

Title: Breaking the cycle: effective punishment, rehabilitation and sentencing of offenders Lead department or agency: Ministry of Justice Other departments or agencies:	Impact Assessment (IA)
	IA No: MOJ051.
	Date: 07/12/2010
	Stage: Development/Options
	Source intervention: Domestic
	Contact for enquiries: breakingthecycle@justice.gsi.gov.uk

Summary: Intervention and Options

What is the problem under consideration? Why is Government intervention necessary?

Despite the ambition and determination of those working within the justice system, too many people reoffend and too much money is spent on dealing with the consequences of high levels of reoffending. Government intervention is required to reduce the level of reoffending and ensure that offender management services are provided efficiently and effectively. The sentencing framework is complex, expensive and time-consuming to interpret and administer and difficult for the public to understand.

What are the policy objectives and the intended effects?

Our central objective is to make the public safer by breaking the cycle of crime. There are four key principles that govern our approach: protecting the public; punishing and rehabilitating offenders; transparency and accountability; and decentralisation.

The intended effects of these policies will be to ensure that offenders: are punished effectively; pay back to victims and society; and are rehabilitated effectively. The sentencing framework will seek to achieve a better balance across the purposes of sentencing; maintain fairness and trust in the system; and improve value for money.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)


The policy options which have been considered in this Impact Assessment are:

- o Option 0: Do Nothing (Base Case).
- o Implement the recommendations, which can be split into three areas:
 - 1) Punishment and Payback.
 - 2) Rehabilitation.
 - 3) Sentencing.

When will the policy be reviewed to establish the actual cost and benefits and the achievements of the policy objectives?	It will be reviewed 2011/12 - 2014/15
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

Ministerial Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:.....  Date: 07/12/2010

Description: Implement the entire range of preferred options across *Breaking the Cycle*

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low:	High:	Best Estimate:

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Cost (Present Value)
Low			
High			
Best Estimate	Unknown	Unknown	Unknown

Description and scale of key monetised costs by ‘main affected groups’

There may be additional resource costs incurred by Government through the policy options contained in *Breaking the Cycle*. Estimates of these costs are sensitive to the final design details of the policy and, in some cases, may be commercially sensitive. We will provide fuller estimates of the resource costs in a subsequent edition of the Impact Assessment.

Other key non-monetised costs by ‘main affected groups’

Estimates of these costs are sensitive to the final design details of the policy. We will provide a fuller estimate of these costs in a subsequent edition of the Impact Assessment.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant)	Total Cost (Present Value)
Low			
High			
Best Estimate	Unknown	Unknown	Unknown

Description and scale of key monetised benefits by ‘main affected groups’

The key monetised benefits are:

- The sentencing policies are estimated to deliver savings to the Ministry of Justice (MoJ) of approximately £210 million in 2014-15.

Other key non-monetised benefits by ‘main affected groups’.

The key non-monetised benefits are:

- There are likely to be benefits to society through an increase in visible punishment of offenders leading to increased confidence in the criminal justice system.
- There are likely to be benefits to victims through more effective punishment, reparation and rehabilitation of offenders.

Key assumptions/sensitivities/risks

Impact on admin burden (£m):			Impact on policy costs (£m):			In
Costs:	Benefit:	Net:	Costs:	Benefits:	Net:	Yes/No

What is the geographic coverage of the policy/option?		England and Wales			
From what date will the policy be implemented?		2011			
Which organisation(s) will enforce the policy?		Ministry of Justice			
What is the total annual cost (£m) of enforcement for these organisations?					
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	
Does the proposal have an impact on competition?		No			
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro Unknown	< 20 Unknown	Small Unknown	Medium Unknown	Large Unknown
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any specific impact tests undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, click on the link for the guidance provided by the relevant department. (Double-click to open links in browser.)

	Impact	Page ref within IA
Statutory equality duties¹? Women Equality Unit: Gender Impact Assessment (PDF) Disability Rights Commission: Disability Equality Scheme	Yes	24
Economic impacts		
Competition? Competition Impact Assessment	Yes	23
Small firms? Small Firms Impact Test	Yes	23
Environmental impacts		
Carbon emissions? http://www.defra.gov.uk/environment/index.htm	No	23
Wider environmental issues? Guidance has been created on the Defra site	Yes	23
Social impacts		
Health and well-being? Health: Health Impact Assessment	Yes	23
Human rights? Ministry of Justice: Human Rights	Yes	24
Justice? http://www.justice.gov.uk/guidance/justice-impact-test.htm	No	24
Rural proofing? Commission for Rural Communities	No	24
Sustainability? Defra: Think sustainable	Yes	24

¹ Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2010, once the Equalities Bill comes into force.

Evidence Base (for summary sheets) – Notes

References

No	Legislation or publication
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1	
2	
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains a saving emissions table that you will need to fill in if your measure has an impact on Carbon emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
T										
A										
T										
T										
A										
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* For non-monetised benefits please see summary pages and main evidence base section

Introduction

1. The Ministry of Justice (MoJ) published a Consultation document entitled 'Breaking the cycle: effective punishment, rehabilitation and sentencing of offenders' (*Breaking the Cycle*) on 7 December 2010. The objective of the reforms in *Breaking the Cycle* is to:
 - protect the public;
 - punish and rehabilitate offenders;
 - increase transparency and accountability; and
 - encourage decentralisation.
2. The Government aims to achieve these objectives in a way which delivers value for money and is consistent with the Spending Review obligations of the Ministry of Justice (MoJ). The policy options contained in *Breaking the Cycle* seek to consider and strengthen other ways to improve public safety and reduce the number of victims in the long term through reducing reoffending.
3. The policy options contained in *Breaking the Cycle* focus on three main areas:
 - offenders will be **punished** and provide **reparation** to their victims and to society for the crimes that they have committed. This will be done through making prison and community punishment places of hard work;
 - there will be an increased focus on **rehabilitation**. This will be done through more integrated approaches to managing offenders by police, probation services and other partners and Payment by results which will incentivise providers to produce innovative solutions to reoffending; and
 - **sentencing** will be made clearer and more transparent by creating a simpler sentencing framework that is easier for courts to operate, and for victims and the public to understand. More effective sentences will support our reforms for improved rehabilitation and payback.
4. *Breaking the Cycle* seeks to provide increased discretion for frontline professionals in managing offenders and creating the right incentives at a local level so that they target their resources on the offenders that cause the most problems in their communities. There will be a more competitive system that draws on the knowledge, expertise and innovation of a much broader set of organisations from all sectors – public, private and voluntary.
5. Implementation of more effective rehabilitation, reparation and punishment, and a focus on results, are all expected to have a downward effect on crime.
6. In addition to reducing the costs imposed by crime on society the Government is committed to reducing the budget deficit to return the country to economic growth. As set out in the Spending Review the MoJ will play its part by making a 23% real reduction in the resource budget by 2014/15. The sentencing proposals are estimated to deliver savings to the MoJ of approximately £210 million by 2014-15. We estimate that the package of proposals in *Breaking the Cycle* will lead to a reduction in demand of approximately 6,000 prison places by the end of the Spending Review period, leading to an estimated prison population 3,000 lower than it is today.
7. Business cases for the individual proposals in *Breaking the Cycle* will be developed to assess the costs and benefits, value for money, and affordability of the options proposed. Further editions of this Impact Assessment will be published when appropriate, and for some proposals, alongside any necessary legislation. *Breaking the Cycle* invites views on a range of other options that may generate additional qualitative and quantitative benefits. Where there are potential upfront costs, the options proposed are designed to be cost neutral or to deliver savings over the Spending Review period, in line with Departments' Spending Review allocations and the delivery of the Government's deficit reduction plan.
8. The evidence base used to develop these options is contained in a separate Evidence Report, which is published alongside this Impact Assessment and Green Paper.

