

Working together to reduce re-offending

**Improving Prison and Probation Services:
Public Value Partnerships**

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Foreword

Rt. Hon. John Reid, MP, Home Secretary
 Baroness Patricia Scotland, QC, Minister of State for
 the Criminal Justice System and Offender Management
 Gerry Sutcliffe, Parliamentary Under-Secretary for
 Criminal Justice and Offender Management

Foreword

It is now two and a half years since Lord Carter's report 'Managing Offenders – Reducing Crime' was published recommending the creation of a National Offender Management Service (NOMS) to ensure end to end management of sentenced offenders.

Although we have made some progress with new structures at national and regional level, we now need to pick up the pace of change to make a reality of that original vision. In particular, we need to harness the dynamism of as wide a range of talents as possible from the private, voluntary and public sectors to ensure that offender services are only delivered by those who show they can do the best job.

Making our communities safer and reducing re-offending is our highest priority and one of our biggest challenges. Commissioning with contestability underpins this reform by ensuring the right range of interventions is delivered to the right offenders at the right time. This in turn increases public protection, increases the safety of our communities and reduces re-offending. Managing the risks associated with supervising offenders in the community is central to our plans for service improvement.

Since 1997, spending on prisons has risen by more than 30% in real terms and spending on probation has risen by around 70%. One quarter of overall spend by NOMS – more than £800m a year – already goes to private and non-profit providers –

for example to build and manage new prisons and run prison escort or electronic monitoring services. But I want to go further – particularly in relation to the management of low level offenders in the community, where less than 5% of the budget currently goes outside the probation service.

Competition is no longer new in correctional services. Performance testing and competition for new prison contracts has already had a major effect on driving up standards across the custodial sector. I want to build on and extend this approach in a rapid and vigorous way to the probation service to raise standards there too.

This year and next year we are requiring local probation areas, on a voluntary basis, to double and then double again the proportion of services they contract out. From April 2008, legislation permitting, we will go further and compete a much larger proportion of the interventions they provide – up to £250m worth of services a year. This will include offender-directed services, the largest of which is unpaid work. And where a whole probation area is failing to deliver expected levels of performance we plan to put the whole offender management function out for competition.

No single provider can meet all the needs and challenges of victims and offenders. There are already over 1,100 organisations funded by NOMS to work with offenders. They work in this challenging sector because they have a common purpose: to make a positive difference to our society. We need service providers with this common purpose to work closely together across

organisational boundaries on reducing re-offending and increasing public confidence. To succeed in this challenging work we need all providers to play to their strengths. Small local providers and large national providers all make key contributions. Each bring their own set of skills and expertise.

I value the public sector and it will have a continuing role. However, all current providers should be open to challenge and able to demonstrate that the services they offer are the best available. We must do all we can to get the best possible service provision.

This document sets out our initial intentions for creating lasting public value partnerships – bringing together the best of all. It gives current and prospective providers an indication of the pace and scale of change

we envisage and should help providers prepare for the future with greater certainty of our intentions. Rest assured there can be no going back. There is only one future now for correctional services and that is as a true mixed economy of provision which draws on the skills, expertise and investment of all. We will use this document to discuss our intentions further with providers, listen to their views and then publish an update on our intentions.

John Reid, MP, Home Secretary
Baroness Patricia Scotland QC,
Minister of State for the Criminal Justice
System and Offender Management
Gerry Sutcliffe, MP, Parliamentary Under-
Secretary for Criminal Justice and Offender
Management

August 2006

What we need to achieve

1 What we need to achieve

Headlines

1.1 Over the past nine years, spending on prisons and probation has risen dramatically¹. There have been real improvements in both prison and probation performance, but despite this investment almost half of crimes are committed by offenders who have been through the criminal justice system before. And a number of significant public protection failures have damaged the public's confidence in the whole criminal justice system.

1.2 We can and must do better with the resources available. But we cannot do this alone. Our approach requires effective partnership working with other government departments as well as among NOMS' public, private and voluntary sector providers in order to better protect the public and reduce re-offending.

1.3 NOMS has introduced commissioning and is extending contestability to drive service improvement. Commissioning involves separating decisions about what services are required from the provision of services. By doing this NOMS will be better able to ensure that the right service is provided at the right time in the right place to the right offenders.

1.4 Contestability is a mechanism for driving performance improvement. It gives existing providers working across NOMS the opportunity to demonstrate they are

delivering value for money, and it gives other providers the opportunity to show what they could do. The approach is not wholly new. This document sets out how NOMS will increase contestability to secure the best services to protect the public and reduce re-offending. It includes detail on the proposed scale and pace of contestability. This will help existing and potential providers (who are our primary audience for the document) to prepare for the extension of contestability.

1.5 It will be followed later in the year by the publication of NOMS commissioning plans. These will include more detail on elements of the contestability programme set out here.

1.6 Commissioning with contestability means NOMS can move further away from the one-size-fits-all model where services are provided based on what has been provided before. The varied needs of victims, and work needed to be done with offenders, means that NOMS commissioners need to make better use of the skills and talents of the public, private and voluntary sectors.

1.7 Many of the adult offender services required will continue to be delivered by the public sector. But commissioners need to invest NOMS resources differently in order to deliver a step change in performance. And where private or voluntary sector providers can show they can do a better job, or fill gaps in provision, they will get the chance to show what they can do.

¹ Since 1997, spending on prisons has risen by more than 30% in real terms and spending on probation has risen by around 70%.

1.8 In October 2005 NOMS published its consultation paper, *Restructuring Probation to reduce Re-offending*. Developing commissioning and the extension of contestability from the custodial to the community sector generated concern for some and impatience for change from others. The planned transition to new Probation Trusts also prompted some questioning whilst others welcomed the opportunities that greater independence would bring. NOMS needs to reconcile these different perceptions of the processes that we are embarking on, but we need to be very clear – no change is not an option.

