Probation Programme

Market Engagement Event – Commercial Strategy - Part 2

21/08/2019
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;
- MoJ shall not be liable for any loss or damage arising as a result of reliance on information disclosed as part of this ME and/or from any participation in the ME; and
- is not committed to any course of action as a result of this ME.
Format of the day

• We want to hear your views regarding the material presented today, therefore we will use round table discussions at the end of each section.

• We would also welcome written feedback following this event at the following address: ProbationAPandUPW@justice.gov.uk

• Whilst we continue to welcome written feedback following this event on an ongoing basis, we would appreciate if you could please provide feedback for this session by the 28th August.
Welcome & Introduction

Andreas Bickford

10:00-10:15
Introduction

• Today is the second of two commercial strategy days, with the first in early July covering:
  - Draft SQ
  - Evaluation Principles
  - Initial Liability approach
  - Initial IPR approach
  - Site visits

*All Market Engagement events can be found here*

• Today we will not be able to discuss our final position on Contract Values
<table>
<thead>
<tr>
<th>Session</th>
<th>Presenter</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Morning Tea &amp; Coffee 09:30-10:00</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Welcome &amp; Introduction</td>
<td>Andreas Bickford</td>
<td>10:00 - 10:15</td>
</tr>
<tr>
<td>Market Share Cap Rule</td>
<td>Ryan Martin</td>
<td>10.15 - 10.45</td>
</tr>
<tr>
<td>Liability &amp; IPR</td>
<td>Lois Hart &amp; Jonathan Bowdery</td>
<td>10:45 - 11:30</td>
</tr>
<tr>
<td>Final SQ &amp; Minimum Capital Requirements</td>
<td>Andreas Bickford</td>
<td>11:30 - 12:15</td>
</tr>
<tr>
<td><strong>Break 12:15-13:00</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation Principles &amp; Draft ITT Question Set</td>
<td>Lois Hart</td>
<td>13:00 - 14:00</td>
</tr>
<tr>
<td>Financial Evaluation</td>
<td>Janet Phillipson</td>
<td>14:00 – 15:00</td>
</tr>
<tr>
<td>Closing Remarks</td>
<td>Andreas Bickford</td>
<td>15:00</td>
</tr>
</tbody>
</table>

We are sharing the slides with everyone who attended and registered to the event.
Market Share Cap Rule

Ryan Martin
10:15-10:45
Market Share Cap Rule

Background - Why set a market share cap?

• To encourage competition and maintain sustainability within the probation services market;

• To maintain a multi-supplier market for future competitions;

• To limit overreliance on one or a small number of strategic delivery partners; and

• To reduce the risks associated with possible supplier failure by ensuring the continued existence of alternative providers.
Market Share Cap Rule

Methodology

The market share cap has been set based on the number of requirements delivered for Accredited Programmes (Building Better Relationships and Thinking Skills Programme only) and Unpaid Work in 2018/19.

On average delivering one Accredited Programme (BBR or TSP) costs three times more than delivering one Unpaid Work requirement and therefore this ratio has been applied in the calculations.

This methodology aligns to the previous regional variations which was based on Caseloads.

Note that other Accredited Programmes (i.e. Resolve Programme Training and Drink Impaired Drivers) and non-accredited structured interventions are not included in the calculation.

The dataset used to set the market share cap is a snapshot in time covering 2018/19 requirements for AP (BBR and TSP only) and UPW. All future volumes are subject to fluctuations and these figures are purely for the purposes of applying a MSC.
The 31% market share cap will produce:
- a minimum of 4 Suppliers;
- 5 combinations with the potential to win up to 5 of the smallest lots (K+A+H+C and either L, D, B, F or G);
- 10 combinations with the potential to win 2 of the largest lots (J+I or E+I) and one other lot (K, A, H or C);
- a total of 65 combinations of lots.
When will the Market Share Cap apply

The Market Share Cap will only be applied at the point of contract award with clear instructions provided to bidders on how the market share cap will be applied.

Exceptions to the market share cap rule:

**Qualification list** (pre contract award)
In the event of lot failure whereby no qualifying/compliant bids are received during the procurement process, bidders from the qualification list will be invited to bid for the failed lot and the market share cap will not be applied to that lot.