Organisations in the Scope of the Proposals

9. The proposals as set out in this Impact Assessment will have effect in England and Wales only.
10. The main groups affected by these proposals are:
 - Ministry of Justice (MoJ) and arms length bodies, including:
 - National Offender Management Service
 - Her Majesty's Courts Service
 - Legal Services Commission
 - Crown Prosecution Service;
 - Home Office;
 - Department for Work and Pensions;
 - Department of Health;
 - National Health Service;
 - HM Treasury;
 - Police Forces;
 - National Treatment Agency;
 - Local Authorities in England and Wales;
 - National Assembly for Wales;
 - Potential non-public sector rehabilitation service providers;
 - Potential victims of crime (individuals, households and businesses);
 - Members of the public; and
 - Offenders.

Cost and Benefits

11. As policy details are yet to be finalised this Impact Assessment contains no detailed quantification of costs and benefits of the policy options. These impacts are sensitive to the final design details of the policy proposals on which the Government is consulting and may be commercially sensitive. We will provide a fuller estimate of the impact on costs and benefits in a subsequent edition of the Impact Assessment.
12. Consultees are invited to offer views and comments on the different policy options, supporting evidence and associated costs and benefits, whether quantitative or qualitative. We will take account of the evidence gathered through the consultation in developing final policy proposals and the final Impact Assessments.

Structure of the Impact Assessment

13. The next section sets out the 'base case': the assumptions the Government has made about future trends if none of the changes set out in 'Breaking the Cycle' are implemented, and if there is no change in policy and practice. The Impact Assessment then proceeds to address the three policy areas in turn, (punishment and payback, rehabilitation, and sentencing). Each section briefly sets out the policy proposals contained in 'Breaking the Cycle', and presents an assessment, where the evidence permits, of the estimated costs and benefits to society of the proposals.

Base Case / Option 0

14. The base case sets out the assumptions the Government has made about future trends if no action is taken and the policy proposals as set out in “Breaking the Cycle” are not implemented.
15. The base case assumes no change to the current sentencing and offender management policy or delivery. Under the base case, offender populations and their offending profiles are assumed to remain unchanged from the latest historic data available.
16. In the base case we assume that the severity of sentencing remains the same and that detection and conviction levels remain flat. Should these assumptions hold we estimate that, by the end of the Spending Review period, the prison population would be around 88,400.
17. The base case also assumes no change to the industries and hours of work already established in the prison estate. In the case of Community Payback, the existing caseload and sentencing pattern is assumed to remain unchanged.

Options under consideration

18. This section provides a description of how the policy proposals set out in “Breaking the Cycle” will deliver a package which aims to lead to a system which delivers a reduction in reoffending (and therefore crime); a safer society; and at the same time generates better value for money for the Ministry of Justice and society.
19. The options in *Breaking the Cycle* are broken down into three sections. These are ‘Punishment and Payback’, ‘Rehabilitation’, and ‘Sentencing’.

Option 1. Punishment and Payback

20. This section sets out the Government’s estimates of the impacts of the policy proposals in ‘Breaking the Cycle’ that focus on punishment and payback. These are designed to ensure that offenders will be more effectively punished and provide reparation to their victims and to society for the crimes that they have committed.
21. Society has a right to expect that offenders are effectively punished and that they face the consequences of their actions. Government intervention is necessary because in the past there has been insufficient emphasis on payback and reparation. Whilst prison remains the ultimate punishment, it should also do more to ensure prisoners experience the routine of work, learn skills and earn qualifications to help them to become productive citizens. Where possible, offenders should make financial, and other, reparations for the harm they have caused to victims and communities. An ethos of hard work and the discipline of a structured day should be an increased part of prisons’ regimes, while community sentences – especially Community Payback – should be rigorously enforced.
22. The policy objective of offender punishment and payback is three-fold:
 - Punitive: Making prisons places of hard work will deter reoffending and increase public confidence in prisons, whilst instilling discipline and a work ethic to offenders. Similarly, making community payback more punitive and rehabilitative will improve public confidence in community sentences;
 - Reparative: Ensuring that offenders make more financial, and other, reparations to victims of crime and to communities; and
 - Rehabilitative: Through increasing the number of prisoners who are engaged in meaningful and productive work, to help replicate the working week and instil dignity, work ethic and discipline, and through improving skills for sustained employment on release.
23. Reoffending remains high, particularly for those offenders released from prison. Offenders are often under prepared when leaving prison to find sustainable employment.

24. The routine of hard work can be a crucial part of a law-abiding life outside prison. For many prisoners this experience of regular work is unknown. Not only do almost half of prisoners have no employment in the year before custody but 13% have never been in any paid work².

Prisoner Working

25. Prison industries currently have the equivalent of about 9,000 full-time equivalent places for prisoners per day in just under 400 workshops, representing a wide range of activities. The average working week is currently around 22 hours though there are wide variations with some workshops operating longer operating hours, including at least one example of night shifts.
26. Subject to finding additional markets in Government to enable growth, the National Offender Management Service has the capacity to increase prison industries by introducing a working week of up to 40 hours, where possible, within its current estate. This would extend the number of full-time equivalent prisoners who can experience the discipline of longer working hours and potential skills development.
27. We are also developing, through the concept of a working prison, a more transformative approach to prisoners working in parts of the prison estate. Prisoners will work a regular working week of up to 40 hours within prisons in which work is prioritised and central to the regime and its activities, for example where education is primarily geared to teaching skills to perform work effectively.
28. As we develop more prisoner working we will be careful to ensure that we protect jobs in the community.

