Probation Programme

Market Engagement Event
Innovation Partner: Unpaid Work and Accredited Programmes
12th June 2019
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<td>Introduction &amp; Role of Innovation Partner</td>
<td>Chris Taylor</td>
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<td>Unpaid Work</td>
<td>Caroline Morrison</td>
<td>10:30 – 11:15</td>
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<td>Accredited Programmes</td>
<td>Caroline Morrison</td>
<td>11:15 – 12:00</td>
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<td>Commercial Approach</td>
<td>Andreas Bickford</td>
<td>12:00 – 13:00</td>
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<td>Lunch</td>
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<td>Performance Measures</td>
<td>Sue Rex</td>
<td>14:00 – 15:15</td>
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<td>Guarantees &amp; Payment Mechanism</td>
<td>Janet Phillipson</td>
<td>15:15 – 16:45</td>
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</table>
The Ministry of Justice ("MoJ") is undertaking this market engagement ("ME"). Please note the following:

MoJ

• is not liable for any costs incurred by anyone who chooses to participate in this ME;
• may choose and/or be obliged to disclose information submitted to it as part of this ME; in particular please note MoJ is subject to the Freedom of Information Act 2000 (as amended) and the Public Contracts Regulations 2015 (as amended);
• makes no guarantee, representation nor warranty (express or implied) with respect to any information disclosed as part of this ME;
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• is not committed to any course of action as a result of this ME.
Role of Innovation Partner
Session Aims

- Describe the role of the Innovation Partner, beyond the ‘core scope’ of service delivery (Unpaid Work, Accredited Programmes)
- Describe our aims to achieve a genuinely partnering, collaborative relationship
- Provide an overview of potential additional services that the Innovation Partner may provide
- Test our thinking with you
What do we mean by Innovation Partner?

- Focus on the word ‘Partner’
- Three aims:
  1. Authority / provider relationship built on genuine partnership principles;
  2. Expectation that partners actively engage in improving quality and innovation in probation service delivery;
  3. A contractual model designed to enable effective partnering with the flexibility to enable the Authority to commission delivery partners to deliver other services that relate to the core delivery scope.
- Partnership principles:
  1. Aligned vision, culture and behaviours that support a rehabilitative culture;
  2. A commitment to work with and across multiple agencies and delivery partners;
  3. A true partnership ethos, with a joint vision and joint working to address any issues encountered by either party;
  4. Respect by the partners for the individual needs and accountabilities of each party; and
  5. A clear focus on innovation and continuous improvement in service delivery.
Potential additional services

- **Starting point:** Core service delivery remains the most important aspect of the role of the Innovation Partner

- **Caveat:** Design of what we describe below is at early stages and would need to go through the appropriate HMPPS approvals process(es)

- **Potential additional services:**
  1. Design, develop and test new interventions
  2. Deliver new interventions (those intended to be accredited)
  3. Provide administrative support to NPS

- Optionality vs Authority requirement

- Further engagement on this in due course
How do we deliver the partnership and collaboration principles?

- A potential role in regional governance
- ‘Contractualise’ a collaboration agreement

Questions

- How do you think we can best embed the partnership behaviours and principles?
- Is there anything you disagree with? Anything you’d add?
- What practical steps do you think we need to take in structural design or commercial terms to make this work?
Unpaid Work
Session Aims

✓ We will share more detail on our current thinking on the design of Unpaid Work
✓ We want to get your views on the design areas
✓ We would welcome your ideas about alternative approaches as well as on specific questions
✓ Performance measures are referenced but will be discussed in the later session
What is unpaid work?

- Unpaid work is a requirement attached to a community or suspended sentence order. It can also be made as a supervision default order and enforcement order, but can not be a licence condition.

- It is one of the most commonly used requirements. In 2018 there were 57,000 requirements made. Courts can impose between 40-300 hours reflecting the seriousness of offences.

- It is used by the courts as a punishment as it deprives individuals of their free time and as reparation to communities (it is also referred to as Community Payback). It can also support rehabilitation by instilling a work ethic and routine, teaching cooperation and work-related skills, and promoting reintegration in the community.

- Unpaid work can be delivered in a group or one to one setting. Examples include gardening, painting and decorating, waste clearance, charity work and graffiti removal.

