



Ministry
of Justice

Government response to the Justice Committee's First Report of Session 2014–15

Crime Reduction Policies

September 2014



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Crime Reduction Policies

Presented to Parliament
by the Lord Chancellor and Secretary of State for Justice
by Command of Her Majesty

September 2014



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Introduction

This command paper sets out the Government's response to the conclusions and recommendations in the Justice Select Committee's Twelfth Report of Session 2013–14, *Crime reduction policies: a coordinated approach? Interim report on the Government's Transforming Rehabilitation programme* as well as the Committee's First Report of Session 2014–15, *Crime reduction policies: a coordinated approach?*

The Government is grateful to the Justice Select Committee for these two Reports. It recognises much of the underpinning analysis and has developed effective plans to respond to many of the issues highlighted.

The Government is proud of its strong record at reducing crime. The most recent figures from the Crime Survey for England and Wales show that overall crime has fallen by 62% since its peak in 1995, and is now at the lowest level since the survey began in 1981.

The Government has put in place a number of important reforms which are designed to ensure that crime continues to fall; offenders receive robust punishments; and that the unacceptably high rates of reoffending are driven down.

The Government is changing the way offenders are managed in the community to bring down reoffending rates while continuing to protect the public, as well as placing high quality education at the centre of youth custody to prevent future offending.

The introduction of publically elected Police and Crime Commissioners (PCCs) has increased accountability in the system and placed greater emphasis on crime reduction. We are also implementing plans to reform the Criminal Justice System to improve the experiences of victims and witnesses and reduce crime and reoffending.

This paper addresses each of the Committee's conclusions and recommendations in turn, explaining whether the Government accepts or rejects the Committee's views and why. We have grouped the committee conclusions and recommendations under the following headings from the Committee's final report:

- Trends in crime and reoffending.
- Developments in crime reduction since 2010.
- The coherence of crime reduction policies.
- Revisiting a justice reinvestment approach.

Trends in crime and reoffending

Conclusion

Crime rates have continued to decline since 2010. Falls in reoffending were achieved up to 2010, but since then reoffending rates have stabilised and remained high. Local data demonstrate that efforts to reduce reoffending in local areas, by probation trust, or local authority, have had mixed results. Over the last year there has been a fall in the proportion of local authority areas and probation trust areas achieving a decrease in reoffending (paragraph 17, conclusion 1).

Response

1. The Government broadly accepts this conclusion. Crime has reduced markedly in this Parliament. Overall crime is down by more than 10% under this Government, according to both the independent Crime Survey and police recorded crime. The Crime Survey figures, regarded internationally as a 'gold standard', show that crime is down 62% since 1995, and is at its lowest level since the survey began in 1981. However, reoffending rates remain too high and the trend is broadly flat. Transforming the way we provide probation and rehabilitation services is key to reducing reoffending. This is why the Government is fundamentally reforming the system. We are opening up the market to a diverse range of new rehabilitation providers in order to access new innovation and so that we can invest in statutory support to all those released from prison and get the best out of the public, voluntary and private sectors. The new legislation we have introduced means that for the first time the 50,000 offenders a year who receive sentences of less than 12 months, and who are amongst the most prolific offenders, will in future be supervised in the community for at least a year. Linked to this, provision of the nationwide 'through the prison gate' resettlement service will provide continuous support by one provider from custody into the community.
2. With regard to the Committee's observation about local reoffending data, the Government accepts that there has been a fall over the last year in the proportion of local authority and probation areas achieving a decrease in reoffending. However, these figures are derived from a legacy performance measure which uses a three month follow up period to measure reoffending at a local level, and are therefore less robust and more volatile than the MoJ's headline measure of reoffending which uses a full 12 month follow up period. The headline measure of reoffending shows no discernible trend at a local level since 2005.

Recommendation

Falling crime rates have continued and are welcome, but the extent to which falls in crime can, in practice, be attributed to the success of national or local crime reduction policies is unclear. What is clear is that there are multiple factors at play, and that it is difficult to attribute falls in crime directly to particular crime reduction policies or practices. Crime rates and reoffending rates are simple measures used to reflect the effectiveness, or otherwise, of an extensive and complex series of policies and processes, and offenders' responses to them. It is concerning that some local re-offending rates appear to indicate setbacks in the progress of local

areas on this agenda. Similarly, while there has been a significant fall in crime, criminal victimisation is now more concentrated on a few vulnerable population groups and the poorest neighbourhoods, providing a greater opportunity for more targeted crime reduction initiatives. The economic downturn, which some commentators suggest had potential to impact on crime rates, has not yet done so, or that impact is not yet apparent. *It is only at a relatively late stage in this Parliament that Ministers appear to have taken steps to increase their understanding of crime trends. The Government should seek to recognise more explicitly where reoffending has fallen and seek to understand why* (paragraph 24, recommendation 2).

Response

3. While the Government accepts that more can always be done to improve understanding of trends in crime and reoffending, it rejects the Committee's implication that it is an area attracting only recent attention. The Home Office has consistently monitored crime trends to identify and understand issues where national leadership is required, such as on serious and organised crime, modern slavery or violence against women and girls. The Home Office has also stripped away the conflicting and distorting central targets for the police and replaced them with a single overriding objective to cut crime.
4. On metal theft, the government worked closely with the police, industry, energy networks and rail companies to develop an evidence-based approach that included funding a national task force, piloting more stringent identity checks on sellers and introducing a ban on cash payment for scrap metal. Experimental statistics published by the Home Office last year showed that metal offences fell 40% in 2012/13, the first year those changes took effect.
5. On 'theft from the person' (i.e. snatch theft and pickpocketing), which police recorded crime data suggested was rising largely as the result of increased smartphone thefts, the Home Office has worked with the police and representatives of the mobile phone industry to discuss technical solutions that would make stolen phones harder to operate. The latest crime statistics highlight a substantial drop in offences from December 2013 onwards, which the Office for National Statistics (ONS) suggest may be linked to improvements to mobile phone security features.
6. In addition, to better understand crime trends, the Home Office has developed the Home Office Data Hub (HODH) which is a case level database of recorded crime that has improved our evidence base. Recently, the data hub allowed the Home Office to analyse the increase in sexual offences recorded since October 2012 and identify the large increase in those that happened many years ago but were only recently reported, therefore highlighting the so-called 'Savile effect'. By July 2014, 16 police forces were supplying case level data with many more expected to do so in the coming months.
7. Similarly, in April 2013, the Ministry of Justice (MoJ) set up the Justice Data Lab to allow all organisations working with offenders to access central reoffending data so they can better understand the impact of their work, and in September 2013 and April 2014, the MoJ published the first and second edition of *Transforming Rehabilitation: a summary of the evidence on reducing reoffending* which sets out key evidence on what works to reduce reoffending. The summary supports the work of policy makers, practitioners and other partners involved in offender management and related service provision.

8. MoJ has made a significant amount of information available to bidders for the Transforming Rehabilitation contracts to encourage them to formulate innovative and creative bids that are most likely to be effective in reducing reoffending. This includes information on the relevant characteristics of the offender population at national and local levels, and information on the reoffending risk and offence-related needs of different offender groups.

Developments in crime reduction since 2010

Conclusions

The broader question posed by our predecessor Committee of whether the incapacitation benefits of putting people into prison for longer can achieve reductions in crime rates which are justified by the costs of doing so, taking into account also the sometimes counterproductive impact of imprisonment on re-offending, remains largely unanswered (paragraph 42, conclusion 3).

Prison sentences and the different length of prison sentences applied to different crimes are seen by the public as a measure of how seriously society regards different crimes, but if custody is treated as the only means of expressing society's disapproval, it will remain difficult to achieve effective sentencing. Wider understanding of the severity of some robust community sentences and supervision requirements is one element that will be required to change this perception (paragraph 43, conclusion 4).

Response

9. Imprisonment serves a number of purposes including the punishment of offenders and the protection of the public, as well as crime reduction. The decision to imprison an offender, and for how long, is a matter for the independent Judiciary. Sentencers consider the appropriate sentence based on the circumstances of the individual offence and offender, in compliance with the law and any relevant sentencing guidelines. The role of the Government is to then ensure that there are sufficient spaces to imprison those offenders given custodial sentences by the court.
10. Whilst prison is the right response for serious offenders some offenders can be punished effectively in the community. However, the Government agrees with the Committee that community sentences must not be seen as a soft option in order to attract public confidence. That is why the Government has legislated to ensure that all community orders include a punitive element where necessary, alongside rehabilitative requirements.
11. The Government has sought to increase public understanding of sentencing. Explanatory information is available on the Government's website and in other material. In particular, the Government has produced an interactive web page called "You Be The Judge" which allows the public to watch a choice of criminal cases and to decide on an appropriate sentence. The public can then compare that sentence to what the judge imposed. This website also explains how both custodial and community sentences work in practice. The Sentencing Council has also produced an animated film which explains the sentencing process, as part of its statutory remit to increase understanding of sentencing.

The coherence of crime reduction policies

Conclusion

The Home Office and the Ministry of Justice have been strong in their focus on cutting crime. We note the intention expressed in the Coalition Agreement to limit the proliferation of new criminal offences, but observe that this has not stemmed the flow of legislative initiatives affecting the criminal justice system. This, alongside administrative changes and the pressure for both central and local government to achieve financial savings can obscure the clarity of Government messages on crime reduction and diminish the propensity for them to translate into the desired action (paragraph 58, conclusion 5).

The Government does not appear to have taken a data-driven approach to the cost effective application of resources in the face of the requirement to make cost savings. Knowledge of levels of victimisation and repeat victimisation amongst certain geographical areas, communities or sectors of the population does not adequately inform policy on crime reduction (paragraph 120, conclusion 22).

Response

12. The Government rejects these findings. Our message on the importance of crime reduction has been clear and unequivocal. As noted at paragraph 3, to support this we have removed targets for the police and replaced them with a single objective to cut crime. Through the Criminal Justice System (CJS) Strategy and Action Plan we have made it clear that this outcome is shared right across the CJS. Rather than obscure our message, the legislation we have passed has been designed to ensure that the CJS has the tools it needs to tackle crime effectively.
13. The financial savings that we have delivered were essential and have not hampered efforts to reduce crime. Despite realising significant savings, latest figures show that since 2010, there has been more than a 10% drop in offences.
14. While the Government does accept that more can always be done to improve its use of data, it does not accept the Committee's conclusion that its approach to crime reduction and resourcing has not been data driven. In addition to the work to support policy makers, practitioners and other partners involved in offender management and related service provision which is outlined at paragraphs 6–8, the "What Works Centre" for Crime Reduction was introduced by Cabinet Office in March 2013, as noted by the Committee at paragraph 118 of its final report. The Centre, hosted by the College of Policing, works with academics, police and crime reduction partners to identify best available evidence on practices and interventions to reduce crime. One of the core areas of responsibility for the College itself is that it identifies, develops and promotes good practice based on evidence.