1.9 This document is a key stage in NOMS discussions with providers. Commissioners will listen to what providers say about it and publish updates that include more specific details.

Our priorities and how providers can help us meet them

1.10 NOMS needs its providers to manage offenders better in custody, in the community, and across the divide between. Our present system is not doing enough to help offenders change, or to cut crime. We need our providers to match more effectively the services provided with the risks presented by different offenders.

1.11 We must build on existing good practice, but also recognise that the ways in which services are provided now are often not effective enough. Too many offenders re-offend and remain a danger to society. As well as reducing ineffective practice and spreading what works, we must find effective new approaches to punishment and rehabilitation.

1.12 No one provider can meet all the challenges that the varied needs of victims and offenders present. NOMS needs to draw on the skills of a wide range of organisations working together to common goals and each playing to their strengths. A mixed economy of providers is needed. Our aim is to harness the dynamism and talents

of a diverse pool of public, private and voluntary providers, each with their own set of skills and expertise.

1.13 As well as introducing greater contestability into NOMS services, we also need to work in stronger and more creative partnerships with a wide range of other organisations if our work with offenders is to succeed. Regional Offender Managers (ROMs) need to build a complex range of partnerships to reduce re-offending, not just with immediate prison and probation providers but through alliances with health, education, employment, local authority and other criminal justice sector partners. Approximately 50% of public expenditure on adult offender services comes from other government departments, with the remaining expenditure coming from NOMS in the Home Office. This is because NOMS cannot achieve its aims of public protection and reduced re-offending without working collaboratively with the Department of Health and its agents, the Department for Education and Skills, other government departments and local government.

1.14 We need to enable ex-offenders (often socially excluded) to access better mainstream services that are provided outside the criminal justice system, and ROMs are key to developing these pathways through co-commissioned arrangements. We are incorporating three strong alliances – the Corporate Alliance, the Civic Society Alliance and the Faith and Voluntary Sector Alliance – to promote and encourage greater involvement from employers, local authorities, and voluntary and faith organisations in reducing re-offending. Furthermore, Local Area Agreements at Local Authority level are an important vehicle to embed the wider responsibilities to reduce re-offending and promote public protection:

“When offenders are committed to changing, we want offender managers to be able to call on support for them in a very wide range of areas – including health, education and skills, employment, social and family links, housing, drug and alcohol abuse, finance and benefits. This needs strong partnership working across Government and beyond, including with Local Government, employers and the voluntary and community sector, as well as with local people and communities.....”

source: A Five Year Strategy for Protecting the Public and Reducing Re-offending

1.15 The opportunities will be there for those willing to work with others and play to their strengths, those who can demonstrate effectiveness and impact, those who can draw in the skills of volunteers and community groups, those who want and are able to make a difference.

1.16 The new model of offender management recognises that one-size-fits-all is not effective and that each offender needs a tailor-made sentence plan to help them to ‘go straight’. This means bringing together a variety of expertise to deal with the wide range of issues that offenders must address. The sentence plan will identify how a range of interventions will contribute to making offenders turn away from crime. Commissioning has the potential to bring a greater diversity of providers and to join up services across organisational boundaries.

1.17 The legislation being prepared will enable service delivery across organisational boundaries that support the end to end management of offenders. Contracts can and will span organisational boundaries and bring together multiple organisations working in partnership. We will actively encourage consortia to come together in order to deliver services.

1.18 Collating information from sentence plans on a local, regional, or national basis will help NOMS understand which services

and interventions are being provided, by whom and which are in most demand. Such information, coupled with local knowledge and information sharing between the ROMs, sentencers and other key stakeholders, will help inform commissioners about what is needed and what is considered to be most effective in delivering a reduction in re-offending.

1.19 Under current legislation the statutory duty to make arrangements for the provision of probation services rests exclusively with local probation boards. As soon as parliamentary time allows we will bring forward legislation to place on the Secretary of State the statutory duty to make arrangements with others (whether in the public, private or voluntary sectors) to provide probation services. There will be no statutory monopoly in the provision of particular services. Instead, commissioners will be looking to providers to play to their respective strengths and deliver those services which they are best placed to provide.

1.20 Although the removal of probation boards’ statutory duty may feel threatening to the public sector, there is little to fear for those who are determined to deliver service excellence. Providers who demonstrate that they provide effective services and value for money can expect multi-year contracts or service level agreements. The services we commission are critical and complex. NOMS commissioners want to build stable strategic alliances with organisations in all areas, and create an environment where they can flourish and deliver against our vital task of protecting the public and reducing re-offending.

1.21 Performance monitoring and management arrangements will let providers know if they are delivering what is needed. Providers who successfully deliver what is needed can expect a greater degree of autonomy so that attention can be focused on improving the performance of those whose service delivery is less satisfactory.

1.22 Commissioners will be seeking continuous improvement. They will challenge existing service providers to demonstrate that they offer the most efficient and effective services possible, and where they do not commissioners will give other potential providers the chance to show what they can do.

1.23 Our staff deserve the best possible leadership and management, and the opportunity to make a difference. If an organisation continually fails to deliver, it is failing its staff as well as offenders and the public. If a new provider takes over, staff will be protected in law, and will have the opportunity to work for a more effective organisation.

1.24 In short, our plan for extending contestability is not to cut costs or have competition for its own sake. It is about improving service standards, encouraging innovations that result in less crime and getting the best mix of services and service providers.

1.25 Within the contestability framework, partnerships with a wider range of providers offer us a real opportunity to improve our services, and there are a number of examples where partnerships are already working on the ground. Our challenge is to build on such collaborative efforts and ensure that we are clear about the outcomes delivered.

