

Title: Strengthening Probation, Building Confidence Consultation Response IA No: MoJ30/2019 RPC Reference No: N/A Lead department or agency: Ministry of Justice (MoJ) Other departments or agencies: N/A	Impact Assessment (IA)			
	Date: 15/05/2019			
	Stage: Development/ Options			
	Source of intervention: Domestic			
	Type of measure: Other			
Contact for enquiries: the strengthening.probation@justice.gov.uk				

Summary: Intervention and Options	RPC Opinion: N/A
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Cost of Preferred (or more likely) Option (in 2016 prices)

Total Net Present Social Value £m	Business Net Present Value £m	Net cost to business per year £m	Business Impact Target Status Not a regulatory provision
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What is the problem under consideration? Why is government intervention necessary?

The Transforming Rehabilitation reforms introduced changes to the probation system in 2014/15, replacing 35 Probation Trusts with a National Probation Service (NPS) and 21 Community Rehabilitation Companies (CRCs). However, CRC contracts have faced difficulties as a result of lower case volumes than expected, higher fixed costs and an increasing trend in the frequency of reoffending, undermining standards of services. The government took decisive action and announced that current CRC contracts will end in 2020 rather than 2022. We now intend to implement a new mixed market model to ensure the effective delivery of probation services across England and Wales.

What are the policy objectives and the intended effects?

The policy objectives are to bring all core offender management responsibility into the NPS and look to the private and voluntary sectors to deliver key interventions such as Unpaid Work, Accredited Programmes, resettlement and other rehabilitative services. Regional oversight will be enhanced with the appointment of new Regional Directors to cover new regional divisions. This will help us to better coordinate and engage with the voluntary sector, directing offenders to the available support programmes in a more efficient manner.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Option 0: The department relets its contracts, on the same geographical basis and service specification as now. This would include the recent changes made to payment mechanisms, through the gate (TTG) and offender contact and should reflect the cost of current services.

Option 1: Adopt the new approach detailed in section D.

Option 1 is the preferred option as it best meets the policy objectives.

Will the policy be reviewed? It **will not** be reviewed. If applicable, set review date: **N/A**

Does implementation go beyond minimum EU requirements?	N/A			
Is this measure likely to impact on trade and investment?	N/A			
Are any of these organisations in scope?	Micro Yes/No	Small Yes/No	Medium Yes/No	Large Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

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

Signed by the responsible Minister:  Date: 15/05/2019

Summary: Analysis & Evidence - Policy Option 1

Description: Adopt the New Approach
FULL ECONOMIC ASSESSMENT

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

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

Description and scale of key monetised costs by 'main affected groups'
Due to their nature and timing no monetised costs for this option have been included in this Impact Assessment.

Other key non-monetised costs by 'main affected groups'
The new approach in the consultation will impact probation service providers, HMPPS and other MoJ agencies such as HMCTS. The overall costs will depend on the design and implementation of the new delivery model and the current position of these groups. This impact assessment provides a qualitative overview of the costs of the preferred option and a summary of the impact on the main affected groups.

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

Description and scale of key monetised benefits by 'main affected groups'
Due to their nature and timing no monetised benefits for this option have been included in this Impact Assessment.

Other key non-monetised benefits by 'main affected groups'
The new approach impact probation service providers, HMPPS and other MoJ agencies such as HMCTS. A more stable probation system would result in benefits for offenders, victims, and wider society, such as increased public confidence in the probation service and the potential to reduce reoffending.

Key assumptions/sensitivities/risks	Discount rate (%)	N/A
There are several key risks to our proposals, these are outlined in section F below. Risks will continue to be identified and addressed in further detail as the design and implementation of our proposed new approach moves forward.		

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m: N/A
Costs: N/A	Benefits: N/A	Net: N/A	

Evidence Base (for summary sheets)

A. Background

1. The probation system works to monitor offenders in the community. There is a statutory duty on the Secretary of State for Justice to ensure that sufficient provision for probation is made throughout England and Wales. The Secretary of State must have regard to prescribed aims in delivering or arranging for the delivery of probation services. As defined in statute, the aims of probation are: protection of the public, reduction of reoffending, proper punishment of offenders, ensuring offenders' awareness of the effects of crime on the victims of crime and the public, and the rehabilitation of offenders.
2. The 2014/15 Transforming Rehabilitation (TR) reforms saw the 35 Probation Trusts replaced by a public-sector National Probation Service (NPS) and 21 privately-owned Community Rehabilitation Companies (CRCs). The probation caseload and functions were split as follows:
 - a. NPS responsible for managing offenders who present a higher risk, advising courts, allocating cases to CRCs, supporting victims and managing approved premises;
 - b. CRCs responsible for managing offenders who present a low and medium-risk of harm. CRCs also deliver – to all eligible offenders, including NPS cases – Unpaid Work requirements, mandated offending related accredited programme requirements, and a universal through-the-gate resettlement service to prisoners prior to release.
3. It is clear from our own assessments, and those of HM Inspectorate of Probation and other stakeholders, including the House of Commons Justice Committee, that in many areas the quality of probation services being delivered is falling short of our expectations. It is increasingly clear that our first-generation contracts with CRCs have faced challenges. Unforeseen changes in the volume and types of cases coming to court have contributed to a substantial reduction in CRC income which has made it extremely difficult for providers to invest in developing the range and quality of services they had intended to.
4. We acted last year to adjust CRC contracts to reflect more accurately the costs incurred by providers in delivering services¹, but we now believe we need to take more decisive action to tackle some of the challenges with these first-generation contracts and put probation on a more stable footing. Long-term trends in reoffending are substantially affecting providers' payment-by-results income, threatening to undermine the delivery of core services and prevent probation responding more effectively to the challenge of prolific offending.
5. We have therefore reduced the length of existing CRC contracts with our current providers. There is much we can learn from the current CRC contracts, including good practice we can build on as well as things we will want to do differently in future. We made many improvements to services, including investing an additional £22m per annum to enhance through-the-gate provision during 2019 and 2020, and requiring providers to meet a minimum standard of offering monthly face-to-face contact with offenders during the first 12 months of a sentence or licence period².
6. Probation services perform a vital role in the criminal justice system, working with offenders from their conviction at court until the end of their sentences – in some cases many years later. In the public consultation *Strengthening Probation, Building Confidence* we set out the immediate steps we are taking to stabilise the delivery of probation services in the next two years, as well as our longer-term strategy for improving the quality of supervision, rehabilitation and resettlement beyond 2020 and creating a more integrated system which works effectively with local partners. We also want to see greater use of community sentences in appropriate cases, which evidence suggests are more effective at reducing reoffending than short custodial sentences.