Conclusion

Official explanations of drivers of crime, which underpin the national crime action plan, for example, can at times be overly simplistic. For example, while the misuse of both alcohol and drugs can be causes of crime, their manifestations typically

have other root causes. The Government's approach, which remains focused largely on the activity of the Home Office and the Ministry of Justice, can also overemphasise the significance in attempting to reduce crime of measures taken entirely within the criminal justice system (paragraph 62, conclusion 6).

Response

15. The Government agrees with the Committee's conclusion that reducing crime is complex and cross-cutting but disagrees that its approach is overly focused on the activities of the MoJ and Home Office. For instance the MoJ, Home Office and Department of Health have developed Liaison and Diversion services in partnership. Furthermore, our Drug Strategy¹ is a cross-government initiative, involving the Department of Health, Department for Education, Public Health England as well as the Home Office and the MoJ. We are seeking to reduce demand by taking a whole-life approach to addressing the underlying issues that lead people into drug dependency, for example by: seeking to break inter-generational paths to dependency (supporting vulnerable families through Family Nurse Partnerships); providing education and advice (e.g. through our 'Talk to FRANK' service); and encouraging individuals to take responsibility for their own health. In Wales, a Health and Justice Partnership Board has been convened which is co-chaired by the National Offender Management Service (NOMS) in Wales and the Welsh Government, and includes the Home Office and MoJ.
16. However, in addition to this approach, we also need to more directly tackle existing drug use – evidence suggests there is a clear acceleration of offending at the onset of heroin/crack use and a clear deceleration when users quit. New research published by the Home Office in July suggests that the rise in the number of heroin and crack users in England and Wales in the 1980s and early 1990s may account for up to 50% of the rise in acquisitive crime (e.g. burglary, vehicle-related theft) up until 1995. The subsequent decline in the size of that cohort may explain around 30% of the subsequent (and ongoing) fall in acquisitive crime, as measured by the independent Crime Survey.
17. This means that an effective approach to reducing crime associated with drugs requires a combination of activity to tackle the root causes of drug dependency, determined efforts to prevent the spread of heroin/crack use and encouraging existing users to desist. This is why tough enforcement remains a fundamental part of the Drug Strategy. Our approach to restricting the supply of drugs includes tackling drug dealing on our streets, strengthening the border and combating the international flow of drugs to the UK to disrupt drug trafficking upstream. The police and other law enforcement agencies continue to make real progress in tackling the supply of illegal drugs and in reducing the wider societal harms they cause, such as family breakdown, poverty, crime and anti-social behaviour. Communities do not want to be blighted by the effects of drug misuse and drug dealing, and that is why police, local authorities and communities continue to work together to keep our streets free from the crime and anti-social behaviour that drugs cause.

¹ The delivery of the strategy will reflect the devolution of powers to the Assemblies in Wales and Northern Ireland and the Parliament in Scotland. The UK Government is responsible for setting the overall strategy and for its delivery in the devolved administrations only in the areas where it has reserved power.

18. There are positive signs this approach is working. For the majority of drugs there remains a long term downward trend in drug use over the last decade for most age groups. Drug-related deaths in England and Wales have continued to fall during the past three years and people going into treatment today are more likely to free themselves from dependency than ever before.
19. Low levels of educational engagement and attainment are also linked to an increased risk of offending. MoJ and Department for Education are working closely on the introduction of the Secure College pathfinder under the Transforming Youth Custody programme. Secure Colleges will be a new generation of secure educational establishments which will put education at the heart of youth custody and thereby contribute to reducing reoffending.
20. More broadly, we agree with the Committee that there are many drivers of crime and criminality – not just harmful use of alcohol and illegal drugs, but also, for example, the family and other social factors that shape an individual's propensity to commit crime, opportunities provided by poorly secured homes and vehicles, and the activities of organised crime groups. Crime in a particular local area will reflect a unique combination of those and many other factors – and whilst there is strong evidence that effective, targeted policing can reduce crime locally, that must be informed by an understanding of local crime drivers, and draw on the contributions of other local partners, including councils, health professionals, social landlords and the voluntary sector.
21. That is why, alongside the Government's national, cross-departmental efforts to turn around the lives of our most deprived families under the Troubled Families Programme and to tackle key crime drivers like drugs, alcohol (paragraphs 15–18), anti-social behaviour and the activities of organised crime groups through our Serious Organised Crime Strategy, we have removed top-down targets on the police, freeing them up to focus on local crime priorities.
22. We have also introduced elected PCCs to ensure police forces tackle the issues that matter to local people, and work with the right local partners to keep communities safe. Already PCCs are demonstrating their value in this area. For example, Nick Alston, the PCC for Essex, was successful in a bid for almost $\frac{3}{4}$ million pounds from the Home Office Innovation Fund to extend a Drug Testing on Arrest pilot programme to all of Essex for a further two years. The pilot aims to identify whether a person who has been arrested of certain offences is a Class A drug user and, if so, facilitates their access to treatment to reduce the risk of them reoffending. The programme will also be subject to a major academic evaluation by the University of Essex School of Health and Human Sciences.

Recommendation

The National Criminal Justice Board does not appear to have entered the consciousness of many key actors in the system, which concerns us. Nevertheless, we are not persuaded of the need for a broader National Crime Reduction Board. We consider rather that there is a need for a higher profile for the Minister for Crime Prevention, whose wide-ranging portfolio should be pivotal in providing strong cross-departmental oversight of crime reduction policies, and other policies that might influence crime. The Transforming the Criminal Justice System action plan commendably includes cross government initiatives to reduce crime, but in our opinion what is really needed is a much broader approach, extending beyond the

confines of the criminal justice system, and distinguishing clearly these activities from those that are properly owned by the criminal justice system (paragraph 65, recommendation 8).

Response

23. As the Committee notes, policies that affect crime and have the potential to reduce it are the concern of a number of Government departments and agencies. The Government agrees with the Committee that this makes coordination essential and that there is the potential for more to be done to increase the profile of the role of Minister for Crime Prevention, to bolster this coordination. We are already making good progress in this area – there are a number of inter-Ministerial groups designed to coordinate activity across Government, focusing on particular crime types and drivers of crime, including drugs, gang and youth violence, violence against women and girls and hate crime, where the issues cross several departments' areas of responsibility. For example, our strategy to reduce illicit drug use, which is crucial to addressing the drivers of crime, is overseen by a group chaired by the Minister for Crime Prevention and comprising Ministers from eight departments.
24. Similarly, the Minister for Crime Prevention initiated a cross-Government declaration earlier this year that reaffirms our commitment to protecting current and future generations of girls from female genital mutilation (FGM). Eight departments have now signed the declaration and each is doing what it can to eradicate this practice in the UK. A new FGM unit is also being set up to drive a step change in nationwide outreach on FGM with criminal justice partners, children's services, healthcare professionals and affected communities. The details of the new FGM unit are being developed across Government and in consultation with stakeholders.
25. The Government's Ending Gang and Youth Violence programme is another example of a truly cross-departmental programme. It is designed to support local areas to respond in the most effective way to their particular challenges, looking beyond enforcement to early intervention, prevention and routes out of violent lifestyles. This support is offered through a network of over 80 people from a range of professional backgrounds, including health, education and the voluntary and community sector. All these people have practical experience of dealing with gangs and youth violence.
26. The Government does not accept the Committee's criticism of the Criminal Justice Board. The Board is right to focus on taking a 'whole-system' approach to tackling issues within the CJS. As well as senior leaders from CJS departments and agencies, it includes membership from the College of Policing, the Victims' Commissioner and a representative of PCCs. The Board has made good progress in establishing itself in its first 18 months and has made significant headway in implementing the actions set out in the original CJS Strategy and Action Plan (June 2013). An update to this plan has now been published (July 2014), setting out achievements to date and priorities for the future.

Conclusions

There have been significant changes to the local partnership landscape for crime reduction since 2010 reflecting the ongoing broader shift of power in this field from Whitehall to local communities. While this has resulted in an assortment of local accountability structures, our evidence highlights the clear benefits of collective ownership, pooled funding and joint priorities for crime reduction that have been

facilitated by this approach. The introduction of police and crime commissioners may have had a consolidating rather than destabilising effect, galvanising and sharpening the shared endeavours of local stakeholders to seek to make ongoing savings in dealing with residual local crime problems (paragraph 71, conclusion 9).

Our evidence suggests that local partnerships, and their component agencies, recognise the mutual advantage of collective endeavours to reduce crime and are conscious of the risks of retreating to their own priorities in the face of financial constraints (paragraph 101, conclusion 17).

Response

27. The Government is glad that the Committee has recognised the importance of local partnerships and the galvanising effect of PCCs in bringing together partnerships and agencies to focus on crime reduction, community safety and criminal justice. In Dyfed Powys, Commissioner Christopher Salmon has set up a centre for rural policing (alongside Cardiff and Aberystwyth universities), to co-commission Drug Intervention Programmes with the health board with a new emphasis on alcohol. In Northamptonshire, PCC Adam Simmonds has been elected as the chairman of the county's Criminal Justice Board.
28. We too are conscious of the financially constrained environment local partnerships are working in and the increasing need for collaboration. Local partnership arrangements have evolved in recent years and we encourage local areas and PCCs to consider how best to tailor their partnership arrangements to suit local need, focusing on the priorities that really matter and ultimately delivering a better service to the public.
29. We have not been prescriptive about the form or membership of local partnerships, however we do believe that it is important for local CJS partners to have an effective way of collectively planning and monitoring performance and that PCCs have an active part in that process. We have taken action to support partnerships in doing so, for instance we have published a set of minimum expectations so it is clear what we see their role as and we have provided them with comprehensive national and local performance information to help support local planning and performance management.