- Work cannot directly replace paid employment and providers cannot profit directly from the work. Providers can generate income to contribute to the cost of delivery e.g. materials

- Providers are required to source and schedule sufficient quality placements to meet risk and need, including provision of transport where required
Unpaid Work – Delivery Requirements

• An assessment of risk and need and suitability must be undertaken prior to commencement of Unpaid Work

• An induction is undertaken prior to commencement (including health and safety).

• Prompt commencement - currently within 7 working days of allocation

• Requirements must be completed within 12 months.

• Employed individuals must do a minimum of 7 hours a week.

• Unemployed individuals currently are required to undertake a minimum of 28 hours a week.

• 20% of hours can be used for employment-related training

• Women have an option not to be placed in an all male environment

• Work should benefit the local community. Views of local people and community stakeholders such as PCCs are taken into account when identifying potential work placements.

• Unpaid Work is visible to the public through clothing and signage.
Unpaid Work – Current Issues

• Lack of time to undertake a quality assessment prior to commencement
• Availability of sufficient local placements and starts
• Variable quality of placements including for women
• Low use of ETE 20% hours
• Intensive working
• Stand downs
• Completions within 12 months
• Enforcement
• Excessive travel time
Future Delivery - Assessment and Induction

Design Intention

- Enabling a timely and quality assessment by the NPS and induction to take place by the innovation partner prior to commencement

Proposed Model

- The NPS will notify the Innovation Partner of new requirements on day of sentence.
- The NPS Responsible Officer will meet the service user to undertake an initial appointment and complete the OASys assessment and a new Unpaid Work Assessment covering risk and need including ETE, prior to referral to the Innovation Partner.
- The assessments will provide sufficient information for the IP to identify a suitable placement to address risk and need.
- Once the case is referred to the Innovation Partner, they will arrange a meeting with the service user to take place prior to commencement of Unpaid Work to confirm the Unpaid Work assessment and provide the Unpaid Work induction.
- Referral measure NPS, start measure IP

Question

- What information will the IP require from the NPS prior to induction to enable the sourcing of suitable quality placements?
Future Delivery – Employment, Training & Education

**Design Intentions**

- Maximise the rehabilitative potential of Unpaid Work through increased employment focus and use of pro social modelling and motivational interviewing
- Increasing the use of 20% hours to undertake ETE
- Improving intensive delivery for unemployed individuals by building up the hours according to need

**Proposed Model**

- IP to source quality placements with an increased employment focus to meet ETE need identified in the Unpaid Work assessment and maximise the 20% hours
- Flexibility in building up the intensive delivery identified in the Unpaid Work assessment for unemployed service users
- UPW ETE quality measure, MI use of 20% and intensive work

**Questions**

- What are the challenges in delivering the 20% ETE hours?
Future Delivery - Sufficient Quality Placements and Completions

**Design Intentions**

- Sufficient quality placements to avoid the use of stand-down’s
- Ensure completion of requirements within 12 months
- Ensuring appropriate placements for females

**Proposed Model**

- IP to be required to source quality placements to meet all service users needs, including females and avoid the use of stand downs
- Potential national partnering agreements with providers such as Canal and Rivers Trust, Sustrans, National Trust
- Review at 6/9 months to check completion potential
- UPW quality measure
- Stand down assurance metric
- Completion within 12 months Service level

**Questions**

- What are the challenges to sourcing sufficient quality placements to meet risk and need?
- How can we effectively track progress of requirements to ensure successful completion?
Future Delivery – Local Engagement and Delivery

**Design Intentions**

- Engagement with local partners and communities to secure local placements
- Maximum travel time of 90 minutes each way to placements

**Proposed Model**

- Requirement to engage with local partners and communities in securing placements
- Specification of a maximum travel time of 90 minutes each way with a maximum of 60 minutes each way under supervision
- UPW Quality Measure

**Question**

- What are the challenges with achieving local delivery?
Future Delivery - Training and Development

**Design Intention**

- A minimum level of training for staff and continuous professional development

**Proposed Model**

- Prior to delivery of Unpaid Work, supervisors required to undertake as a minimum introductory training to include health and safety, first aid and an introduction to the core principles of Unpaid Work. - Health and Safety, Safeguarding, PREVENT, Risk awareness, Dealing with challenging behaviour, Diversity

