
TRANSFORMING REHABILITATION: A STRATEGY FOR REFORM

Responsible Cabinet Member - Councillor Bill Dixon, Leader

Responsible Director - Murray Rose, Director of People

SUMMARY REPORT

Purpose of the Report

1. The purpose of this report is to advise Cabinet of multi-agency discussions about a potential response to the Government's proposals for privatising the majority of Probation Services in relation to adult offenders, and seeks initial approval to continue those discussions for a proposed local way forward, subject to further reports, as the detailed options become clearer.

Summary

2. National changes to the Probation Service mean that the service will be opened to competitive bidding to win contracts to deliver services for low and moderate risk offenders. A local consortium, consisting of councils, health, housing and voluntary sector partners wish to explore the possibility of bidding for the contract to provide the service in the Durham and Tees Valley area.

Recommendation

3. It is recommended that Cabinet:-
 - (a) Endorse the action taken to date;
 - (b) Continues to support the development of the proposed consortium bid;
 - (c) Notes that a notional sum from existing Community Safety budget provision may be used to support the Pre-Qualification Questionnaire (PQQ) process;
 - (d) Receive further reports as more detail becomes available.

Reasons

4. The recommendations are supported in order to maximise the possibility of developing a locally owned response to the reform of the Probation Service

Murray Rose
Director of People

Background Papers

No Background papers were used in the preparation of this report

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S17 Crime and Disorder	This report allows for the assessment of the risks and benefits associated with a locally managed probation service for low and medium risk offenders. A locally managed service may have positive impacts on rates of re-offending and on the rehabilitation of offenders.
Health and Well Being	The delivery of the new service, by any provider, will have implications for services such as the DAAT and the Community Safety Partnership and the impact they can have on the health and well being of residents.
Carbon Impact	There are no carbon impact implications in this report.
Diversity	There are no implications contained within this report.
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	There are no implications contained within this report.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	This report contains recommendations which relate to the cohesive and safer communities aspects of One Darlington: Perfectly Placed.
Efficiency	There are no implications contained within this report.

MAIN REPORT

Detail

5. In January 2013 the Government published 'Transforming Rehabilitation: A Strategy for Reform', setting out plans for radical change to Probation Services in England and Wales.
6. In summary, the plans are for the abolition of the current Probation Trusts and their replacement by a new National Probation Service (NPS), which will carry out initial assessments and pre-sentence work with offenders, and will manage those offenders assessed as representing high risk, and a series of new companies which will manage medium and low risk offenders. The original estimate was that 30% of current workload would go to the NPS and the other 70% to the new companies.
7. Following consultation, the Government agreed to increase the number of the proposed new companies from the original proposal of 16, which would probably have seen a single company covering the whole of the North East region, to 21, which allows for 2 companies, one of which will cover the current Durham Tees Valley Probation Trust area.
8. Many of the most important details about the competition process remain unclear. It is known that competition will be for ownership of a shareholding in one of the new companies, and that the Government will retain a share in each company. It is also known that the payments system will be based, in part, on results achieved in relation to reducing reoffending. It is believed that tenders will be evaluated on a basis of 50% quality, 50% price.
9. The current Trusts are to be abolished by April 2014 and the staff sorted into two groups, i.e. those who will transfer to the NPS and those who will transfer to the new companies. Trusts are being required to put in place so called 'ethical walls' to start to separate these two groups in advance of April.
10. The current Durham Tees Valley Trust is one of the top three nationally in terms of reducing reoffending and has some of the lowest unit costs. On five key measures of unit costs compared to the other 34 Trusts, its ranking positions are 35th (i.e. best), 34th, 31st, 21st and 16th.
11. A series of discussions has taken place to establish the level of interest in establishing a public and third sector consortium to bid for the work, in order to try to ensure that the value we currently get from our partnership working is maintained. This may be at risk if the contract was delivered by a bigger national provider. Representatives of the Council have indicated their interest in participating in such a consortium, and other potential partners have been identified, i.e. other Durham and Tees Valley Local Authorities, a local NHS Trust, a major local housing provider, and a sub-regional voluntary organisation. The most probable way forward would be the establishment of a Community Interest Company or similar vehicle, with shareholding and governance arrangements to be

designed to reflect shares of any risk. Two directors from the current Probation Trust have volunteered to work on this project.

12. The timetable is not yet fully clear but it is anticipated that the PQQ process for getting onto a tender list will begin shortly, with full tendering to take place in 2014 and contracts now to start from April 2015 (rather than Autumn 2014, as originally suggested by the Ministry of Justice).

Financial Implications

13. At this stage the only commitment would be a share of the costs of undertaking the PQQ process. It is anticipated that the total cost would be of the order of £15,000, with the main cost element being specialist consultancy support.
14. If the consortium is successful in relation to the PQQ process then the initial estimate of costs associated with mounting a full tender bid and supporting the cash flow of contract performance is of the order of £3 million to £4 million, to be shared between the partners in the consortium, and with full reimbursement and the possibility of modest profits, subject to performance achieved, but no decision on this scale of commitment is needed at this stage.

Legal Implications

15. Legal powers to enter into this project derive from the general power of competence under the Localism Act 2011 and the Local Authorities Goods and Services Act 1970. If and when the proposed delivery structure is firmed up then further legal advice will be taken.

Risk Assessment

16. The risks associated with the initial PQQ process are minimal. If the proposal proceeds, then a full risk assessment will be undertaken, which will include the risk to any financial investment made by the Council and the reputational risk of contractual under-performance, both of which are offset by the strong track record of the current Probation Trust and by the wealth of expertise across the proposed partnership, and will also address the risks involved in taking no action.