**Contingency Panel** (post contract award)
Following contract award, in the event of lot failure, a mini competition will be run amongst suppliers on the contingency panel and the market share cap will not be applied to that lot.

In the case of both exceptions, the winning bidder must still be able to meet the minimum economic and financial standing requirements for the ‘failed’ lot.
Any Questions?
Liability & Intellectual Property Rights

Lois Hart & Jonathan Bowdery
10.45-11.30
## Reflections on feedback from previous event – Liability

<table>
<thead>
<tr>
<th>Area</th>
<th>You Said</th>
<th>We did</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlimited Liability in respect to Authority Data Loss</td>
<td>You felt that:</td>
<td>We have reviewed our position on this cap, and have significantly reduced this to £20m per Contract Year for Authority Data Loss.</td>
</tr>
<tr>
<td></td>
<td>• the unlimited cap was too high in proportion to the procurement;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• the Authority should consider that VCSEs would be limited in bidding against an unlimited cap</td>
<td></td>
</tr>
</tbody>
</table>
IPR – aims for the Authority

• To encourage innovation in developing solutions and facilitate adoption across the innovation partner base

• To encourage innovation partners to share IPR whilst protecting their interests

• To precisely record ownership and licensing arrangements of IPRs used in the delivery of the services and project specific IPRs developed over the term

• To preserve the services in the event of insolvency

• To encourage the sharing and adoption of best practice across the innovation partner base
# Reflections on feedback from previous event

<table>
<thead>
<tr>
<th>Position at event 9(^{th}) July</th>
<th>Updated positions</th>
</tr>
</thead>
</table>
| Licensing Model to used for all Project Specific IPR | • If funded by Authority then will be licenced to all innovation Partners  
• If funded by an innovation partner then will be licenced to Authority at no extra cost. Any licensing to wider innovation partners will be subject to valuation and agreement with innovation partners prior to adoption |
| All Project Specific IPR (and dependant IPR) to be licenced to  
• Authority in perpetuity  
• to the other Innovation partners and wider public sector for the contract term | • Scope of licensing reduced to other innovation partners only for the duration of their service provision  
• Otherwise unchanged |
| IPR Log and technical library to record and store all IPR used in the delivery of services and controlled access available to other innovation partners and wider public sector | • IPR log remains  
• Technical library as suggested retained  
• Access restricted to innovation partners and Authority only  
• Innovation forum to be created to share best practice |
| Authority to grant licence to innovation partners to use Authority systems and use and process Authority data | Unchanged |
## Reflections on feedback from previous event

<table>
<thead>
<tr>
<th>Position at event 9(^{th}) July</th>
<th>Updated positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority to grant licence to use and develop existing and new Programmes</td>
<td>Unchanged however all Accredited programme Project Specific IPRs developed irrespective of funding to be owned by the Authority</td>
</tr>
<tr>
<td><strong>Insolvency Arrangements</strong>&lt;br&gt;• Project specific IPR transfers to Authority&lt;br&gt;• Background and Third party IPRs, licences unaffected and to continue&lt;br&gt;• Authority licences cease when exit completed&lt;br&gt;• Supplier software [TBC]</td>
<td>Unchanged</td>
</tr>
<tr>
<td><strong>Further development of Project Specific IPR to be encouraged</strong></td>
<td>Unchanged but recognise the need for developing innovation partner(s) to agree terms on background/3(^{rd}) party IPR terms in the event of adoption and/or development by other innovation partners, if not funded by Authority</td>
</tr>
</tbody>
</table>
Questions for round table discussion

• How will the innovation partners work together to make this model work?

• Please suggest ways to make the process of sharing IPR simple and straightforward so adoption by other innovation partners is encouraged?

• Do you anticipate any difficulties with the proposed insolvency arrangements?

• Does the requirement for any accredited programmes developed to be owned by the Authority present any problems?