Recommendation

The new health commissioning structures provide an opportunity to address the need for stronger links between health promotion and crime reduction which has long been lacking. Nevertheless, there remains a considerable way to go before health can be considered a fully integral part of the crime reduction picture. It would be short-sighted of health and well-being boards not to facilitate access to criminal justice agencies, including police and crime commissioners (PCCs) and providers of probation services. These partnerships are still embedding and will undoubtedly have to undergo further adjustment following the Transforming Rehabilitation reforms. *We recommend that the Government reviews whether PCCs and providers of probation services ought to be statutory partners on health and well-being boards* (paragraph 72, recommendation 10).

Response

30. The Government rejects the Committee's recommendation. As the Committee itself has recognised, PCCs are playing an increasingly important and galvanising local leadership role in bringing together local partnerships. These include Health and Wellbeing Boards, the NHS, community safety partnerships, local authorities, Local Criminal Justice Boards/Partnerships, drug and alcohol action teams and youth offending services. We believe that the current arrangements are working effectively; allowing a necessary degree of flexibility to meet local needs and are in no need of review at this time.
31. Statutory membership of Health and Wellbeing Boards includes, amongst other members, a representative of each local Clinical Commissioning Group, the local authority Director for Adult Social Services and the Director of Public Health for the local authority.
32. Boards may expand their membership to include a wide range of perspectives and expertise. In some areas probation staff have developed close links with Health and Wellbeing Boards and are contributing to local public health plans. This is entirely appropriate and the Department of Health encourages involvement of all justice services in developing the local Joint Strategic Needs Assessment and the commissioning plans to address those needs.
33. We understand and agree that health provision is integral to reducing reoffending. For Community Rehabilitation Companies (CRCs) in particular, who will be incentivised to reduce reoffending, there is a need to work collaboratively with health, and especially drug intervention services where the evidence for reducing reoffending is strong. Probation providers will also be subject to statutory responsibilities, including membership of Community Safety Partnerships, which include Clinical Commissioning Groups and local authorities.
34. We also understand that partnership working between commissioners and providers at the local level needs to be well embedded. Senior leadership in the new CRCs and National Probation Service (NPS) have been encouraged to make contact with commissioners and members of the Health and Wellbeing Boards and we expect CRCs will contribute to Joint Strategic Needs Assessments. In addition, the Department of Health has recently written directly to health commissioners in order to encourage them to engage with prospective bidders to discuss potential co-commissioning opportunities.

Conclusion

Research and professional experience suggest that those being supervised by probation benefit from having a single case manager. The changing dynamics of risk of harm in individual cases also require continuous case management to enable professional and objective assessment to be made, based on a direct relationship with an offender. Whilst under the present system offenders sometimes move between supervising officers much of the evidence we received pointed to there being additional risks over and above the current situation which will be challenging to remedy through contractual specifications. It is essential that arrangements are put in place to ensure very good lines of communication and cooperation between Community Rehabilitation Companies and the National Probation Service. Co-location will certainly help in the short term, but unless that

is required through contractual terms there is no guarantee that it will happen in practice over the medium to long term, as the quest for efficiencies leads to the evolution of delivery models and reconfiguration of the probation service estate. It will be important for the Ministry to monitor this aspect of the new operational arrangements particularly carefully (paragraph 46, conclusion 8, interim report).

Response

35. Public protection is at the heart of our new system. Recognising the dynamic nature of risk, we have designed a system where a case must be referred to the NPS for a reassessment of risk if there is a significant change in the offender's circumstances, or intelligence received (e.g. from the police) indicates that the risk of serious harm may have escalated to high. If the NPS assesses the case as having escalated to high, it takes over the responsibility for that case. The NPS and CRCs will work closely together to ensure any transfer is properly managed. Following the transition to the new structures on 1 June, in many cases the NPS and CRCs continue to be co-located. Given that collaborative working between NPS staff and CRC staff is considered critical to the successful delivery of services, in the longer term, should CRCs elect to make their own property arrangements, they will be required to make accommodation space available to key NPS staff to enable co-location.
36. We agree that the operational arrangements should be monitored carefully. We are using the period in public ownership to allow for system refinement and to ensure that the NPS and CRCs are working together effectively. To ensure that these bodies continue to work together successfully in the long-term, NOMS contract managers will convene a 'Service Integration Group' for each Contract Package Area, which representatives from the CRCs, the NPS and Resettlement Prisons will be required to attend. This Group will review how the interfaces between them are working, address any issues of concern, identify areas for improvement and escalate any unresolved issues.

Conclusions

Probation is the lead agency in a range of local partnerships. In future there will be two probation services (the new National Probation Service and the contracted provider) in every locality delivering similar services side by side and sometimes via one another. Each will have to form working relationships with other local organisations, bodies and services for the delivery of the joint or complementary services which characterise effective local work with offenders. Ministers should recognise that there is a potential risk that this will lead to inefficient use of resources, and confuse accountability at local level. The Government proposes to give new providers accountability for reducing offending within community safety partnerships by mandating this in contracts and asking prospective providers for clarification of how they will preserve and develop existing partnerships: that is to be welcomed. It is important that Ministers put in place appropriate safeguards to ensure that new providers in the private sector appreciate the importance of working with existing local partnerships to reduce reoffending. We will consider the future prospects for local partnerships further in our final report in this inquiry (paragraph 50, conclusion 9, interim report).

The bulk of Government policy on the reduction of crime acknowledges that a multi-agency, largely locally determined, approach is essential to enable local priorities to be addressed effectively at local level. Nationally-commissioned

rehabilitative services seemed to some of our witnesses to be out of kilter with the Government's stated commitment to local, responsive services, and could disrupt the progress that has been made in developing these (paragraph 79, conclusion 11).

The current situation where all local agencies are accountable but there is no single statutory leader risks confusion and abdication of responsibility but seems broadly to work through the goodwill of all involved. The collective ownership approach is continuing to develop in strength as police and crime commissioners find their feet, and local authorities and health commissioners get to grips with their new priorities. The new probation providers introduced by the Transforming Rehabilitation reforms, and the new National Probation Service, need to support this approach and to avoid undermining it. There is scope for truly integrated localised approaches, but there is a danger that their development will be inhibited by the extent to which national management remains a feature of the criminal justice system (paragraph 80, conclusion 12).

Recommendation

New providers will need to build relationships with a complex range of partners. Their priorities will impact considerably on the work of prison governors, police and crime commissioners, and local authorities, yet will have accountability to none of them. We are encouraged that we encountered a willingness on behalf of police and crime commissioners (PCCs), local authorities and health commissioners, to work with the new probation providers to continue to pursue local crime reduction initiatives. The successful integration of these new players will be determined by them seeking to ensure there is sufficient flexibility and funding in their model to enable them to build on the strengths of local partnerships and seek to further develop them, rather than simply recognising their existence. This should be a crucial component of the Ministry's scrutiny of prospective providers (paragraph 81, recommendation 13).

Response

37. The Government accepts the Committee's recommendation and agrees that to successfully protect the public and to reduce reoffending, providers will need to work effectively with the NPS and work in partnership with other key local partners. We have put in place robust measures to ensure this happens. CRCs will be contractually required to participate in relevant statutory partnerships as set out in the published Statutory Partnerships and Responsibilities paper (<http://www.justice.gov.uk/downloads/publications/transforming-rehabilitation/statutory-partnerships.pdf>). Furthermore, to minimise duplication and inefficient use of resources at the local level CRCs are required to set out in their proposals the protocol for how they will work with the NPS, including in relation to partnership working.
38. We do not agree that nationally-commissioned rehabilitative services will inhibit the development of locally responsive services. Under our reforms, rehabilitative services will still be delivered locally with approximately 150 local delivery units. This will allow appropriate alignment with local authority areas and map up to larger partnership arrangements. Whilst the MoJ will be responsible for commissioning CRCs to deliver rehabilitation services, we recognise that effective engagement and co-commissioning with partners at a national, PCC and local authority level is

essential in ensuring commissioning is responsive to local needs. Therefore, in order to create the most holistic and integrated rehabilitation services, PCCs and other commissioners (such as other Government Departments) will be able to commission CRCs to deliver additional services in line with their own priorities with agreement from the MoJ.

39. As Probation Trusts were free to do, CRCs will continue to have the flexibility to enter into local arrangements with other agencies involved in delivering services to offenders if they consider it will help them in achieving their overarching objective to reduce reoffending. They will not be funded to duplicate existing mainstream local services.
40. As part of the competition process, the MoJ has undertaken extensive work to ensure bidders understand the need to work in partnership to develop locally responsive services which are fully integrated. Local competition teams ran events with stakeholders in each Contract Package Area, allowing a range of stakeholders to inform bidders about local priorities and current local partnership arrangements.
41. Bidders' understanding of the key partnerships in the local delivery landscape and their proposals for how they will collaborate with them in order to provide responsive and locally tailored services, including, for example, Integrated Offender Management is currently being assessed as part of the evaluation of bids. The evaluation will also test bidders' proposals, and ability, to integrate successfully with the NPS.
42. Local multi-agency work between the police and other criminal justice and community safety agencies locally has, as the Committee's report recognises, had a significant impact. That is why many local PCCs are focusing their efforts in this area, and are keen to engage with the new providers at a local level, as well as having sought input into national policy and commissioning decisions. MoJ and Home Office officials have worked to develop mechanisms for local PCCs to directly engage with and influence the rehabilitation reform agenda with a number of PCCs sitting on a national reference group to advise the programme, and many developing strong local partnership arrangements in this arena.
43. Going forward, contract management of the CRCs will be very much at the local level. NOMS contract managers will work with local stakeholders within each area to agree local arrangements, review how probation services are working, identify areas for improvement and opportunities to align service planning for mutual benefit. If they are to be successful in reducing reoffending partners will have to establish links and work in partnership with other agencies, and Payment by Results will incentivise them to do this.

Recommendation

Addressing the funding of mental health services, the inadequacy of which costs the police, courts, probation, and prisons and victims of crime greatly, should be an urgent cross-departmental priority of the Government as part of its national crime action plan. The Ministry of Justice and Department of Health should encourage greater and more effective use of mental health treatment as part of probation orders. Bids to operate Community Rehabilitation Companies should be evaluated for the extent to which they provide for access to mental health treatment (paragraph 88, recommendation 14).

