



Ministry of  
**JUSTICE**

# **Offender Services Competitions Annual Update 2012**

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## Foreword by the Lord Chancellor and Secretary of State for Justice, Kenneth Clarke QC MP

This document provides the first update since the *Competition Strategy for Offender Services*<sup>1</sup> was published in July last year.

I see competition as a means of raising the quality of public services. This can deliver innovation, better performance and value for money.

The results achieved from the first phase of prisons competition are very encouraging. This has succeeded in achieving a range of benefits whilst stimulating providers from all sectors through our provider-neutral approach.<sup>2</sup> The outcome of the current, much more ambitious phase of prisons competition will be announced later this year. I am confident this second phase will also provide significant benefits that enhance the value delivered on behalf of the taxpayer.

Let me also make clear that a strong and vibrant public sector will remain an essential provider of services. The public sector has a wealth of experience, expertise and commitment to bring to bear on the challenges we face. However, to achieve the required step-change in value for money, service reform and innovation, we will work with both existing and new providers from the public, private and voluntary sectors, with contracts awarded on the basis of whoever is best placed to deliver our strategic objectives.

I encourage both current and potential new providers to review the competitions underway and to consider the opportunities presented in future competitions for offender services.

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<sup>1</sup> [www.justice.gov.uk/downloads/publications/moj/2011/competition-strategy-offender-services.pdf](http://www.justice.gov.uk/downloads/publications/moj/2011/competition-strategy-offender-services.pdf)

<sup>2</sup> See, for example, the achievements set out in chapter 2 of this collection of essays written by Helen Edwards, Director General of the Justice Policy Group, Ministry of Justice: [www.criminaljusticealliance.org/delivering\\_justice.pdf](http://www.criminaljusticealliance.org/delivering_justice.pdf)

## Introduction

This is the first Annual Update following the publication of the *Competition Strategy for Offender Services* published in July 2011.

This update contains information to support both current and potential providers in their business planning and investment decisions. We want providers to maintain investment in offender services and to build capacity. We also want to attract new providers to participate in our competitions, not only the major companies, but also small- and medium-sized enterprises and voluntary and community sector organisations.

By publishing this update, we aim to provide greater visibility and transparency for offender services competitions for both current and potential providers in the interests of ensuring competitions are well balanced to deliver our priorities and tailored to market conditions.

The update covers:

- a) completed offender services competitions run by the Ministry of Justice;
- b) offender services competitions currently being run by the Ministry of Justice; and
- c) an overview of the offender services competitions that the Ministry of Justice expects to run in the next twelve months.

Its focus is on major offender services contracts, including those that have particular policy significance. For this reason, it includes competitions connected with payment by results pilots. It also includes offender services co-commissioned with other government departments.

This update excludes competitions for services and specialist functions in relation to the running and support of prisons and Probation Trusts. Details of other Ministry of Justice contracts are available at: [www.contractsfinder.businesslink.gov.uk](http://www.contractsfinder.businesslink.gov.uk)

## **Completed competitions**

### **Custodial offender services**

#### **Prisons Competition Phase One**

The competitions for HMP Birmingham, HMP Buckley Hall, HMP Doncaster and HMP Oakwood (formerly known as Featherstone II) ran between November 2009 and March 2011.

All four prisons have adopted new working arrangements: HMP Birmingham and HMP Doncaster started their revised services in October 2011; HMP Buckley Hall commenced operation of its new services in November 2011; and HMP Oakwood began operation in April 2012. HMP Birmingham was the first prison in England and Wales to move from public to private sector operation.

The competitions are expected to generate significant savings. Contracts for HMP Birmingham, HMP Doncaster and HMP Buckley Hall are forecast to save over £200 million, or 16%, relative to previous spend over the life of the contracts. HMP Oakwood, a 1,605-place prison, will provide places at the lowest operational unit cost in the estate at around £13,000 per prisoner per year. This compares with an average of £27,400 per prisoner per year. Taking all cost elements into account, this results in the lowest direct establishment unit cost in the prison estate. The low cost has not been achieved at the expense of quality. The specification for HMP Oakwood requires standards as high as those in existing prisons.