• How do you propose other innovation partners can adopt project specific IPR that you bring to the table in a cost effective way? How will dependant background and 3rd party IPRs be dealt with?
Final SQ & Minimum Capital Requirements

Andreas Bickford
11:30 - 12:15
## Consideration of previous Market Engagement Feedback

<table>
<thead>
<tr>
<th>Area</th>
<th>You said</th>
<th>We did</th>
</tr>
</thead>
</table>
| Significant Sub-contractor Definition | It was felt that the definition was too complex and could be difficult to apply | We have created a new definition which is simplified and based on whether the Subcontractor is being relied upon to meet the selection at SQ.  
Note: that Significant subcontractors will be defined in the contract however the definition will be based on spend and importance. |
| Innovation                  | It was felt that the previous technical capability questions were too focused on Innovation when in fact our requirements did not require extensive innovation | The technical capability questions have been updated to include continuous improvement and a degree of innovation which better suits the services delivered under the eventual contract.                                                                 |
| Social Value                | The market did not agree that a ‘for info’ Social Value question would add value | We will no longer include Social Value at SQ stage however we will test and score bidders at ITT.                                                                                                                                                                      |
Pre-qualification: Technical Requirements

SQ will include five technical questions:
- Working with individuals with complex needs
- Delivering Services in a Complex Operating Environment
- Collaborating & Partnering
- Innovation/Continuous Improvement
- Mobilisation and Transition

Contract examples do not have to be specific to criminal justice.

A bidder must demonstrate experience in all five areas to pass the pre-qualification.

Providers must meet all the criteria to pass – there will not be an opportunity to provide mitigation (i.e. a reason for why a criterion cannot be met).

Three contract examples from the previous three years* will be required – note the same three examples can be used to demonstrate all three criteria.

* We considered 5 years based on feedback however previous contract need only be running within the last 3 years (i.e. could have commenced a number of years previously)
## Pre-qualification: Technical Requirements

<table>
<thead>
<tr>
<th>Technical Question</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Working with individuals with complex needs</strong></td>
<td>Demonstrate experience working with individuals with complex needs, including those at risk of harm;</td>
</tr>
<tr>
<td><strong>Delivering Services in a Complex Operating Environment</strong></td>
<td>Detail experience of running services in a complex operating environment, including managing uncertainty;</td>
</tr>
<tr>
<td></td>
<td>Describe capabilities in organising complex service delivery models;</td>
</tr>
<tr>
<td><strong>Collaborating &amp; Partnering</strong></td>
<td>Demonstrate experience of delivering services by collaborating with contracting authorities/commissioners;</td>
</tr>
<tr>
<td></td>
<td>Demonstrate delivering interventions effectively in coordination with multiple providers/partners across a range of services;</td>
</tr>
<tr>
<td><strong>Innovation/Continuous Improvement</strong></td>
<td>Demonstrate experience in developing innovative services;</td>
</tr>
<tr>
<td></td>
<td>Detail impact of implementing continuous improvement measures against existing processes;</td>
</tr>
<tr>
<td></td>
<td>Detail experience recruiting, retaining, training and motivating staff.</td>
</tr>
<tr>
<td><strong>Mobilisation and Transition</strong></td>
<td>Demonstrate management of a complex operating environment during a transitions/mobilisation;</td>
</tr>
<tr>
<td></td>
<td>Demonstrate that risks and issues were identified and managed effectively during the mobilisation and transition of services;</td>
</tr>
<tr>
<td></td>
<td>Include the handling of large staff transfers of 100+ personnel; and</td>
</tr>
<tr>
<td></td>
<td>Demonstrate measures of quality, reliability and efficiency during a transitions/mobilisation</td>
</tr>
</tbody>
</table>
Pre-qualification: Technical Requirements

SQ will include Additional questions:
• Apprenticeships
• Insurance
• GDPR
• Supply Chain
• Prompt Payment (New)

A For Info question on Lot preference will be required at SQ which will be non binding on the potential provider.

We will not ask for past performance certificates in this procurement. We will however request references under the standard Cabinet Office SQ if required.
**Pre-qualification: Financial Requirements**

**Financial Health Checks**
- SQ will include an assessment of financial health of all members of bidding entity, AND Parents and Significant Subcontractors.