The Eastern Region Families Partnership is a long term partnership between the Prison Service, the Lankelly Chase Foundation and the Ormiston Trust. The aim is to support the families of offenders across both prisons and the wider community and the Ormiston Children and Families Trust provides the operational lead. This Partnership cuts across the statutory and community sectors and has been able to attract money from other funding sources including the Local Authority, the Primary Care Trust, the Children's Fund, Comic Relief and a number of grant-making foundations.

The work is based on recognising that offenders returning into more stable family environments are less likely to re-offend. Importantly, the project has a linked full-time researcher to assess the impact on families who has produced a number of reports covering the needs of families and children of offenders. The Partnership is also being externally evaluated and the evaluation report covering its first three years (2002-2005) is now available.

Governance comes from a Board that includes the three principal stakeholders, the operational lead charity, Probation, NOMS, the Health Authority and other voluntary sector organisations.

Turning Point staff at the Drug Intervention Programme team in Somerset have an effective partnership with their Probation Area and with the Prison Service, to address substance misuse by offenders.

They work in multi-disciplinary teams based in probation offices; a team approach. The team includes members of probation staff and an NHS nurse. They not only share an office, but also facilitate group work jointly, have weekly team meetings, discuss cases freely and make joint decisions on individual plans.

All team members work out of each others bases. For example Turning Point run groups and clinic sessions at the NHS drugs clinic and see referrals for assessment and 1:1 appointments at the local Turning Point project office. The Turning Point team members are known by the other individual team members and are warmly welcomed by them. Although the different workers come from very different professional backgrounds they work effectively together.

NACRO, the crime reduction charity, manages a rehabilitation and resettlement programme for prolific offenders in Blakenhurst prison and on release. The programme provides help with drug rehabilitation, benefits, training and housing.

Initially funded by the regional Government Office and now by the police and drug action team, it was established when police identified a small number of people in Solihull who were responsible for a large proportion of crime. Key to success is partnership working with the prison service, police and drugs agencies; good planning with prisoners; immediate practical help on release; and intensive post-release support.

NACRO reports that independent research shows significantly reduced rates of re-offending. Participants on average committed six offences in the year before custody and 0.45 on average in the year after release.

In Bristol, the Prospects drug intervention programme run by UKDS (part of the Sodhexo Alliance group of companies) works with challenging offenders who need intensive support post-release. Bristol Prospects is part of a national pilot involving the private, public and voluntary sectors. The Bristol project shows the innovations new providers can bring to case management. The programme involves a programme of prison assessment visits – typically three, but at least one – which leads to the design of personal programmes for each participant. Released offenders are collected from the prison gate by UKDS and transferred to the residential centre. All participants have at least 35 hours of education and activities per week, with an increasing amount of life skills work as the programme progresses. At the end of 12 weeks the ‘hand hold’ stage of the programme begins. At this point the programme switches from helping participants manage themselves to integrating them back into the community through help with housing and job searches.

The programme brings in the skills they need from outside providers, such as Bristol City College.

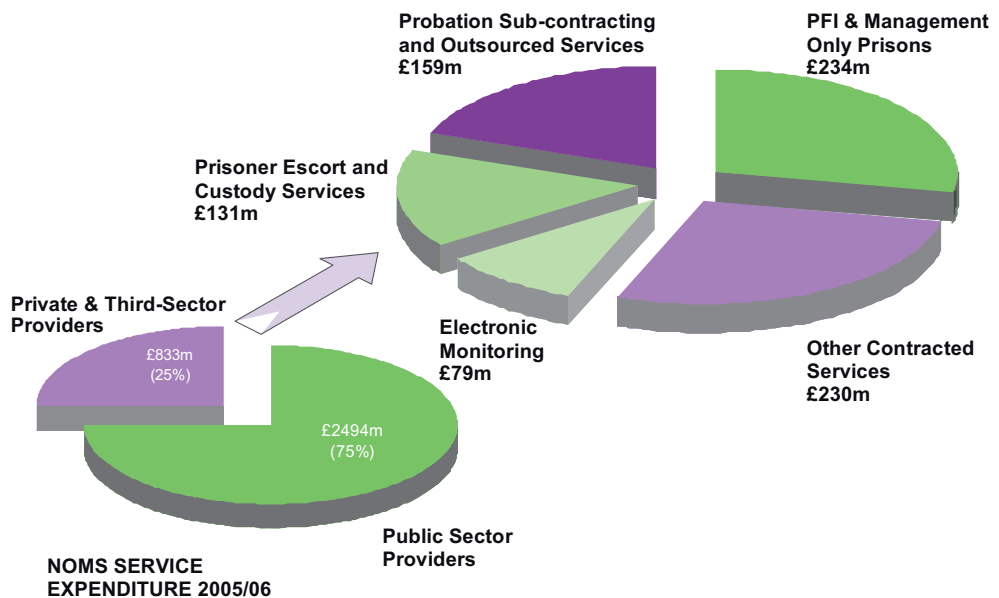
The Bristol programme is already delivering the partnership model that NOMS is seeking to encourage for the future. Prospects Bristol is seeking to further develop its links with the community and has already created projects that specialise in working with ethnic minority offenders, particularly those who do not normally engage with organisations providing rehabilitation services.

Where we are now and where we need to get to

1.26 Contestability is not new to NOMS (see figure below). Around 25%, by value, of adult offender services are delivered by private and voluntary sector providers. Whilst we have greater plurality of provision than many government departments, there is further to go before we have all providers playing to their strengths. There are over

1,100 organisations delivering correctional services in England and Wales, but the values of these contracts are often very low; on average probation boards sub-contract around 2%-3% (by value) of their budget allocated for providing adult offender services.