¹ <https://www.gov.uk/government/speeches/probation-reform-open-letter-from-the-secretary-of-state-for-justice>

²² <https://www.gov.uk/government/speeches/probation-reform-open-letter-from-the-secretary-of-state-for-justice>

7. To inform our thinking on the future delivery of probation services we ran a public consultation, *Strengthening Probation, Building Confidence*³. The consultation ran between 27 July 2018 to 21 September 2018⁴, during which time we received 476 responses. These form a key part of the evidence base for the changes. Alongside the public consultation we have continued engagement with the sector, and carefully considered the findings of reports on Transforming Rehabilitation from Her Majesty's Inspectorate of Probation (HMIP), the Justice Select Committee and the National Audit Office (NAO).

B. Rationale and Policy Objective

Rationale for Intervention

8. The conventional economic approach to Government intervention is based on efficiency or equity arguments. The Government may consider intervening if there are strong enough failures in the way markets operate (for example, monopolies overcharging consumers) or there are strong enough failures in existing Government interventions (for example, waste generated by misdirected rules). The proposed new interventions should avoid creating a further set of disproportionate costs and distortions. The Government may also intervene for equity (fairness) and re-distributional reasons (for example, to reallocate goods and services to the needier groups in society).
9. The rationale for the options assessed in this Impact Assessment is efficiency: intervention in probation services is required due to the impending termination of CRC contracts and the need for improvement in the delivery of probation services in England and Wales. The government has considered all of the viable options to achieve this and has concluded that all will require a higher level of expenditure on probation services than the present level and this Impact Assessment (IA) assesses the impact of this'. As set out above, the current arrangements do not provide the means for probation provision to adequately and consistently meet its core aims in terms of operational performance, as well as presenting an unacceptable risk of provider instability given the difficult operating environment CRCs continue to face.
10. This new approach builds on the lessons learnt under the Transforming Rehabilitation reforms, and seeks to best utilise the skills and expertise of the public, private and voluntary sectors whilst supporting the shared goal of reducing reoffending.

Policy Objectives

11. The overall objective of this new approach will be to achieve the following aims:
 - a. Improving supervision of offenders and sentence delivery
 - b. More effective rehabilitation of offenders
 - c. Preparing prisoners for life in the community
 - d. A workforce with the right training and skills
 - e. Improving system integration
 - f. Working more closely with partners
 - g. A probation system that works for Wales
 - h. Driving performance improvement

³ <https://consult.justice.gov.uk/hm-prisons-and-probation/strengthening-probation-building-confidence/>

⁴⁴ <https://www.gov.uk/government/consultations/strengthening-probation-building-confidence>

12. The overall policy intention of the above is that our probation service commands the confidence of the public and the courts, effectively punishes and rehabilitate offenders appropriately, reduces reoffending and ultimately protects the public.

C. Affected Stakeholder Groups, Organisations, and Sectors

13. The groups most affected by the changes proposed in this IA are as follows:

- Community Rehabilitation Companies (CRCs)
- National Probation Service (NPS)
- HM Prison and Probation Service (HMPPS)
- HM Courts and Tribunals Service (HMCTS) and the Judiciary
- Police and Police and Crime Commissioners (PCCs) and other local partners
- Offenders
- Victims
- Wider society

D. Options under Consideration

14. The following section assesses each policy aim against two principle options for the future of probation.

15. We considered two options when creating our new proposals:

- a. **Option 0:** The department relets its contracts, on the same geographical basis and service specification as now. This would include the recent changes made to payment mechanisms, through the gate (TTG) and offender contact and should reflect the cost of current services.
- b. **Option 1:** is to adopt the new approach detailed in paragraph 22 a-g.