Response

44. The Government partially accepts the Committee's recommendation. We recognise the importance of making sure that offender mental health services are a cross-CJS priority and are addressing this directly, though we will be working with partners to see what more can be done. The MoJ, Home Office and Department of Health have together developed Liaison and Diversion services, commissioned by NHS England. These services will identify, assess and refer people with mental health, learning disabilities, substance misuse issues and social vulnerabilities into treatment or support services, when they first come into contact with the CJS. Following successful agreement of a core model, a trial scheme of Liaison and Diversion was launched in April 2014 in 10 locations, covering 13 police forces across England. The schemes cover 25% of the population and are now fully operational. We will shortly be selecting another 10 schemes to go live in April 2015, increasing coverage to 50% of the population. There are positive signs that this approach is having the desired impact – in the first two months of operation nearly 2000 adults and over 200 young people have been seen by the schemes, and anecdotal evidence from the police indicates that they are helping to reduce the number of s.136 custody detentions.
45. The Government's ambition is full national roll out of Liaison and Diversion (across England) by 2017. This is subject to HM Treasury approval of a full business case, which is being developed and will be completed by the end of 2015.
46. The introduction of Liaison and Diversion brings a mechanism through which the court will have more information that may inform decisions about the use of the Mental Health Treatment Requirement (MHTR) as part of a community sentence. NOMS published guidance on MHTRs in Supporting Community Treatment Order Requirements in February 2014. This emphasises the changes made in the LASPO Act 2012 to address some of the barriers to the use of mental health treatment requirements. The guidance also covers the role of local health and justice agencies in encouraging greater use of mental health treatment requirements locally.
47. We have also transferred the commissioning responsibility for police custody healthcare services to NHS England, with all English² forces now engaged in voluntary partnerships with NHS England 'Health and Justice' commissioners. Having the NHS jointly commission these services will ensure that offenders with health issues, that enter police custody, will receive health provision in line with NHS standards and guidelines.
48. The funding of mental health services is a matter for NHS England and Clinical Commissioning Groups, but the Government can influence the quality of mental health services through the NHS Mandate. This already makes it clear that NHS England's objective is to put mental health on a par with physical health, and close the health gap between people with mental health problems and the population as a whole. A specific objective is that everyone with long-term conditions, including people with mental health problems in the CJS, will be offered a personalised care plan that reflects their preferences and agreed decisions.

² As health is a devolved matter for Wales, it is for the Welsh Government to determine how best to work with the individual police force areas in Wales.

49. A particular challenge exists around mental health crisis intervention. Only by working with key partners, including the police, can we ensure that people with mental health problems get the care they need in the most appropriate setting. To bring about the transformational change necessary, we expect NHS England to make rapid progress, working with Clinical Commissioning Groups and other commissioners, to help deliver on our shared goal to have crisis services that are at all times as accessible, responsive and as high quality as other health emergency services. This includes ensuring there are adequate liaison psychiatry services. We expect every community to have plans to ensure no one in crisis will be turned away, based on the principles set out in the Mental Health Crisis Care Concordat.
50. PCCs are showing real leadership in this area. For example, PCC Matthew Ellis for Staffordshire commissioned a report which has highlighted how much time officers spend dealing with mental health issues and the significant impact this has on operational policing. PCC Martyn Underhill for Dorset is part-funding a 12-month Mental Health Street Triage service which will provide police officers attending an incident with background medical information and advice regarding the mental health of a person. It is intended that the scheme will divert people from the Criminal Justice System, when appropriate, and provide them with access to community-based services.
51. The NHS and its partners need to work together to help one another to achieve their objectives. This is a core part of what the NHS does, including its work with prisons, the police or criminal justice agencies such as PCCs and Community Safety Partnerships. NHS England's objective is to make partnerships a success. This includes, in particular, demonstrating progress against the Government's priorities of developing better healthcare services for offenders and people in the CJS which are integrated between custody and the community, including through development of Liaison and Diversion services.
52. In relation to the Transforming Rehabilitation competition, the bid evaluation process will take account of bidders' proposals for the delivery of all sentence requirements, including how they propose to work with specialist providers of services such as MHTRs. Furthermore, through Payment by Results the MoJ is incentivising CRC providers to reduce reoffending by working in partnership with other agencies to address offenders' needs (including those relating to mental health), and signpost offenders to services as necessary.

Conclusion

There is much to commend in the progress that has been made in bringing agencies together in collective efforts to prevent offending and reoffending, but there remain substantial fault-lines in the coherence of cross-Government activity, in particular in relation to mental health and alcohol policy. The joint work to tackle drug misuse between the various actors in the criminal justice system and health services is an example of the savings that can be achieved when a cross-departmental commitment is made to tackle crime as a public health problem (paragraph 95, conclusion 15).

Response

53. The Government recognises that joint work between the CJS and health system is an effective way to tackle crime. In addition to the work noted by the Committee to tackle

drug misuse, the Home Office is working closely with other Government departments and public bodies, especially the Department of Health and Public Health England to deliver our Alcohol Strategy. The strategy, published in March 2012, sets out the wide range of actions being taken forward to tackle excessive alcohol consumption, and highlights the clear association between mental illness and alcohol misuse. In February 2014, 20 areas across England and Wales were established as Local Alcohol Action Areas. Work in these areas is focused on the key aims of cutting alcohol-related crime and disorder, and reducing the damage caused to people's health. The project will run until March 2015 and we are planning to share what works well with other areas. We have also worked with the alcohol industry to develop new pledges to be made as part of the industry's continuing commitment to the Public Health Responsibility Deal.

54. In addition to this, the Department of Health has set up the Health and Justice Partnership Board which brings together senior leaders from Department of Health, NHS England, Public Health England with each of the criminal justice departments and agencies, as well as wider stakeholders, to discuss cross cutting strategy on improving health outcomes and reducing reoffending. The Welsh Government is also present on this Board, so that best practice can be shared. We are currently considering what more we can do to build on this approach.

Conclusion

When resources are scarce, it does not make sense to over-use the prison system without providing effective rehabilitation, because the result is likely to be higher reoffending. A prison system which effectively rehabilitates a smaller number of offenders, while other offenders are rehabilitated through robust community sentences, has the potential to bring about a bigger reduction in crime (paragraph 105, conclusion 18).

Recommendation

Resettlement prisons offer the potential for well-integrated connections with outside agencies through Community Rehabilitation Companies, which would help to achieve an objective we set in our 2011 report on the probation service. Nevertheless in order for these reforms to work in practice, insofar as they relate to prisons, the Government should specify how it plans to tackle the high level of overcrowding in the prison estate so that prisoners can be held in the establishment closest to their homes. In a nutshell, the impact of Transforming Rehabilitation on improving outcomes will depend crucially on how the changes are implemented and the relationships between the new and existing structures. Uncoordinated or poorly thought-through implementation would risk deterioration in outcomes. For example, it will be important to clarify how prison governors relate to Community Rehabilitation Companies, over whose contracts they do not have control (paragraph 99, recommendation 16).

Response

55. The Government rejects the conclusion that prison crowding is an issue in this context and it is managing the risk of any population pressures impacting on the Government's Transforming Rehabilitation Programme. Crowding in prisons is at its lowest for a decade; in 2013–14, the average number of prisoners held in crowded conditions decreased to 22.9% of the total population compared to 23.3%

in 2012–13. This is the lowest level since 2001–02 and has come down from a high of 25.3% in 2007–08. However, sensible measures have been taken to ensure that we have sufficient capacity to deal with any increases in the prison population, including creating additional places in prisons in a safe and decent way and ensuring that prisons reflect the needs of the current population. Our aim is to ensure that crowding is managed safely and that all prisons are able to provide a safe, decent and positive regime which supports rehabilitation.

56. However the Government accepts the importance of ensuring offenders are integrated back into society following a custodial sentence. To this end, we are putting in place an unprecedented Through the Gate (TTG) resettlement service as part of the Transforming Rehabilitation reforms which, for the first time ever, will provide a link from prison into the community through the same provider, giving continuity for offenders in custody and the community and, as the Committee notes, enabling us to develop improved links between prisons and outside agencies working with offenders. From 2015, the majority of prisoners will be released from a resettlement prison designated to their Contract Package Area for their home address and the majority of prisoners will be held in a resettlement prison for at least three months before release.
57. To ensure effective connections between prisons and outside agencies working with offenders, representatives from Resettlement Prisons will be required to attend the 'Service Integration Group' convened by contract managers along with representatives from the CRCs and the NPS. The Committee also suggests that when resources are limited, over using the prison system without effective rehabilitation is likely to lead to higher reoffending. We agree, and this is why we are taking forward the Transforming Rehabilitation reforms.
58. We are also taking steps under the Transforming Youth Custody programme to improve the resettlement of young offenders. We are launching four new resettlement consortia in high custody areas to improve local strategic partnerships and tackle the barriers to effective resettlement. We are also working to establish employer forums to provide young people leaving custody with employment opportunities.

Conclusion

The principal grounds for introducing these reforms are to use efficiencies in the delivery of existing probation services to extend statutory post-release supervision to those who have served prison sentences of fewer than 12 months: an extra 50,000 offenders. This feature of the Government's plans is intended to rectify a long-standing anomaly in the system – that those offenders who tend to be the most prolific and have particularly high reconviction rates receive no statutory support – and was welcomed unreservedly by our witnesses (paragraph 4, conclusion 1, interim report).

Response

59. It is encouraging that the Committee found broad support for the Government's plans to extend statutory supervision and rehabilitation to the 50,000 offenders a year sentenced to less than 12 months in custody.

Conclusion

Whilst the addition of resettlement support might make short prison sentences appear to the courts to be a more attractive alternative to community orders, this should not replace the focus on using community orders where appropriate for non-violent offenders. These are likely to remain a more cost-effective way of dispensing justice and avoid the disruption to families, employment, and housing arising from a short spell of imprisonment. Care will also need to be taken to ensure that any gains made with reducing reoffending by short sentenced prisoners do not come at the expense of the supervision of offenders on other sentences. We ask the Ministry, in its response to this report, to set out how it intends to reduce the potential for the objectives of its reform to be undermined by an escalation in the number of offenders given short prison sentences as opposed to community sentences. The Government's response to this report should also set out the projected impact of the extension of rehabilitation to short sentenced offenders on the prison population and on associated costs (paragraph 10, conclusion 2, interim report).