Community Payback

29. Almost nine million hours of unpaid work were delivered through over 100,000 Community Payback sentences in 2009. At any point during that year around 60,000 offenders were undertaking Community Payback delivered by the National Offender Management Service. The average order length was 112 hours of unpaid work. Offenders completed their sentence with an average workday of 6.5 hours and worked either one day per week or three days per week in the case of intensive delivery. Intensive delivery currently applies to unemployed offenders sentenced to 200 or more hours of Community Payback and those convicted of possession of a knife.
30. To improve Community Payback, the Government will ensure the type of work will be meaningful and challenging, and adds real value to local communities. There will be a rigorous focus on increasing compliance with, and delivery of, Community Payback, with fast and tough consequences for offenders who fail to comply, potentially including financial penalties for those who will not cooperate. The policy is to seek to establish partnerships with social enterprises and industries. The aim is to make rigorous and credible Community Payback more cost effective, bringing down the current cost of providing Community Payback to the taxpayer through a mixed market approach. As with the proposition on working prisons, the Government will be careful to ensure that we protect jobs in the community whilst offenders make reparation to society.
31. The MoJ will consult on the best ways to achieve its goals, including making the delivery of the requirements more intensive in a way which requires offenders to seek and be available for employment.

Option 1a - Expanding prison industries, within the current prison estate, by gradually increasing the prisoner working week to up to 40 hours and developing the concept of a working prison.

32. The proposal aims to ensure that:

² Compendium of reoffending statistics and analysis 2010; <http://www.justice.gov.uk/compendium-reoffending.htm>

- prisoners will work within the structure of a full working week of up to 40 hours;
 - the regime and core day will be focused around enabling work, within the requirements of ensuring a safe, decent and secure regime; and
 - work will as far as possible give prisoners skills which will increase their ability to get a job on release.
33. The MoJ will consult with the private and voluntary sectors to find solutions that provide work and training in ways which protect jobs in the community. The expansion of prison industries within the current estate will depend on the ability to generate additional revenue to off-set additional costs.
34. Developing the concept of a working prison is likely to go beyond expanding prison industries within the current estate. A more radical long-term development of mixed models of the working prison, would involve the Government working in partnership with providers from the private and voluntary sectors. This may require transitional costs.

Costs of Option 1a

35. Total costs of expanding prison industries within the current estate include additional staffing, management, training, material and other production costs. Expanding prison industries within the current estate is unlikely to require capital expenditure.
36. Transitional costs are likely to include:
- capital costs and associated planning permission for the working prison which will depend on the site chosen and extent of industrial activity; and
 - recruitment/ training costs of additional staff, which will depend on the regime already in place in the establishment and the specific skills required to supervise industrial activity.
37. Ongoing costs are likely to include:
- staff costs – The salaries to cover extra supervision with increased hours in the regime. The extent of this will depend on how extensive the changes to the regime are;
 - contracting costs – Costs to management associated with maintaining a stream of industrial work. The extent of this will depend on the nature of industry taking place and whether they are long-term stable contracts, or contracts for shorter, more ad-hoc industrial activity; and
 - additional unitary charge costs – These will only apply to expansion in Private Finance Initiative (PFI) prisons. The unitary charge is the annual payment for a PFI contract.
38. Main assumptions and risks associated with the cost impacts:
- there is a risk that work cannot be sourced to enable prisoners to sustain a full working week of up to 40 hours;
 - there is a risk that current configuration of the existing estate acts as a constraint on a fuller expansion of prison industries; and
 - legislation may be required, depending on the final design of this policy proposal.

Benefits of Option 1a

39. Ensuring prisoners work a full working week aims to ensure prisons are seen as places of hard work, whilst helping instil dignity and discipline and improving skills for sustained employment and rehabilitation on release.
40. With additional skills and an improved work ethic, potentially more ex-offenders will enter employment on release from prison. Whilst the precise impact of expanding the core working day in industry on employment is not yet known, additional employment is likely to have a positive impact on reoffending.

41. Main assumptions and risks associated with the benefit impacts:

- the extent to which increased skill levels and an exposure to a work ethic in prison help increase chances of employment on release;
- the extent to which it will be possible to find firms or enterprises wishing to expand industrial activity in prisons, whilst minimising the risk of taking jobs from outside; and
- there is a risk that jobs in the community are not sufficiently protected.

Net Impact of Option 1a

42. Prisons will be seen as places of hard work.

43. The net impact in economic and social terms will depend on the extent to which a working prison helps improve employment chances, and hence helps to reduce reoffending, whilst minimising the risk to jobs in the community.

Option 1b - Implement the Prisoners' Earnings Act 1996 in respect of payments to victims' services and explore other ways to make deductions from prisoners' wages for uses including reparation to victims and communities.

44. The Prisoner Earnings Act can only deduct wages from prisoners working out of prison (undertaking work that is not directed by the Prison Governor). We aim to begin deductions from September 2011.

45. The MoJ will explore other ways to make deductions from prisoners' wages and consider how they should be used, including making reparation to victims' services and communities. Further work will be undertaken to assess the scale of these costs once the policy options are firmed up.

Costs of Option 1b

46. There are administration costs to the National Offender Management Service from the implementation of the Prisoners' Earnings Act, which arise from managing prisoner pay and making deductions from it to be directed to victim support. We provisionally estimate that these costs will be up to £0.4m per year.

Benefits of Option 1b

47. We provisionally estimate that around £1m per year will go towards services to support victims. The final level will depend on what the level of deduction from prisoner wages is set at.

48. In addition, there would be a benefit from the potential improved public perception from seeing prisoners pay reparations to the victims of crime.

49. Main assumptions and risks associated with the estimated benefit impacts are:

- it is assumed that the numbers of prisoners working under this scheme, in future years remains broadly constant; and
- there is a risk that that by deducting prisoner wages we will introduce a disincentive to work.

Net impact of Option 1b

50. We estimate the net present value of implementing the Act would be in the region of £5m over 10 years.

Option 1c - Expand the use of intensive delivery for Community Sentences with unpaid work requirements, entailing longer working weeks and/or longer working days.

51. Nearly nine million hours of free labour are provided to communities every year but the Government needs to do much more to ensure that Community Payback is rigorous and properly enforced. Policy proposals under consideration include increasing the number of days worked per week by all unemployed offenders (without carer responsibilities) serving unpaid work requirements, to closer to a working week. In addition to this, other measures are being considered to increase the intensity and immediacy of the requirement's delivery and of improving compliance enforcement.
52. The MoJ will test how it might best achieve this by working in partnership with social enterprises and industries. This aims to help deliver sources of income for the work done by offenders and reduce the cost to the public purse. The aim is to implement this across the country once we have developed a model which we are confident delivers the benefits.
53. The MoJ has called for consultation responses concerning the type of work undertaken (and community involvement in those decisions), better use of professional expertise, rehabilitation after the sentence and targeting of the work. The MoJ will also look at how to better engage the community in choosing projects, whilst being clear that solutions must be cost neutral or better. The MoJ will ensure that it protects existing industry and jobs in the community.