*Supplementary information will be accepted*

<table>
<thead>
<tr>
<th>Test</th>
<th>Formula</th>
<th>Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Tangible Assets</td>
<td>Total Assets (excluding Intangible Assets) – Total Liabilities</td>
<td>Red &lt;= 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Green &gt;0</td>
</tr>
<tr>
<td>Net Debt to Earnings Before</td>
<td>(Short Term + Long Term Debt - Cash &amp; Equivalents)/EBITDA</td>
<td>=&gt;3 Red</td>
</tr>
<tr>
<td>Interest Tax Depreciation</td>
<td></td>
<td>=&gt; 1 to &lt;3 Amber</td>
</tr>
<tr>
<td>Amortisation (EBITDA) Ratio</td>
<td></td>
<td>&lt;1 Green</td>
</tr>
<tr>
<td>Interest Cover</td>
<td>EBIT / Net Finance Costs</td>
<td>&lt;=1 Red</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 1 to &lt;=2 Amber</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;2 Green</td>
</tr>
<tr>
<td>Acid Test Ratio</td>
<td>(Current Asset-Stock)/Current Liabilities</td>
<td>&lt;=1 Red</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt; 1 to &lt;=1.5 Amber</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;1.5 Green</td>
</tr>
<tr>
<td>Free Cashflow to Net Debt</td>
<td>(Cashflow from Operating Activities – Capital Expenditure)/ Net Debt</td>
<td>&lt;=7.5% Red</td>
</tr>
<tr>
<td>Ratio</td>
<td></td>
<td>&gt; 7.5% to &lt;=15% Amber</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;15% Green</td>
</tr>
<tr>
<td>Net Pensions position</td>
<td>Net Debt + Net Pension Deficit / EBITDA (New)</td>
<td>Red &lt;= 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Green &gt;0</td>
</tr>
</tbody>
</table>
Pre-qualification: Financial Requirements

Minimum Capital Requirements

- The minimum capital requirements will be set at 25% of annual contract value.
- In order to pass SQ bidders will need to meet the minimum capital requirements for the smallest lot.
- Bidders will be required to self certify at SQ that the funding will be in place at contract award.
- We will test availability of funding at later stages in the procurement.

*Any % figures in this presentation are indicative and are subject to further analysis and governance*
Pre-qualification: Requirements for consortia

- **All members of bidding entity** to complete part 1 (potential provider information) & Part 2 (mandatory & discretionary exclusion grounds).

- Lead consortia member completes Part 3 (Technical capability) section whilst highlighting who in entity brings experience. This extends to:
  - Affiliates
  - Associates
  - Significant subcontractors

- **Newly formed consortia/groups**

- **Updated Significant Subcontractor definition**
  - “A sub-contractor will be deemed to be a ‘Significant’ subcontractor for this purpose, where they will be required to meet the selection criteria in part 3.”
Questions for roundtable discussion

1. What do you think about the updated technical capability questions?
   • Working with individuals with complex needs
   • Delivering Services in a Complex Operating Environment
   • Collaborating & Partnering
   • Innovation/Continuous Improvement
   • Mobilisation and Transition

2. Do you think the new definition of a significant subcontractor will work?

3. What is your view on the Minimum Capital Requirements?
Lunch
12:15-13:00
Evaluation Principles & Review of Draft ITT Question Set

Lois Hart & Janet Phillipson
13:00 - 14:00
Principles of Evaluation

We will use a price and quality evaluation and the Price per Quality Point (PQP) as the evaluation methodology.

The PQP will be calculated to four decimal places (applying standard rounding rules) by dividing the Contract Price by the Quality Score as illustrated below:

\[
\text{CONTRACT PRICE / QUALITY SCORE} = \text{PRICE PER QUALITY POINT}
\]

The lower the PQP, the better value for money the bid. The bid with the lowest PQP represents the most economically advantageous tender.
## Indicative Weightings

