Moreover, it was viewed as a mutually supportive relationship, with one provider commenting that they were seeking to solve problems together.

What worked less well? What are the challenges?

The IT systems for both WFS and WAS have created challenges.

- 7.7 The changes required to the PRaP system to meet the reporting requirements for WFS were reported to have been more extensive than originally envisaged. These were being made throughout the mobilisation phase right up to programme launch. There were also more legal protocols to be followed than originally envisaged to ensure appropriate data sharing arrangements were in place. Last minute changes were reported to have created discontinuity for providers and may also have contributed to confusion at the delivery level.
- 7.8 The PRaP referral system for WFS did not work on the day of programme launch. This was attributed to a simple administrative error (the wrong start date had been entered into the PRaP system by DWP) however the issue was resolved within 24 hours, without the need to invoke pre-arranged contingency plans. This event was recognised by one provider as an “unfortunate and unforeseen issue”, and valuable lessons have been learned about the importance of contingency planning.
- 7.9 Another issue that became apparent to providers during this stage was that the monitoring system for WAS (CTS) was not set up to handle employability programmes in the way that they had been used to. WAS providers reported frustrations with CTS, stating that there were too many fields to complete, with

some less relevant for this exercise, which were taking up too much time. The original intention had been to use a different system (the Funding Information and Processing System – FIPS, which is the payment system used by SDS for Modern Apprenticeships), but this was apparently not ready in time. It is not clear if this would have improved the situation for WAS providers.

Scottish Government and SDS had different expectations about their respective involvement in the mobilisation phase.

- 7.10 One Scottish Government consultee felt that the WAS mobilisation updates to the Scottish Government needed to be more frequent and in more detail, to mirror the mobilisation reporting for WFS. However, this was cited as an issue by SDS, as they felt that the Government were trying to align WAS and WFS in spite of their differences. This comes back to the tensions reported earlier in this report about differentiating design and delivery, and the existence of two parallel programmes.

Information about the programmes was not delivered as broadly or in as much detail as would be expected. This resulted in insufficient briefing for JCP Work Coaches.

- 7.11 The Scottish Government, DWP and SDS originally planned a nationwide Implementation and Communication Plan to present information about WAS and WFS to JCP Work Coaches. However, this was significantly scaled back by DWP from what was originally planned. SDS, providers and the Scottish Government all cited communication to Work Coaches as being a major issue during this phase. There were two main issues:
- Firstly, there was a significant delay in SG and SDS getting access to Work Coaches, which meant they only received information about the programmes in the weeks leading up to the launch date.
 - Secondly, Work Coaches were not given enough detail on the programmes, including advance access to the draft guidance that was jointly developed between DWP and SG, meaning that they were insufficiently briefed ahead of launch.
- 7.12 WFS and WAS providers reported that they were not authorised by DWP to speak to Work Coaches about the programmes until four weeks before the ‘go live’ date. This was (reportedly) contrary to the standard timescales for launching new programmes, which usually happens 2-3 months before the ‘go live’ date. This caused frustration among providers who were keen to speak to Work Coaches and share marketing materials as soon as possible. This element of the mobilisation phase was of particular importance for WAS because it was a completely new offer.

- 7.13 In addition, Work Coaches were perceived by providers as having not been sufficiently or accurately briefed on the programmes. This has resulted in some service users being unaware that WAS and WFS are voluntary services, and being referred inappropriately to a provider, including referring individuals who were not looking for work. Furthermore, one WFS provider stated that they were receiving referrals for customers who would be more suited for WAS. However, they had accepted them on to the programme anyway as it is in their interests to maximise their numbers.
- 7.14 The issues mentioned above with Work Coaches were not recognised by the DWP who reported that this stage of the mobilisation process had followed their standard protocol and had been successful. The lesson for future should be to have a clear project plan (with timelines) that is agreed by all parties to avoid any doubt.

8. Early lessons from implementation

What has gone well?

Systems have been put in place to track implementation and address issues quickly and effectively.