Costs of Option 1c

54. Those asked to deliver the amended requirement may incur additional costs, including transportation and administration costs (i.e. the resource costs of introducing and arranging more intensive Community Payback spells). These additional costs would be incurred largely, if not wholly, during the first year of implementation with few, if any, additional costs thereafter (on the assumption that the implementation is completed within that year). This is because the total number of hours worked will remain constant so all costs will be adjustment costs.
55. There is a possibility that more intensive delivery proposals will increase breach rates. However, there is little evidence to indicate the likely scale and direction of such an impact; we are unaware of any evidence to suggest that the introduction of three day delivery resulted in an increase in breach rates.

Benefits of Option 1c

56. Our changes aim to ensure that Community Payback is more rigorous and credible, while delivering enhanced community confidence in the criminal justice system.

Net Impact of Option 1c

57. The MoJ intends to design the overall package to be cost neutral or better, and will work with providers to achieve that through more efficient delivery.

Option 2. Rehabilitation

Policy Proposals

58. This section sets out the Government's estimates of the potential impacts of the policy proposals designed to deliver an increased focus on the rehabilitation of offenders by the criminal justice system.

59. The rehabilitation policy options set out in *Breaking the Cycle* are likely to play an important role in bringing down the overall level and cost of crime in the long term. There is a strong economic case for investing in rehabilitation. Crime places a high cost on society and therefore cost effective policies which reduce reoffending (and crime) can produce a strong social return on investment.
60. Rehabilitation proposals are grouped under the following broad categories. Each proposal is discussed in more detail in the following sections dedicated to specific costs and benefits:
- a) Payment by results models to drive reductions in adult reoffending, including joint commissioning with other Government departments. Policy options to deliver this are:
 - two large scale projects for offenders managed on community sentences and those released on licence, covering all the appropriate offenders within a criminal justice area;
 - two Payment by results projects for offenders released from prison, potentially focused on those offenders who are sentenced to less than 12 months;
 - the MoJ will support the development of projects led by the Department of Health which pay by results to rehabilitate offenders with drug problems; and
 - exploring how offenders can gain early entry onto the Department for Work and Pensions Work Programme.
 - b) Local statutory partner financial incentive models to drive reduced adult and youth reoffending include:
 - two Payment by results projects that incentivise local statutory partners to reduce offending in Manchester City Region and across a number of London Boroughs.
 - c) Joined-up efforts across Government to address the problems that underlie reoffending such as drug addiction, alcohol misuse and mental illness. Policy options to deliver this are:
 - drug addicted offenders are managed through new drug recovery wings and through a network of drug free wings in prisons;
 - mentally ill offenders are managed through a national liaison and diversion service, initially through projects and then roll-out by 2014; and
 - re-shaped use of existing resources to achieve better value for money in the management of offenders with severe forms of personality disorder.
 - d) Applying more cost effective and appropriate forms of punishment and rehabilitation to juvenile offenders. Policy proposals to deliver this are:
 - incentivise local authorities to reduce the use of youth custody; and
 - pay Youth Offending Teams and secure accommodation providers on a Payment by results model.
 - e) Engage communities to work together to rehabilitate offenders and deliver justice effectively. Policy proposals to deliver this are:
 - piloting of Neighbourhood Justice Panels, which aim to improve on the rehabilitative effectiveness of the criminal justice system and help establish a more efficient allocation of resource costs within the system. Estimates of costs are sensitive to the final design details of the policy and we will provide fuller estimates of the resource costs in a subsequent edition of the Impact Assessment.

Option 2a - Payment by results models to drive reduced adult reoffending, including joint commissioning with other Government departments

61. Payment by results proposals seek to encourage innovation and establish a diverse base of providers delivering more efficient and effective rehabilitative services. The economic rationale for Payment by results options reflects the scope for improved efficiency and effectiveness in current public provision.
62. The intention is to apply the principles of Payment by results for all providers of offender rehabilitation services by the end of the Spending Review period ending 2014/15.
63. The policy options under consultation propose the commissioning of at least four rehabilitation Payment by results projects to test and develop the approach and include:
 - two large scale projects for offenders managed on community sentences and those released on licence, covering all the appropriate offenders within a criminal justice area; and
 - two Payment by results projects for offenders released from prison, potentially focused on those offenders who are sentenced to less than 12 months.
64. In addition to this, the MoJ will support the development of projects led by the Department of Health which pay by results to rehabilitate offenders with drug problems and explore options around providing offenders with the opportunity of early entry onto the Department for Work and Pensions' Work Programme.

Costs of Option 2a

65. Costs of designing, running and evaluating the projects would be accrued by the MoJ. These costs would occur between 2011 and 2015 and will be estimated once the specifics of the projects and test areas they apply to have been determined.
66. The cost of making financial payments on reoffending outcomes would fall to the MoJ. These payments would fall during, and after, the project implementation period, as they would be lagged by around two years following the end of the fiscal period under evaluation. This time lag would allow enough time for any future offending to occur, the offender to be successfully prosecuted and for internal information systems to ascertain the level of change with an acceptable level of certainty.
67. Payment by results providers would incur costs associated with the rehabilitative interventions they undertake. These costs would include staffing, training, administration and procurement. These costs would fall during the project period 2011-2015.
68. Main assumptions and risks associated with the cost impacts:
 - the size of costs associated with financial payments by the MoJ would be determined by the level of success of providers;
 - the MoJ may pay for changes that would have occurred in the absence of the project. Work is underway to develop and test suitable measures and payment structures, to mitigate this risk; and
 - some offenders may prove hard to help and mitigate the impact of rehabilitation efforts on reoffending outcomes.

Benefits of Option 2a

69. Successful rehabilitation and reduced demand on the criminal justice system would lead to benefits for the MoJ associated with fewer court cases, reduced legal aid spending, fewer Community Orders, fewer Suspended Sentence Orders and fewer custodial sentences.
70. Payment by results providers would receive the benefit of financial payments from the MoJ.

71. A reduction in reoffending would generate social benefits associated with fewer victims of crime. Reduced acquisitive crime could benefit businesses as well as individuals, and reduced violent crime could benefit other Government Departments, such as the Department of Health.
72. Main assumptions and risks associated with the benefit impacts:
 - the level of success in reducing reoffending and the MoJ's ability to realise potential savings.

