

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

5 SEPTEMBER 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Housing & Community Safety – Lead Cabinet Member – Councillor Steve Nelson

‘Transforming Rehabilitation: A Strategy for Reform’

1. Summary

This report outlines the current position in respect of multi-agency discussions about a potential response to the Government’s proposals for exposing the majority of Probation Services in relation to adult offenders to commercial competition, and seeks initial approval for a proposed approach, subject to further reports as the detailed options become clearer.

2. Recommendations

1. That the action taken to date be endorsed.
2. That the Council continues to support the proposed consortium bid.
3. That up to £6,000 from existing budget provision be used to support the Pre-Qualification Questionnaire (PQQ) process for further reports be presented as and when more detail becomes available.
4. That further reports be presented as more detail becomes available.

3. Reasons for the Recommendations/Decision(s)

1. To clarify that the response to date is agreed.
2. In order to reduce the risks associated with an unconstrained commercial approach.
3. To ensure the viability of the next stage of work.
4. To continue to ensure that the Council’s approach has been properly approved.

4. Members’ Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council’s code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in**

accordance with paragraph 18 of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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RECOMMENDATIONS

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DETAIL

1. In January 2013 the Government published ‘Transforming Rehabilitation: A Strategy for Reform’, setting out plans for radical change to Probation Services in England and Wales. The Council responded to this consultation process via the Safer Stockton Partnership.
2. In summary, the plans are for the abolition of the current Probation Trusts and their replacement by a new National Probation Service (NPS), which will carry out initial assessments and pre-sentence work with offenders, and will manage those offenders assessed as representing high risk, and a series of new companies which will manage medium and low risk offenders. The original estimate was that 30% of current workload would go to the NPS and the other 70% to the new companies.
3. Despite receiving many adverse responses to consultation, the Government has decided to press on with its plans. One minor change, but a significant one for Stockton, was an increase in the number of the proposed new companies from the original proposal of 16, which would probably have seen a single company covering the whole of the North East region, to 21, which allows for 2 companies, one of which will cover the current Durham Tees Valley Probation Trust area.

4. Many of the most important details about the competition process remain unclear. It is known that competition will be for ownership of a shareholding in one of the new companies, and that the Government will retain a share in each company. It is also known that the payments system will be based, in part, on results achieved in relation to reducing reoffending. It is believed that tenders will be evaluated on a basis of 50% quality, 50% price.
5. The current Trusts are to be abolished by April 2014 and the staff sorted into two groups, ie those who will transfer to the NPS and those who will transfer to the new companies. Trusts are being required to put in place so called 'ethical walls' to start to separate these two groups in advance of April.
6. The current Durham Tees Valley Trust is one of the top three nationally in terms of reducing reoffending and has some of the lowest unit costs. On five key measures of unit costs compared to the other 34 Trusts, its ranking positions are 35th (ie best), 34th, 31st, 21st and 16th.
7. A series of discussions has taken place to establish the level of interest in establishing a public and third sector consortium to bid for the work, in order to try to ensure that the levels of public service currently provided are maintained. Representatives of the Council have indicated its interest in participating in such a consortium, and four other potential partners have been identified, ie another Local Authority, a local NHS Trust, a major local housing provider, and a sub-regional voluntary organisation. The most probable way forward would be the establishment of a Community Interest Company or similar vehicle, with shareholding and governance arrangements to be designed to reflect shares of any risk. Two directors from the current Probation Trust have volunteered to work on this project.
8. The timetable is not yet fully clear but it is anticipated that the PQQ process for getting onto a tender list will begin shortly, with full tendering to take place in 2014 and contracts now to start from April 2015 (rather than Autumn 2014, as originally suggested by the Ministry of Justice).

FINANCIAL IMPLICATIONS

9. At this stage the only commitment would be to a share of the costs of undertaking the PQQ process. It is anticipated that the total cost would be of the order of £15,000, with the main cost element being specialist consultancy support. It is proposed to contribute up to £6,000 for this process, which can be identified within existing Community Protection budgets.
10. If the consortium is successful in relation to the PQQ process then the initial estimate of costs associated with mounting a full tender bid and supporting the cash flow of contract performance is of the order of £3 million to £4 million, to be shared between the partners in the consortium, and with full reimbursement and the possibility of modest profits, subject to performance achieved, but no decision on this scale of commitment is needed at this stage.

LEGAL IMPLICATIONS

11. The Council's involvement in this proposal is covered by its general power of competence under the Localism Act 2011. If and when the proposed delivery structure is firmed up then further legal advice will be taken.

RISK ASSESSMENT

12. The risks associated with the initial PQQ process are minimal. If the proposal proceeds then a full risk assessment will be undertaken, which will include the risk to any financial investment made by the Council and the reputational risk of contractual under-performance, both of which are offset by the strong track record of the current Probation Trust and by the

wealth of expertise across the proposed partnership, and will also address the risks involved in taking no action. The current proposal is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

Economic Regeneration and Transport

13. Securing employment is a major factor in reducing reoffending.

Safer Communities

14. The main rationale for involvement in the proposed partnership is to maintain and, if possible, improve upon the strong local track record in terms of reducing reoffending.

Children and Young People

15. Success in reducing reoffending is likely to have a beneficial impact in terms of stabilising family life.

Healthier Communities and Adults

16. The health profile of habitual offenders is significantly worse than that of the population in general, and closer involvement in delivering offender management may lead to improved opportunities to engage with this section of the community from a health improvement perspective.

Environment and Housing

17. Offenders on unpaid work schemes make a significant contribution to delivering basic environmental improvement schemes. Securing stable accommodation is a major factor in reducing reoffending.

Supporting Themes:-

18. Stronger Communities – reducing reoffending helps to improve community cohesion.
Older Adults) no significant implications.
Arts Leisure and Culture)

EQUALITIES IMPACT ASSESSMENT

19. This report is not subject to an EIA because at this stage there is insufficient detail available to undertake a meaningful Assessment. Offenders managed by the Probation Service are overwhelmingly male and people from BME Communities are under-represented in local offending populations.

CONSULTATION INCLUDING WARD/COUNCILLORS

20. No consultation has been undertaken to date because there is insufficient information to undertake meaningful consultation.

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Education related? No

Background Papers: 'Transforming Rehabilitation: A Strategy for Reform', and formal response by the Safer Stockton Partnership.

Ward(s) and Ward Councillors: All Wards.

Property: One possible future development is that the Consortium may wish to explore co-location with Council services as a way of reducing cost and improving access to services.