The contracts for HMP Birmingham, HMP Doncaster and HMP Oakwood are worth approximately £317 million, £219 million and £234 million respectively.

#### **Prisoner Escort and Custody Services**

Four new contracts were awarded in March 2011 for provision of Prisoner Escort and Custody Services. They are forecast to save over £260 million over the life of these seven-year contracts. The approximate total value of the contracts is £852 million.

Service under the new contracts commenced in August 2011.

#### **Offender Learning and Skills Services**

The Invitation to Tender for Offender Learning and Skills Services was issued in September 2011. The National Offender Management Service and the Skills Funding Agency jointly evaluated 122 bids that were received for ten regional procurement units. New service provision will commence in seven of the ten regional procurement units on 1 August 2012, with the remainder expected to begin service in November 2012.

The approximate total value of the contracts is £154 million over three years.

## **Payment by results pilots**

A payment by results pilot at HMP Doncaster was negotiated as part of Prisons Competition Phase One and commenced in October 2011. During an initial four years, the pilot will test the ability of the provider (Serco) to reduce reoffending against the historic reoffending baseline by adult offenders who have been discharged from the prison, with limited exceptions.

Drug and alcohol recovery pilots competed by the Department of Health commenced in April 2012. As a co-commissioner, the Ministry of Justice worked with the Department of Health and a range of other government departments to implement eight of these pilots. They are to assess whether paying on the basis of results can further incentivise the delivery of recovery outcomes, including reducing reoffending.

## **Current competitions**

### **Custodial offender services**

#### **Prisons Competition Phase Two**

The *Competition Strategy for Offender Services* announced in July 2011 that the Ministry of Justice intended to hold a competition for the contracts to operate nine prisons: HMP/YOI Moorland; HMP/YOI Hatfield; HMP/IRC Lindholme; HMP Acklington; HMP Castington; HMP Durham; HMP Coldingley; HMP Wolds; and HMP Onley. With the exception of HMP Wolds, all these prisons are operated by the public sector. Since the competition was launched in October 2011 through a notice placed in the Official Journal of the European Union (an OJEU notice), HMP Acklington and HMP Castington have merged to form HMP Northumberland. Accordingly, there are now eight prisons in this competition.

This is a substantial competition, through which the Government expects to achieve a range of benefits. In addition to generating savings, we expect that providers will help implement important system reforms.

Contract award is scheduled for November 2012, with service commencement in spring 2013.

### **Non-custodial offender services**

#### **Electronic Monitoring**

A competition to replace the existing Electronic Monitoring service contracts was launched through OJEU notice in February 2012. It is expected that the re-competition will reduce operational expenditure and will create a mandate to improve cost transparency.

The contracts will provide continuity of the curfew monitoring service currently provided to the National Offender Management Service, the Youth Justice Board and the Home Office for the management of individuals subject to Control Orders (and their successors), and the management of individuals in the community subject to UK Border Agency restrictions and the Special Immigration Appeals Commission. The new contracts will widen the scope of service to include extended curfew periods as outlined in response to the *Breaking the Cycle*<sup>3</sup> consultation and for exclusion monitoring of individuals released from prison on licence under existing legislation. Contracts resulting from the competition will be sufficiently flexible to allow for inclusion of new services required by policy and legislative changes.

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<sup>3</sup> [www.justice.gov.uk/consultations/consultation-040311](http://www.justice.gov.uk/consultations/consultation-040311)

## **Community Payback**

A zero-value National Framework Agreement for provision of Community Payback services was competed and awarded in August 2010. Consequently, three private sector providers – ComPact (a joint venture between MITIE and A4E), Sodexo and Serco – are able to compete with existing providers (currently, the Probation Trusts) for provision of Community Payback services.

A competition to deliver Community Payback in the London Probation area began on 24 June 2011. Following competition, the contract to deliver this service was awarded to Serco on 13 July, with commencement of new services planned for October 2012.

We will announce our approach to further Community Payback competitions when we publish our response to the consultation on *Punishment and Reform: effective probation services*.<sup>4</sup> The consultation closed on 22 June. We currently expect to publish a response in autumn 2012.