Net Impact of Option 2a

73. The proposed projects will enable further analysis of the long-term costs and benefits of this option.

Option 2b - Local statutory partner financial incentive models to drive reduced adult and youth reoffending

74. Local statutory partners play a key role in delivering services that affect offending and criminal justice system costs, but do not feel the full benefit of reduced crime and fewer court convictions. In particular, the benefit of reduced Government expenditure on offender management is gained by the MoJ, while the Home Office benefits through reduced demands on police resources.
75. The policy objective is to test if local statutory partners are able to work together more efficiently and effectively, in order to reduce crime and criminal justice system costs. The economic rationale is that an efficient allocation of resources in a local area cannot occur if the parties involved do not feel the full benefit of their actions.
76. The MoJ plans to run projects to test financial incentive models in Manchester and London that would share some of the estimated financial savings that would otherwise accrue to the MoJ, if local statutory partners were successful in reducing adult and youth court convictions. The savings shared with the local area would be available for reinvestment in further crime prevention activity at the local level in line with their priorities.
77. Any change in demand on criminal justice system services under the financial incentive models could be measured against the following:
 - the adult financial incentive models focuses on the number of court convictions (excluding over 12 month custodial sentences), Community Orders, Suspended Sentence Orders and less than 12 month custodial sentences; and
 - the youth financial incentive models focus on the number of court convictions (excluding over four year custodial sentences); the number of Community Orders; the number of less than four year custodial sentences; and the number of youths remanded in custody.
78. The MoJ will evaluate the financial incentive models rigorously to determine the extent to which local statutory partners actions have influenced demand on the justice system and delivered positive outcomes for society.

Costs of Option 2b

79. The MoJ would incur relatively small costs of designing, running and evaluating the projects. These costs would occur between 2011 and 2013, and will be estimated once the specifics of the projects have been determined.
80. Local statutory partners, such as police, probation and local authorities, are likely to incur costs associated with developing an integrated commissioning approach to tackle offending. It is anticipated these costs will largely be transitional and the result of re-deploying existing resources. It is estimated that these costs would fall during the test period, 2011-2013.

81. The MoJ would incur the financial cost of making a financial payment to local providers if they were successful in reducing net demand across the metrics that measure convictions, with the aim that any payment is not larger than the estimated or realised resource saving.
82. Main financial risks associated with the financial incentive models are related to the payments made to the local statutory partners. In particular:
 - the MoJ makes payments on estimated savings but is unable to cash these savings; and
 - the MoJ may pay for changes that would have occurred in the absence of the project.
83. In addition to the financial risks to the MoJ, there is a risk that local statutory partners, such as police, probation and local authorities, re-allocate services from more beneficial alternatives.

Benefits of Option 2b

84. Successful rehabilitation and reduced demand on the criminal justice system would lead to benefits for the MoJ associated with fewer court cases, reduced legal aid spending, fewer Community Orders, fewer Suspended Sentence Orders and fewer custodial sentences.
85. Local statutory partners would receive the benefit of financial payments from the MoJ.
86. A reduction in reoffending would generate social benefits associated with fewer victims of crime. Reduced crime could benefit both individuals and businesses, with the latter benefiting in particular from falls in acquisitive crime. In addition reduced crime will benefit the Home Office, and reduced violent crime could benefit other Government Departments, such as the Department of Health.
87. The main risks that apply to the estimated benefit impacts relate to the level of success in reducing reoffending and the MoJ's ability to realise potential savings.

Net Impact of Option 2b

88. The proposed projects will enable further analysis of the long-term costs and benefits of this option.

Option 2c - Rehabilitation of offenders with drug and mental health problems

89. Close to half of all offenders entering prison are estimated to have used drugs in the month before they entered custody, while 18% are estimated to be at risk of self-harm and/or suicide when starting a prison sentence³. Around 7.5% of offenders starting custodial sentences report using heroin for the first time when in custody⁴. Offenders suffering from drug problems have high previous offending rates.
90. A key rationale for changing the way the criminal justice system responds to offenders with drug or mental health problems is to remove the barriers to interventions that promote long term recovery, so that the cycle of reoffending can be broken and the wider harms of problem drug use and poor mental health can be addressed.
91. The rehabilitative policy options under consultation are:
 - Providing more flexibility in the management of Community Orders with a treatment requirement;
 - Test options for intensive community-based drugs treatment. We anticipate that a range of treatment interventions will be required, varying in levels of intensity:

³ Compendium of reoffending statistics and analysis 2010; www.justice.gov.uk/compendium-reoffending.htm

⁴ Compendium of reoffending statistics and analysis 2010; www.justice.gov.uk/compendium-reoffending.htm

- High – residential based intervention programmes where treatment is available with the expectation that the individual will reside in designated premises and comply with the programme full time;
 - Medium - structured treatment, possibly with a short residential element or attendance at a day care centre; and
 - Low - outpatient treatment, with an individual residing at their own home.
- Develop a project that recognises the joint responsibility for managing offenders with severe personality disorders across the National Health Service and the National Offender Management Service. We estimate that by organising services differently we would be able to increase capacity by 2014 from 300 places to 570, mostly in prisons.
92. The Government has already announced its intention to:
- introduce drug recovery wings to be tested out with a series of projects; and
 - work with the Home Office, Department of Health and the National Health Service to identify a number of liaison and diversion projects that will help shape best practice, enable us to quantify the benefits and develop appropriate quality standards.
93. Processes are in place to identify and treat problematic drug users before they reach the charging stage. In police custody suites the Home Office, through its Drug Interventions Programme, is responsible for carrying out drug testing associated with “trigger” (i.e. largely acquisitive) offences. About half of all police forces (those where acquisitive crime is higher) are now equipped to do testing, costing approximately £25m p.a.⁵ About 20,000 tests are made each month, of which about 30% prove positive.⁶
94. Some liaison and diversion schemes are already in operation across England and Wales, and work to divert offenders with mental health problems away from the criminal justice system and into care and treatment from the health and social care sectors, where appropriate. However, there is a large amount of variation between schemes, with some only operating in the courts, and others being present in police custody, courts and prisons.
95. A survey of the custodial estate by National Offender Management System in late 2009 showed 35 prisons with one or more models of drug-free wings operating. These prisons reported⁷:
- 16 wings specifically aimed at clients in their first month of custody who are currently being clinically managed under the National Treatment Agency’s Integrated Drug Treatment System⁸;
 - 23 wings where all residents undertook compact based drug testing;
 - 15 wings where all residents were on a drug treatment programme; and
 - 5 wings with a focus on the resettlement of drug-misusing offender.
96. A quantification of the short-run benefits associated with the diversion of offenders with mental health problems from custody to mental health treatment programmes is covered in policy Option 3, which addresses Sentencing Reform.

Costs of Option 2c

97. The MoJ and the Department of Health would incur:
- transitional costs associated with establishing drug recovery wings, including additional recruitment and training costs and the costs of creating appropriate group work facilities, relocation of clinical treatment provision, drug testing facilities etc.

⁵ Home Office

⁶ Drug Interventions Management Information System

⁷ Some of the wings reported by prisons may fall into more than one category and so summing the wings to obtain a total would be misleading.

