

Administering justice by results

**Reform roundtable with Crispin Blunt MP, Parliamentary Under-Secretary
of State for Prisons and Probation**

Monday, 17 October 2011

Reform, 45 Great Peter Street, London SW1P 3LT



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Comment



Andrew Haldenby, Director, Reform

Since coming to power, the Coalition Government has made clear its intentions to radically reform the criminal justice system. At the heart of the Government's proposals is a 'rehabilitation revolution' aimed at reducing the stubborn levels of recidivism amongst ex-offenders. Payment by results is the flagship programme that aims to deliver this by encouraging the development of an outcomes-based market in the provision of prison and probation services. By fostering collaboration between the public, private and voluntary sectors, the Government plans to implement a model where providers receive payment after they have demonstrated that their interventions reduce reoffending. The *Reform*-Home Group roundtable brought together public, private and charity representatives to discuss how the payment by results model could be practically implemented.

Crispin Blunt MP, Parliamentary Under-Secretary of State for Prisons and Probation, opened the discussion by outlining the diversity of pilots being trialled across the prison services, reiterating his commitment to apply the payment by results programme across the system by 2015. **Rachael Byrne, Executive Director of Care and Support Services at Home Group**, welcomed the Government's approach, arguing that the Ministry of Justice had the opportunity to be a "real market-maker" with payment by results.

Building effective partnerships between the private, public and voluntary sectors was considered a significant challenge of payment by results. **Rob Owen, Chief Executive of St. Giles Trust**, spoke for many at the event when he commented that partners must seek to be intelligent and flexible regarding the organisational capacity of different players. **Emily Bolton, Criminal Justice Director at Social Finance**, contended that innovative financing models such as social impact bonds could help develop a competitive marketplace that favoured the most capable providers.

The key challenge of an outcomes-based payment model is defining what a successful outcome looks like. The seminar went on to question what measures would be used to determine if a particular scheme had been successful. **Crispin Blunt MP** was clear that for the payment by results model to gain momentum a simple measurement to gauge improvement must be in place. A straightforward binary measure would assess providers by their success at reducing reoffending and deliver cost savings by preventing individuals from re-entering the criminal justice system at a later juncture. Others at the event argued for alternative models that would gauge the success of a particular scheme by the frequency with which an individual reoffended or the severity of the offence that was committed. **Linda Hennigan**,

Chief Executive of Bedfordshire Probation Trust, asserted that a binary measure as currently proposed disregarded the fact that all offences are not equally serious and that desistance from crime was shown to occur gradually rather than immediately after release from prison. However, applying these more complex measures posed their own challenges; such as attempting to categorise 10,000 different types of offence into scales of severity, as **Rob Owen** highlighted. **Kate Steadman, Head of Government Strategy at Sodexo Justice Services**, purported that the pilots provided an opportunity to determine the most appropriate models of delivery but that the Ministry of Justice should allow for the potential failure of some schemes. **Rachael Byrne** concluded by saying that whilst there was general optimism around payment-by-results, it was necessary for commissioners and providers to adapt to the lessons learnt from the pilots.

For payment by results to be effective, providers will require clarity about the outcomes they will be held accountable for and how they will be measured. The pilots currently underway should help to identify these outcomes and

effective measurements. Providers must also be incentivised not to focus solely on the easiest cases. Once these conditions are in place the Government must allow providers the freedom to apply their expertise and deliver their outcomes using whatever methods they choose.

Andrew Haldenby, Director, Reform

Attendees



Crispin Blunt MP
Parliamentary Under-Secretary of State for Prisons and Probation



Lucy Bogue
Head of Business Development Unit, Commercial Development Group, National Offender Management Service



Emily Bolton
Criminal Justice Director, Social Finance



Rachael Byrne
Executive Director, Care and Support Services, Home Group



Colin Dobell
Managing Director, MITIE Group



Andrew Haldenby
Director, *Reform*



Julie Harmsworth
Deputy Chief Executive and Director of Policy and Research, Unlock



Linda Hennigan
Chief Executive, Bedfordshire Probation Trust



Roma Hooper
Director, Make Justice Work



Stephen Hornby
Solution Lead – Community Sentences, Serco Civil Government



Gerry Marshall
Chief Executive, Thames Valley Probation Trust



Robert Morrith
Public Affairs Manager, Home Group



Heather Munro
Chief Executive, London Probation Trust



Tara Majumdar
Researcher, *Reform*



Rob Owen
Chief Executive, St Giles Trust



Kate Steadman
Director, Government Strategy UK, Sodexo Justice Services



Will Tanner
Researcher, *Reform*



Chris Wright
Chief Executive, Catch 22

Full transcript

Andrew Haldenby: A very, very warm welcome, everybody, to this *Reform* seminar “Administering justice by results”. My name is Andrew Haldenby. I’m the Director of *Reform* which is an independent, non-party think tank whose mission is to find a better way to deliver public services and economic prosperity in the UK. This is a very exciting discussion because this is about one of this government’s big ideas – payment by results – particularly in the justice area. The idea of payment by results is about turning public services on their head. Instead of just paying

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people to do what they’ve always done, no matter how good it is or not, you do just what the name suggests and focus on the results which then might lead to quite radical changes in how services are configured. The Government has signalled that in some areas it’s absolutely up for that radical change.

This is leading edge stuff. It raises questions. Of course it does, because this is new. Perhaps in this field in particular if we are thinking about payments by results to reduce reoffending, we might be asking about the best way to measure offender rehabilitation, the right contractual framework to implement this with providers, and of course the right regulation on providers to make sure that they are not gaming the system. And these are perhaps questions which will come up in other areas of policy today.