- 8.1 There was reported to be a good system of checks and balances in place, which have enabled the Scottish Government to be responsive to unforeseen obstacles. In particular, the Joint Operational Group's weekly meetings have kept them well informed of how programme delivery is going thus far. The real test of these relationships, however, will only really emerge in time. These are relatively complex programmes, with a number of key players and new systems. Ongoing monitoring and amendments may be required.
- 8.2 A Questions, Ideas, Issues and Concerns (QIIC) Log was established to record all issues and queries relating to the programme raised by SG, DWP, providers or regional groups. This approach has enabled them to respond to inquiries efficiently and to track and identify recurring themes within these, which will feed into the future planning cycle.
- 8.3 The Scottish Government team believed that they have worked well under pressure and in the face of uncertainty. They have hired a number of very skilled staff with a breadth of expertise, including former DWP employees. Going forward, they might look to integrate with wider SG teams.
- 8.4 At an operational level, as described in the previous chapter, there was provider acknowledgement that contract managers are seeking to work with providers to improve delivery. Only one of the providers interviewed felt that the level of contract management was too much.

What has gone less well? What are the challenges?

There is concern about referrals.

- 8.5 At the time of the consultations, the volume of referrals were reported to have been lower than anticipated for WAS and sometimes inappropriate. The Joint Operational Group is working to address these issues, which were attributed to:
 - **The programme being new.** The programme may take some time for Work Coaches and customers to get used to and be aware of. This is particularly the case with WAS, which is a completely new offer.

- **The single source of referrals from JCP.** This can be considered an issue because, as highlighted by providers, some of the client group only visit JCP once every six months and so may not be well known to Work Coaches meaning that if there are any missed opportunities around referrals then they cannot be resolved quickly. Furthermore, Work Coaches are referring a similar client group to other DWP programmes, meaning that WAS may not be a priority for them. While it reflects the operational reality of the interaction between reserved and devolved responsibilities, providers cannot recruit customers (they are formally referred by JCP) on their own which creates a further step and so potential disincentive in the customer journey.
- **The time available to disseminate information about the new programmes to Work Coaches.** This has meant that there has not been enough time to get them fully up to speed on the programme to refer appropriate clients.
- **Understanding of the client group.** There is the view that more profiling of the client group could have been conducted to better understand where the engagement should take place and the relative scale of different sub-groups.
- **The programme being voluntary.** Giving people the choice to attend the programme may mean that some people have chosen not to. WAS providers voiced frustration that, whilst they have targets to meet they cannot recruit potential clients directly on to programme – they have to be referred through JCP (although providers can market and promote the programme to potential participants).

WAS providers were concerned about the potential impact of low referrals on their organisations.

- 8.6 At the time of the consultations, the initial referral rates were found to be causing concern for WAS providers. They were concerned about the potential impact on their organisation financially (as they have staff in place with no work to do as there is not the expected level of customers) and reputationally (as they will fail to meet their targets if referrals remain low).
- 8.7 At the time of the consultations, WAS providers reported concern about not receiving full payment due to a 'clawback' clause in their contract with SDS. The clause could result in a proportion of their service fee being taken back. This was perceived as a risk and potential deterrent to recruiting staff to deliver on the contract. It was subsequently confirmed to providers in writing

by SDS that they would not be activating this clause, but at the time it was considered a threat by providers.

There is a large amount of paperwork to complete for WFS, which was reported to be affecting the speed at which customers can start on the programme.

- 8.8 Another issue that has surfaced during the early stages of delivery, and that was commented on by one provider, is the large amount of paperwork to complete with customers to start them on WFS. With Work Choice, this paperwork was reported to have taken 45 minutes to complete, but one WFS provider reported that it is taking up to three hours in some cases. It is not clear if this was due to teething issues with the new system. However, it was reported to be resulting in customers having to attend multiple sessions in order to complete the paperwork, which was causing an issue for this provider's delivery partners, who were not aware that the paperwork would take this length of time.
- 8.9 One provider referenced the numbers of WFS customers moving into work and the lack of an employer incentive built into the programme. This particular provider has decided to meet the cost of this themselves, out with the WFS programme funding, in order to increase the number of customers moving into work. How far this organisation's approach works in comparison to the approaches of other providers will be an issue to return to later in the programme.

9. Summary of key messages

- 9.1 This final chapter seeks to read across the material presented to summarise the key messages that have emerged. As with the rest of the report, we have retained a focus on what worked well and what worked less well. We have presented these lessons in summary form to make them accessible for wider dissemination if appropriate.

What worked well?