⁸ The Integrated Drug Treatment System [IDTS] aims to increase the volume and quality of treatment available to prisoners, with particular emphasis on early custody, and seeks to address better integration between clinical and the Counselling Assessment Referral Advice and Throughcare (CARAT) services.

- transitional costs linked to implementation of a pathway approach to managing offenders with a severe personality disorder; and
 - costs of designing, running and evaluating projects.
98. The MoJ would also incur on-going costs associated with increased probation service resources needed to supervise additional offenders diverted from custody, through liaison and diversion services, and the Department of Health would incur costs associated with running liaison and diversion services.

Benefits of Option 2c

99. Successful rehabilitation and thus reduced volumes of crime would potentially generate benefits in terms of cost savings to the police, prosecution service, courts, legal aid spending; fewer Community Orders; fewer Suspended Sentence Orders; and fewer custodial sentences. There may also be benefits to other Government organisations responding to the consequences of crime – including the National Health Service.
100. Successful rehabilitation would also deliver benefits to offenders and their families through avoidance of the adverse health and wider social consequences of drug and mental health problems.
101. The main assumptions and risks associated with the benefit impacts are:
- diversion into treatment through liaison and diversion services or drug recovery wings fails to effectively rehabilitate a sufficient numbers of offenders;
 - lack of capacity and infrastructure in the treatment system to absorb additional numbers of offenders into community treatment (within the National Health Service, the voluntary and the private sectors); and
 - the opportunity costs of redirecting treatment resources to short-sentenced and diverted prisoners could have a negative impact on reoffending outcomes in other groups (e.g. longer-sentenced prisoners).

Net Impact of Option 2c

102. With the exceptions of some transitional costs relating to establishing drug recovery wings and through monitoring and setting up projects, it is currently anticipated that the options for consultation in *Breaking the Cycle* will be cost-neutral for the MoJ. The majority of any additional financial risks generated by these proposals, specifically in relation to costs generated through increased numbers of offenders entering treatment services, would fall to the Department of Health.

Option 2d – Youth specific reoffending initiatives

103. Local authorities play a key role in providing services that impact on offending by young people, but local authorities are not rewarded if they reduce offending and lower demands on the criminal justice system as their budgets remain unchanged. This means that offending and costs of dealing with offending are higher than they should be, as the incentives to invest to prevent offending are weak. By giving local authorities greater incentives to reduce demand on the criminal justice system, the Government expects that local authorities will strive harder to reduce offending and its associated costs. This greater effort will reduce the impact youth offending has on society and reduce the costs of dealing with young offenders. There are two sub-options:

- **Test how local areas can be enabled to share in financial savings and risks from the use of youth custody (2di)** At the present time if a local authority works to prevent a young offender from entering custody they are not rewarded for reducing the use of custody. A small number of consortia of local authorities will be given a grant to reduce their use of youth custody. At the end of the project period, if the consortium has failed to meet an agreed target, we will recoup some, or all, of the grant based on the consortia's use of custody. By providing greater focus and resources to local authorities to reduce the use of custody there should be a reduction in demand for all types of youth custody.
- **Explore moving Youth Offending Teams to a Payment by results model (2dii)** Grants made to Youth Offending Teams by Government are fixed and do not vary. By providing Youth Offending Teams with financial incentives to reduce the impact of youth offending on society and the criminal justice system, better outcomes should be obtained. There are a number of different ways that could be used to assess the success of Youth Offending Teams in tackling youth crime. The metrics used will measure the progress made by a Youth Offending Team in reducing the harm caused by young people offending. By making a proportion of the grant to Youth Offending Teams contingent on results that directly reflect the harm done by juvenile offending, the policy intent is that there should be a greater incentive for Youth Offending Teams and local authorities to concentrate on developing programmes and practice, which in turn lead to improvements in the described metrics. Better performance will mean a larger grant.

Costs of Option 2d.i

104. Consortia of local authority will need to develop and implement programmes to reduce the use of custody.
105. By diverting offenders from custody there is the potential that young people no longer held in custody will commit crimes. This would be mitigated by successful rehabilitation, whilst those most likely to be diverted from custody will be the least likely to reoffend.
106. If offenders are diverted from custody into other programmes there will be an associated cost with providing these programmes to these offenders.

Benefits of Option 2d.i

107. By implementing this option it is assumed that there will be a reduction in the use of custody in the consortia areas, both during the period of the investment and in the future.
108. By identifying and disseminating best practice in programmes that reduce the use of custody there should be a reduction in demand for custody in areas outside the consortia areas.

Net Impact of Option 2d.i

109. Any upfront investment should be recouped by a reduction in the demand for custodial places. There should also be wider benefits in that offending and its associated costs should be reduced.

Option 2d.ii

110. Grants made to Youth Offending Teams by Government are fixed and do not vary. By providing Youth Offending Teams with financial incentives to reduce the impact of youth offending on society and the criminal justice system better outcomes should be obtained.
111. There are a number of different metrics that could be used to assess the success of Youth Offending Teams in tackling youth crime. The metrics used will measure the progress made by a Youth Offending Team in reducing the harm caused by young people offending.

112. By making a proportion of the grant to Youth Offending Teams contingent on results that directly reflect the harm done by juvenile offending, there should be a greater incentive for Youth Offending Teams and local authorities to concentrate on developing programmes and practice that lead to improvements in the described metrics. Better performance will mean a larger grant.

Costs of Option 2d.ii

113. Our analysis suggests that local authorities may receive a proportion of the Youth Offending Team grant later than under the current system and, depending on the performance of the Youth Offending Team, the grant received may be smaller than that currently received.
114. There is a risk that if local authorities are uncertain about the impact of investing to reduce offending then Youth Offending Teams may limit the investments they make, and that poorly performing Youth Offending Teams will have reduced budgets and hence will be unable to improve.

Benefits of Option 2d.ii

115. By encouraging Youth Offending Teams to focus on important outcome measures, it is expected that there should be a reduction in juvenile crime and its associated costs.

Net Impact of Option 2d.ii

116. We estimate that the upfront investment will not need to be large and that it is likely to be outweighed by savings from reductions in juvenile crime.