16. We have only chosen to evaluate Option 1 in detail as this was our final preferred option, however other options were explored before reaching the decision to pursue this as our final preferred option. The options considered were as follows:

- Option 2 - Maintain the existing split between high and low/medium risk offender management and procure contracts for the latter across 11 contract package areas for England and Wales.
- Option 3 - Bring all probation services in England and Wales into the NPS including offender management, unpaid work and delivery of interventions.
- Option 4 - A hybrid approach that adopts the preferred option in Wales but procures services for management of low/medium risk offenders in England across 10 contract package areas.

17. Option 1 was preferred over option 2 as it met the policy objective to deliver core offender management through the NPS. Option 2 would maintain the split between the high and

low/medium risk offender cohorts which introduces system inefficiencies and limits flexibility in terms of being able to adapt to changes in volumes in the system and respond to future changes in the risk profile of offenders. The proposals to deliver a statutory professional regulatory framework may also be more challenging to achieve in a system where offender management is split between the public and private sector.

18. Option 3 has similar benefits to option 1 from integrating offender management into the NPS. The primary difference between the two options is in the approach taken to deliver unpaid work and rehabilitative services. The outsourcing approach in option 1 will bring encourage a mixed market of providers which will help to access local and specialist expertise and drive innovation in the system. Option 3 would not necessarily see the full extent of this benefit with all unpaid work and rehabilitative services delivered in-house.
19. Option 4 would deliver the same benefits in Wales as the preferred option but in England this option would result in similar issues described above for option 2 around system inefficiencies and lack of flexibility in managing the workforce.
20. In summary, option 1 is the preferred option as it best meets the policy objectives. We believe that Option 0 is not appropriate, as it would maintain a level of service provision that is untenable in the context of the statutory aims of probation.

Option 0

21. The 'do nothing' option of reletting contracts, on the same geographical basis and service specification as now, is not a viable option. Pursuing this option would mean costs staying broadly in line with current expenditure but this option would further exacerbate the performance issues seen in the current system, undermining the delivery of core services and preventing probation from responding more effectively to the challenge of prolific offending. This baseline option serves only as our view of the fairest cost comparator.

Option 1

22. Under option 1 we propose to:

- a. **Deliver core offender management⁵ through the National Probation Service (NPS):** Unifying responsibility for all core offender management (low, medium, and high risk) within the NPS will enable increased control over the quality of this service delivery and our ability to better adapt within existing resources to changing volumes without compromising quality. Strategically, this option provides most flexibility for probation services to respond and adapt to future changes in caseload and wider changes in the criminal justice sector. Our internal engagement with sentencers shows there is greater confidence in NPS management of Community Orders than the CRCs. In the context of decreasing use of Community Orders, repairing sentencer confidence in probation delivery will be key to making more appropriate use of alternatives to custody and our assessment is that this new mixed-market delivery plan provides the best opportunity to deliver this.
- b. **Procure a contracted supplier to deliver key intervention services:** Subject to market engagement, we intend that in the future we will procure a contracted supplier to deliver key interventions such as unpaid work and accredited programmes in each of the regions in England and Wales. These providers will work closely with the public sector NPS to deliver the sentences of the courts.
- c. **Create a clearer role for the voluntary sector and smaller providers:** We want to see a clearer role for a wide range of voluntary sector providers in probation delivery, including local and specialist services. Throughout the consultation we were told that we

⁵ the supervision of offenders on a community sentence or on release from prison

needed to consider how to create the right environment to enable these organisations to deliver resettlement and rehabilitation services. These services include a range of services from structured interventions to help tackle drug misuse or improve employability, to mentoring for offenders delivered as part of a Rehabilitation Activity Requirement (RAR), prior to or post release from prison. To make the most of the range of providers available, we believe that should be commissioned and delivered locally where possible.

- d. **Improve strategic delivery and local partnership working:** Under the revised model, our intention remains to have 11 probation regions across England and Wales, each of which is overseen by a Probation Regional Director who will be responsible for delivery and commissioning of services. We intend to implement this by moving from 6 regions for the NPS to 10 regions in England alongside the delivery of the revised model. The services in Wales are already aligned so no structural changes will take place there. We believe this will create a simpler strategic planning environment and strikes the right balance between efficiencies and a model that delivers at the right scale.
- e. **A probation system that works for Wales:** Our future strategy in Wales will see the offender management functions integrated into a single organisation, where the future model for England now aligns with the proposals set out for Wales.
- f. **A workforce with the right training and skills:** We intend to go further than we set out in the consultation, and we will look to bring forward legislation to implement a statutory professional regulatory framework across the probation system with continual professional development standards and a practise and ethical framework for designated roles.
- g. **Drive performance improvement:** To get this right, we will review the data collected by the NPS and by any future contracted providers to ensure that we have clear information on the outcomes for service users to help inform delivery and future arrangements.

23. In the following paragraphs we describe why each of the above forms part of the preferred option.

a. Improving supervision of offenders and sentence delivery

24. To meet this policy objective two options have been considered:

- Option 0: Maintain the current divide between the management of high risk and low/medium risk offenders.
- Option 1: Move all core offender management into the NPS.

25. **Option 0 is not the Government's preferred option** as stakeholders have been clear that the current division of offender management is leading to a fragmented service and unnecessary duplication in some cases. These views were strongly reflected in the evidence submitted in response to the consultation, where 35% of respondents spoke of the benefits of maintaining a single offender management service.