The current range of providers of NOMS services, Expenditure 2005/6



1.27 Key elements of our programme of contestability for prison and probation services will include:

- ***Challenging underperforming prisons and probation boards to demonstrate how they will improve, with contests held to commission alternative provision if existing providers fail to provide or deliver a satisfactory improvement plan²;***
- ***Market testing (when legislation allows) a range of offender services (interventions) across community and custodial settings;***
- ***A major extension of partnership working and sub-contracting by probation boards to enable a wider range of providers to play to their strengths and deliver offender services;***
- ***Competitions to run new business including the building and operation of all new prisons and other accommodation for offenders;***
- ***Pathfinder projects that offer new solutions;***
- ***New competitions for previously competed services, including competitions with new specifications so that they cross custodial and community boundaries to make them more effective.***

1.28 Overall we envisage a five year programme of competitions, with a value of up to £9 billion, covering around a quarter of NOMS current annual expenditure on adult offender services. Additional to this is the value of competitions for any prison establishments or probation trusts which fail a performance test or fail to deliver agreed improvements.

1.29 The table below sets out an overview of our direction of travel. The scale and pace of the programme balances the urgent need for change with the operational pressures facing existing providers. It offers opportunities for existing providers to demonstrate improvement and innovation, but also offers new partners an opportunity to show what they can do.

² For probation, this will require legislation.

WHERE WE ARE NOW	WHERE WE EXPECT TO BE IN 5 YEARS
<p>Nearly all unpaid work schemes delivered directly by probation staff.</p>	<p>Most unpaid work to be delivered through provider consortia, including private and voluntary sector alliances with probation trusts. We will encourage Local Authorities to help to identify work schemes relevant to their communities, providing hours of work and potentially overseeing offenders on such projects.</p> <p>Unpaid work will become increasingly visible to the communities it serves and local communities will have a say in unpaid work projects undertaken in their community.</p>
<p>Fragmented delivery of rehabilitative programmes to offenders, with separate and disconnected services across custodial and community settings. Where programmes are provided, there is variable and often limited involvement of the private and voluntary sectors. Service provision is often based on historic developments rather than offender need.</p>	<p>Programmes to be coherent across custody and the community with more programmes being delivered by provider consortia with private, public and voluntary sectors working together. Service provision will be more closely aligned to offender needs and more responsive to changing demands and priorities.</p>
<p>Virtually no private sector or voluntary sector involvement in probation boards' victim contact work.</p>	<p>Victim contact work to be delivered by providers who have demonstrated that they are best placed to provide these services.</p>
<p>Difficulties in responding quickly to change in demand for additional offender services across the system, or making necessary changes, such as the availability of particular offending behaviour programmes.</p>	<p>Capacity challenges met through the involvement of public, private and voluntary sector providers.</p>
<p>Some pioneering but under-developed contributions from faith groups and volunteers.</p>	<p>Developed partnerships promoting the value of wider community participation in NOMS objectives and delivering NOMS intent to address race, gender and other equality issues.</p>

How we will achieve what we need to

2 How we will achieve what we need to

2.1 NOMS is using a range of approaches to drive service improvement.

- 1 Commissioning and end to end offender management have been introduced and are being rolled out to match up the services provided to offenders with the needs and risks associated with those offenders. NOMS structured risk assessment process, the Offender Assessment System (OASys), is considered to be the most advanced system of its kind in the world.
- 2 Through regional structures, NOMS commissioners will engage with local and regional stakeholders to decide on the precise services that are needed.
- 3 Regional commissioners will work closely with sentencers, sharing information with them on what they understand to work for different offender groups and what they understand different offender groups to need.
- 4 Commissioners will negotiate changes in service mix to more closely reflect what is needed and get closer to 'the right service being provided at the right time in the right place to the right offender'. Commissioners will be entering into contracts that cross organisational boundaries to secure seamless provision and make a reality of end to end offender management.
- 5 Commissioners will work with partners across Government and beyond and will be a key enabler for offender management, ensuring that offender managers are able to draw down services to better protect the public and reduce re-offending.
- 6 Priorities for investment and changes in service mix will be set out in annual Commissioning Plans. The Commissioning Plans will also set out, in more detail than this document, the programme of contests planned in each region. This detail will be drawn from the information which each probation board will share with the ROMs concerning their sub-contracting plans later this year.
- 7 Commissioners will monitor provider performance against contracts and Service Level Agreements (SLAs) to ensure continuous improvement.
- 8 Commissioners will challenge existing service providers to demonstrate that they offer the most effective and efficient services possible. Commissioners will enter into contracts that offer choices, service innovation and effective partnership working to offender managers who prepare and oversee the delivery of individual offender sentence plans.
- 9 Commissioners will design competitions which encourage more integrated services, with end to end service specifications that cross organisational boundaries.

- 10 Commissioners will encourage collaboration between providers, including bids in partnerships, consortia and joint ventures, so that services are seamless.
- 11 Commissioners will promote continuous improvement and challenge services that are failing, but will also contest services which might benefit from a different approach and different provider mix.
- 12 Commissioners will encourage diversity of provision for diverse communities through open and impartial contests.
- 13 A more rigorous programme of performance assessment and improvement testing in probation services is being developed and introduced now, both to accelerate the pace of performance improvement and to identify where further action is required. Commissioners will also continue the programme of prison performance testing, alongside the continuous improvement work of those who run prisons. Details of the commissioner – led programme will be confirmed later in the year

Wider delivery partnerships

2.2 There are a large number of organisations outside the public sector already working with offenders. Some are very large, and perform central and important functions – for example, there are private sector organisations running prisons and providing prisoner escort services and electronic monitoring of offenders in the community. But in other areas, and particularly in probation work, private and voluntary sector providers are generally engaged on a much smaller scale, and may only be offered opportunities to get involved in services that are relatively peripheral. All providers are not yet playing to their strengths, not fully recognising the contribution each sector can make to the common goal of reducing re-offending. This must change. Commissioners will be challenging existing providers to look critically at themselves, and at the work they do in-house, and look at what could be done better by others.