Option 3. Sentencing

Policy proposals

117. This section sets out the estimated impacts of the proposals in 'Breaking the Cycle' that focus on the sentencing framework. The sentencing policy proposals set out in *Breaking the Cycle* are designed to:
- create a simpler, more transparent sentencing framework that is easier for courts to operate and for victims and the public to understand;
 - make better use of prison and community sentences to punish offenders and improve public safety; and
 - better support aims of improved rehabilitation and increased reparation to victims and society.
118. We have estimated the potential prison place savings for some of these proposals (3a to 3f). Other proposals are likely to have impacts that will be developed for a future edition of the Impact Assessment. These proposals include:
- 3a Encouraging defendants to plead guilty at the earliest opportunity by introducing a maximum sentence discount of up to 50 per cent that would be reserved for those who plead guilty at the earliest stage;
 - 3b Ensuring more foreign national offenders are removed from the UK, rather than imprisoning them in the UK, by using simple and conditional cautions to divert those from prosecution who have committed certain offences on condition that they leave the UK;
 - 3c Removing the option of remand in custody for certain defendants who would be unlikely to receive a custodial sentence;
 - 3d A new release test for Indeterminate Public Protection (IPP) prisoners who have served their punishment that would focus post-tariff imprisonment on those who most clearly pose a very serious risk of future harm;

- 3e Restricting future use of the IPP sentence to those who would otherwise have merited a determinate sentence of at least 10 years (i.e. at least five years in prison and the remainder on licence);
- 3f Liaison and diversion services to help support the diversion of offenders with mental health problems from custody into community mental health treatment services;
- 3g Creating more effective and robust community sentences, with greater flexibility for providers to reduce reoffending;
- 3h For cases where there is no evidence of serious risk to the public, a fixed recall period or re-release of the offender following an administrative review;
- 3i Using restorative approaches as a better alternative to arrest and charge for low-level offenders;
- 3j Using restorative approaches at the charging stage in instances where a court case is likely to lead to a fine or community sentence;
- 3k Using pre-sentence restorative conferences for offenders who admit guilt and who agree to participate, with the victim's consent as part of pre-sentence reports;
- 3l Increasing the use of financial penalties to:
 - encourage courts to consider making a fine and create a positive duty for courts to consider imposing a compensation order unless the victim does not wish one to be made
 - provide for more use of powers to seize offenders' assets, and
 - encourage use of financial penalties in cases where the offender would currently get a community sentence to satisfy some of the punitive elements of the sentence.
- 3m Providing the courts with more flexibility in how they use suspended sentences, including by extending them to periods of longer than 12 months, and providing a choice about whether to use requirements.

119. There are also a range of wider sentencing policies that are likely to have a small overall impact:

- Simplify Sentencing by:
 - a.Repealing unimplemented legislation;
 - b.Simplifying the law so that only one sentencing framework applies to offenders;
 - c.Exploring whether the MoJ should replace the specific requirements for courts to explain how they reached a particular decision with a more general duty that the courts can apply;
 - d.Reform Schedule 21 of the Criminal Justice Act 2003;
 - e.Replace the current list of groups which attract the statutory aggravating factor in sentencing for hate crime with a general aggravating factor where the offender demonstrates hatred or hostility to a particular group; and
 - f. Creating a simpler way to calculate the impact of time spent remanded in custody on the time that should be served as part of a prison sentence and remove the burden from the courts.
- Reform of out-of-court-disposals;
- Reform of the Rehabilitation of Offenders Act.

120. Juvenile sentencing reform policies in *Breaking the Cycle* are expected to:

- a) Tackle the high use of remand;
- b) Increase the use of restorative justice;

- c) Increase police and prosecutor discretion in the use of out of court disposals, ensuring that the disposal is proportionate to the crime committed; and
- d) Amend the legislation and practice for breach, to ensure compliance and that custody is used as a last resort.

Costs of option 3

- 121. Overall we estimate that there to be no significant additional financial cost (other than small transitional costs) from the proposed sentencing reforms.
- 122. As the Evidence Report (published alongside the Green Paper) shows, there is no clear evidence about the existence or size of an incapacitation effect. Therefore, there are risks of a potential impact on crime, but there is also the possibility that this impact is small, or in fact non-existent. Future editions of the Impact Assessment will reflect further analysis of the evidence base.

Benefits of Option 3

- 123. We estimate that the prison place savings generated by the sentencing policies as set out in the Spending Review combine to generate cash savings to the MoJ of approximately £210m per annum by the last year of the Spending Review. This is as a result of a reduction in demand of approximately 6,000 prison places, leading to a prison population of 3,000 lower than it is today. The individual components of the sentencing policy proposals which we estimate will contribute most to reductions in prison places are as set out in Table 1.

Table 1. Estimated prison place and financial savings arising from sentencing policy proposals

Policy Proposal	Estimated Prison Place Saving in 2014/15	Estimated Financial Saving (rounded to nearest £5m)
3a. Encouraging defendants to plead guilty at the earliest opportunity by introducing a maximum sentence discount of up to 50 per cent reserved for those who plead guilty at the earliest stage.	3,400 prison places. In producing these estimates, we have assumed that the average discount in sentence length for those who plead guilty increases from 25% to 34%.	£130m. In addition, there are likely to be efficiency gains, as more than two-thirds of the cases reaching the Crown Court end in a guilty plea. Well over 10,000 such cases in 2009 pleaded at the door of the court. Increasing the number of guilty pleas will reduce this number and therefore lead to efficiency gains in court.
3b. Ensuring more foreign national offenders are removed from the UK, rather than imprisoned in the UK, by using simple and conditional cautions to divert those from prosecution who have committed certain offences on condition that they leave the UK.	500 prison places. This estimate is based on an initial analysis of the UK foreign national prisoner population.	£20m

3c. Removing the option of remand in custody for defendants who would be unlikely to receive a custodial sentence.	1,300 prison places. In producing these estimates, we have assumed that courts no longer remand in custody 30% of those who are currently remanded in custody (prior to conviction) but do not subsequently receive a custodial sentence.	£50m.
3d. A new release test for Indeterminate Public Protection prisoners who have served their punishment that would be focus post-tariff imprisonment on those who most clearly pose a very serious risk of future harm.	300-600 prison places. In producing these estimates, we have assumed that as a result of the introduction the proposed release test, the Parole Board increase their release rate for IPP prisoners.	£5m - £10m.
3e. Restricting future use of the IPP sentence to those who would otherwise have merited a determinate sentence of at least 10 years (i.e. at least five years in prison and the remainder on licence).	None, although the longer term benefits will be sizable.	None, although there will be sizable but as yet unquantified longer term savings.
3f. Liaison and diversion services to help support the diversion of offenders with mental health problems from custody into community mental health treatment services.	650 prison places.	£10m.

124. In addition, the full range of sentencing policy proposals may deliver a wider range of benefits over and above those set out in Table 1, such as:

- a reduction in reoffending through, for example, restorative justice;
- reduced demand for prison places;
- efficiency gains to organisations such as the Parole Board by reducing the backlog of cases;
- improved victim satisfaction through the wider use of restorative justice procedures; and
- increased reparation to victims and communities through wider use of compensation orders, financial penalties and asset seizure.

125. Main assumptions and risks associated with the benefit impacts:

- the prison place savings have been estimated using a series of reasonable assumptions about court decision making following the introduction of the policy proposals. If actual court decision making differs from these assumptions, the likely savings will also differ; and

- it is assumed that the main sentencing benefits come from savings made through reduced capacity in the criminal justice system. Failure to turn any reductions in prison numbers into realisable savings for Government would lead to reduced benefits.