I would like to just put on the record our thanks to Home Group for supporting the costs of this meeting, so thank you very much indeed for that. And also to Crispin Blunt MP, the Parliamentary Under-Secretary of State for Justice and one of the key people in the vanguard of this government’s public service reform programme.

Crispin Blunt: Thank you very much for that introduction. I hope it’s true. I believe it to be true that in the justice

area, the payment by results pilots and the programme we intend to take system wide by 2015, which will be based on evidence drawn from the pilots is a very profound change in how public services are going to be delivered. Payment by results was in the Coalition Agreement, and of course it had its origins in the justice area in the policy which Kate Steadman here would have had something to do with which is the prison and rehabilitation trusts, which was how Nick Herbert brought the idea to fruition as a policy proposal from the then Opposition. Happily I spent part of my rather quiet election campaign in Reigate, when I did have campaign platforms to speak on, saying that this was the most exciting thing in the Conservative manifesto in terms of how game-changing it could be around rehabilitation of offenders and putting the responsibility in that instance on to a prison and rehabilitation trust with a governor taking a fixed point of responsibility for the future behaviour of offenders in his charge.

In Government, things have now developed in a number of different ways, and very properly we are now piloting a whole different variety of approaches. Perhaps the best is if I go through and explain the number of different pilots that are taking place and the different ways we’re trying to devolve and enable the responsibility for the future behaviour of offenders on different parts of the system to see how it works and to see what is going to work best.

The first pilot is in Peterborough Prison which is a Social Finance model. Social Finance put up the money to deliver interventions to prisoners at Peterborough Prison in a particular class of prisoner – those sentenced to less than 12 months who don’t get any other intervention from the state, i.e. there are no licence conditions attached to sentences of that length. To date, they are walking out of jail with a £46 resettlement grant and they’re walking back into the justice system at a rate of 60 per cent within the first year, having been reconvicted within the justice system. And we wonder why.

Now the programme that’s now taking place at HM Prison Peterborough is now just over a year old, and being delivered by St Giles Trust, YMCA and Ormiston Trust, a housing trust, delivering the interventions to prisoners,

paid for by Social Finance. The saving is then delivered to the Ministry of Justice, the offending rate is reduced down to 52.5 per cent rather than 60 per cent, and then Social Finance will begin to get a return on their investment.

At another private sector prison, HM Prison Doncaster, Serco offered within their negotiation to continue the management of the prison and put part of their contract price at risk in order to take a direct interest in the future offending behaviour of people graduating in that class out of Doncaster Prison. And so that was a different financing model where the principle is the same.

We are now not going to exclude public sector prisons from this process, so there will be two public sector payment by results pilots, one in High Down Prison which will not transfer the risk outside the National Offender Management Service (NOMS). In other words, the financing of it will be retained, within NOMS. The investment will come from the savings that High Down Prison would otherwise have been expected to deliver in terms of efficiencies in years one and two. They

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will be able to keep and invest in new programmes within the High Down Prison. We would then expect the savings to the Ministry of Justice to be delivered because they will have driven down the reoffending rate of the people in their charge. So that is where the investment in new programmes will come from. The other public sector model does transfer the risk outside the National Offender Management Service as Leeds Prison will be expecting to partner with a commercial or voluntary sector organisation who will then pick up the risk that it doesn’t work.



Crispin Blunt MP, Roma Hooper and Rob Owen

That is the prison area. We have already done six pilots which might be called justice reinvestment models, which are with either the Chief of Police or the local authority Chief Executive with Greater Manchester and five London boroughs. There if they drive reductions down to the future demands on the Ministry of Justice, then we will share the savings. In a sense, the savings to the Ministry of Justice can be reinvested principally in earlier intervention in order to divert people out of the justice system. If they find us savings, then hopefully you will get into a virtuous spiral where they deliver savings to the justice system which are then constantly reinvested on further savings to the justice system through early intervention.

The next step is focusing on probation trusts, and we're in the process of selecting two probation trusts to deliver what we're calling community

pilots for us, which will take an entire probation trust area. We still haven't yet settled on the precise metrics of this as to whether it's offenders on community sentences or ex-prisoners on license supervision probation trusts? All of this is in the process of being put together. The probation trusts will have partners putting these processes together. We've had interest from about a dozen probation trusts. We will shortlist five and we will down select two, which will be identified by the end of November. I hope that we are able to get these community pilots away in some form by April.

Now that's a huge and challenging ask to get it in that shape in that time. However, I think from a justice point of view if we're going to end up with going system-wide with a justice-only payment by results scheme, then the probation trust model looks the most interesting because it deals with an

entire geographic area. It is likely to overlap with a police authority area as well. We want to get to a place where a geographic area is taking responsibility for its people and its future behaviour of its people and has the ability then to deliver the interventions earlier in order to stop its offenders becoming offenders in the first place. Then it's likely to have more tools at its disposal in order to get the responsibility in the right place.

Now I believe that the probation trusts and the probation service are the nation's professional offender managers. If they are going to take responsibility for the future behaviour of offenders, it would seem the logical place in our system where to put it. Prison is less optimum because prison is merely an intervention to offenders. But we have a very prison-centric National Offender Management Service, and we have not made a success of the National Offender Management Service as it was conceived

when it was set up, which would have seen essentially the probation service in the lead on managing offenders all the way through their sentence. If it ends up that it is prison-based payment by results is the most effective, we will be doing what is easier to deliver rather than actually what has the greatest potential.