Response

60. The Government has made clear, during parliamentary scrutiny of the Offender Rehabilitation Bill, that the extension of post-release supervision to short-sentenced prisoners is not intended to change existing sentencing practice. The existing custody threshold, set out in section 152 of the Criminal Justice Act 2003, is clear that courts may only impose a custodial sentence if the offence is so serious that no other sentence, or combination of sentences, would be sufficient to deal with the offender. Provisions in the Offender Rehabilitation Act 2014 do not change this, nor do they alter existing sentencing guidelines.
61. We have taken a number of steps to improve sentencer and public confidence in community orders, and to ensure that they provide an effective mixture of punishment and rehabilitation in which Sentencers and the public can have confidence. These include:
 - Ensuring that unpaid work starts as soon as possible after sentence.
 - Requiring unemployed offenders to carry out unpaid work four days out of five.
 - Providing for longer curfews (up to 16 hours rather than 12 hours a day).
 - Legislating to require courts to impose a requirement for the purpose of punishment in every community order.
62. The key impact of the new provisions on the prison population will come from those offenders who breach their licence or post-sentence supervision period and are returned to custody for a short period. In the impact assessment for the Offender Rehabilitation Bill, we estimated that in steady state under the new provisions, around 13,000 offenders a year, serving sentences of less than 12 months, would be recalled or committed to custody, giving a prison place increase of around 600 additional places, at a cost of £16m per year.
63. In addition to committal to custody, a range of other sanctions are available for breach of post-sentence supervision. We estimated there would be around 3,000 offenders given electronically monitored curfews, at a cost of £2m per year, and around 1,000 offenders given unpaid work, at a cost of less than £1m per year. In

total, we estimated that there would be around 14,000 offenders returned to court to have an alleged breach of post-sentence supervision heard, at a cost of £6m per year. We have always been clear that the costs of implementing these reforms are affordable within the context of the MoJ's commitment to deliver annual savings of over £2 billion by 2014/15.

Recommendation

The absence of court representation on local community safety partnerships (in part because of sensitivities about judicial independence) and the centralisation of the courts service, have together resulted in a situation where there are few champions for court innovation at local level. HMCTS has prioritised efficiency savings, seeing courts as purely instrumental institutions involved solely in processing and resolving cases. As a result an opportunity has been missed for encouraging greater innovation, which could have the potential to make broader systemic savings by improving the effectiveness of the whole criminal justice system to reduce crime. *If as our evidence suggests, efficiency savings have shelved the wider adoption of problem solving approaches in courts, this is greatly to be regretted. However, there is much that can be achieved within the confines of the existing sentencing framework which need not require additional resources. We consider that the judiciary and HM Courts and Tribunals Service should see crime reduction as an intrinsic part of their role (paragraph 111, recommendation 19).*

Response

64. The Government rejects the Committee's recommendation. HMCTS are not on Community Safety Partnerships because they are not 'responsible authorities' for the purposes of the Crime and Disorder Act 1998, but they do champion court innovation through other local partnerships. There is also a requirement for Community Safety Partnerships to invite other bodies to participate in the formulation of their annual strategy and plan. The Court Manager of the local Crown Court and the local magistrates' court are amongst those that will be invited to participate.
65. Local experts know what works in their community and how best to tackle local issues so HMCTS is keen to empower communities to support local initiatives, such as problem solving approaches in court, through membership of Local Criminal Justice Boards/Partnerships.
66. HMCTS is also working closely with MoJ, Home Office and NHS England on the Liaison and Diversion Programme which is referenced at paragraphs 15, 44–46 and 51. The delivery of specifically focused Liaison and Diversion assessments will support magistrates and Judges in consideration of their sentencing and remand decisions, therefore limiting the number of court hearings, avoiding costly adjournments and periods on remand.

Recommendation

The Ministry needs to make clear how the Transforming Rehabilitation reforms will be evaluated, and how the evidence of success or failure of differing approaches will be used to inform policy (paragraph 115, recommendation 20).

Response

67. The Government accepts the Committee's recommendation. We have set out clearly in the draft CRC contracts how providers' performance will be measured. As stated in the Target Operating Model, CRCs will be expected both to reduce reoffending and to meet a series of service levels as part of the performance framework. We have published a detailed overview document explaining how reductions in reoffending will be measured and rewarded in our payment mechanism. Under Payment by Results providers will only be paid in full if they achieve real reductions in reoffending and meet Service Levels set out in the contracts. Data will continue to be owned by the Authority and the draft contracts include extensive powers to collect data from CRCs for research purposes, so that this can inform wider rehabilitation policy and practice.
68. We are committed to maximising the learning from the Transforming Rehabilitation programme and are currently developing an evaluation strategy and are considering a way of setting up a provider forum for sharing best practice.

Recommendation

We agree with our witnesses that there should be an independent and authoritative body to evaluate evidence on the effectiveness of crime reduction policies. Ultimate decisions on those policies would of course rest with elected politicians. Whilst there have been some positive developments, including the creation of the What Works Centre for Policing and the Probation Institute, we do not have the right structures in place to provide a collective memory of research evidence, its relative weight, and its implications for policy-making, including the capacity to make decisions about the best direction of resources. The Government should also consider how it can promote better integration between criminal justice practitioners and academic research. The large-scale reforms to rehabilitative services provide an opportunity to collate and spread knowledge about effective practice in reducing reoffending that must be capitalised on by the Government. This will require clear ownership of the data, consistency in monitoring systems, and robust evaluation, matters on which the Department has been quiet. We expect the Ministry to explain how it will seek to achieve this in its response (paragraph 118, recommendation 21).

Response

69. The Government rejects the Committee's recommendation. The Home Office and MoJ place considerable importance on the effective evaluation of policies and the identification and sharing of best practice in the field of crime reduction and rehabilitation. We are keen to ensure this process is not solely Government-led but are not convinced that a single independent body is currently the most effective mechanism to identify and disseminate what works. We have taken a number of steps to enable others to take a role in this process and to promote better integration between criminal justice practitioners and academic research; these are outlined at paragraphs 6–8 and 14 above.
70. In addition, the Home Office has provided a two year funding package for the newly created National Rural Crime Network (NRCN). The network brings together 28 PCCs, and their Police Forces, with other national rural stakeholder organisers. The network will encourage rural communities to participate in local crime prevention initiatives. It will also be used to help network members develop the local evidence

base by facilitating the sharing of best practice when it comes to detecting, preventing and deterring rural crime across England and Wales. The Northamptonshire PCC has also established a Police, Crime and Justice Institute at the University of Northampton which will provide police training and the assessment of relevant evidence and research.

71. Furthermore, for the last two years NOMS has published a synthesis of the evidence which underpins its commissioning decisions. Also, as part of contract management, we are committed to enabling providers, industry and wider interested parties to make effective use of the evidence on reducing offending and to share best practice.
72. We will continue to review how well these mechanisms meet the needs of criminal justice stakeholders and consider alternatives as appropriate.

Conclusions

There is some emerging evidence of promising results from some community-based and through-the-gate interventions that make a concerted effort to reduce reoffending by some short-sentenced prisoners. It should be noted however that these schemes are voluntary in nature, have not yet been running for sufficiently long to produce robust results, and represent only one aspect of the model proposed. Consequently, there is a question about how much they are indicative of the potential of the entire package of reforms. The absence of piloting of payment by results for delivering reductions in reoffending by those subject to probation services means that some lack confidence that the Government's reform programme will work better than the existing system (paragraph 21, conclusion 3, interim report).

It is no exaggeration to say that the efficacy of the payment by results mechanism which is finally adopted will be crucial to the prospects for success of the Government's ambitious plans for a reduction in reoffending through a rehabilitation revolution. Serious question marks hang over the design of the PbR mechanism itself, and the proportion of payment to providers which will depend on the results they achieve. It is likely that any model introduced at the beginning of the new system will need to be modified in the light of experience. We will return to the question of the Ministry's preferred model and other potential models of payment by results in our final report in this inquiry (paragraph 74, conclusion 13, interim report).

The introduction of payment by results marks a major shift in the commissioning of rehabilitative services. Few of our witnesses argued with the premise of providers being rewarded according to their performance, but the approach remains novel, and the limited experience of its application, not only in the criminal justice sector but more widely, suggests that it can be beset with many challenges which the Government will need to overcome if it is to be a success (paragraph 81, conclusion 14 interim report).

We also note with approval that the Ministry has subjected the proposed payment by results metrics to internal testing. It appears to us that officials have appreciated the potential perverse incentives that must be avoided. At the same time, while a "straw man" is of course designed to be knocked down, the degree of criticism encountered by the "straw man" mechanism implies that the extent of restructuring of the mechanism which may be required is extensive, especially taking into

account the speed with which the changes are being wrought (paragraph 83, conclusion 16, interim report).

It appears to us that the risk of not achieving sufficient savings relates more to the level of savings that providers are able to achieve to reinvest in extending the reach of existing provision, and the quality of services that might prevail as a result, than the overall costs of the reforms per se. This, and the proposal to revise the payment mechanism to enable providers to receive more of the fee for service upfront in return for taking more risks later on, also suggests that the length of the contracts is the basis on which the Ministry and Treasury have concluded that the numbers will add up (paragraph 84, conclusion 17, interim report).

Witnesses from a range of different perspectives felt that there is a risk that rehabilitation will be lost in the process of change and restructuring. A key question for the Government is how the focus on reducing reoffending will be maintained while the restructuring in the market that is necessary to create efficiencies takes place. There is insufficient detail about the final payment mechanism to determine whether there will be sufficient incentive for new providers to offer initial upfront investment or to reinvest their resources in rehabilitative services (paragraph 104, conclusion 22, interim report).

Recommendation

We note that the Ministry appears receptive to comments on the design of the payment mechanism. In particular Ministers appear to recognise the hazards of providers “parking” the hardest to engage offenders and are considering the most appropriate ways of addressing this. The ultimate design of the mechanism will be vital to the success of the Government’s plans, and an ostensibly small change in the payments system could lead to a major change in provider behaviour and hence the outcomes of the programme as whole. In this context, we understand the motivation of Ministers in wishing to seek complete desistance from reoffending as an outcome but the system has to be one which incentivises providers to work effectively with all the offenders for whom they are responsible. We therefore agree with many of our expert witnesses that the binary hurdle should not be retained in the final payment by results mechanism (paragraph 82, recommendation 15, interim report).

Response

73. The Government rejects the Committee’s recommendation. We have consulted widely on the payment mechanism and adapted the final model in response to concerns raised, to balance contracts which worked for a diverse range of providers with securing a good deal for the taxpayer and the reoffending outcomes we need to achieve. This has included reviewing the level at which the ‘binary hurdle’ should be set and modifying the frequency metric, so that providers can achieve rewards both for reducing the proportion of offenders that reoffend and the average number of reoffences that are committed per reoffender. In doing this we are making sure they are incentivised to continue to work with the offenders that are hardest to reach. We remain committed to achieving complete desistance from reoffending and for that reason the payment mechanism has retained the ‘binary hurdle’ to ensure that providers cannot receive Payment by Results payments if the proportion of offenders that reoffend increases.