2.3 All providers – new and old – must be prepared to collaborate with others, through consortia or other partnership arrangements. It is essential that providers work together with other agencies, including the courts, the police, and those involved in health, education, employment and housing. The recent National Reducing Re-offending Delivery Plan shows how partnership working is needed to address the complex linked factors that can reduce the chances

of offending – helping people off drugs, supporting them to find work, or helping them get stable housing. We want to create an environment which supports partnership working as a matter of course, but also encourages new ideas and approaches. For example:

1. The South Yorkshire Partnership Skills Network was established in 2002 as a countywide programme of foundation learning and resettlement for ex-offenders and those at risk of offending. It was designed to widen the participation of offenders in learning and skill development and improve their confidence and motivation. The objective is to enable offenders into work and evaluation demonstrates success.

The Society of Voluntary Associates (SOVA) manages the programme in association with a large range of partners, in particular the Learning and Skills Council, the Prince's Trust, Jobcentre Plus, enterprise agencies, prisons, Connexions, Drug Action Teams and others.

2. Clinks is a national specialist infrastructure organisation which supports voluntary and community organisations that deliver services to offenders and their families. Its Regional Information and Skills Project (CRISP) uses an Action Learning approach to build effective relationships to enhance service delivery

across all three sectors working in partnership with public and private prisons, NOMS, and the Probation Service.

2.4 Both examples support the growth of smaller providers and are bringing new providers into the market. Organisations which provide support to vulnerable people should be brought in to use their skills and strengths in working with offenders, either directly or initially through a partnership arrangement with a more experienced organisation.

Driving up standards

2.5 Competition across NOMS is not new. In fact, it is further advanced than in many other public services. In the contestable custodial environment, service standards have risen in recent years. Bodies such as The National Audit Office, the Confederation of British Industry and HM Inspectorate of Prisons consider that competition has driven up standards.

The introduction of performance testing of Prisons has delivered significant service improvements, as illustrated by two prisons, Dartmoor and Bullingdon.

In 2001 the HM Chief Inspector of Prisons reported of Dartmoor “We discovered a prison which was itself imprisoned in its own past – locked into unsuitable but historic buildings and, more importantly, into an outdated culture of over-control and disrespect for prisoners”³

Since this inspection and subsequent performance test, there have been very significant improvements in performance. Indeed, in the latest inspection report in June 2006, the HM Chief Inspector said:

“This is the third inspection of Dartmoor since I became Chief Inspector in 2001. It describes a prison that has been transformed during those five years. Dartmoor was a prison stuck in a time-warp – over-controlled and disrespectful, and offering scarcely any positive benefits to prisoners. It is now recognisably a 21st century training prison, with good and improving resettlement opportunities for prisoners ...

... Dartmoor is an example of how the culture and effectiveness of a prison can be changed. Inspections have exposed serious concerns; managers have set out a clear vision for the prison, and engaged staff in its delivery. In spite of its unpromising location and historic buildings, Dartmoor is now an effective part of a modern prison service, and this is a credit to all who have worked hard to change it. This report, unlike its 2001 predecessor, is unlikely to make national headlines. That is a shame: the new Dartmoor deserves as much praise as the old Dartmoor deserved criticism.”

Bullingdon was already showing improvement in 2004 following its successful completion of a performance test, with the HM Chief Inspector of Prisons reporting “This short unannounced inspection of HMP Bullingdon found a prison that had visibly improved since our last inspection in 2002 ... It was clearly an establishment that had turned a corner ... With the performance test won, there is now a real opportunity to build on this progress”. Since then, it has continued to demonstrate significant overall cultural and performance improvement, including an increase in purposeful activity by offenders, improved sentence planning and a better drugs rehabilitation regime.

2.6 We will now extend contestability to probation, making sure that services are delivered by those who show that they can do the best job. Commissioners will reward current providers who are doing well with long term contracts and improve services by replacing others with new providers who show they can do better.

2.7 Probation boards have improved their performance in recent years but commissioning will help us do more to monitor and improve performance. The service level agreements negotiated between the commissioner and probation boards will set out the targets we expect them to deliver and will form the key focus for improvement.

2.8 To accelerate this, we are introducing a more rigorous performance improvement and testing system for the Probation Service. It will focus initially on those probation boards which are performing well below the standards of the best. The process will assess probation boards' current performance and their capacity and determination to change in order to deliver the outcomes required. They will be challenged to develop acceptable improvement plans and held to the delivery of them. If these poor performers fail to demonstrate improvements, we will look to contract out service delivery to those who can do a better job.

2.9 We are developing the detailed procedures for this process and reviewing the current performance framework for the Probation Service. As we do so, we have already required the six boards responsible for the poorest performance against the current weighted scorecard to produce immediate improvement plans.

2.10 This process is likely to be extended to all providers in due course. For high performers, it might be used to judge whether they could be given greater autonomy and freedom.

How NOMS will procure efficiently

2.11 Providers have told us what would make an attractive commissioning environment for them, including:

- Fairness and openness of competitions;
- Making it easy to get into the business;
- Getting the focus on outcomes right;
- The same performance management rules for all;
- Recognising that sometimes providers need support for some development costs;
- Achieving full cost recovery, and building this into contracting;
- Contracting that fits the scale and nature of the business;
- Enabling partnerships to really work with clarity about how risks are shared;
- Ensuring that small providers are encouraged;
- Developing trust between the various players;
- Ensuring that all providers meet their equality and diversity commitments;
- Understanding that new projects and programmes need a lead-in time to become effective.