Having said that, the Work Programme is the principal payment by results mechanism and has now gone nationwide and is delivered by the Department for Work and Pensions. The Deputy Prime Minister announced about six weeks ago that we are going to have an offender stream within the

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Work Programme. Now that's a huge boon for me as the responsible Minister for this area, because what it means is the Department for Work and Pensions are going to be delivering a programme to prisoners and their entry on to the Work Programme.

Instead of having to wait six or nine months for the qualifying period is on Jobseekers Allowance in order to get on to the Work Programme, this recognises that the big risks around rehabilitation and reoffending are from the moment you walk out the prison gate. If you haven't begun to sort the interventions whilst someone is in prison and supporting them immediately as they leave prison, then the same interventions and support is going to be required to get someone into work as it is to stop them reoffending. In other words you've got to sort out all those other bits of their life – be it their drug use, their skills, do they have anywhere to live, what are their relations with their family and everything else. All those supporting mechanisms that would get someone effectively into

work; there is really a very big overlap to stop them reoffending.

So the offender stream within the Work Programme has the potential to be extremely important for people graduating from prison. We hope that that will start in March or April next year. Obviously it is going to be priced at the high end of Work Programme returns because taking a drug-addicted prisoner and turning him into a tax-paying employee has self-evidently huge societal benefits.

The other big overlap with other government departments will be the Department of Health pilots around drug treatment in the community. There are eight separate areas in the country where we will pilot the drug treatment in the community. That is going to be administered by the Department of Health, and it is how they intend to re-engineer the treatment of drug and alcohol addicts within the community. Within those areas people will be able to be referred to local assessment centres by the prison service, by the probation service, by their GP or able to self-refer. They will get themselves assessed in a local assessment centre, and then they will be identified to the most appropriate treatment provider for them, given their addiction and their circumstances. We won't be in the business of trying to judge what treatment programme will work, as long as it's designed and as long as it's legal then people will go on those programmes. Providers will be paid if they get people clinically independent of drugs, ready for work, and that they don't re-offend. Given the enormous overlap between drug addiction and offending, there is obviously a very substantial interest to the Ministry of Justice.

There are two innovation pilots where we, the Ministry of Justice, are going to kick £20 million in to help underwrite and invite ideas from the private sector, the voluntary sector and the public sector to come forward with your own ideas as to how we should put together a payment by results scheme, getting away from everything that would be designed in Whitehall. Then there are four more rather smaller scale payment by results schemes in the youth justice sector around four different collections of local authorities who are then being incentivised to divert their youth out of

the justice system under the schemes that are currently run and being set up by the Youth Justice Board.

That is the delivery framework. Of course what we have got to be engaged in now is putting in place all the analysis to sit underneath all of these programmes. All of these schemes will be done slightly differently so that we can actually try and see what works. I gave, as an example, the differences between High Down and Leeds prisons. The Peterborough scheme includes a frequency of reoffending measure as well as a binary measure to measure people who simply do not re-offend and do not get reconvicted. If you're going from 100 offences to 10, is that better than going from five to zero, or from one to zero? What is the right way of measuring this?

I think I said before in public, ministers have an attraction to a binary measure because it's clean and clear if someone has been reconvicted, and of course it's clear that the savings then accrue to the Ministry of Justice because the person definitely is not in prison, has not gone through the justice system, has not caused us to pay for the prosecutors and the defenders and the court process, or then pay for the court probation service to oversee them. At the same time we've got to deconflict all

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these schemes from each other so we can then actually properly measure exactly what the effectiveness of each scheme is so that we don't then get an overlap between these different payment by results schemes.

Rachael Byrne: My part now is about experiences, actually, and some practical examples. I'm the Executive Director



Gerry Marshall and Rachael Byrne

at Home Group and I have the joy and the pleasure of heading up Stonham. We work with about 3,500 ex-offenders each year in about 75 different accommodation-based settings. We have around 19 floating support services that are out in the community. We are commissioned to do this mostly by local authorities and probation trusts. As well as that we're commissioned nationally by the Ministry of Justice to deliver accommodation and support services to people on bail and HDC. That is our BASS contract which we've had for about 18 months now.

And just on BASS I think it's worth the opportunity actually of just reflecting for a minute on where we have got to with that contract. In the last 18 months we have seen 91 per cent of the service users move on to settled accommodation

on the BASS contract. Given the significant upward pressure on prison places, our referral figure is at 5,428 as of today. So I think that's really played its part, actually, in keeping the prison system afloat. We've also increased the female referrals by about 68 per cent from the previous contract. So that was to provide a bit of context about who Stonham are.

We operate currently in an environment defined by partnership working, so I am delighted to have joined with *Reform* to support today's discussion, and welcome that opportunity. I think over the years it's important to say about *Reform* that they have been a passionate advocate of the types of reforms that Crispin so eloquently outlined to us. Better outcomes and making limited

resources go further in criminal justice have been policy aspirations for decades. I think it would be fair to say that progress has been at best patchy, and I think that's because transforming public services is not an easy task. If it was, Crispin and his colleagues would perhaps be experiencing an easier time than is currently the case.

However, we know a radically different fiscal and policy climate demands new approaches. An unreformed justice system that fails to break the cycle of crime is an expense

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the taxpayer can't afford. And I wanted to share with you all some thoughts on how we could make this work and some of our experiences in Stonham so far. The first thing, before I go into that, is to say that I do believe payment by results can work.