- More detailed sessions within 6 months

- Continuous Professional Development - engaging with service users, support and motivate compliance, Pro-social modelling, problem solving techniques to model life skills, Domestic abuse and Substance abuse awareness, procedural justice and positive reinforcement and desistance

**Questions**

- Are these the right areas for training for Unpaid Work?
Summary of Unpaid Work questions

- What information will the IP require from the NPS prior to induction to enable the sourcing of suitable quality placements?
- What are the challenges in delivering the 20% ETE hours?
- What are the challenges to sourcing sufficient quality placements to meet risk and need?
- How can we effectively track progress of requirements to ensure successful completion?
- What are the challenges with achieving local delivery?
- Have we covered the right areas for training for Unpaid Work?
Accredited Programmes
Session Aims

✓ We will share more detail on our current thinking on the design of Accredited programmes

✓ We want to get your views on the design areas

✓ We would welcome your ideas about alternative approaches as well as on specific questions

✓ Performance measures are referenced but will be discussed in the later session
What are Accredited Programmes?

• An Accredited Programme (AP) is a programme which has been accredited by the Correctional Services Accreditation and Advice Panel (CSAAP); an advisory body for the MoJ who accredit programmes and provide independent evidence base advice on the development of criminal justice services. Accreditation indicates that the programme has been independently assessed as being based on the best available evidence and likely to be effective if well-implemented. The programmes’ that CSAAP accredit are typically interventions that address entrenched anti-social thinking, attitudes and behaviours that lead to reoffending.

• Accredited Programmes remain a statutory sentencing option (2003 Criminal Justice Act). This requires the Government to identify a suite of accredited programmes for delivery as a requirement of a Community or Suspended Sentence Order.

• They are also delivered in custody and on Post release licence

• Accredited Programmes vary in length and intensity but are structured interventions which are underpinned by an operating manual which covers all of the delivery requirements, including facilities, staffing, training and delivery
Current model for Accredited Programmes

- Currently CRCs are mandated to provide both the Thinking Skills programme and the Building Better Relationships Programme and the NPS are responsible for delivery of accredited programmes for sex offenders. This is intended to ensure that the accredited programmes designed to address high volume needs are consistently available.

- There are a range of other accredited programmes available which address other needs including: alcohol-related violence, substance misuse and drink-driving which are currently being offered by some providers.
Thinking Skills Programme (TSP)

• For adult men and women with a medium/high risk of reoffending

• Supports participants to develop thinking (cognitive) skills to manage risk factors, develop protective factors and achieve pro – social goals

• Group size - Maximum of 12 participants and a minimum of 4. The optimum number of participants for group work is 8,

• TSP is 19 sessions long - 15 group and 4 individual sessions

• Each group session lasts between 2 and 2.5 hours with a break. Individual sessions should last between approximately 50 minutes and one hour.

• Sessions must be delivered at a rate of 1-4 sessions per week, with no more than one session per day.

• Can be delivered in a fixed or rolling group format
Building Better Relationships Programme (BBR)

• For adult men convicted of an Intimate Partner Violence Offence (IPV)
• It is a moderate intensity cognitive behavioural programme which recognises IPV is a complex problem which is likely to have multiple causes
• BBR responds to individuals needs and provides opportunities to develop skills for managing thoughts, emotions and behaviour
• Group size - Maximum of 12 participants and a minimum of 4. The optimum number of participants for group work is 8,
• BBR is made up of 29 group and individual sessions
• There are three core modules preceded by a Foundation Module and two preparatory one to one sessions
• Each group session lasts 2.5 hours with a break. Individual sessions last one hour.
• Can be delivered in a fixed or rolling group format
• Partner Link Workers are allocated to the partners or ex partners of men attending the programme
Problems or Issues

• The total volume of accredited programmes commenced under community orders and suspended sentence orders has fallen since 2006.

• In more recent years the decline has continued but APs have remained at a fairly stable proportion of community orders (7% for 2010-2018) and suspended sentence orders (9% for 2010-2018). This suggests that the overall decline in COs/ SSOs is the primary driver for the fall in volumes since 2010/11.