## **Payment by results**

We launched a procurement process for Innovation payment by results pilots in December 2011. The intention is to procure one or two pilots designed and run by providers to reduce reoffending. Stage 1 of the procurement process generated proposals from 35 bidders. Stage 2 of the procurement process is now coming to completion. We are looking to take up to six bids to full competitive dialogue with the aim of procuring pilots by autumn 2012.

We are currently procuring a partner for the HMP Leeds payment by results pilot. This pilot will involve the public sector prison entering a partnership with an external provider that can carry financial risk to provide rehabilitation services and achieve a reduction in reoffending.

We are working with Wales and Staffordshire and West Midlands Probation Trusts to develop proposals for two community-based pilots. These pilots will also take account of the recommendations set out in the consultation document *Punishment and Reform: effective probation services*. Both pilots will require the participating Probation Trusts to form novel commercial partnerships with external providers. The process to procure a partner for Staffordshire and West Midlands commenced on 30 May 2012, with the procurement process for Wales to begin later in the summer.

The Employment and Reoffending Pilot (formerly referred to as the Department for Work and Pensions Work Programme Pilot) is progressing. The Ministry of Justice and Department for Work and Pensions intend to commission jointly the addition of a reducing reoffending pilot onto the Work Programme in two areas: (1) Wales, and (2) Coventry, Warwickshire, Staffordshire and the Marches. The pilot aims to test whether joint commissioning can deliver outcomes for the Ministry of Justice and Department for Work and Pensions effectively and efficiently, and whether reductions in reoffending increase the chances of offenders finding and sustaining employment. The pilot should be commissioned in summer 2012, and builds on changes already introduced by Working Prisons. Since March 2012, offenders leaving custody and claiming Jobseeker's Allowance have been required to engage with a Work Programme provider, which receives an outcome payment for getting them into work.

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<sup>4</sup> [consult.justice.gov.uk/digital-communications/effective-probation-services](http://consult.justice.gov.uk/digital-communications/effective-probation-services)



## **Future competitions**

### **Custodial offender services**

#### **Prisons Competition Phase Three**

We plan to announce the custodial services selected for Prisons Competition Phase Three in November 2012, following the announcement of the result of Prisons Competition Phase Two. We expect that this competition will be officially launched through an OJEU notice in spring 2013.

### **Non-custodial offender services**

The *Punishment and reform: effective probation services* consultation proposals were designed to provide a stronger role for public sector Probation Trusts as commissioners of competed services as envisaged by the Offender Management Act 2007 and to open to competition all offender services not regarded as reserved to Probation Trusts. The services which the consultation proposals envisaged could be competed, together with central IT and estates contracts, amount to around 60% of approximately £1 billion annual expenditure by National Offender Management Service on community offender services.

The approach outlined in the consultation paper would enable Trusts to commission more locally responsive or specialist services, working with local partners. The proposals are designed to encourage the participation of the voluntary, private and public sectors, alongside new models for delivering public services such as joint ventures, social enterprises and public service mutuals and to incentivise Trusts and front-line staff to achieve the best use of resources across the system, using their greater local knowledge to deliver high quality outcomes.

The consultation on *Punishment and reform: effective probation services* closed on 22 June. We are currently considering the response to the consultation, and will publish our response in autumn 2012 together with a strategic programme for competing non-custodial offender services.

### **Payment by results**

The intention expressed in *Punishment and reform: effective probation services* is that those providing competed services will increasingly be incentivised to reduce reoffending through payment by results.

## Contacts for further information

For further information on our competition programme, please e-mail [commissioning.support@noms.gsi.gov.uk](mailto:commissioning.support@noms.gsi.gov.uk), or write to

Commissioning Support Unit  
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London  
SW1H 9EX

Information on Justice activity is available at [www.justice.gov.uk](http://www.justice.gov.uk)

The following provide useful information on our work:

Details of current and  
past tendering  
opportunities with  
Government

[www.contractsfinder.businesslink.gov.uk](http://www.contractsfinder.businesslink.gov.uk)

Information on NOMS  
commissioning

[www.justice.gov.uk/about/noms/commissioning](http://www.justice.gov.uk/about/noms/commissioning)

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