74. Pilots at Doncaster and Peterborough prisons have provided us with encouraging results and important lessons about commissioning services on a Payment by Results basis, and have given us confidence that we can design and commission robust contracts that drive the right behaviours and generate value for money. For example, at HMP Peterborough, short sentenced offenders receiving through the gate support on release – as part of an innovative Payment by Results Social Impact Bond pilot – are less likely to reoffend than those outside the scheme. A second Payment by Results pilot operating out of HMP Doncaster has also shown marked falls in reoffending. The payment mechanism is designed to provide the best returns to providers for the greatest reductions in reoffending, thereby incentivising investment in services that achieve this aim. As noted at paragraph 67, under Payment by Results, providers will only be paid in full for achieving real reductions in reoffending.
75. In terms of the length of contracts, the duration of the contract between the MoJ and each of the CRCs will be a minimum of seven years. Considerable resource and cost will be expended by providers in bidding for these contracts and implementing transition and transformation plans. It is therefore necessary to allow sufficient time for these investment costs and other costs to amortise. Consideration will be given to the length of the initial contract during the competition process as all bidders have been asked to submit bids on the basis of both seven and 10 year contracts. Within their bids, bidders have been allowed to profile their pricing over time to reflect a change in cost base and any change in expectation of Payment by Results. All contracts will include the option for a further three year extension to allow for the operational models to be fully refined and for the benefits to be realised if this is deemed appropriate later in the contract period.
76. Going forward, we are fully committed to publishing sufficient information to ensure parliamentary and public scrutiny of the performance of providers and we are currently considering what information we could publish to best achieve this.

Recommendation

We welcome the Ministry's endeavours to strengthen its contract management and oversight in the light of the electronic monitoring debacle. We will study the report of the internal review, which will assist us to hold the Ministry to account on this aspect of its administration. We also recommend that prior to the next stage of competition under the Transforming Rehabilitation programme the Ministry should publish a statement setting out its expectations of the integrity of prospective providers and the steps it will take in holding bidders to account for the probity of their activities. In our view, this should include greater transparency in their publication of financial and performance data, than has hitherto been the case. We shall return to the question of corporate renewal with the Secretary of State once criminal investigations and any subsequent legal proceedings have concluded (paragraph 110, recommendation 23, interim report).

Response

77. The Government accepts the Committee's recommendation. Final bids to run the CRCs are currently being rigorously assessed against robust quality, legal, commercial and financial criteria.

78. In the Pre-Qualification Questionnaire (PQQ), bidders were required to declare that they had no convictions in relation to criminal offences relating to the conduct of their business or profession and acts of grave misconduct. Bidders are required to notify the department of any changes to the position set out in their declarations or anything that may affect their continued participation in the competition and the Department reserves the right to undertake a full re-assessment and, if grounds for rejection exist, exclude the bidder from further participation in the competition.
79. In future, NOMS contract managers will meet with contractors on a regular basis to review their delivery of services, compliance and performance against the contract. The frequency of meetings and the level of assurance activity will be risk based – i.e. higher where there is any cause for concern. CRCs will be contractually obliged to develop their own internal audit processes and share these with NOMS. NOMS will have the right to audit CRC delivery, including external audit to examine elements of service delivery where appropriate. The CRC contracts (audit schedule) will also allow the National Audit Office to access CRCs' financial systems where public assurance is needed. Our contract management mechanism meets the standards set out in the Contract Management Review conducted by Tim Breedon in December 2013. The MoJ is committed to ensuring it publishes sufficient financial and performance information to ensure transparency.

Recommendation

It is unclear whether supervision of short-sentenced prisoners for the whole of England and Wales would have to await the successful conclusion of bidding for all areas, and it is unclear what would happen to the programme for supervision of short-sentenced prisoners if one or more areas subsequently had to suspend operation of the contract. This issue must be clarified (paragraph 114, recommendation 24, interim report).

Response

80. We do not believe the position is unclear. We plan to commence the relevant provisions of the Offender Rehabilitation Act 2014 at the point when ownership of the new CRCs transfers to successful bidders. We will do this in line with the Government's commitment to roll out these important reforms by 2015.
81. Once the relevant provisions of the Act have been commenced, all offenders who receive a short custodial sentence for an offence committed after the commencement date will be subject to supervision on licence after release and, where appropriate, to post-sentence supervision. In the event of a CRC contract being suspended or terminated, NOMS will be able to exercise step-in rights and take forward contingency arrangements including contracting another CRC to take over services if necessary.

Recommendations

We consider it important for the overall success of the reshaping of the rehabilitation landscape that the final payment by results mechanism, as determined during the contracting process, should be capable of further refinement and modification in the light of experience. The mechanism, and the metrics which it involves, must in addition remain open to parliamentary and public scrutiny, which must not be deflected by the fact that it is private sector providers who are

delivering this essentially public service. The Ministry should explain in its response to this report how it will ensure reliable public accountability of the performance of providers of rehabilitative services under the new model (paragraph 85, recommendation 18, interim report).

We received information about the risk of operational failure during the implementation of the programme. We note the Government's efforts to test the model with shadow state-run companies before contracting these new arrangements out to new providers, but these are regarded by some as artificial conditions. If the Ministry proceeds as planned it must be able to make modifications to all aspects of the system in the light of experience. For example, in drawing up contracts with new providers, we recommend it should ensure the payment by results metrics are open to modification in the event that unforeseen gaming by providers occurs. We also wish the Ministry to provide us, and potential providers, before the next stage of competition, with clarity about what service standards could trigger a change of provider and how a provider would be changed if they failed financially (paragraph 117, recommendation 26, interim report).

Response

82. The Government partially accepts the Committee's recommendations. We have subjected the payment mechanism to extensive testing by an external advisory firm and their testing concluded that the mechanism provides appropriate returns, does not incentivise perverse behaviours, and that mitigations in the mechanism discourage 'gaming' by suppliers.
83. However, we recognise that these are long-term contracts and that changes to the payment mechanism may be necessitated by a change in law or policy. For that reason, with regard to the Payment by Results part of the payment mechanism, the contracts will allow the Authority to change the basis on which payment by results payments are calculated, and/or to change the baseline and payment thresholds, in circumstances where a material change in policy or law has had a significant impact on the reoffending baseline. The contracts will also include a more general change mechanism, which, subject to negotiations with the provider, will enable us to make changes to the contracts where needed. Alongside Payment by Results on reoffending, the payment mechanism also provides a performance framework covering a range of other service delivery and quality measures. The contracts provide for financial penalties where providers do not meet required performance levels, with targets increasing gradually in the first two years of the contracts so that providers are incentivised to exceed rather than maintain existing performance.
84. Furthermore, we are putting in place a new performance reporting system to objectively and transparently compare provider performance across the system. We will review the appropriateness of the system after a year and make any necessary modifications. As noted above (paragraph 79), we are committed to publishing sufficient information to ensure transparency and parliamentary and public scrutiny of the performance of providers and we are currently considering what information we could publish to best achieve this.

Conclusion

We would be extremely concerned if the bidding process for prime providers were to be dominated by the very small number of large businesses which currently hold

most of the major outsourcing contracts in the criminal justice system. Thirty bidders have gone through the first stage of the competition process and will be invited to tender. It remains to be seen if this will prove a sufficient number to provide satisfactory bids for a viable service in all 21 contract areas (paragraph 94, conclusion 19, interim report).

Response

85. Bids to run the CRCs were received at the end of June. Having completed the first round of negotiation and evaluation we have over 80 bids and look to have a healthy competition in all Contract Package Areas with an average of 4 bidders per area. The market share rule prevents any one lead provider from winning more than 25% of CRCs. All Tier 1 bidders have experience with offenders or across the CJS. More than half of the bidders contain Voluntary, Community and Social Enterprise (VCSE) or mutual components as part of the top tier/as an equity holder – and in nearly every contract area there is at least one such bidder. Furthermore, there are restrictions in the Articles of Association which require the contractor to get permission if it wishes to sell any shares. This will prevent consolidation in the market by one provider “buying up” others. We have also registered interest from a very large number of Tier 2 and 3 organisations which will be able to play a role supporting service delivery – almost 1000 organisations have now registered as potential supply chain providers, including more than 700 listed as VCSE organisations.

Conclusions

The Ministry of Justice has a questionable track record in procuring quality services when seeking better value for money, most strikingly in relation to the language services contract. It appears that every effort has been made to learn from this but the assessment of quality during a bidding process is notoriously difficult, particularly where new providers are seeking to enter the market. Although the Minister wishes to ensure a balanced consideration of potential bids, an unavoidable consequence of the way this programme is designed is that one element of the competition will be about how cheaply providers can deliver the residual service to enable the maximum resource to be unlocked to “reinvest” in rehabilitative provision for short-sentenced prisoners and others in prison and after their release (paragraph 98, conclusion 20, interim report).

The Ministry of Justice's market stewardship principles are designed to enable smaller organisations to have the confidence to take part in the contracting process so that their skills can be brought to bear in rehabilitation. We will be interested to see how these principles, in particular those related to the level of risk that will be passed down to lower tier providers, will be integrated into the contract management processes as well as the industry standard sub-contracts. It remains to be seen whether prime providers will agree to these as contractual obligations as the competition progresses, and how the Ministry will respond if they do not. It is also not clear to us whether, once the contracts have been let, there will be sufficient incentive for the Department to take appropriate action against the misuse of market power against partner providers or subcontractors (paragraph 103, conclusion 21, interim report).

Response

86. Final bids to run the CRCs are currently being rigorously assessed on both the quality of the proposals and the proportion of their revenue that will be at risk for outcomes through the Payment by Results mechanism. The MoJ is not simply seeking the lowest cost provider and the quality of proposals is heavily weighted in the evaluation of bids. The total payment available, for both delivery of services and outcomes, will be the same whichever bidder is successful. We want to ensure that CRCs deliver effective services and value for money to the taxpayer. We firmly believe that, in the long term, the best value for money for the taxpayer will come through having rehabilitation providers who can deliver real reductions in reoffending. The Authority has set a Price Threshold (linked to the Fee for Service Price) and a Quality Threshold that will be applied for each Offer. MoJ will only award contracts where there is an acceptable final bid in terms of both price and quality criteria. Where such a bid is not received, MoJ would not award a contract.