• There has been a recent levelling of volumes and, as overall volumes of offenders starting COs and SSOs have both fallen slightly since 2016, this is a marginal increase in the proportion of offenders getting accredited programmes.

• However, we understand that, operationally, the current historically low volume of referrals is making it harder to secure viable numbers to deliver individual programmes. This leads to longer waiting lists which then reduces confidence in availability of programmes which then further reduces referrals.
Future Delivery of Current Accredited Programmes

We want to ensure that the right suite of accredited programmes are available at sufficient frequency and in locations to meet the risk and need of the Probation caseload.

We therefore intend that Innovation Partners will deliver the following programmes (and that NPS maintain responsibility for sex offending programmes):

- Thinking Skills Programme
- Building Better Relationships
- Facilitation of ongoing delivery of existing additional programmes where there is an identified need

However, we want to ensure that Accredited programmes are the intervention of choice where the eligibility criteria are met and that:

- All individuals who are eligible and ‘available’ are made subject to an AP as part of a CO/SSO.
- No ineligible cases are made subject to an AP as part of a CO/SSO.
- People are supported to commence and complete an AP at the point at which they are programme-ready.
- Proposed timeliness, quality and completion measures
Accredited Programmes - Process Map

1. **NPS**
   - Court AP requirement
   - Prison Licence Condition
   - Provider notified of sentence or Licence

2. **Innovation Partner**
   - Eligibility confirmed within 10 days
   - Ineligibility suitability check accept referral

3. **HSU**
   - RO Initial appointment
   - OASys/ Risk Needs assessment
   - Pre-group preparation and motivation

4. **HUB/ICF**
   - Attendance monitored
   - RO Decision new assessment
   - Attendance or schedule changes informed within 1 day

5. **Post programme work**
   - Post Programme Report
   - Groupwork in accordance with AP manual
   - SU informed and compliance secured

6. **Failure to comply**
   - Risk information shared

7. **Recall**
   - Court Judgement or Recall
   - RO Decision new assessment
   - RO informed of ineligibility within 3 days

8. **Re-requirement terminated**
   - Notify 1st programme session
   - RO confirmed programme ready

9. **Requirements**
   - Manage Waiting List
   - Scheduled to start groupwork
   - 1st session 6 weeks from Programme

Preventing victims by changing lives
Questions regarding future delivery of current Accredited Programmes

Questions

1. What are the challenges of delivering TSP and BBR at sufficient frequency and in locations to meet the risk and need and how can these be overcome?

2. Would a maximum travel time of 90 minutes be reasonable and achievable?

3. What approach should we take to the delivery of current additional programmes delivered in some areas?
Competition for Accredited Programmes and Unpaid Work in both England and Wales
# Agenda

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<td>Andreas Bickford</td>
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<td>Data room, site visits and due diligence</td>
<td>Andreas Bickford</td>
<td>12:10 – 12:30</td>
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<td>Contract Length</td>
<td>Andreas Bickford</td>
<td>12:30 – 12:40</td>
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<tr>
<td>Questions</td>
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<td>12:40-13:00</td>
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**Lunch**
Procurement Timeline and Process
Procurement process

- A Prior Information Notice (PIN) ref 2019/S 096-232055 was published on 16th May 2019.

- In June & July 2019 the Authority will conduct a series of market engagement events to outline the requirements and set out the commercial strategy to the market.

- We will share a draft ITT and contract to kick off market warming.

- Contract Notice to launch competition anticipated for October 2019.

- SQ will include project specific questions.

- Bidders will have 4 weeks to complete SQ response (Oct 2019).

- Authority SQ evaluation will be completed in 4 weeks (Nov 2019).

- Bidders unable to meet the minimum requirements at SQ stage will be excluded.
Procurement process

- Suppliers successful at SQ will given **6 weeks** to submit a tender. *(Dec to mid Jan).*
- Authority tender evaluation will be completed in **8 weeks**
- Face to Face meetings will take place over a period of **6 weeks** *(March / April)* to clarify bids and to further understand proposed service provision.
- Bidders will be given **6 weeks** to submit their best and final offer (BAFO).
- Authority BAFO evaluation which will be completed in **6 weeks** to identify successful suppliers.
- Letters will be issued to successful and unsuccessful bidders following internal governance.
- **Standstill period.**
- Contract signature and commencement of mobilisation *(August / September 2020)*
Data room and due diligence
Site visits

- We are considering facilitating site visits to operations of incumbent suppliers.