26. **Option 1 is the Government's preferred option.** This is based on careful consideration of the evidence presented to us through the consultation responses, feedback from stakeholders, and reports from partners and experts. Our changes will simplify delivery structures by bringing the core offender management functions into the NPS and leaving HMPSS responsible for delivering stability, getting the basics right and quality of supervision. Operationally, this approach will deliver clear functional distinctions for organisations involved in probation, removing some of the challenges around risk escalation and management that have been in place under the Transforming Rehabilitation model, and simplify arrangements for providing advice to court and resettlement of offenders on release from prison.

b. More effective rehabilitation of offenders

27. To meet policy objectives two options have been considered:

- Option 0: Do nothing and continue with current arrangements.
- Option 1: Run separate procurements for key intervention services.

28. **Option 0 is not the Government's preferred option** as current arrangements are not sustainably delivering the statutory aims of probation services in England and Wales, as reflected in reports by HM Inspectorate of Probation.

29. **Option 1 is the Government's preferred option** as it better reflects the relative strengths and capabilities of the public, private and voluntary sectors, creating a more sustainable mixed market. We have seen evidence of good delivery of Unpaid Work and Accredited Programmes in the current model of contracted provision and by separating them out to form a broader contract package, distinct measures can be put in place to monitor service delivery and ensure offenders receive the best possible support. The voluntary sector, particularly smaller and specialist organisations, has been underutilised in the current model of contract provision, despite offering key rehabilitation and resettlement services that are locally tailored. Developing a separate dynamic framework to acquire these service at a local level will create greater flexibility and open the market to a broader range of smaller, more local providers.

c. Preparing prisoners for life in the community

30. To meet policy objectives two options have been considered:

- Option 0: Do nothing and continue with current arrangements.
- Option 1: Develop a new resettlement model with the NPS responsible for the assessment of need and the identification and coordination of interventions required, with the delivery of these interventions contracted out.

31. **Option 0 is not the Government's preferred option** as stakeholder engagement has demonstrated that more could be done to improve the delivery and provision of rehabilitation and resettlement services. Several responses to the consultation highlighted the need for a more targeted and flexible approach to resettlement, that remains responsive to different offender needs.

32. **Option 1 is the Government's preferred option** as it will bring together the offender management and resettlement planning and coordination, which are similar activities, simplifying arrangements and removing duplication of roles. Both resettlement and rehabilitative interventions seek to address similar need areas and need to be locally responsive and individually tailored. The dynamic framework will help achieve this as it is intended to allow for more flexible commissioning of services to suit local provision and need. Developing a new model for resettlement will allow for greater alignment with changes in the prison landscape, such as the new Offender Management in Custody (OMiC) model.

d. A workforce with the right training and skills

33. To meet policy objectives two options have been considered:

- Option 0: Do nothing and continue with current arrangements.
- Option 1: Bring forward legislation to create a statutory professional regulatory framework and review staffing levels to ensure resources are sufficient to deliver a good level of service.

34. **Option 0 is not the Government's preferred option** as we do not feel it would help build a sustainable and adequately recognised probation profession, which option 1 will provide.

35. **Option 1 is the Government's preferred option** as by implementing this framework, we aim to ensure that staff who are suitably qualified are supported in gaining the tools and opportunities

for a long and effective career. Integrating responsibility for all offender management activity in the NPS provides staff with the opportunity to maintain their professional experience across the full range of probation activity. It reduces the operational and financial risk, in areas with significant deficit of trained probation staff, of disruptive movement of staff between different providers of offender management. Ahead of legislation, we will be introducing requirements to ensure we have all elements in place in readiness for this becoming a statutory requirement.

e. Improving system integration

36. To meet policy objectives two options have been considered:

- Option 0: No change to existing geographical structures
- Option 1: Create 11 probation regions across England and Wales, each of which is overseen by a Regional Director.

37. **Option 0 is not the Government's preferred option** as evidence received as part of the consultation response highlights the confusion and complexity the current geographical structures carries. We believe the new model in option 1 will also create greater accountability than the current system.

38. **Option 1 is the Government's preferred option** as it brings together responsibility for the delivery and commissioning of all probation services under a single public sector leader in each region with a key mandate to join up services and improve partnership working. Furthermore, the integration of all core offender management services under a single organisation ends the split of offender management responsibility between the NPS and CRCs, creating simpler and more integrated delivery.

f. Working more closely with partners

39. To meet policy objectives two options have been considered:

- Option 0: Maintain existing partnerships across current geographical boundaries
- Option 1: Have one organisation, the NPS, responsible for partnership working, supported by a new regional structure.

40. **Option 0 is not the Government's preferred option** as whilst current delivery models are effective, feedback from the profession suggests that we can go further to improve our work with partners.

41. **Option 1 is the Government's preferred option** as by integrating responsibility for all core offender management within the NPS we will have one organisation leading on local engagement. This is supported by a simpler regional structure that does not cut across key partner boundaries such as Police and Crime Commissioner (PCC), police and local authorities. In deciding on 11 regions across England and Wales, we have sought to achieve the right balance between the potential for efficiencies across the probation system and arrangements that are closer to other Criminal Justice System (CJS) delivery structures and can facilitate partnership working. Having a Regional Director will mean we can develop key strategic relationships with partners to identify shared priorities and develop opportunities to co-commission services or undertake joint initiatives.

g. A probation system that works for Wales

42. To meet policy objectives two options have been considered:

- Option 0: Do nothing and continue with current arrangements
- Option 1: See offender management functions integrated into a single organisation in Wales.