And for the last 18 months we've been running a small pilot. It is an integrated offender management service called Atlas in Gloucestershire, funded by the local authority. The client group are all repeat offenders. Many have drug and alcohol issues, and usually there is a mix of male and female offenders on the scheme. It has been very challenging but we have learned to adapt. We have been working with the police and other agencies and we've built good relationships, and we have just about overcome that ever present silo mentality that was definitely there at the beginning. We have based the service on what we learned in the first six months, and it's very much brokerage based. It's on almost a personalised budget model. We look at the needs of each individual service user. Often it's something actually really simple such as a bus pass that has made a difference, enabling someone to get to meetings or job interviews.

I'm not going to burden you with all the statistics around it, but it is true to say that it has delivered better



Heather Munro

outcomes. Our key partners, PPO offender staff and those in the drug intervention programme, have all reported a reduction in offending back to our funder at the local authority, and that contract has now been awarded an extension as a result.

Now I believe that the evolution of performance measurement under the Welfare to Work programmes in the US actually provided us with some lessons. Commissioners working with providers need to show a degree of flexibility through which changes to the terms and conditions for contracts can be made so that payments by results can flourish.

Our experiences of running a small scale programme for young offenders in Chesterfield demonstrate that point. Local commissioners in Chesterfield are measuring our performance on a

quarterly basis. If we fail to make the target in the first quarter, we lose 20 per cent of the value of the contract over that period. If we get two consecutive quarters below target, then we face

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termination. In this example, just a couple of clients can account for a significant percentage of the total. And there simply is not the demand for the

service within that particular area to enable us to scale up the service unless we convince the commissioner to show more flexibility. If that's the case, we won't re-tender when the contract comes up for renewal.

Rather than enabling innovation, the outcome-based commissioning in this case prevents it. Applied annually as a target we know we could make it work. Performance measures must be right for both the type of service and its location. That's the lesson we've learnt over the

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last 12 months. Another example is our high-risk offender management scheme in Birmingham. To be eligible for the full value of the contract we must make sure that 95 per cent of the time is face-to-face support and just five per cent is on back office functions. If we don't meet that target then there is a claw-back clause within the contract.

We run right across our 500 plus hostels in the UK, a similar based approach but the difference with the Birmingham contract is that it is dispersed and in the community, and works with offenders either in their homes or in different accommodation. The level of back office support needed within this context has turned out to be well above that five per cent threshold. Last year we ran the service at a loss and it's simply not profitable for us to continue. If we can vary the contract to an 80/20 split then we would be able to price in annual leave, travel time, and that all-important compliance.

To be fair to both these commissioners, both Chesterfield and Birmingham, they are listening and are working with us on a redesign. And it does demonstrate that there is a steep and in some cases costly learning curve for us to go through for both providers and the commissioners. Current contracts may well be shifting from inputs to outcomes, but that doesn't necessarily allow for that trial and error which is so critical in fostering increased innovation.

Home Group is a social enterprise but our ability to take risks and innovate, to do the very things that reflect our entrepreneurial spirit, is potentially stifled under payment by results. But it doesn't have to be that way. It's very refreshing for one of my small teams who work with the Stockport local authority. They are supporting a scheme with young offenders and the local authority is working with us and our clients to help design what a successful outcome ought to be.

I read an article written by Andrew recently on market-making, and I just wanted to end by touching on that point. There is not yet a fully formed non-public sector market in the UK providing criminal justice services. The Ministry of Justice has potential to be a real market-maker. It is easy to be caught up in the private sector bad, public sector good type of argument, but I think it fundamentally misses the point. We do not object to organisations which seek to make a profit. As a social enterprise we are just different. We operate on a commercial basis, but we do not have shareholders or investors. Any profit we make is re-invested in accordance with our wider social goals.

We are very fortunate in the scale of our business. Through Stonham we directly manage over 600 services. We work with over 26,000 vulnerable people each year. And on the housing side of our business as part of Home Group we have access to 55,000 properties. So we have got a balance sheet to support payment by results in a way that many of the smaller players sadly do not. Genuine competition needs that breadth of players. Competition strategies have in the past tended to focus on those things that were easy to outsource, predominantly where compliance was involved. I am really hopeful that the current competition strategy with Ministry of Justice will have a broader horizon and package up contracts in a much more effective way.

I do not for a moment discount some of the gains of specialisation, but alongside that all-important compliance there does need to be a much greater focus on those traditionally softer skills of care and support. Some of the offender groups we work with have very complex needs, and there is no single simple link between resources and results. In BASS we have delivered

significant success when we've worked with individuals through our unique and uncompromising blend of compliance and support, rather than one or the other. I passionately believe overall that it's better case management, encouraged and nurtured by payment by results, that is crucial to us breaking the cycle.

Andrew Haldenby: Thank you both so much for preparing those remarks, which have absolutely given us our foundation. Crispin, you set out the competition within your policies between these different types of models, and explained the relationship. You said there is a hope that there wouldn't just be better outcomes on re-offending but also on employment and health through the relations with those departments, and you started to ask questions about how you measure these things. Then Rachael, from the coal face, helped us all understand immediately what it is like to run these programmes and what works and what doesn't. You made a rather interesting plea for flexibility, which no doubt the Minister has taken on board.

Rob Owen: Payment by results is paying for the failures of the past. I find it statistically fantastic that the greatest lead indicator for someone who is going to be in a young offenders institution, 90 per cent have been excluded from school. So when we

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look at these models it is very interesting to see where the failures are coming from. I am surprised about how we are trying to make rehabilitation 21st century. It relates to Henry Ford's quote: "If I'd asked the customers what they'd wanted they'd have said a faster horse." And I think all around this room we are trying to create a better car or the first car.