- Site visits would be undertaken before the start of procurement, so during August and September 2019.

- Site visits could also include observing the delivery of services, but not of accredited programmes.

- We will need to be proportionate in our ask to incumbent suppliers and are considering one site visit per CRC, not per future contract package areas.
Due Diligence

- We will apply the standard Model Services Contract position with regard to due diligence and risk transfer.

- Allowable Assumptions

- The Authority will not warrant any information provided to bidders, however incumbent will need to warrant HR information to both the Authority and New Contractors.
Due Diligence – Model Services Contract

Clause 2 states:

The Supplier acknowledges that, subject to the Allowable Assumptions:

- the Authority has delivered or made available to the Supplier all of the information and documents that the Supplier considers necessary or relevant for the performance of its obligations under this Agreement;
- it has made its own enquiries to satisfy itself as to the accuracy and adequacy of the Due Diligence Information;
- it has satisfied itself (whether by inspection or having raised all relevant due diligence questions with the Authority before the Effective Date) of all relevant details relating to:
  - the Authority Requirements;
  - the suitability of the existing and (to the extent that it is defined or reasonably foreseeable at the Effective Date) future Operating Environment;
  - the operating processes and procedures and the working methods of the Authority;
  - the ownership, functionality, capacity, condition and suitability for use in the Services of the Authority Assets; and
  - the existing contracts (including any licences, support, maintenance and other agreements relating to the Operating Environment) referred to in the Due Diligence Information which may be novated to, assigned to or managed by the Supplier under this Agreement and/or which the Supplier will require the benefit of for the provision of the Services; and
Data Room – Timescales

- Market warming
- OJEU Contract Notice published
- SQ
- SQ Eval
- ITT
- ITT Eval
- F2F
- BAFO
- BAFO Eval

Data room populated 2 weeks before OJEU Contract Notice

Data room refreshed 4 weeks before BAFO
Contract Length
Contract length

We are currently considering a contract term of five (5) years, extendable at Authority discretion up to a total contract length of eight (8) years. Given the following assumptions:

• Next generation of contracts will not require a significant upfront investment from suppliers and mobilisation and transition costs will be paid by the Authority

• Suppliers will not be required to develop or acquire significant assets for the delivery of the service as core assets will be transferred including people who is the main cost driver.

• While the Authority continue to expect innovation and continuous improvement in service delivery, transformation is not seen as core as it was in the first generation of outsourcing.

The Authority is considering a five (5) years contract extendable to eight (8) years, but we are keen to hear your views.
Questions

Do you have any feedback on anything we’ve discussed?

1. What do you think of the overall procurement timeline? Especially the 6 week ITT period over Christmas?

2. What would you hope to get out of potential site visits?

3. When would you like to undertake due diligence during the procurement process? What type of due diligence activities would you need to undertake?

4. What do you think of an initial contract term of five years?

5. Do you have any feedback on the Data room dataset which we shared? Is there anything missing?
Feedback and questions to:

ProbationAPandUPW@justice.gov.uk
Market Engagement
Performance measures on Unpaid work and accredited programmes

12th June 2019
Market Engagement – Performance measures

Agenda

- Session objectives
- Overarching objectives for performance
- Key principles for performance framework
- Proposed performance targets
- Key measures explained
- Managing the NPS interface
- Questions for discussion
Session objectives

- We want to get your views on a performance framework which supports the delivery of unpaid work and accredited programmes
- We will share our current thinking and would like to hear your views about what will work
- We would welcome your ideas about alternative approaches as well as on specific questions
- We don’t expect you to have detailed views on all of the questions yet, and we would like any additional feedback.
- At our next session on 8th July, we will update you on the proposed measures and targets, and the financial incentives. We will also explain how our proposed quality measures will work
Overarching Objectives

• **Focus on Quality** - secure quality in service delivery

• **Secure rehabilitative outcomes** - support reduced offending and harm, backed up by meaningful incentives