43. **Option 0 is not the Government's preferred option** as current arrangements could do more to reflect the devolved landscape of Wales, reflecting the specific challenges for Wales in the provision of probation services, such as the proportionally high number of individuals living in rural areas.
44. **Option 1 is the Government's preferred option** because it will align delivery models for England and Wales. In doing this, we will seek to reduce duplication in existing services and encourage partners to design, develop, commission and deliver in an integrated way. For Wales, this model takes account of the Welsh Government priorities and legislation that applies specifically in Wales, and is supported by initiatives currently underway by HMPPS in Wales.

h. Driving performance improvement

45. To meet policy objectives two options have been considered:
- Option 0: Do nothing and continue with current arrangements.
 - Option 1: Develop new performance measures and commissioning models for interventions
46. **Option 0 is not the Government's preferred option** as current arrangements are somewhat limited in how they consider the needs of specific cohorts of users, and do not offer the same flexibility that our new approach will in option 1.
47. **Option 1 is the Government's preferred option** as having new performance measures allows us to take account of wider areas such as improved health, employment and sustainable accommodation that support reduced reoffending. We are developing specific quality measures which will enable us to assess the quality of delivery across all providers. Commissioning resettlement and rehabilitative interventions via a dynamic framework will support more localised and tailored responses to individual needs.

E. Cost and Benefit Analysis

48. This Impact Assessment (IA) follows the procedures and criteria set out in the IA Guidance and is consistent with the HM Treasury Green Book.
49. Where possible, IAs identify both monetised and non-monetised impacts on individuals, groups and businesses in the UK with the aim of understanding what the overall impact on society might be from the proposals under consideration. IAs place a strong focus on the monetisation of costs and benefits. There are often, however, important impacts that cannot sensibly be monetised. These might be impacts on certain groups of society or some data privacy impacts, positive or negative. The costs and benefits of each proposal are compared to option 0, the do nothing or 'baseline' case. As the 'baseline' option is compared to itself, the costs and benefits are necessarily zero, as is its Net Present Value (NPV).
50. The economic analysis in this IA focuses only on non-monetised costs to the Ministry of Justice and the potential benefits of Option 1 including the potential impact that affected groups may face. At this stage, this is because there is uncertainty in the cost estimate for option 1, particularly around the cost of future outsourced services.
51. Our proposals are assessed with the view that a higher level of expenditure will be required to implement the improvements required. However, pending further market engagement and development of our proposals, it is challenging to accurately cost the funding required over the lifespan of implementing these changes. Officials in commercial, contract management and analysis will continue to work with policy officials as our proposals develop and the design becomes clearer.

52. Therefore, given the early stage of our proposed reforms, we have not monetised any costs in this IA. Instead we set out a qualitative discussion of the potential costs and benefits that each of the impacted groups might face.

Option 1 – Adopt the New Approach

53. This section has two parts. In the first we assess the impacts of the increase in expenditure which will be required under the preferred option. In the second part, we assess the impacts on the main affected groups listed in section C.

Impacts of Increased Expenditure

54. Early cost estimates indicate that option 1 will require additional funding for probation services beyond the current funding levels (option 0). The rationale for this is that option 1 will deliver a better quality of service than current arrangements, improving minimum levels of service in England and Wales.

55. The table below revisits the policy objectives and provides a qualitative assessment of what is driving the anticipated additional costs of option 1 over and above the current levels of expenditure (option 0) as well as setting out some of the key anticipated benefits/savings.

Policy Objective	Factors behind higher costs in Option 1	Option 1 Benefits
Improving supervision of offenders and sentence delivery	<ul style="list-style-type: none"> • With all offender management delivered by the NPS, average staffing costs in this category are anticipated to increase due to higher salary and employer pension contribution rate costs in the public sector. • To implement this change, option 1 will require transition funding to enable the onboarding of offender management staff into the NPS • Option 1 includes plans to reduce the vacancy rate of probation officers to improve staffing/ offender ratios, which will incur increased costs. 	<ul style="list-style-type: none"> • We anticipate that there will be several benefits to this approach and that consolidating offender management will provide clarity around minimum standards for delivery, which in turn will promote for a consistency of approach for effective engagement with offenders • This model will also enable Responsible Officers to work with more diverse range of offenders with different risks and needs, enabling the development of a broader range of skills and flexibility of workforce. • With the integration of all offender management into the NPS, there is greater potential for system efficiencies, as caseloads will no longer be divided between different organisations.
More effective rehabilitation of offenders	<ul style="list-style-type: none"> • The target operating model includes enhancements to unpaid work provision including 	<ul style="list-style-type: none"> • The extent and frequency of offending diminishes when offenders gain employment⁶, and

⁶ MoJ (2010) Compendium of reoffending statistics and analysis, London, Ministry of Justice. See Table 2.37 at <http://www.justice.gov.uk/downloads/statistics/mojstats/spcr-full-tables-paper-5-2-prisoners-backgrounds-reconviction-csv-tables-a.csv>