It is exciting times for us, and I suppose payment by results to me is as if you are given a large bunch of grapes. You can either make really good wine, or you can make not so good wine. It's in the detail. It is about flexibility. It is about intelligent partnerships, because some of the best work at getting people to stop offending has been really intelligent partnerships. Heather is here and London Probation and St Giles Trust

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did some work a while ago, and when you do work in partnership, playing to each other's strengths, that is when you get these massive savings. If anything, what payment by results can do is drive that so that people work better together, that is the Holy Grail.

The service was really wanted by probation officers on the ground. Yet we went to do the sort of housing bit which we were really good at, and engaged with people who really wanted to get engaged. It does go back also to how do you measure it, what do you measure? I am a bit fixated about binary versus frequency. It is a really important discussion. In a way because binary is much easier sold to the public, and I completely get that. Obviously for very dangerous, high risk offenders you want binary. But actually if you want to get away from big scale creaming and parking, frequencies is a much more effective way of getting reverse cherry picking. That is our experience; if you want to reverse cherry picking, get it so the mechanics work to be a bit more complicated. That is the key battle in payment by results.

Heather Munro: I sometimes think that we are not quite sure what the problem is that we are trying to fix with this because we have mentioned lots of things that

payment by results can possibly solve, but I am not quite sure what the real problem is. Is it because we want to reduce costs? Is it because we want to improve outcomes? Is it because we want to encourage a market? There are lots of things and I am just not sure we have really bottomed that one out. Of course, I agree, that there is a big issue around how we're measuring it. From the perspective of probation, the evidence shows that people take a long time to come out of reoffending. We talk about small steps and therefore what you are measuring, and over what period, are hugely important.

Linda Henningan: There is quite a lot of research and information about the pattern of desistance. Just because it is difficult it does not mean that we cannot measure it. The other thing is we have talked about binary frequency. I think we also need to talk about seriousness,

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because that is crucial too. One offence is not exactly the same as another, and sometimes it is just as important on the path towards desistance that somebody is offending in a much less serious way.

Rob Owen: I had a lovely discussion with a colleague about trying to rank

severity. I was saying that it has got to be simple; you can have a scale of one to ten, one not being very severe and ten being really scary. He said, “Rob, it's not that simple. There are ten thousand different sorts of offences, and we are just going to get challenged all of the time because someone is going to say I want to be a seven and actually they are not”. For me it would make total sense and if you had a much fairer overall score, frequency and severity gives you: is this person a real threat to society? How do we get that down to that person not being such a threat?

Linda Henningan: It is also the idea that it is something that happens over time, and that it takes as long to become an offender as it takes us to stop them offending.

Crispin Blunt: I think I want to come in on Heather's point about this not being



Lucy Bogue and Gerry Marshall

clear, it's pretty clear to me. It is we are trying to improve output. Our output at the moment is a pretty dreadful reconviction rate, of which of course the reconviction stands as a proxy for an appalling reoffending rate which is being visited out on society and the victims of crime as a result. Now what this is simply trying to do is to improve the performance of the system in delivering a reduction in reoffending, which is obviously measured by reconviction, the best proxy we have and the clearest way of measuring it.

In order to deliver it, they get into this discussion about the frequency and binary and there is a proper discussion we have had about taking people down the decreasing levels of severity of crime. However, the more complicated we make the measurement matrix, then the less likely I think we are to achieve a simple straightforward improvement on the performance of the system as it

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stands now. I understand the frequency issue and I understand the arguments that when you take someone who is offending a serious number of times, it is a real achievement to take someone from 100 offences down to 10. Like anyone who is addicted to a course of behaviour, they are unlikely to get it the first time round. But how are we going to measure this? We have got to pay for this out of savings to our system and the savings do not come if the guy is still going inside because he has only done 10 offences instead of 100.

Gerry Marshall: There is a danger of not being able to benchmark against obvious comparators because you are not measuring the comparators in the same way. So a probation trust that is not in payment by results can still be looking at rate of reoffending as well as the binary measure. So the comparators don't quite fit and that is the difficulty for me. If I wanted to sell it to local authority chief

executives in my trust and sign up to this, then they each will want to say that the priority offences are, as they did last week. One said serious acquisitive crime, one said something else, and one said something else. The nearest we got to agreement was actually around domestic abuse. What they wanted to do was take away my Integrated Offender Management targeting that we had all agreed and put in domestic abuse as a priority instead. I don't know how you'd put this with domestic abuse, for instance, which I think if you were selling it to chief executives would be the area they would be most interested in.

Crispin Blunt: Well this is happening. The purpose of the pilots is to throw up all of these issues and then to see through the different mechanisms that we have put in place as to what is actually going to deliver in terms of outcome. Some prisons and probation trusts will be engaged in payment by results, and we will be seeing them measuring against that. Of course everybody else at the same time is getting into further integrated offender management and talking to local authorities and hopefully doing things better based on what we've learnt over the last 70 or 80 years. But I won't base all the criminogenic desistance knowledge that is kicking around out there with everybody gradually improving their performance. That is another tricky area about how you measure this against a moving target.

Roma Hooper: When we did the Community or Custody programme one of the things that was outstanding was the partnerships that existed within each of the programmes that we visited. I am sure that there was tension between them, but it struck me that there was something there for each of them to be part of this to make it work. It involved the police, going right up to the sentencers, with all the people in the middle. But it would not have worked if you had taken one of those out. If you hadn't got the police in there to support the offenders on compliance and all that kind of stuff, you wouldn't have necessarily maybe had such a success.