- The key point throughout is that both the Scottish Government and SDS have launched their programmes on time and relatively smoothly. Given that they were new programmes and that this was a new area of activity for the Scottish Government, this is a significant achievement.
- Moreover, the experience of going through the design, development and implementation process has provided valuable learning for the launch of future programmes.
- The Governance structures received a wide range of positive comment. The various groups appear to have worked well: high quality papers were produced; information was shared in an open way; and those attending felt that their views were valued.
- Relationships and joint working between the Scottish Government and DWP have developed over the period. From a slightly slow start, there now appears to be much closer working and mutual understanding.
- The Scottish Government has been able to build its own capacity in a fairly short period of time. This has been helped through secondments and recruitment from DWP, as well as advice and guidance provided by SDS and other key individuals.
- The decision to have a transitional year was widely regarded as pragmatic within the timescales available. It greatly reduced the risks around launching the new programmes and has created the opportunity to learn about a range of issues which should benefit the full devolved programme starting in 2018.
- The procurement of both programmes was successful, with providers being appointed and in a position to start delivery on time. The relatively open discussions around the non-competitive awards for WFS were viewed favourably.

- The mobilisation period was very tightly managed with standard process and regular contact with providers. This helped to ensure a smooth launch.

What worked less well? What are the challenges?

- The parallel decision making structures in Scottish Government and DWP have created some challenges, mainly related to the timing and sequencing of decisions than as a significant detriment to decisions being made.
- SDS felt their potential role changed. Moreover, although they were asked to input to the design of WAS, the timeline for delivery, and shifting financial and policy parameters from the UK Budget announcement, combined with the overarching need for Government to Government accountability, necessitated decisions to be taken while undertaking the development work. As a result, SDS felt the design of the programme was directed more by Scottish Government than would normally have been the case for programmes that they deliver on their behalf.
- There was some frustration, particularly on the part of providers, that despite a wide ranging consultation the new programmes were funded to a similar level and operated very much like those that had come before. They had expected more change, reflecting a communication issue around managing expectations.
- The procurement of WAS was described as onerous. This could have caused issues for some smaller providers. It also led to a significant amount of staff time being required to review bids.
- There was concern about initial levels of referrals to WAS. This was seen to reflect: a lack of detailed understanding about the client group; the limitations of having a single referral route (JCP) to the programme; and the delay in briefing JCP Work Coaches about the new programme.
- Despite contracts being in place at an earlier point than usual, the programmes were not promoted to Work Coaches until four weeks before launch. It was widely commented that this should have happened earlier.

10. Next Steps

On 4th October 2017, the Minister for Employability and Training Jamie Hepburn confirmed that in April 2018 Fair Start Scotland will be delivered by a mix of public, private and third sector organisations in the nine contract package areas across Scotland. This new partnership approach will see more than half of the provision delivered by supported businesses, third sector organisations and public sector bodies in Scotland.

The announcement was made by way of a statement to the Scottish Parliament¹ and a Scottish Government News Release².

The next steps to deliver Fair Start Scotland include:

- Establishing and maintaining robust and effective governance of Fair Start Scotland through development to delivery, with consistently high quality and effective support; accurate information shared in an open way; those participating feeling they were treated with dignity and respect and their views were valued; and aligned and co-ordinated decision making within and between Scottish Government and DWP.
- Embedding the new level of joint working that exists between Scottish and UK Governments, where Scottish and UK Ministers have agreed to develop a Joint Operating Framework to underpin, enhance and improve the continuing operational interaction between DWP and Scottish Government. This will focus on alignment between reserved and devolved services in Scotland to ensure they are accessible and transparent to people who need to access them; encouraging shared learning; and drawing on the wealth of existing experience in DWP and Scottish Government.
- Scottish Government and DWP working collaboratively on the co-production of operational guidance and materials on Fair Start Scotland for disseminating to JCP Work Coaches, and doing so earlier than was the case for 2017 transitional programmes.
- Scottish Government identifying 2017 lessons learned and monitoring transitional and performance data to inform planning and performance management for the Fair Start Scotland service.

¹ <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11129&i=101512>

² <https://news.gov.scot/news/fairer-approach-to-employment>

- Scottish Government developing a Fair Start Scotland referral strategy with DWP to plan, assess and monitor volumes of referrals expected and delivered.
- A collaborative approach with Scottish Government, DWP, Fair Start Scotland partners and successful providers in the Fair Start Scotland mobilisation phase from conception through to completion.
- Extensive mobilisation planning and activity is already underway, involving Fair Start Scotland providers and the Scottish Government Performance and Operational Support Team. These plans will be used to identify and agree the workstreams, critical activities and detailed IT developments required to support service delivery.
- Issuing detailed and consistent Operational Guidance to Fair Start Scotland providers to ensure clarity on performance reporting and monitoring systems. This guidance will support providers in their delivery of Fair Start Scotland and provide clear performance and delivery indicators against which Scottish Government will monitor their performance.



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