• **Get the Basics Right** - hold providers to account on sentence delivery and protecting the public, so probation commands public and sentencer confidence
Principles for new Performance Framework

Informed by good practice, the evidence base including findings from external and internal scrutiny, and experience under existing contracts:

➢ **Quality**: focus on quality rather than processes, applying Quality Measures based on Authority operational assurance audits, and strong provider QA

➢ **Outcomes**: promote positive outcomes (and related outputs) linked to reducing reoffending and harm

➢ **Targets**: transparent target setting, using baselines where possible

➢ **Financial incentives**: proportionality in setting deductions for performance failure linked to paymech principles

➢ **Oversight**: awareness of the overall oversight demands and avoiding duplication (consistent with our MoU with HMI Probation)

➢ **Alignment**: across probation system, reflecting consistent standards between contractual requirements, instructions and other guidance

➢ **Data**: improved provider awareness and access to the data necessary to track performance, and an ability to use provider data
# Proposed contractor measures

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<th>Measure</th>
<th>Quality measure</th>
<th>Target</th>
<th>Financial impact?</th>
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<tr>
<td>Starts Unpaid Work within 10 BDs of referral by NPS</td>
<td>90%</td>
<td>YES</td>
<td></td>
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<tr>
<td>Completes UPW within 12 months</td>
<td>90%</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>Proportion of UPW days lost through stand downs (cancelled sessions)</td>
<td>TBD</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>Delivery UPW</td>
<td>G</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>ETE provision as part of UPW delivery</td>
<td>G</td>
<td>YES</td>
<td></td>
</tr>
<tr>
<td>Waiting time for Accredited Programmes starts by eligible service users from programme ready referral</td>
<td>TBD</td>
<td>YES</td>
<td></td>
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<tr>
<td>Accredited Programme completion by eligible service users</td>
<td>[90%]</td>
<td>YES</td>
<td></td>
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<tr>
<td>Accredited programme adherence to accreditation criteria</td>
<td>90%</td>
<td>NO</td>
<td></td>
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<tr>
<td>Delivery Accredited Programmes</td>
<td>G</td>
<td>YES</td>
<td></td>
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<tr>
<td>Timeliness/quality of recording and notification of failure to attend/unacceptable behaviour/risk issues</td>
<td>G</td>
<td>YES</td>
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<tr>
<td>Service users reporting an overall positive experience</td>
<td>75%</td>
<td>NO</td>
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<tr>
<td>Financial reporting</td>
<td>95%</td>
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Key service levels - Unpaid work

Timely starts and completions - two targets:

- **Proportion of service users with an unpaid work placement arranged to start within 10 business days of referral**
  - supports objective that unpaid work requirements start within one month of the sentence, to maintain confidence in unpaid work
  - timescale for starting unpaid work is being extended to allow a quality assessment - based on current performance a target of 90% is feasible

- **Proportion of unpaid work requirements successfully completed within 12 months**
  - supports the legal requirement that unpaid work requirements are completed within 12 months - current target maintained
  - MI will track hours completed at 6 and 9 months to support this target

**Proportion of cancelled sessions (stand downs) - assurance metric:**
Maintains confidence in unpaid work and ensures hours are completed within a reasonable timescale
Key service levels - accredited programmes

Getting eligible services users onto and to complete Accredited Programmes - two targets:

- The proportion of eligible service users referred as programme ready who start an accredited programme within a specified timescale
  - supports the contractual specification that a service user is able to start a programme within a specified period of being referred as programme ready.
  - Timescale and an appropriate target will be set in the light of analysis of accredited programme volumes to assess feasibility

- Proportion of eligible service users starting an accredited programme who complete the programme
  - adapts the existing positive programme completions target to focus on completion by individuals likely to benefit. Target to be confirmed following data analysis

Adherence to accreditation criteria ~ assurance metric
Maintains current target to ensure integrity of accredited programmes
Key measures - quality

We are developing four core quality measures based on the Authority’s experience of conducting operational assurance audits:

**Delivery of UPW**

*Are service users enabled to carry out appropriate and sufficient unpaid work to complete their hours as required?*