The IAC in Manchester, the Intensive Alternatives to Custody, is very successful, but it is successful because of the relationship, I think, that exists with

not just probation because they are the sort of lead provider but with the private sector, and the magistrates

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They work really hard to break down those barriers because at the end of the day they were sharing in the results.
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having confidence in the sentencing that they are giving. It was a very enlightening process to see all the partners that we're talking about that would be involved in our payment by results model.

Now I do not know enough about how people work in silos in their head because I just do not do silos in my head. But they work really hard to break down those barriers because at the end of the day they were sharing in the results of the reducing of reoffending. It is how you, or how whoever is going to do it, are going to sort out who is going to benefit from that group. POPS, the organisation working with families were critical, as critical as the police, each of them playing a different role. So I think it is possible, and I think this, for us anyway, has been a very interesting opportunity to see.

Rob Owen: One of the things I love about the Social Impact Bond is that it is trying to break down the silos, because actually justice seems to pick up the bills for everyone else's mistakes. But who should be paying for the Social Impact Bond to me is the Treasury, because actually they would cut all the different silos. That can be why Social Impact Bonds are quite an interesting funding stream. Should a local authority fund a Social Impact Bond? That to me is where the real revolution can start happening, looking at who pays for it rather than just one department.

Julie Harmsworth: Something I have yet to get my head around is where risk lies. I know Social Finance is involved with Peterborough, but I imagine that that is limited. I cannot see Social Finance as being able to finance the whole of the Prison Service and the

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I cannot see Social Finance as being able to finance the whole of the Prison Service and the probation services.
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probation services. So where is risk going to lie? It can't fall down to small third sector organisations because they don't operate in such a way that they can assume an upfront risk. It wouldn't sit with their methods of funding.

Crispin Blunt: Look at the justice pilots as an example of different ways you can do it. So you have Social Finance, the Peterborough example. Now that's external investors, high net worth individuals, philanthropic trusts, it should also include the private sector, which put up money to deliver a set of interventions that are not happening now. So everything done by Social Finance at Peterborough Prison is in addition to what the state is already doing. So you can never have quite as straightforward a measure.

If there is significant improvement in the reconviction rate of the graduates of the Peterborough scheme, then we can pretty much tell that is down to what Social Finance have delivered. They get paid from the implicit savings because obviously the savings to a degree will be implicit because the actual savings will come if we are able to close prisons. That's when you start taking the big numbers of people who are not going back inside. Within the scale of that project we're then talking £5m to £8m, I don't know the precise numbers. So risk sits technically with Social Finance. However, it's underwritten by the Big Lottery and there is a certain amount of risk carried by Social Finance.

Emily Bolton: Actually the risk lies with our investors, not us as an organisation. Their investment isn't underwritten, so Big Lottery supplements the outcomes payments, but their investors are in a limited partnership.

Crispin Blunt: But that's your deal with the investors.

Emily Bolton: Yes, that's the contract with the Ministry of Justice and the Big Lottery Fund so they are the full outcomes risk, the investors. And their funding funds the work of St Giles Trust and the other charities that you've referenced in that model. But our work is to grow this investment market so that there can be an increased pool of capital to fund the voluntary sector so that there is a good competitive marketplace that can compete on the basis of value for these sort of payment by results contracts rather than the strength of their balance sheet, because ultimately if this policy is going to be as effective as it could be, you want the best organisations competing, not the most financially strong, and so access to capital is kind of the big gap that we're trying to fill so that the best organisations can be involved.

Crispin Blunt: However, there is the possibility that the Ministry of Justice will then be paying out against things that would have happened anyway through other Ministry of Justice interventions. So there is an element of risk to the Ministry of Justice. I constantly get schemes presented to me that say there is this fantastic return. I look at all those and tend immediately to divide by four in my head. For anyone in constructing models of return, particularly when they start then pricing in loss of service to the health service,

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A good competitive marketplace that can compete on the basis of value for these sort of payment by results contracts rather than the strength of their balance sheet.
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loss of social savings of one sort or another. Suddenly you're seeing the potential return climb off the scale, knowing perfectly well that it is completely uncashable at the Ministry of Justice. So there would be an element of risk to the Ministry of Justice. However, the next layer of risk is Serco

with the HMP Doncaster pilot where Serco put part of their contract price at stake. If they don't deliver the improvement we won't be paying them quite so much for running a jail as we would otherwise be. So if they are not making a better fist of the graduates of

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There are larger third sector organisations who have really got their head around it and provide both good services and evidence really well, like Catch22, to give an example.
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HMP Doncaster Prison than the system is overall now, then it is their running cost budget in that sense at stake. So the risk is clear there.

Andrew Haldenby: Just to ask Serco, is that providing the right kind of incentive?

Stephen Hornby: Yes, I would echo some of what Heather was thinking earlier about the measures you then create around payment by results. I think that helps you define what it is the problem you are trying to solve. And you need to be very clear about that in terms of what behaviours it drives. Before coming to this role, I was working on the Work Programme on the Welfare to Work side, which obviously maps across to some of this. And some of it probably doesn't. There are quite a lot of lessons there in terms of some of the kind of perverse behaviours that this kind of funding can drive if you're not very careful.

In terms of the finance, one of the models Serco had in terms of how to involve partners was around being a prime contractor and not doing direct delivery. If you have a model in which you are a prime contractor and you involve lots of third sector organisations but you also deliver, there is always going to be the temptation to end up giving all the difficult people to third sector organisations. Whereas if you don't actually deliver yourself and

you're bringing together a network of providers, then you really are driving the partnerships and the allocation of the candidates to deliver performance. So I think there are lots of interesting lessons and models that can track across in terms of helping us not make some of those kind of emerging market errors that you can see in the history of Welfare to Work.