<table>
<thead>
<tr>
<th>Category</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Delivery</td>
<td>50% - 60%</td>
</tr>
<tr>
<td>Service Enablers</td>
<td>15% - 20%</td>
</tr>
<tr>
<td></td>
<td>Category shall also include some Pass/Fail</td>
</tr>
<tr>
<td></td>
<td>questions in addition to weighted questions</td>
</tr>
<tr>
<td>Social Value &amp; Equalities</td>
<td>10% - 15%</td>
</tr>
<tr>
<td></td>
<td>Category shall also include some Pass/Fail</td>
</tr>
<tr>
<td></td>
<td>questions in addition to weighted questions</td>
</tr>
<tr>
<td>Mobilisation &amp; Transition</td>
<td>Majority Pass/Fail elements</td>
</tr>
<tr>
<td>Contract Management</td>
<td>5% - 10%</td>
</tr>
</tbody>
</table>

The ranges are for illustrative purposes only. We intend to establish weightings at a question level which will inform final category-level weightings.
Initial Tender Stage – Pass Marks

- The Authority intends to set a 40% minimum pass threshold, **overall**, at the Invitation to Tender stage applicable to all weighted questions
  - This means that as long as Bidders score 40% on average across the weighted questions, they shall pass quality evaluation
  - The Authority shall include a number of Pass/Fail scoring to questions at ITT where appropriate
  - At ITT stage a ‘Fail’ shall not constitute removal from the competition.
  - Bidders will be required to bid their target prices between an Authority-set cap and collar.

<table>
<thead>
<tr>
<th>ITT Pass Mark</th>
<th>What this means</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Applies to weighted questions only, as an overall pass mark (average of all questions)</td>
</tr>
<tr>
<td>Pass/Fail</td>
<td>At ITT stage a Fail shall not constitute removal from the competition</td>
</tr>
</tbody>
</table>
BAFO stage - Pass Marks

- The Authority intends to set a 60% minimum pass threshold, at question level at BAFO stage, applicable to all weighted questions
  - This means that Bidders must achieve the minimum pass threshold at a per question level in order to pass evaluation
  - The Authority shall include a number of Pass/Fail scoring to questions at BAFO where appropriate. A score which is deemed as a ‘Fail’ shall mean that the Bidder does not progress to the next stage
  - Bidders will be required to bid their target prices between an Authority-set cap and collar.

<table>
<thead>
<tr>
<th>BAFO Pass Mark</th>
<th>What this means</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>Applies to weighted questions only, and applies on a per question basis</td>
</tr>
<tr>
<td>Pass/Fail</td>
<td>At ITT stage a Fail shall not constitute removal from the competition</td>
</tr>
</tbody>
</table>
Questions on: Service Delivery

- Interface with NPS and Sentencers
- Risk of Serious Harm
- Delivery of UPW
- Local Responsiveness
- Minimising Stand Downs
- Service User ETE
- AP Delivery
- Additional Programmes (effective delivery)
- Programme Eligibility
- Quality of Delivery of Accredited Programmes
- Capability & Capacity to deliver AP
- Non-Accredited Structured Interventions Delivery
- Quality Assurance
Questions on: Service Enablers

• Workforce & Pension
• Estates
• Digital & Technology

Questions on: Social Value & Equalities

• Social Value
• Equalities
Questions on: Mobilisation and Transition

- Overarching
- Workforce & Pensions
- Estates
- Digital & Technology

Questions on: Contract Management

- Subcontracting & Consortia
- Approach to Additional Services
- Business Continuity & Disaster Recovery
Questions

• Do you think the application of weightings, as they stand, are appropriate for each category?

• What is your general feedback on the draft question set issued?

• Are there any areas you expected to see covered which have not been included within the question set issued?
Financial Evaluation

Janet Phillipson
14:00 - 15:00
Consideration of previous Market Engagement Feedback

- Formulae and worked example shown
- Fixed assumptions removed from bidder input rows – free text for inputs and assumptions
- Salary costs separated out
- Price evaluation changed to sum of average prices for each element (averaged by dividing no of vol bands, since no of bands may differ by element)
Other changes

- Corporate overheads (contribution to parent / group HQ; as distinct from directly attributable back office costs) will be limited to 2% of target and actual costs
- Change of paymech elements to reflect additional programmes and interventions
## Paymech elements