2.12 NOMS will address these points in the following ways. We will:

a) Support effective provider partnership structures

We want to commission from consortia and other provider partnerships across organisational boundaries. We believe that this will encourage small providers to deliver correctional services and participate in

NOMS competitions to select future service providers. Partnership extends to including providers in the service planning phases. We want providers to bring their ideas to the planning table – including ideas about where there are gaps in provision, or about improving services. Initially we expect public sector providers to lead many partnerships, but in future this need not be the case.

Regional commissioners will not hold large numbers of small, local contracts. Rather, we believe local delivery will be enhanced by regional commissioners contracting directly with main providers, who will sub-contract and enter into partnership arrangements with local providers that meet the regional commissioners' requirements.

Two different types of partnership approach are outlined below:

NHS LIFT

The Department of Health has entered into a national joint venture with Partnerships UK to promote and develop a new market for investment in primary care and community based facilities. They have established a joint venture company, Partnerships for Health, which promotes the creation of LIFT companies which are joint ventures between local NHS Trusts, Partnerships for Health and private sector partners.

LIFT Companies are partly owned by the Private Sector and partly owned by the Public Sector to build, operate, finance and maintain primary care buildings. LIFT companies involve the private sector where they can most add value and provide investment in modern integrated primary care services in areas where patients most need it.

The Centre – Newham

One of the first LIFT schemes private sector partners has joined with the Local NHS Trust to provide a £4.9m purpose built one stop primary care centre which has relocated 3 GPs practices and includes facilities for:

- *District Nursing*
- *Health Visitors*
- *Dentistry*
- *Pharmacy*
- *Diagnostic Services*

The LIFT company provides the finance and management and maintenance of the new facilities with the health services being provided by the NHS Trust.

NEW DEAL – Lead Provider Model

New Deal is a key part of the Government's strategy to get people off welfare and into work and provides opportunities for people to develop new skills and obtain the training they need to improve their chances of entering into long term employment.

In Hackney, East London, Working Links (a public-private-voluntary joint venture) is the lead provider responsible for ensuring New Deal is delivered to the standards set by Jobcentre Plus.

Working Links' personal advisers work with all clients individually to identify their barriers and needs, and then address them through an action plan which may include specialist training. However, delivery of this training is sub-contracted to sixteen organisations. These include small providers based in the community which are able to make their niche and critical contribution because they are supported by the lead provider on issues such as cash-flow and the establishment of processes.

b) Reduce barriers to entry and encourage new providers

NOMS procurement processes will ensure that there are no artificial barriers to participation, and that there is fair competition. We recognise that historically the voluntary sector in particular has faced significant barriers⁴ to playing an effective role in the delivery of services. We will reduce barriers to entry and encourage new providers, by:

- Minimising the overall cost and complexity of tendering, using fit for purpose pre-qualification regimes that are proportionate to the likely contract value, term and risk;
- Replacing annual funding regimes with multi-year contract terms to help develop and maintain longer term capacity;
- Issuing a toolkit to assist small providers, many of whom are from the voluntary and community sector, with the procurement process;
- Introducing a new provider framework contract which will enable commissioners to procure services more easily and help providers sub-contract more efficiently. Sub-contracting will be undertaken in a way that will minimise contracting costs, without the loss of a fair competitive environment;
- Streamlining monitoring, regulatory and reporting requirements;
- Contract terms which recognise the principle of full cost recovery, ensuring that publicly funded services are not subsidised by volunteers or other funding;
- New legislation, replacing probation boards with probation trusts and opening up the provision of probation services to other providers.

Commissioners want to ensure that providers are capable of delivering relevant services of the quality they need, but also meet the equality and diversity obligations of public sector organisations. So there will be an assurance and once only accreditation process, appropriate to the category and value of the service to be delivered. We want to ensure that small and specialist providers are able to demonstrate their capability, but in a way that avoids unnecessary cost and bureaucracy.

We will also encourage partnership working by creating a new NOMS National Provider Network. The network will be for all existing and potential NOMS providers, both those who will contract directly with NOMS commissioners, and those who provide NOMS services through sub-contracts.

The Network consists of:

- A directory of providers and provider services;
- Simple registration and entry into a provider network pool;
- Information about opportunities.

The first part of the network will be the provider network pool which will be available to all commissioners and providers. Those providers wishing to join the provider network pool can register their interest at www.noms.homeoffice.gov.uk/national-provider-network

The network will identify and promote local providers of services and increase their visibility to other providers on a local, regional and national level, facilitating opportunities for new partnerships, innovation and sharing good practice and experience.

We recognise that smaller providers are less likely to have access to procurement expertise and experience, and are producing a toolkit to assist them which will

⁴ Surer Funding – Association of Chief Executives of Voluntary Organisations (acevo) Commission of Inquiry Report, 2004

also be disseminated through the National Provider Network.

Through this work, we will encourage the voluntary sector to play a full role in the delivery of services, supporting the wider aims of the government.

c) Standard contract terms

We will make our processes as un-bureaucratic as possible, adopting best practice from major cross-government initiatives such as the Kelly Report, the Better Regulation Task Force and the Small Business Council Review.

Contracting models will be developed and shared with providers so that we can minimise bureaucracy and administrative burdens. Contract lengths will vary, but the procurement approach will seek to secure longer term strategic alliances with providers and improve stability through multi-year funding arrangements.