Andrew Haldenby: It's very interesting. What would be an example of one of those errors that's at the front of your mind when you think about this area?

Stephen Hornby: I think the one that we had most complaints about from the industry, rather than anything specific to Serco, is the unfortunate phrase is "bid candy", in that some third sector organisations, particularly smaller organisations, feel like they tend to get courted and named by any number of organisations, placed into bids on that

basis, and then it doesn't translate into anything like the kind of volume of work that they felt was going to be there. So we are quite careful not to do that.

I think there are larger third sector organisations who have really got their head around it and provide both good services and evidence really well, like Catch22, to give an example. But when you're working with the really small local community organisations that are more than likely to rely on volunteers as their main work force, they are not geared up. They may be doing excellent work with very difficult people, but they are genuinely not geared up for the kind of performance regime that performance by results demands. Then you have to step back and do some careful thinking and development work with those organisations about how you bring them in. Otherwise they become people that you name in the bid and then as soon as they can't deliver you just kick them out on the basis that they are not

performing. As a larger provider it is incumbent on you to take some responsibility to enable them to evidence

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This is about learning,
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it, rather than simply demanding it and then terminating your contract because you have failed for two quarters.

Crispin Blunt: That's rather assuming that if they are in the voluntary sector they are quite good value for money. There will be volunteers doing it and there are going to be costs making sure the volunteers are in the right shape



Linda Hennigan, Stephen Hornby and Robert Morritt

to deliver. But it should be highly effective in terms of assembling your available interventions to deal with your prisoners.

Chris Wright: I think one of the lessons really is about the nature of the relationship between the risk bearer and the provider. We are going to be delivering the payment by results contract to HMP Doncaster but and we have been in a partnership with Serco and Turning Point for five years now, waiting for opportunities to emerge and to shape those opportunities. Because we have been in a relationship for a long time we have worked out what that would look like in a commercial contract.

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Probation trusts could talk at length about the input controls that we feel stifle our innovation.
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We are being treated pretty fairly by Serco, it's a flow down of the contract but not a total flow down of the risk, because quite clearly we wouldn't be able to bear all that risk, but we will be sharing the reward. So part of the risk is we've transferred forty-odd members of Serco staff into Catch 22. We have got to make sure those people are capable of doing the things that we have said need to be done in order to achieve the kind of results. So there is a bit of a sharing of risk there.

This is about learning, and these pilots are only going to be as good as the learning that they generate, and actually then responding to that learning. I share totally Rachael's view about flexibility and intelligent commissioning because that is what is required here. It is commissioning which actually responds to the reality on the ground and is flexible enough to take the learning on board. I think it is quite simple as well. At the end of the day this is about reducing reconviction amongst a population where reconvictions are very high. The corresponding requirement from government is a relaxation of the intense input control which says "you must do it like this", in order to allow the flexibility and the

freedom to come to play where you can apply your interpretation of the evidence of what is effective.

There is a risk because if at the end of the day you get it wrong obviously the Ministry of Justice is not going to be very happy, but we would lose the contract as well. I think one of the big challenges for the system is that sharing of risk hasn't been as explicit because the probation trusts don't lose their budgets each year if they don't deliver. Maybe that element of competitive drive will force through some of the evidence with a corresponding relaxation of some of the input controls which frankly get in the way of achieving good results.

Linda Henningan: Probation trusts could talk at length about the input controls that we feel stifle our innovation. The reality is if you were to ask an offender management manager on the ground do they feel that the target-driven culture has disappeared and allowed them to spend more face-to-face time with offenders and less computer time, I think that they would say "no".

Crispin Blunt: And that is because their probation trust has not passed on to them the change in controls. As I understand it, and I would be interested if I have been woefully misinformed on this, the whole target-setting, performance-monitoring system is now delegated to probation trusts and there has been a very significant change in what the Ministry of Justice requires from you in terms of how the services

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What we're trying to do here is to incentivise the system that can free people to deliver more.
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are delivered. How you manage your probation officers is now much more a matter for you. If you think that's not what's happening with NOMS, then I wish to know.

Andrew Haldenby: So is the payment by results approach going to minimise those kind of input controls?

Chris Wright: I think it has to. There has got to be a corresponding relaxation and this is difficult culturally, for not ministers, but for civil servants to get their head around. I think that's one of the big challenges around localism. You set a minimum standard of decency but

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To what degree is the Ministry of Justice willing to let things fail in order to learn?
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also trusting that your providers are going to apply the evidence effectively to deliver the results.

Stephen Hornby: I do think there is a tension in payment by results in terms of culture, because in probation trusts the culture is around resources that follow risk. You can work with the riskiest people and make no impact on their reoffending rate, but you've done the best you can to manage them safely in the community. Whereas payment by results is going to drive you to the most treatable which may or may not be the highest risk offenders but are the ones most amenable to treatment who are somewhere near the boundary of reoffending, who you move back from that boundary into not offending.

Crispin Blunt: Well there are, of course, different demands on probation. In terms of administering punishments in the community and protection of the public in terms of oversight of monitoring, supervision requirements and the rest, those requirements aren't going to change. Those things are a non-negotiable minimum. They still have to be delivered. What we're trying to do here is to incentivise the system that can free people to deliver more, i.e. better rehabilitation of offenders, because right now they've got a place where they've been heavily target managed and told rather precisely what to do about managing offenders within the community with a big focus on protection of the public. That can't really go away. We would find a way of actually doing more.