Specific Impact Tests

Statutory equality duties

There is a separate Equality Impact Assessment published alongside *Breaking the Cycle* entitled: Punishment, Reparation and Rehabilitation Screening Equality Impact Assessment.

Competition Assessment and small firms impact test

In developing the concept of a working prison; expanding prison industries; and changing the way Community Payback is enforced, care will be taken to ensure that businesses in the community are not disadvantaged when competing for industry. We will also ensure that existing firms will not have their existing market taken away. Particular care will be taken to ensure that issues of state aid and anti-competitiveness are mitigated when developing the proposals. These proposals are still at the consultation stage so the make-up of the likely market is currently unclear.

Rehabilitation policy proposals would impact on competition through the creation of a new market for rehabilitation services that would be open to private sector and charitable sector participants. The policy proposals are at a consultation stage and the business demographics of potential market participants are unclear. Policy proposals do not impinge on any non-public sector market based provision of rehabilitation services.

The policy proposals will ensure that businesses in the community are not disadvantaged when competing for industry. More specifically, rehabilitation policy options do not:

- directly limit the number or range of suppliers (or providers);
- indirectly limit the number or range of suppliers (e.g. by altering demand);
- limit the ability of suppliers to compete; and
- limit suppliers' incentives to compete vigorously.

Carbon Assessment

The introduction of a working prison may involve some building of light industrial units, or the usage of existing buildings for light industrial use. It is likely that an increased turnover of goods would also increase carbon emissions and electricity and water usage, and may incur a slight increase in traffic to transport goods.

The extent to which this would become an important issue would depend on the scale of the industry and numbers of working prisons.

Other Environment

Depending on the industry/industries being developed or expanded, there is the potential for negative impacts on the environment. For example, expanding laundry services in prison may increase the amount of waste by-products and impact on the drainage systems. Care will be taken to ensure that any negative impacts on the environment are minimised.

Health Impact Assessment

Punishment and payback policy proposals will not have a significant impact on the population of England and Wales, nor any major sub-group of the population. However, punishment and payback policy options

help reduce reoffending and increase employment outcomes, which would impact the wider determinants of health amongst offenders.

If working prisons have an impact on employment and reoffending this could have a potential impact on improving health conditions for those prisoners who partake in prison industries.

Increased purposeful activity is one of the 'tests' of a healthy prison⁹ and linked to better quality of prisoner life.

There would be no expected impact on lifestyle related variables, or demand for health and social care services.

Rehabilitation policy proposals will not have a significant impact on the population of England and Wales, nor any major sub-group of the population. However, rehabilitation policy options propose more efficient and effective ways of addressing the underlying risk factors that drive reoffending, which would impact the wider determinants of health amongst offenders and reduce overall crime levels over the medium to longer term.

The policy options present offenders with a range of opportunities to break free from the cycle of crime. Where offenders do not take these opportunities and continue to reoffend they will face a coordinated response from the police, probation and other agencies so that they are caught and punished. Policy options include joined-up efforts across Government (i.e. particularly with Department of Health and Department for Work and Pensions) to address the problems that underlie reoffending such as drug addiction, alcohol misuse, mental illness, unemployment and work-readiness.

Human Rights

Punishment and payback policy proposals will be developed to conform with the Human Rights Act.

Justice Impact Test

See main body of this Impact Assessment.

Rural proofing

We do not anticipate that policy proposals will have a rural impact.

Sustainable Development

We do not anticipate that policy proposals will have an impact on the following four (of the five) principles of sustainable development:

- living within environmental limits ;
- achieving a sustainable economy;
- promoting good governance; and
- using sound science responsibly.

The policy proposals should, however, have a positive impact on ensuring a strong, healthy and just society. This would be achieved through the punishment and rehabilitation of, and reparation from offenders, their productive re-integration into society and associated reduction in crime levels. More detail on this can be found in the body of this Impact Assessment.

⁹ HM Chief Inspector of Prisons (1999) Suicide is Everyone's Concern: A Thematic Review

Privacy Impact Test (an MoJ Specific Impact Test)

The rehabilitation policy proposals do not entail the processing or dissemination of personal data of individuals.

Equalities Impact Assessment

There is a separate Equality Impact Assessment published alongside *Breaking the Cycle* entitled: Punishment, Reparation and Rehabilitation Screening Equality Impact Assessment.

Annexes

Annex 1: Post Implementation Review (PIR) Plan – Breaking the cycle: effective punishment, rehabilitation and sentencing of offenders

Basis of the review:

The basis of the review will be a mix of statutory requirements (where, for example, changes in sentencing require statutory provision), policy review and political commitments, reflecting the broad range of options for policy change contained in *Breaking the Cycle*.

Review objective:

The review will have a range of objectives, depending upon the particular policy options being scrutinised. These will include:

- Establishing whether new policy initiatives are operating as anticipated
- Examining the impact of policies (for example, on crime levels, reconviction rates, victim satisfaction and public confidence in the criminal justice system)
- Establishing whether particular policies and combinations of them represent good value for money

Review approach and rationale:

The review will adopt a multi-faceted approach, depending upon the particular policy under review. The main approaches that will be deployed are:

- Review of monitoring data. These data will include routinely collected statistical series such as recorded and British Crime Survey (BCS) crime, reconviction rates and sentencing statistics, public attitude data collected via the BCS, as well as new statistical data collected for specific purposes.
- Process evaluations of particular initiatives or combinations of them, particularly those implemented using pilot or pathfinder approaches.
- Impact evaluations for those initiatives where we anticipate measurable impacts on key outcomes such as reconviction.
- Stakeholder consultation either as a stand alone approach or to complement the other approaches, as appropriate.

Baseline:

We will use several sources of baseline data covering, for example, crime levels, reconviction rates, criminal justice system costs, sentencing disposals, public confidence in the criminal justice system and public attitudes.

Success criteria:

We will use a range of success criteria, reflecting the different aims underlying the policies. The main ones will be:

- Reductions in re-offending attributable to specific policy initiatives or initiatives in combination
- Achievement of better value for money in return for sums invested in the criminal justice system

- Increases in victim satisfaction due to criminal justice system reforms aimed at improving reparation and payback
- Increases in public confidence in the criminal justice system
- Qualitative evidence of a shift in responsibility for aspects of offender rehabilitation to the local level

Monitoring information arrangements:

Much of the monitoring data required is available from existing statistical series on a historical basis and there are plans to continue such data collection over the period covered by the review. These data include:

- Police recorded crime data
- BCS crime data
- Reconviction data from cohorts of offenders, including data on frequency and seriousness of reconvictions
- Sentencing statistics
- BCS data on public confidence in the criminal justice system and on victims views
- Data on criminal justice system costs

Reasons for not planning a PIR:

Not applicable.