Our own experience and that from elsewhere⁵ has demonstrated the value of using model contracts, using standard terms and conditions appropriate to the value and category of service to be provided. For smaller and specialist organisations, the transparency of such contracts will ensure contracting is streamlined and risk is shared equitably.

d) Incentivise performance

We will work with providers to determine the most appropriate ways of ensuring that our contracts:

- Support delivery;
- Recognise continuous improvement and added value over time;
- Balance the need for providers to have some certainty about income with payment by results, so that they focus on critical outcomes like reducing re-offending;
- Offer incentives other than money – for example, the chance for smaller providers to avoid bureaucracy and excessive risk by working as part of a wider consortium.

We intend to introduce an annual awards and recognition scheme which rewards and highlights effective partnership working. We want this to become a vehicle for spreading good practice. In addition, the National Probation Directorate has recently announced how probation boards can bid for regionally allocated money, in partnership with their regional commissioners. Nearly £4 million has been made available from the second half of 2006/07. This funding will be used to encourage sub-contracting to local providers.

The scale of the programme and next steps

3 The scale of the programme and next steps

Volume and pace: 2006-2011

3.1 In determining the volume and pace at which we will bring in new provision over the next five years, NOMS has taken into consideration a number of key factors:

- The need for service improvement;
- The scale of business change across NOMS and the criminal justice system over the next few years. We need to achieve a balance of sufficient momentum without jeopardising existing good services;
- Existing commitments;
- The requirement to introduce legislation to enable the full implementation of commissioning with contestability into probation;
- The need to ensure a safe transition from one organisational structure to another.

3.2 Overall we envisage a five year programme of competitions, with a value of up to £9 billion, covering around a quarter of NOMS current annual expenditure on adult offender services. Additional to this is the value of competitions for any prison establishments or probation trusts which fail a performance test or fail to deliver agreed improvements.

3.3 Legislation will be introduced as soon as parliamentary time allows to remove the statutory monopoly on Probation Boards to provide probation services. Prior to this, Probation Boards are required to double the level of subcontracting in 2006/07 and again in 2007/08 (i.e. to 10%) of Probation Board expenditure on adult offender services by the end of 2007/08 equating to approximately £50 million. Plans for subcontracting will be prepared by Probation Boards and agreed with regional commissioners in the autumn. These will set out the services where Probation Boards see greatest benefits to be gained from an extension of partnership working. We expect this to lead to greater diversity of provision of intervention services such as unpaid work and of some routine offender supervision functions. Delivery of the subcontracting plans will be monitored by the commissioner at SLA review meetings. We are also re-competing facilities management services in the same period.

3.4 From April 2008, legislation permitting, we will go further and increasingly compete probation services, particularly interventions, which account for around £250 million of annual expenditure. This will include unpaid work, which accounts for around £100 million of the £250 million annual interventions expenditure, and services for lower risk offenders. This will enable probation trusts to focus their efforts on managing the higher risk offenders in the community.

Proposed new programme elements – subject to further consultation

New Competition

A number of new prisons as part of the expansion of the prison estate by 8,000 places.

An increase in the value of partnership working through services sub-contracted by probation boards to the private and voluntary sector providers from the current level of approximately 2.5%.

Annual minimum sub-contracting targets to be achieved will be:

2006/7	5% in value of services, equivalent to around £25m of Probation Boards service expenditure
2007/8	10% in value of services, equivalent to £50m including the £25m above

Services to be sub-contracted will be predominantly those associated with the delivery of interventions, with a likely focus on unpaid work programmes. Unpaid work accounts for almost 50% of the total cost of interventions delivered in community sector⁶.

A review of the way non-core custodial services are delivered in prisons. A detailed business case will set out priorities for further work which might include activities such as:

Works services
Catering and remaining prison shops
The management of prison workshops and supply of materials to the internal market
The management and operation of shared services centre operations

In addition to subcontracting, there will be a programme of market testing of interventions, including those that need to be available consistently across the custodial and community sectors.

Building interventions capacity through national and regional framework contracts for use by all providers. This will assist in meeting increased demand for interventions.

Market testing victim contact services and unpaid work programmes

⁶ Total cost of interventions delivered in the community sector is approximately £250m p.a.

3.5 The following sections set out some of the components of our programme for 2006-11, fleshing out the areas covered in the table above and saying more about how we intend to proceed. The programme will be developed in the light of experience and the need to meet new requirements.

Probation Services

We expect to see a step-change of partnership working, particularly in relation to the provision of interventions. Our proposals for unpaid work give an insight into what we are looking for from probation boards and their partners.

3.6 The probation service currently spends approximately £100 million on delivering unpaid work through 42 probation boards. We see this arrangement evolving into regional contracts with lead providers, heading a consortium of those organisations that have the best skills to achieve the improvements sought. It is likely that successful bidders will draw on the combined strengths of the public, private and voluntary sectors, working alongside local authorities and further education providers. For example:

- Probation trusts undertake the risks and needs assessment and offender management functions;
- A private sector provider manages logistics, attendance monitoring, health and safety assessments, some work placement finding, and forms the bridge between offender work supervision and offender management;
- Voluntary sector organisations supervise offenders on work schemes and ensure community engagement;
- Local authorities provide a critical link with community needs and interests and define a number of work schemes. They may also be able to supervise specific schemes that are in their field. We have no expectation that local authorities will do more unless they choose to;

- Further Education colleges form the link between unpaid work activity and offender training with a view to getting the offender into work.