**Provision of ETE as part of UPW**

*Are service users enabled to carry out appropriate and sufficient ETE provision as part of unpaid work?*

**Delivery of Accredited programmes**

*Is appropriate, timely and sufficient accredited programme provision made available to enable eligible service users to make progress in addressing their offending related needs?*

**Timeliness/quality of recording and notification of failure to attend/unacceptable behaviour/risk issues**

*Is information relevant to compliance, enforcement and risk management clearly recorded and communicated to the RO in a timely and appropriate manner?*

We will explain how the quality measures will work at our next session, including methodology, sampling and emphasis on consistency
Managing the NPS interface

We are taking a whole system approach to performance, to ensure strong collaboration between NPS and contractors

- **Unpaid work**: timescale for unpaid work referrals is being extended to 10 business days from sentence to give the RO sufficient time to complete the unpaid work assessment and risk/need assessment.

- **Quality measure on delivery of requirements**: will consider whether RO discloses risk information promptly and identifies ETE needs where relevant.

- **Accredited programmes**: proportion of eligible service users who have an accredited programme requirement or licence condition will be monitored to ensure accredited programmes are properly targeted.

- ‘**Programme ready’ referrals to be monitored**: a) proportion who meet eligibility criteria; and b) proportion of eligible persons referred with enough time to complete programme before order expiry.
Questions for participants

1. Are these the right measures?

2. Is the balance between service levels and quality the right one?

3. Any comments on individual measures or targets?

4. Any perverse incentives or tension between measures?
Performance and financial guarantees
Performance and financial guarantees

- We will require a parent company (or alternative) performance and financial guarantee

- We expect this to be 12 months’ contract value – subject to market views and further internal consideration

- We are not currently considering additional securities e.g. escrow or bonds
Payment Mechanism
Agenda

- Principles
- Proposed model
- Our questions to you
- Your questions to us
Session objectives

✓ We want to get your views on how to design a payment mechanism which supports the delivery of the services

✓ We will share our current thinking, based on previous market engagement, but we are still open to your ideas about alternative models as well as on options within proposed model
## Principles

<table>
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<tr>
<th>Principle</th>
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<tbody>
<tr>
<td>Ensure sufficient funding to cover the reasonable costs of (efficiently) providing a minimum acceptable level and standard of service</td>
<td>Essential</td>
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<tr>
<td>Incentivise and facilitate attainment of agreed outcomes</td>
<td>Essential</td>
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<tr>
<td>Reflect actual workload and respond easily to any workload changes (i.e. minimal effort to assess or negotiate changes; minimal dispute risk)</td>
<td>Essential</td>
</tr>
<tr>
<td>Be transparent and understandable</td>
<td>Essential</td>
</tr>
<tr>
<td>Incentivise suppliers to find and share efficiencies</td>
<td>Essential</td>
</tr>
<tr>
<td>Allow a reasonable but not excessive profit / surplus; but not guarantee any minimum profit / surplus (e.g. if efficiency or performance is poor)</td>
<td>Essential</td>
</tr>
<tr>
<td>Assign risk to the appropriate party</td>
<td>Essential</td>
</tr>
<tr>
<td>Minimise the resource required to manage it (for all parties)</td>
<td>Desirable</td>
</tr>
<tr>
<td>Encourage partnering behaviours</td>
<td>Desirable</td>
</tr>
<tr>
<td>Discourage perverse behaviours during bidding or contract operation</td>
<td>Desirable</td>
</tr>
</tbody>
</table>
Cabinet Office Model Services Contract provides four paymech models:

- Time and materials
- Fixed or firm
- Volume based
- Guaranteed maximum price with target cost (GMPTC)

We propose to use a GMPTC model with volume bands by service element.
GMPTC with volume bands (1/3)

Bidding

- Bidders would bid a target cost for a range of different elements of the service (including back office/fixed costs) and a desired profit level, either per element or standard across all elements, to give a target price.

- All of the elements would be added together to give an aggregate target price (except mobilisation and transition).

- The Authority would provide volume bands between expected minimum and maximum volume points for each service element. Bidders would bid a target cost for each volume band for each element, based on their operating model and when costs were likely to increase in line with volume.