	<p>increasing access to education, training, and employment for offenders. We also plan to recruit additional managers to focus on identifying better quality work placements for offenders.</p> <ul style="list-style-type: none"> • Option 1 also includes additional cost to increase the volume of Accredited Programmes on offer. • Given this element of the service is outsourced, there is an assumed level of profit for future providers. • Costs are included to create and run the dynamic framework for procurement of rehabilitation services. 	<p>offenders with stable and quality employment are less likely to reoffend⁷.</p> <ul style="list-style-type: none"> • We have seen evidence of good delivery of unpaid work and accredited programmes in the current model with HMIP having consistently assessed unpaid work delivery as Good and more effective than offender management provision. We hope to continue to utilise the innovation and expertise of the private sector and to open up better quality placements and training opportunities for offenders. • The creation of a dynamic framework for procurement will help the voluntary sector and smaller providers to engage more strategically at a local level, becoming more embedded in the delivery of probation services. • This will bring benefits in terms of utilising the expertise of individual organisations and capturing innovation. We anticipate that this will also ensure delivery can be responsive to local need and encourage greater partnership working. • We still intend to mandate centrally a core set of interventions that will be available for those with a Rehabilitation Activity Requirement and for those on licence. These interventions will address the areas of need either strongly associated with re-offending or which provide the stabilization that an individual needs to focus on other issues
<p>Preparing prisoners for life in the community</p>	<ul style="list-style-type: none"> • We plan to fund an enhanced resettlement service for those offenders transitioning from prison to the community. 	<ul style="list-style-type: none"> • See above benefits of creating a dynamic framework. • A new resettlement model will help better align service design with

⁷ Sapouna et al. (2011) What works to reduce reoffending: a summary of the evidence, Justice Analytical Services, Scottish Government: <http://scotland.gov.uk/Resource/0038/00385880.pdf>

		<p>wider changes within the prison setting such as OMiC.</p> <ul style="list-style-type: none"> • It will simplify arrangements in prisons which, in some areas sees multiple CRCs operating out of the same prisons.
A workforce with the right training and skills	<ul style="list-style-type: none"> • Option 1 includes start-up costs and ongoing costs for a professional register for the probation profession. • This option also includes costs for an improved Continual Professional Development offer for probation staff. 	<ul style="list-style-type: none"> • This will increase confidence from key stakeholders and the public. It is an opportunity to focus on our knowledge and practice development to ensure we are supporting our service users and managing risk most effectively within both custody and the community. • The statutory professional framework will promote the professionalism of those working in the probation service - evidencing lifelong learning and showing that our staff are experts within their field. • This will also serve to protect the probation title to practice as well as ensure those unfit to practice are not entitled to work in the probation system.
Improving system integration	<ul style="list-style-type: none"> • Transitional and ongoing costs to establish 11 probation regions across England & Wales. This is primarily a staffing cost to establish a leadership structure and back office in each region. 	<ul style="list-style-type: none"> • This will create a simpler, more streamlined delivery landscape for providers, partners and stakeholders in each region. The reduction in the number of contracts will reduce total spend on back office costs.
Working more closely with partners	<ul style="list-style-type: none"> • The cost of rehabilitative interventions includes an allowance for services commissioned at regional level to meet local need. 	<ul style="list-style-type: none"> • Regional Probation Directors, their senior leadership team and local delivery units will have a clear responsibility for strengthening engagement in local and regional partnerships. • This will ensure there is greater transparency around probation performance, that services are responsive to local priorities, and opportunities are taken to co-commission those services that are key to reducing re-offending with partners such as PCCs, local

		authorities and health commissioners.
A probation system that works for Wales	<ul style="list-style-type: none"> The costs described in the other categories in this table are also applicable to Wales 	<ul style="list-style-type: none"> Our future strategy in Wales will see the offender management functions integrated into a single organisation. Option 1 will ensure that we probation services remain flexible to the specific needs of Wales, including the consideration of Welsh legislation and the Welsh language.
Drive performance improvement	<ul style="list-style-type: none"> Costs include investment in data science, data architecture and digital solutions to provide better quality and more accessible and timely data for analysis and monitoring. 	<ul style="list-style-type: none"> Better quality and more timely data will ensure that we have clear information on the outcomes for service users to help inform delivery and future commissioning, in the hope of reducing reoffending. Moving forward, we will seek to contractualise equalities standards to provide a service that is more adaptive to the needs of vulnerable users or specific cohorts. For other vulnerable or priority groups we will establish more consistent assessment of need via screening and health assessment tools.

Impact on Affected Groups

Community Rehabilitation Companies (CRCs)

56. A clear consequence of these changes is that CRC-led provision in its current form will cease once the current contracts come to an end. The NPS will take on CRCs' offender management functions, while CRCs' role in delivering Unpaid Work placements, Accredited Programmes and rehabilitative interventions will transfer to other suppliers following competitive procurement exercises. Delivery of these functions will be organised on the basis of larger delivery areas, with the intention currently to consolidate probation regions from 21 contract package areas at present down to 11 probation regions across England and Wales.