3.7 This is only an example. However providers are configured, our aim is that new contracts for unpaid work will mean:

- An improved link between unpaid work and better prospects for offenders to reduce re-offending, with unpaid work able to support qualifications and generate job opportunities through employer engagement;
- Better compliance and lower rates of offenders failing to attend work schemes, which will help cut re-offending and promote community and sentencers' confidence in unpaid work. This will need shorter waiting times, tighter monitoring, reliable and good quality work placements and greater engagement with offenders when completing their unpaid work hours;
- Quality engagement with community organisations to support civic renewal both through formal mechanisms such as the local authority crime and disorder reduction partnerships and through community involvement in the selection of unpaid work schemes;
- A higher level of visibility for unpaid work. Building on from the launch of Community Payback in November 2005. We want communities to not only get involved in selecting schemes but we want them to see offenders completing their unpaid work sentences.

3.8 Probation boards are working with regional commissioners to agree locally the areas for partnership expansion that are planned this year and next. Later in the year ROMs will collate probation area details of current sub-contracting plans and proposals for future partnerships and NOMS will issue an update on plans in the sector.

Prisons

3.9 A major expansion of prison capacity is planned. The prison estate will increase by 8000 places. On current plans around half these places will be provided by expansion of existing prisons, but we also plan to commission a number of new prisons.

3.10 The Prison Service has a successful record on sub-contracting and using alternative provision to offer improved performance and value for money, for

example in the Prisoner Escort and Custody Services (PECS). The Prison Service is undertaking a review of the way its non-core custodial services are delivered to test how much further alternative providers could help deliver a more effective and efficient service. Previous experience has highlighted potential opportunities for alternative providers.

Brixton Prison facilities management contract

The Prison Service is now examining how the benefits deriving from this contract can be appropriately replicated across other establishments.

Prison shops

Over 100 establishments have contracted out their prison shops.

The value of the prison shop services is in excess of £34m per annum. Although one provider accounts for the majority of contracts, contracting out was undertaken by individual establishments, with different review dates – so a consolidated contract does not currently exist.

The Prison Service is now integrating the approach and will be handling recompetition on a phased basis

Management of prison workshops and supply of materials to the internal market

Prison workshops provide establishments with an effective way of ensuring offenders achieve a level of productive time. They may also offer an opportunity to train and develop the skills of offenders, often a key element of rehabilitation (improving employability). The output of workshops can also provide the Prison Service, at a reduced cost, with a range of essential furniture and fittings for internal use and a source of revenue for externally marketed goods (estimated £50m p.a.).

There is the potential to improve upon the current level of benefits being derived from prison workshops. The review will examine if these opportunities would be better exploited through alternative providers.

The Phoenix programme

Through the establishment of a shared service centre, the Phoenix programme will deliver substantial efficiency and effectiveness benefits arising from the improved delivery of finance and human resource services to prisons. The centre, based in Newport, is expected to be fully operational by 2008/9.

The future management and operation of the centre may in future be tested, once fully operational, as part of the review of non-core custodial services.

Co-commissioning and joint commissioning

3.11 We will work with our public sector partners to identify opportunities to enhance co-commissioning arrangements across the public sector in order to reduce bureaucracy and duplication of process and make the best use of our resources. Co-commissioning with other government departments and Local Authorities will give more concrete form to the commissioning partnerships we need in order to succeed. For example, it may be sensible for ROMs to commission drugs services jointly with Primary Care Trusts; or skills provision jointly with Learning and Skills Councils; or employment support jointly with JobCentrePlus.

3.12 We will explore how we can make co-commissioning easier, including how we can contribute most effectively to Government Office Local Public Service Boards, and how we will work with Local Strategic Partnerships as they develop Local Area Agreements.

Next Steps

3.13 This document outlines NOMS vision for contestability. We are committed to a change programme and are publishing our intentions to give greater clarity to existing and potential providers. However, we recognise that there is more to do. This publication will prompt further dialogue, including at a regional and local level.

3.14 A further update on our plans will be provided in NOMS Commissioning Plans to be published later in the year. These will provide a mechanism for collating the partnership development plans of probation boards. We are planning events to which public, private and voluntary sector providers will be invited to discuss our plans and share ideas for service innovation and improvement.

3.15 We will also encourage dialogue between potential members of consortia and with commissioners. In Appendix B we include a list of contact details including, amongst others, NOMS regional commissioners (ROMs) and their central support staff. There is also an on-line registration form for providers who wish to register their details for inclusion in the National Provider Network.

Appendix A

Glossary (Definitions)

(i) Benchmarking

The process of using the performance of comparator services or organisations to establish a level of performance that may be considered acceptable.

(ii) Call-off Contracts/Frameworks

A list of companies that have undergone an evaluation exercise and have been judged to deliver value for money in the provision of specific goods or services. Providers are then selected from this list as and when needed thus saving the time and cost associated with undertaking individual tendering exercises.

(iii) Collaborative Procurement

The process whereby two or more organisations join together to procure a common service in order to secure greater economies and improved service delivery.

(iv) Contracting-Out/Outsourcing

The arrangement whereby an existing internal service is delivered by an external organisation. This is achieved through the process of contract tendering.

(v) Market Tests/Open Competition

The process by which a new or existing service is opened up to competition in order to gain the best value for money. The

current (internal) provider is not excluded from submitting a bid.

(vi) Re-competition

The re-competing of an existing contract rather than renewing it at its expiry or break point.

(vii) Service Level Agreements

An agreement between two parts of the same organisation that specifies a service to be delivered and the responsibilities of each party to the agreement.

(viii) Sub-contracting

The use of a secondary contract to employ a third party to deliver a service as part of a larger contract. This is often utilised to buy in specialist services.

(ix) Third Sector

The “third sector” describes the range of institutions which include small local community and voluntary groups, registered charities both large and small, foundations, trusts and the growing number of social enterprises and co-operatives. Third sector organisations share common characteristics in the social, environmental or cultural objectives they pursue; their independence from government; and in the reinvestment of surpluses for those same objectives.

Appendix B

Contacts

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If you have any comments on this document, or for general enquiries about NOMS, please contact:

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