

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

31 OCTOBER 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

COUNCIL DECISION

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

‘TRANSFORMING REHABILITATION: A Strategy for Reform’ - Update

1. Summary
This report updates Cabinet on developments since the report to Cabinet on 5 September 2013 and seeks approval for the next phase of work.
2. Recommendations
 1. That the Council formally notes that despite the views of Stockton Borough Council and the Safer Stockton Partnership the Government has confirmed plans to outsource significant aspects of the probation service.
 2. That the Council continues to support the proposed bid by a local community interest company consortium.
 3. To endorse the decision taken under the Urgency Procedure that £2 million be approved in principle from the Council's investment reserve to support a bid by a local community interest company consortia in the event that the bid succeeds in the Pre Qualification Questionnaire process and is invited to submit a substantive bid, and to recommend that this decision is also endorsed by Council.
 4. That a further report be presented when the Pre Qualification Questionnaire is complete and sufficient information becomes available to support a fuller risk assessment.
3. Reasons for the Recommendations/Decision(s)
 1. In order to reduce the risks associated with an unconstrained commercial approach.
 2. To ensure the viability of the next stage of work.
 3. To ensure that the risks involved in the Council's involvement are more fully understood at the earliest possible opportunity.

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)

**APPENDIX A NOT FOR PUBLICATION BY VIRTUE OF
PARAGRAPHS 3 AND 8 OF SCHEDULE 12A
LOCAL GOVERNMENT ACT 1972**

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SUMMARY

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RECOMMENDATIONS

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DETAIL

1. Cabinet received a report on this issue at its meeting of 5 September 2013 and agreed to support a proposed bid from a locally based consortium, and to receive further reports as more details become available.
2. Since that report discussions have continued, with three more local authorities taking part, in addition to the partners previously identified, and the Ministry of Justice has now issued the Pre Qualification Questionnaire (PQQ). At the time of writing, work is underway to complete the PQQ by a deadline of 31 October 2013. This is a challenging timescale, and means that the PQQ process must be completed in parallel with the design and establishment of the local consortium. However, the PQQ process envisages that some of

the bidding organisations will be new consortia established for the purpose of this procurement exercise.

3. One unexpected feature of the PQQ detail is that the Ministry of Justice has stated that bidding organisations must be able to “demonstrate access to funding equivalent to 50% of the annual contract value of any one lot they want to bid for”. For the Durham and Cleveland Contract Package Area this figure is £7 million, i.e. double the initial estimate of £3 million to £4 million given in the previous report. Some commentators have interpreted this statement as a tacit acknowledgement by the Ministry of Justice that their systems will struggle to cope with making timely contract payments, and others as a way of keeping smaller organisations out of the competition.
4. There are still significant gaps in the information available about how the later stage of the procurement process will unfold and in respect of key information about how the new contract arrangements will operate. This means that a fully detailed risk assessment can still not be prepared. Furthermore, the risk assessment for this undertaking is commercially sensitive with regard to potential competition and is also covered by a reciprocal duty of confidentiality owed by the Council to other partners within the consortium, so the outline risk assessment to date is attached as **Appendix A**, which is exempt information in terms of Schedule 12A of the Local Government Act 1972.
5. Members of Cabinet will understand that the reporting timescale for Cabinet on 31 October and the work involved in preparing the PQQ by the same deadline date imply that the two processes would proceed in parallel, and that some of the details of the consortium arrangements will not be determined until the last few days of October. Furthermore, since the PQQ deadline is 12 noon on 31 October, preceding the time of the Cabinet meeting, the Chief Executive was asked to make the decision to identify £2 million within reserves, in line with the Urgency Procedure set out in the Council's Constitution.

FINANCIAL IMPLICATIONS

6. The proposal is for the Council to make available funding up to £2 million to support the consortium. The final decision on this will not need to be made until 2014. The funding would be, in effect, a loan to the consortium, to be returned over a period, with interest. The key issue is therefore the degree of risk attached to making such a loan and the initial outline risk assessment is attached as **Appendix A**.

LEGAL IMPLICATIONS

7. 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

8. 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. An initial outline is attached as **Appendix A** (exempt from publication). 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

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

Safer Communities

10. 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

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

Healthier Communities and Adults

12. 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

13. 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:-

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

EQUALITIES IMPACT ASSESSMENT

15. 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

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

Name of Contact Officer: Mike Batty

Post Title: Head of Community Protection

Telephone No. 01642 527074

Email Address: mike.batty@stockton.gov.uk

Education related? No

Background Papers Report to Cabinet 5 September 2013
'Transforming Rehabilitation: A Strategy for Reform'

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.