Conclusions

On the limited information which the Government has provided, it is not clear to us whether sufficient funding is in place to meet the costs of transition to the new system and of statutory rehabilitation for those sentenced to less than 12 months in custody. For the Transforming Rehabilitation programme to meet its objectives, substantial improvement will be needed in relation to two other elements that are not currently working well: rehabilitative provision in custody, including through the gate supervision for all prisoners coming to the end of their sentence; and provision of requirements that can be attached to community orders, including mental health, drug, and alcohol treatment. The costs of making the structural reforms and efficiencies necessary to support the programme are also likely to be considerable. A key question for the affordability of these reforms is how new providers will fund all this now that NOMS plans to dedicate to them only the community based element of existing rehabilitation resources (paragraph 34, conclusion 6, interim report).

The Government is confident that over the longer term demand on the system will be lessened through these reforms, reducing in particular the economic and social costs of reoffending by short-sentenced prisoners (estimated to be between £7 billion and £10 billion a year). This would lead to the virtuous cycle of reduced reoffending and reduced public funding that is the ultimate policy goal. But in the absence of published projections of the likely reductions in reoffending or estimates of how this might impact on the future costs of the system, it is not possible to predict whether savings will be swallowed up by increased demand on the prison system and reduced funding of existing services by statutory partners and other funders (paragraph 35, conclusion 7, interim report).

The Ministry has high expectations of what can be achieved in the way of efficiency savings and extension of services through contracting out the management of low and medium risk offenders within existing resources. It seems entirely feasible to us that as the competition progresses and details are refined, the attractiveness of these contracts might wane, resulting in incomplete or inadequate provision in certain areas or types of service. None of the possible contingency proposed by the Ministry were very clear to us (paragraph 116, conclusion 25, interim report).

Response

87. The MoJ is committed to providing the resource required to implement the transition to the new system. The extension of statutory rehabilitation for those sentenced to less than 12 months in custody is based on the principle that doing so will not increase costs beyond the current whole Probation system cost in real terms. The Programme, working with internal and external advisers, is of the firm view that sufficient efficiencies can be generated through the competition and the consolidation of back office functions to allow the extension of statutory rehabilitation. This is reflected in the Maximum Annual Payments set for each Contract Package Area in the competition.
88. The Programme's clear intent is to reduce the current high levels of reoffending, which offers the potential to reduce the human and economic costs of crime. However whether the MoJ is able to realise the wider economic benefits and deliver cash savings must depend on how reductions in reoffending rates and the other following factors affect volumes flowing through the CJS:
- **Backfill:** will the police respond to freed resources by catching offenders that would have otherwise not been caught? This is not going to generate a monetary saving by reducing volumes going through the CJS, but is a benefit which could still realise savings for other spending departments.
 - **Backlog:** will freed resources allow more current cases to be heard at court, reducing waiting lists? This again would not generate a monetary saving, but would nonetheless make the system more efficient.
 - **Fixed and Variable costs:** costs that are only dependent on volumes will be easier to cash in (e.g. Legal Aid). Fixed costs, e.g. prisons, will require a greater reduction in volume and political decisions for the savings to be cashed.
 - **Transition costs:** even in the event of a considerable reduction in volumes, any organisational change needed to deliver the savings would not be trivial. It would have associated transitional costs (e.g. closure and disposal of assets) and would require political and organisational backing.
89. Therefore, the MoJ cannot make a formal commitment to savings at this point. The cashability of savings will be the subject of further exploration in successive Spending Review periods as Payment by Results cohorts work through CRCs and with sustainable evidence that reoffending improvements are realised.
90. As noted earlier, we look to have a healthy competition in all Contract Package Areas. In any event, we will not award contracts for bids of insufficient quality and price.

Conclusions

Some of our witnesses were supportive of the underlying principles of the Government's Transforming Rehabilitation reform programme, in particular, the extension of pre and post-release support to short-sentenced prisoners, the introduction of an element of payment for outcomes sought, and opening up the provision of probation services to a greater diversity of providers. Nevertheless witnesses, including some supportive of the proposed changes, had significant apprehensions about the scale, architecture, detail and consequences of the

reforms and the pace at which the Government is seeking to implement them (paragraph 24, conclusion 4, interim report).

In our 2013 report on ALS and the interpreting and translation contract we concluded that the Ministry did not give sufficient weight to the concerns raised by professional stakeholders, and argued that had it done so, many of the operational problems experienced during the project's implementation could have been anticipated and avoided. It would be extremely unfortunate if the Ministry's desire to see this new tranche of complicated reforms designed and implemented quickly led to a similar situation developing. We have heard compelling evidence that neither Chief Executives nor Trust Boards feel confident that they are ready for the first stage of transition or that their concerns are being listened to (paragraph 58, conclusion 10, interim report).

Response

91. The Government welcomes the fact that the Committee encountered support for the main elements of the Programme. We are implementing the reforms in a measured way, and have built into our plans extensive testing of the new model. Transition to the new probation structures took place on 1 June and the NPS and 21 CRCs are now live. Thorough, externally assured, business and systems readiness testing was conducted prior to transition and we remain satisfied that the business was ready to make that transition. The immediate cutover period progressed to plan and whilst there are always challenges in a significant change programme such as this, these are being managed effectively.
92. Prior to the transition to new structures, revised operational processes were developed in close collaboration between the MoJ and Trusts. The MoJ also worked closely with probation staff to support them throughout the transition and is continuing to provide support to staff in the NPS and CRCs as they work to embed the new structures.
93. We now have an extended period in public ownership during which we will be conducting further tests to assure systems as we near the conclusion of the procurement process. The period in public ownership will allow for system refinement, maturation of processes and implementation of any necessary adjustments.

Recommendation

No project on this scale is without risk, and we do not approach the question from the naïve standpoint that all risk can or should be eliminated. It is not satisfactory, however, that we are unable to inform our scrutiny of the programme with more systematic information from the Ministry about the major risks they have identified and the steps that they have taken and are taking to mitigate those risks. *In order to reassure us we ask the Ministry, in its response to this report, to provide a narrative description of those risks which it considers most significant to the success of the programme as a result of the combination of their likelihood of occurring and their seriousness if they were to occur, and in relation to each of them to describe mitigations which have been put in place or are proposed* (paragraph 26, recommendation 5, interim report).

Response

94. The Government rejects the Committee's recommendation. However, we provide assurance that we have a rigorous approach to identifying and managing risks associated with the implementation of the Transforming Rehabilitation reforms. The Programme operates a strategic risk register, owned by the Programme Board which includes representatives from Cabinet Office (Major Projects Authority), HMT and two non-executive members. Input and feedback from a variety of sources is taken into account, including engagement with operational colleagues in NOMS, NPS and CRCs and formal consultative fora with Trade Unions, PCCs and other stakeholders and partners. Evidence that risks are manageable is also required as part of the business readiness testing process.
95. The strategic risk register is routinely updated and regularly scrutinised by the Programme Board and Programme Senior Responsible Officer. Risks with the highest likelihood and impact are flagged to the MoJ's departmental board to ensure they are being actively managed and that mitigating action is being taken. Key information on risks and issues are also regularly reported to Ministers and the Programme's plans and are also subject to ongoing external assurance and scrutiny, including from Cabinet Office, HMT and Major Projects Review Group.
96. However, it is important that the correct environment exists where officials feel able to be candid about any risks relating to the reforms, their assessment of the likelihood of them materialising, or the impact that would have on implementation. Disclosure of the strategic risk register, or the main risks it captures, would have a negative impact on this, and we need to maintain a mechanism to internally challenge and scrutinise implementation proposals robustly. For this reason, there are no plans to publish the main risks and mitigating actions associated with the Programme.

Recommendation

The explanations of the unions and the Ministry about why they were unable to come to an agreement about terms and conditions for staff under the new model differ. Regardless of what actually occurred, it is important that both sides resolve this difference of opinion through negotiation. It is highly unfortunate that agreement was not reached before NOMS commenced the splitting of staff, but we understand that negotiations on terms and conditions have resumed and we hope that outstanding issues can be resolved swiftly and satisfactorily (paragraph 61, recommendation 11, interim report).

Response

97. The Government accepts the Committee's recommendation. In December 2013, following a period of intensive negotiations with the unions over the terms of staff transferring to the CRCs or the NPS, we reached agreement on a series of key protections for staff. As a result of this, on 29 January 2014 Probation Trade Unions and the employers' side ratified the National Agreement on Staff Transfer and Protections at a meeting of the probation national collective bargaining machinery. Alongside this ratification, all local trade disputes relating to the staff assignment process were withdrawn.
98. The National Agreement offers a very good deal for existing staff and demonstrates our commitment to fairness by going much further than we are legally required. Staff

transferred to the new probation structures with their existing terms and conditions in place. The additional protections set out within the Agreement included a guarantee of employment in the new probation structures on 1 June 2014, no compulsory redundancies for a period of seven months following share sale, and an enhanced voluntary redundancy period of up to 67.5 weeks. Furthermore as part of our commitment to protecting the pensions of existing and former probation staff, under the National Agreement, the MoJ guaranteed that all staff that transferred on 1 June 2014 would retain their eligibility membership of the Local Government Pension Scheme. This will apply to both the CRCs and to the NPS.

99. Following ratification of the National Agreement, we continued discussions with the Trade Unions over the measures relating to the staff transfer and continue to meet regularly with them to discuss the changes with an aim to reach resolution on all outstanding issues.

Conclusion

Community Rehabilitation Companies will be managing considerable risk on a day to day basis, yet will not be required to have professionally qualified staff. This is a matter of considerable concern to us. We welcome the creation of a centre of excellence for probation, and we would hope that new providers will support their staff to gain suitable accreditation and qualifications through this Probation Institute. We nevertheless believe that they should be bound by a contractual requirement to have a minimum proportion of qualified probation staff related to the volume and risk levels of offenders supervised and to provide continuous training. This should not inhibit the Secretary of State's desire to enable more ex-offenders to become involved in mentoring offenders currently under supervision, which we support (paragraph 65, conclusion 12, interim report).