57. Current CRC delivery will be impacted by the need to support the transition to these new arrangements, including support for staff during this period of uncertainty and measures to maintain service delivery through the transition. The Ministry of Justice and HMPPS have committed to work closely with CRCs, their staff and their parent organisations to minimise disruption and support more detailed planning for the transition.

National Probation Service (NPS)

58. The NPS delivers probation services that include advice to court, victim liaison and supervision of higher risk offenders. The NPS will be impacted by a variety of the new reforms as core offender management is moved into the organisation. In addition, proposals around levels of offender contact have the potential to shift NPS resource to different groups of offenders or to different periods in an offender's interaction with the NPS. The overall impact on this is likely to be different for different cohorts of offenders and depends on the final proposals agreed. There is also the potential for the transition to affect morale of NPS staff as staff have already adapted to significant change as part of the introduction of Transforming Rehabilitation reforms and the E3 Programme which standardised resourcing and practice. However, a well-managed transition to the new structure and clear communications throughout will help to mitigate these risks.
59. The continuing recruitment of staff should have positive impacts for the NPS as a whole and especially in areas facing high workloads as a result of difficulty recruiting. New plans around skills and training should also better support NPS staff to achieve their objectives around supporting and rehabilitating offenders. They may face some transitional costs adapting to new process and frameworks.
60. The new 11 regions proposed should create greater alignment between the NPS and other providers, encouraging local partnerships and co-commissioning. For example, we propose that the NPS works jointly with PCCs and others to co-commission rehabilitation services. This will give the NPS a greater role in co-commissioning these services and could result in services that better reflect the needs of NPS cohort offenders.
61. A new national register for probation staff, including a process for removing staff from the list in specific circumstances, is likely to have some transitional costs while it is established and while staff and others become familiar with it. It will also require ongoing support to ensure it remains up to date and this is also like to incur some cost. The proposed workforce changes, including a national professional register and a training framework, is likely to provide more consistency and clarity on the conduct and skills of probation staff.

HM Prison and Probation Service (HMPPS)

62. Probation is an integrated part of HMPPS, with the Director General Probation and Wales part of the HMPPS leadership team. Our changes are intended to result in closer working between prison and probation staff and have the potential to result in a reduction in duplication of activity, better recording and sharing of data and a stronger focus on resettlement activity as part of sentence planning activity. If HMPPS leaders in each probation region contribute to or lead the commissioning of rehabilitation activities, this has the potential to promote co-ordination with other HMPPS services and activity (e.g. in prisons) and could bring further efficiencies.
63. Where more effective probation services can better develop relationships with offenders and support rehabilitation there is the potential to reduce breach and recall levels. Of the 5,650 recalls between October-December 2017, 5,430 (96%) were returned to custody by 31 March 2018. Therefore, as recall and breach can result in a custodial sanction, there could be a longer-term benefit to the prison system.

HM Courts and Tribunals Service (HMCTS) and the Judiciary

64. One of the aims of the probation service is to deliver the sentence of the courts. The proposals set out in the consultation aim to better serve the needs of the court and improve sentencer confidence in the system. We think the central proposals to integrate responsibly for all offender management responsibility into the NPS, alongside their current responsibilities to provide advice to courts, and having a simpler, stronger and clearer mixed market model for delivery of interventions will allow to more quickly rebuild confidence in probation delivery.
65. We know that under the current system many sentencers feel they are lacking knowledge about what happens to an offender after sentencing as all advice to courts is delivered by the NPS whilst the delivery of sentence of the court for low and medium risk offenders is the responsibility of CRCs.

This is further exacerbated by wider stakeholder concern about the ongoing stability of CRC providers, use of specialist services and the quality of their performance.

Police and Police and Crime Commissioners (PCCs) and other local delivery partners

66. Our changes are intended to promote greater involvement for PCCs and other local partners in probation services, including through the identification of shared priorities and the potential for them to co-commission rehabilitative services for offenders. This could bring benefits to PCCs and offenders through better commissioning of services that reflect the local landscape, especially for certain cohorts of offenders.
67. Regional oversight should encourage the engagement of local delivery partners, clarifying their role in the delivery of probation services, helping to create better outcomes and delivery of service for offenders.
68. The introduction of a dynamic purchasing framework for resettlement and rehabilitative interventions will help areas be more responsive to local needs, ensuring that local partners can be appropriately contracted to delivery tailored probation services. This should improve working relationships with local delivery partners and a more strategic approach to managing programmes that help offenders with their rehabilitation and skills growth.

Offenders

69. Our changes are intended to strengthen supervision and support for all offenders, whether serving a community sentence or reintegrating back into society after prison. For instance, unifying offender management under the NPS will improve continuity of supervision, making it easier for offenders to be supervised by the same Probation Officer for the duration of their sentence. We will improve both the range and quality of rehabilitative programmes so these can be better targeted to address the needs of offenders, including vulnerable offenders and those with alcohol and substance abuse problems. We will also require suppliers to provide meaningful Unpaid Work placements which maximise Employment, Education and Training opportunities.

Victims

70. The NPS has a role in supporting victims and witnesses. While the consultation does not propose changes to how probation works with victims, a reformed probation system should deliver benefits to this group through more effective delivery of the sentence of the court and improved public protection and rehabilitation.