- Feasibility of resource model to support operating solution will be considered through evaluation.

Guaranteed maximum price

- The maximum price would be based on the target cost and would be standard across all providers and all elements.

- Current thinking is it would be approx. 20% above target cost.
GMPTC with volume bands (2/3)

Operation and payment

- Open-book accounting, including for key suppliers – monthly costs template, based on bid FRT, with supporting information.

- If actual incurred costs higher than target cost, the pain would be shared 50/50 between the Authority and the provider up to the maximum price, thus reducing available profit.

- If actual incurred costs lower than target cost, the gain would be shared between the Authority and the provider, thus increasing available profit.

- Profit cap set probably at 20%.

- Assessment of actual costs against target costs would be based on the aggregation of the target costs for all elements.

- Actual awarding of available profit dependent not only on whether costs below maximum price, but on whether performance or quality measures achieved.

- Annual reconciliation process, though in-year adjustments possible.
GMPTC with volume bands (3/3)

Change of volume band

- Expected volume levels for each element notified by Authority on a rolling six months’ basis.

- If there was an actual or expected sustained change in volume, the Authority would give a minimum three months’ notice to increase the volume band or six months for decreases.
GMPTC illustration

Scenario 1: If IC < TC, Actual payment = TP - ((TC-IC)/2)
Scenario 2: If IC > TC and TP + ((IC-TC/2) > IC, Actual Payment = TP + ((IC-TC/2) (Capped at GMP)
Scenario 3: If IC > TC and TP + ((IC-TC/2) < IC, Actual Payment = IC (Capped at GMP)
Advantages of GMPTC

- Should allow sufficient funding for first generation outsourcing of services packaged in this way where costs may be difficult to estimate accurately

- Reduces need for risk-pricing, improving value for money

- Pain and gainshare

- Allows suppliers to set own level of fixed costs in line with own operating model, and variable costs for volume changes

- Balances incentivisation of performance and efficiency
## Paymech elements

<table>
<thead>
<tr>
<th>Element</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accredited programmes - groups</td>
<td>Programme starts – <em>group or individual?</em></td>
</tr>
<tr>
<td><em>Accredited programmes – 1:1?</em></td>
<td>Programme starts – <em>group or individual?</em></td>
</tr>
<tr>
<td>Unpaid work</td>
<td>Hours delivered</td>
</tr>
<tr>
<td>Back office / fixed costs</td>
<td>Active cases* (unweighted) – probably wider volume band than for orders (e.g. only 2-3 bands) Authority will provide guidance on cost categorisation</td>
</tr>
<tr>
<td>Mobilisation, transition, transformation</td>
<td>One-off (target) cost</td>
</tr>
<tr>
<td>Additional services</td>
<td>Any costs over and above general back office costs can be simply added on with standard profit rate (outside of target cost)? And/or day rates to be provided for ad hoc work (e.g. analyst, project management etc)?</td>
</tr>
</tbody>
</table>
Performance incentivisation

More detail to be provided before next session, but broadly:

- Each service measure will be weighted
- Based on level of performance below target and weighting, available profit will be reduced
- To address continued under-performance, two tools: ratchet mechanism and beyond-profit deductions based on target profit level
- Also, price adjustment mechanism could adjust price, subject to strict controls about unforeseeable and benchmarkable changes to cost base
Our questions to you

We would welcome your initial views today on the following questions:

1. What are your thoughts about the proposed PCG?
2. Is it the right model? Could it be improved?
3. Are there alternative payment volumes we should consider?
4. Should programme volumes be based on individuals or group sizes?
5. Do we need volume bands for back office?
6. Should there be more granular payment elements e.g. programme type or ETE?
7. Is six months’ notice for decreases and three months for increases the right time period?
8. What is the level of variable costs for these services? Should there be reconciliation/adjustment of target cost if actuals are different (perhaps more than one volume band) than expected?
9. How should optional services be priced / paid for?
Questions
Next steps

Please let us know your views on any of the questions, or any questions you have, at ProbationAPandUPW@justice.gov.uk

There is no specific deadline for feedback, but the more you feed back early on, the more we can address at the next session.

The next paymech session will be on Monday 8 July and will cover any updates to the model and the draft FRT structure.

Thank you.