Response

100. We recognise this as a key requirement and CRCs will be contractually required to maintain a workforce with appropriate levels of training and competence. Bidders for the CRCs are required to demonstrate in how they will deliver this, both in the short and longer term. In addition the MoJ is providing up to £90k funding to support the Probation Institute, launched earlier this year, which aims to develop a strong probation profession across private, public and voluntary sectors.
101. Section 10 of the Offender Management Act 2007 imposes a duty on the Secretary of State for Justice to publish guidelines about any qualifications, experience or training required in relation to work involving the supervision of, or other direct contact with, offenders and in due course we will publish new guidelines. As we made clear in the Target Operating Model for the new system, CRCs will need to demonstrate that all staff employed to supervise offenders and conduct work requiring direct contact with offenders are competent within the Core Skills in Probation Practice that underpin the National Occupational Standards for Probation. These are:
- Assessing and responding to Risk of Harm to others.
 - Responding to diverse needs of individuals.
 - Communicating with a range of different people in different settings.
 - Tactical skills for working with others as part of a team and/or with other agencies.

- Engaging individuals to change.
- Any technical or specialist skills required for their specific work setting.

102. Contracts will empower CRCs to authorise individuals to act as an officer of a provider of probation services and consequently carry out the statutory roles of responsible officer, supervising officer and supervisor. CRC contracts will require those staff to have the necessary skills to manage the delivery of the sentence of the court and to identify, respond to and manage changes in an offender's behaviour that indicate the risk of serious harm is increasing.

Revisiting a justice reinvestment approach

Conclusions

The Government has developed several cross-departmental programmes which are expected to bear down on crime rates over the medium and longer-term, and this is welcome. However, these programmes have tended to concentrate on crisis management where there might be faster financial gains. As a result, only a minor proportion of funding is attached to very early intervention programmes, which could lead to longer term benefits, like Family Nurse Partnerships. The staggering costs to both the criminal justice system and wider society associated with the failure to intervene sufficiently early to address known risks in childhood, for example related to parenting and mental health, highlight the need for a greater proportion of resources to be devoted to reducing these risks. Parental involvement in the criminal justice system, and parents serving custodial sentences in particular, should be recognised more explicitly as an avenue for early intervention (paragraph 63, conclusion 7).

In the four years since our predecessor Committee reported on the merits of justice reinvestment as a means of cutting crime has been falling, a great deal of local partnership effort has gone into crime prevention and rehabilitation, radical and controversial changes have been made to the probation system with the intention of providing for supervision of short-sentenced prisoners, the prison population has remained high but relatively stable, some initiatives have been developed, such as the Troubled Families programme, to deal with sources of crime, and all parts of the criminal justice system have had to cope with significant spending cuts. What remains lacking is still, as our predecessor observed, a rigorous assessment of where taxpayers' money can most effectively be spent in cutting crime, and a government wide approach which recognises that the criminal justice system is only one limited part of the system through which taxpayers' money is spent to keep people safe from crime (paragraph 148, conclusion 28).

Recommendation

It is unclear whether the Ministry and the Treasury undertook an exercise to consider the case for spending some of the resources earmarked for new prison building on the development of justice reinvestment approaches, as advocated by our predecessor. We would like the Treasury and the Ministry of Justice to clarify this in the Government's response to this report. The Treasury should seriously question whether taxpayers' money is used in ways most likely to reduce future crime and victimisation, including evaluating that spent on custodial sentencing, and develop a longer-term strategy for the use of resources in this manner (paragraph 135, recommendation 23).

Response

103. We can confirm that we scrutinised all investment decisions as part of the spending round including considering the right level of investment in prevention and prisons.

104. The Government also recognises the potential, significant, benefits to the CJS and other public services of targeted, preventive interventions, including those focused on the youngest children and their parents. There is already significant investment in prevention and early intervention activity across Government. The Troubled Families Programme now includes those families impacted by parental imprisonment, given the clear link between this and young people's propensity to offend. We are also actively considering how we can build on the success of this programme and others such as Ending Gang and Youth Violence to identify and support relevant families at the earliest stage possible. This includes those families impacted by parental imprisonment. This work is being pursued in partnership with relevant external experts including the Youth Justice Board and the recently established Early Intervention Foundation.
105. The Government has also taken the learning from its own justice reinvestment pilots in reoffending to inform the design of its Transforming Rehabilitation reforms. Local providers will be incentivised to address the root causes of offending behaviour, investing in rehabilitative interventions in order to reduce future demand on the CJS including prison numbers. Although this will be at the discretion of providers, the payment mechanism for CRCs should incentivise such reinvestment by increasing the proportion of the payment that is at risk in successive contract years.

Conclusion

We believe justice reinvestment approaches continue to have resonance because the ongoing pressures on all local budgets means it will be critical for local partnerships to further align and coordinate their resources in order to achieve better crime reduction outcomes and better value for money. Nevertheless, there remains no clear model for taking forward in England and Wales. In the absence of a central Government stimulus, the best prospect of its possibility continuing to be pursued appears to be a bottom-up approach. The justice reinvestment pilots demonstrate that there is potential to incentivise local partnerships to make their spending both more efficient and more effective in reducing demand on the system over a relatively short period of time. The tactic adopted in Greater Manchester, linking crime reduction to the promotion of economic growth, offers an attractive driver for local partnerships to apply a community budgeting approach. This might be possible without direct financial incentives through tacit agreement between partners, including local authorities and police and crime commissioners (paragraph 142, conclusion 24).

Recommendation

In justice reinvestment terms, one of the limitations of the model adopted by the Ministry is that where it is successful these savings are to be paid out in profits to providers over a period of 10 years, rather than reinvested into early intervention, or criminal justice initiatives further upstream. In contrast, the justice reinvestment and community budget pilots directly facilitated local intervention earlier and further upstream in those who may ultimately be of high cost to the public purse. Through such models there is a partnership commitment between participating agencies that savings are reinvested, no matter where the benefits accrue. Whatever the relative merits of either model it is important that the Transforming Rehabilitation reforms do not frustrate partnership approaches to reducing crime and that any such impact is counteracted. *Providers need to be incentivised to reinvest part of any cost savings that might be achieved into further reoffending*

reduction initiatives, and to consolidate the partnership commitment to reducing crime more broadly (paragraph 143, recommendation 25).

Response

106. The Government accepts this recommendation. We agree that there needs to be a bottom-up approach to aligning local resources to reduce reoffending. We firmly believe that the approach we are taking under the Transforming Rehabilitation reforms will incentivise providers to work collaboratively with local partners to reduce reoffending. CRCs will be contractually required to engage with statutory partnerships, and in non-statutory partnerships aimed at protecting the public from harm, safeguarding vulnerable adults or potential victims of domestic abuse and promoting service integration. Furthermore, in order to create the most holistic and integrated rehabilitation services, our contracts will facilitate effective co-commissioning with PCCs and other commissioners. CRCs will also have the flexibility to, and be incentivised by, Payment by Results to enter into local agreements and arrangements with other agencies.

107. We recognise the fundamental importance of partnership working in this field, and the MoJ has sought to support this via the Transforming Rehabilitation Programme. As noted at paragraphs 40–43, providers will be incentivised to build strong local partnership arrangements. Also, as part of the competition process, MoJ established ten local competition teams who ran events with local stakeholders in each Contract Package Area, allowing stakeholders, (such as local authorities, police and prisons), to share information with bidders about local priorities and current local partnership arrangements and also provide this information to the competition data room. Furthermore, we created Local Advisory Panels, comprising representatives from local agencies such as local authorities, the police and prisons, to provide advice on local priorities to inform the evaluation of bids.

108. Bidders' proposals for how they will engage with partnerships and provide responsive and locally tailored services are currently being rigorously evaluated as part of the bid evaluation process. While it will be for providers to determine how they use profits, we anticipate that many will see the benefit of reinvesting to further reduce reoffending.

Recommendation

The Government should keep under review the potential benefits of making an explicit political commitment to reducing the unnecessary use of imprisonment in favour of releasing resources for early intervention, and community based approaches to reducing crime. The rapid reductions in imprisonment that have occurred in the youth justice estate illustrate the potential of the approach and the Government should give serious consideration in its response to this report to the lessons from this initiative that can be applied to the wider system (paragraph 144, recommendation 26).

Response

109. The Government does not accept that prison is being used unnecessarily. The decision to imprison an offender is made by the independent Judiciary considering the facts of each individual case and following the law and relevant sentencing guidelines. The law requires a judge to first and foremost consider the seriousness of

the offence in deciding on a sentence. Custody is only imposed if the seriousness of the offence is such that no alternative, such as a community order or fine, is appropriate. The Government will always provide enough prison places for those sent by the court.

110. We are making reforms that should in the long run reduce demand for prisons. Our Transforming Rehabilitation programme should reduce the number of adult offenders who are in repeat contact with the CJS and in particular, custodial services. The provisions of the Offender Rehabilitation Act 2014, once implemented, will ensure that supervision is available to those released from custodial sentences of less than 12 months. This means that instead of simply being released from custody with no support offenders will now be subject to licence and a new period of post sentence supervision, lasting for twelve months and specifically designed to support their rehabilitation. The aim of this new supervision period is to break the cycle of offending that leads some offenders to receive a custodial sentence on the basis of their history of low level but persistent offending. Our work on youth justice, including the Secure College pathfinder under the Transforming Youth Custody programme, should also have the downstream impact of reducing the number of adult offenders in the future.

Conclusion

The language used by politicians when talking about crime has to recognise the seriousness with which the public rightly treats crime, but they also need to bear in mind that if there is a gulf between hard line rhetoric and the practical policies they are pursuing to cut crime, they can create unrealistic expectations, conceal the value of programmes that are more effective, influence sentencers inappropriately and demoralise or discourage those working to achieve rehabilitation and cut offending. The media also have a role to play in promoting a more rational debate on criminal justice and the way public money is used to enhance public safety (paragraph 147, conclusion 27).

Response

111. The Government welcomes the Committee's call for a rational debate on criminal justice. It has taken a number of steps to facilitate this. As noted at paragraphs 3 and 12 and 21, the Government is focused on outcomes rather than inputs and has made crime reduction the single overriding objective of the police. The CJS is also more transparent than ever before, enabling taxpayers to scrutinise their local CJS, building public confidence in the system as a whole. Being able to see how the courts work, and seeing justice being done in cases of national importance, is now possible through the televising of cases from the Court of Appeal. We have also made information on the end to end timeliness of criminal cases more accessible to the public – members of the public can now access police.uk to find out the average time a case took, from the offence to the outcome, in their local courts.

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