Wider society

71. The aim of the reforms is to stabilise and improve delivery of probation services to better realise the aims of probation to rehabilitate offenders, protect the public and ultimately reduce reoffending. A more effective probation system will therefore deliver benefits to wider society.
72. On public protection for instance, by improving continuity of supervision, we will strengthen processes for monitoring offenders, reacting to sudden increases in risk, keeping victims informed and enforcing license conditions such as curfews. Closer partnership working with Police and Crime Commissioners and other partners will enable probation to better respond to local and regional problems, and develop joined-up solutions through sharing data and pooling resources.
73. Based on previous work by the Home Office, the National Audit Office has estimated the cost of reoffending in the UK for ex-prisoners in 2007-08 to be £9.5bn to £13bn per year. Based on this, the Ministry of Justice estimates that the annual cost of reoffending for ex-prisoners is up to £15bn per annum in current prices. This estimate includes costs individuals face in anticipation of crime and as a result of crime as well as the costs to government and the criminal justice system of dealing with crime. A more effective probation system that was able to reduce reoffending will

reduce this cost to society for ex-prisoners and also for those on community sentences and offer better public protection.

74. These proposals will incur an increase in expenditure, thus risking a further burden on the tax payer. Nonetheless, these proposals offer an improvement in public safety and will ensure the long term sustainability and stabilisation of probation, representing value for money to the tax payer.

F. Risks & Assumptions

75. All of the above impacts are based on assumptions and each of these comes with an associated risk. In the case of the preferred option, the principal risk is implementation. The table below describes the main implementation risks, where they are likely to arise and the main mitigations.

Risk	Description of where it applies and mitigation
CRC operators will lower service levels prior to the implementation of the new proposals.	There is a risk that current CRC operators will seek to divest from current services placing current delivery at risk, as they perceive there to be less opportunity to work in the probation sector. We will continue to hold CRCs to their contractual obligations, and have robust mechanisms in place to assess any proposal to disinvest in service delivery ensuring contractual minima are not breached as a result.
There is a limited market interested and available to bid for the new outsourced elements such as unpaid work and accredited programmes.	Initial engagement with potential suppliers in England and Wales suggests that there is an appetite to bid for the proposed outsourced services and programmes. Further market engagement activity will be undertaken to ensure the final commercial proposition reflects feedback from the market.
Moving to the new approach will require a complex transition from the current arrangements	The new proposals carry the associated risks and increased costs of implementing any significant change in the delivery of probation services in England and Wales. Consequently, transition costs are being factored into our planning and we will continue to monitor the impact(s) of our proposed reforms.
Commercial risk from new outsourcing proposal	<p>The procurement exercises proposed to secure suppliers of the outsourced element of our proposals carry commercial risks. As with all outsourcing, there is a risk of provider under-performance and possible provider failure. There also needs to be careful consideration of how the dynamic framework will operate and the potential risks from adopting this approach.</p> <p>Contract management officials continue to work closely with current providers and the NPS to best understand how to prevent risks and implement lessons learnt from the contracts developed under the Transforming Rehabilitation reforms.</p>

<p>The future service may not fully achieve the anticipated benefits</p>	<p>Our new proposals seek to improve the current delivery of probation services in England and Wales. Thinking is still taking place on how best to enforce minimum standards and ensure provision is appropriate to user needs. Nonetheless, there is a risk that minimum standards may not provide the scope of benefits anticipated. We will continue to monitor the implementation and impact of our new proposals to ensure that we meet the policy objectives.</p>
<p>We do not see improvements in sentencer confidence in the probation system</p>	<p>We know that sentencers have more confidence in the NPS than CRCs. Integrating offender management maximises the potential to improve sentencer confidence in probation. We acknowledge that it will take time to address current concerns. We will need to pay particular attention to ensuring that sentencers have confidence in future contracted provision of interventions services.</p>

G. Wider Impacts

76. We believe these new proposals will offer benefits to those with protected characteristics as defined in Equality Act 2010. Moreover, these proposals will seek to address the needs of specific cohorts of vulnerable users, providing a more adaptive service to them.
77. Work on this area is still ongoing. Our plans and considerations of equalities and specific cohorts of offenders are discussed in the Equalities Considerations section of the Consultation Response.

H. Monitoring and Evaluation

78. We will monitor our proposals as the specific design and implementation plans for our new approach develops and explore approaches for evaluation. We plan to continue market engagement to inform how these proposals develop, and to ensure that our stakeholders play an active role in creating the future delivery model of probation services.
79. We will create a robust engagement strategy for probation staff, building on the consultation process. This will be particularly focused on arrangements for our proposed transition of services.
80. As part of our developing commercial strategy we will commence market engagement and market warming exercises to gather the views of providers in England and Wales.
81. We will establish two advisory groups to inform the design of future probation services; one of the advisory groups will consist of representatives from other government departments and the other will consist of a range of external stakeholders including academics, campaign groups, and experts in probation services.
82. We will continue to engage with Police and Crime Commissioners, primarily through existing forums established during the consultation process. This includes co-design arrangements because of justice devolution agreements with both the Mayor's Office for Policing and Crime and the Greater Manchester Combined Authority.

83. Finally, we will liaise closely with the voluntary sector through our existing infrastructure arrangements with Clinks, the membership body for voluntary organisations working in criminal justice.



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