<table>
<thead>
<tr>
<th>Element</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>APs - 1-12 sessions (BFO)</td>
<td>Service-users who start the programme/intervention – expected number will be based on number of starts in previous period, thus incentivising starts (% start-rate will be applied to any expected changes in referrals, e.g. due to policy changes or sentencing trends)</td>
</tr>
<tr>
<td>APs - 13-24 sessions (TSP, BSR and DID)</td>
<td></td>
</tr>
<tr>
<td>APs - 25-36 sessions (BBR and Resolve)</td>
<td></td>
</tr>
<tr>
<td>Non-accredited structured interventions</td>
<td></td>
</tr>
<tr>
<td>Unpaid work – non-ETE</td>
<td>Hours delivered – expected number will be based on hours delivered in previous period, thus incentivising delivery (% delivery-rate will be applied to any expected changes in referrals, e.g. due to policy changes or sentencing trends)</td>
</tr>
<tr>
<td>Unpaid work - ETE</td>
<td>Hours delivered (as above) but for ETE hours only</td>
</tr>
<tr>
<td>Back office / fixed costs – two volume bands</td>
<td>No of requirements – TBC whether starts or active requirements</td>
</tr>
<tr>
<td>Mobilisation, transition, transformation</td>
<td>One-off (target) cost</td>
</tr>
</tbody>
</table>
Proposed methodology for setting volume bands:

1. Volume Band 1 goes from 0 to Y units, Y being dependent on the minimum level of service the authority wishes to maintain.

2. The top of each subsequent volume band is set X% higher than the top of the previous volume band.
   *E.g. X = 10%, Y = 1000 units:*
   - Band 1 = 0 to 1000 units
   - Band 2 = 1001 to 1100 units
   - Band 3 = 1101 to 1210 units etc
   I.e. the higher the volume the wider the bands. (Using a percentage difference aligns with Guaranteed Max Price being set as a percentage above Target Cost)

Factors to balance (Sensitivity vs Volatility):

- Bands should be narrow enough that any differences in costs at the top and bottom of bands should be manageable within the Target Cost model.
- Bands should be wide enough that payments are relatively stable i.e. Band changes should not occur frequently.
Setting Volume Bands - Examples

- Our initial analysis shows that the balance between sensitivity and volatility is harder to strike with Programmes than UPW due to the lower volumes and higher volatility. This is illustrated below. The first graph shows a volume gap of 20% and the second a gap of 40%.
Operation of Paymech – Volume Band Changes

- Monthly payments will be based on predicted volume bands, with an annual reconciliation at the end of the year to reconcile Incurred Costs. There will be no volume reconciliation.
- Volume band predictions will be provided every 3 months.
- If a volume band increase or decrease is expected, a notice period will be given before the volume band actually changes for the purpose of monthly payments.
- The notice period will be 3 months for an increase in volume band and 6 months for a decrease in volume band.

Illustrative Example - Volume Bands with 20% Gap

Illustrative Example - Volume Bands with 40% Gap
Your views/preference?

- We would like to hear your views on the proposed methodology for setting volume bands and where your preference falls on the balance between sensitivity and volatility.

- Factors to consider:
  - The Target Cost model is designed to be flexible in terms of varying costs within volume bands and Guaranteed Max Price is set at 20% above Target Cost.
  - The volume unit for APs will be *service users who start the programme*, therefore some variation in volume can be controlled by running programmes with variable group sizes.
FRT – further questions

• Do you have any further questions on the content or structure of the FRT?

• Should assumptions be captured per line item in the spreadsheet or in a separate Word document?

• We are still considering if and how to include allowable assumptions. Aside from numbers and costs of transferred staff, estates and assets, what are the areas that you think would be relevant for allowable assumptions or risk pots? Or does the GMPTC model suffice to manage a certain amount of risk?
Next Steps

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

- We will send the slides to everyone who registered and attended and upload them on our website page: https://consult.justice.gov.uk/hm-prisons-and-probation/strengthening-probation-building-confidence/

Market Warming and OJEU contract notice

- We intend to share the draft procurement and contract documents to commence market warming in Autumn, ahead of our intention to launch the competition in the November.