Lucy Bogue and Kate Steadman

Linda Henningan: Trusts have gone on and done that. I mean there isn't a probation trust around the country, I don't think, that hasn't gone ahead and developed a very innovative integrated offender management pilot. We've certainly got one in Bedfordshire, and that's grown internally. That innovation is there.

Crispin Blunt: That's the moving target. That is the difficulty. Essentially all of that stuff keeps going whilst we're piloting and doing all these other things as well.

Gerry Marshall: Squeezing additionality out of the system is really what you said. I think probation trusts are in a less easy position to identify the additionality while doing the other [activities], whereas if you're coming in, it's slightly easier. So I don't think it's quite a level playing field, but I don't know whether that matters because we're all interested in finding additionality.

Kate Steadman: I massively welcome the payment by results agenda. We run, at Peterborough Prison, part of that pilot there. I really welcome that the message is about payment by results and not being about making cost savings. I think that's really important because there has been some confusion about that, probably mainly stoked up by a mischievous media who want to make out that everything is motivated by spending cuts. The big worry I have is that obviously you can reduce reoffending massively but, depending on police capacity, without reducing crime. If you have payment by results pilots which massively reduces reoffending but doesn't actually create savings, and the whole communication about them has been about creating savings, they can be doing a massive good to society and yet be labelled as failures. I think that's a really important message to keep.

I would be really interested in your thoughts about two things. If I understand it correctly the Doncaster model is more of a penalty by results

system rather than a payment by results system, which I think in many ways is actually very useful for service providers because it obviously counteracts some problems of upfront funding. I would be interested in hearing if that is something

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Unless you can map across reduction in reoffending to reduction in crime, then local authorities and police aren't going to experience the savings.
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that's more widely welcome, or if it is something that is not in vogue. Similarly the argument about simplicity versus learning. I think we all want to learn from pilots and learn new things, but if you look at perhaps the models that have



Crispin Blunt MP, Gerry Marshall and Lucy Bogue

come up so far they are probably the most simple, straightforward or more obvious ones. To what degree is the Ministry of Justice willing to let things fail in order to learn?

Andrew Haldenby: Your core point was on the ability to achieve savings. I would have thought that this Government or any government in this financial situation would be looking to these kind of ideas to save money. So we shouldn't just let that go. Were you saying that unless you can kind of bring in all the agencies into models of this kind that sort of identify savings across the piece, then it may not be possible to work effectively?

Kate Steadman: No, I think payment by results is definitely the best way forward because it motivates people to produce better results which will reduce reoffending. But the assumption that reduction in reoffending will create savings is surely based on an assumption that police cannot really catch 100 per cent of criminals and

actually they might only be catching 75 per cent. So you could reduce reoffending by 25 per cent and still have a lack of a reduction in crime.

Lucy Bogue: It's the uncaught. Do we know what the uncaught element is?

Gerry Marshall: Unless you can map across reduction in reoffending to reduction in crime, then local authorities and police aren't going to experience the savings.

Crispin Blunt: So the police go and arrest a whole bunch of different people once you've sorted this one out. They go and find another one.

Gerry Marshall: And that's going to happen anyway.

Andrew Haldenby: We were saying earlier that it is possible to integrate the police to some extent in these activities. Is that where this is going one day?

Crispin Blunt: A rather simple example is the thing that is causing some level of concern within the Ministry of Justice is the possible effect of police and crime commissioners. If you have a police and crime commissioner who is elected, who says right, "I'm going to nail every single burglar in sight and I'm going to put them away as fast as I possibly can", and they are elected on that ticket. Then the police are directed: "never mind what else you're doing, go and lock up as many badasses as you conceivably can". Suddenly there is a flood of people who are coming through the courts who were not otherwise coming into the courts. And then suddenly they are all getting free goods. They are all going to jail to be paid for by the national government, not by the county council taxpayer.

So actually what is required then is, if the commissioner wants to pursue that policy, fine by me, but then her or she can pay for it. If you succeed in getting people out of the justice system, out of prison by having effective policies early and through into the county council and the police that diverts people out of

the justice system, then you should be being rewarded through justice reinvestment and sharing the savings with us. If however you run a policy that is going to focus completely on incarceration and the very expensive end of the market, then fine, but you pay for it.

Emily Bolton: I just wanted to pick up on a point that Stephen was making about how payment by results could change an operational culture. Today the focus is on high risk offenders. The conclusion was that it would drive you to work more with those who are not at risk of reoffending, and I think that speaks to Heather's point as to what are you trying to achieve, because ultimately I think the payment mechanism design will drive how you act on the ground.

One of the risks of not mitigating the payment mechanism within a binary metric is that as soon as somebody reoffends, the rational actor would stop providing any support to them at all if that is what you are paid on. But that is not necessarily in society's best interest or in the interest of reducing crime because those people are the most prolific offenders. That is the conundrum in designing these payment

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We want to do something differently and we cannot do it on our own, which is why we are going to be partnering with somebody else and delivering our services, bringing what skills they have got and commissioning totally differently.
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mechanisms, to make sure that it drives the right operational incentive on the ground because those are the most prolific offenders. So how can you make sure that there is an incentive to work with them?

Stephen Hornby: If you are also measuring, as in complement to that, the average number of offences that an offender commits and plan on reducing that, then you become incentivised to do the opposite. To continue working with people and work with them more to stop them becoming repeat offenders.

Rachael Byrne: I think it comes back to intelligent commissioning. What we found under the BASS contract is having procurement commissioners with you, not just either the commissioning team or the procurement team. The procurement team will obviously base very rigidly on what was originally established in the contract in a performance metric. Actually, you want the person who is commissioning the service and who has the power to change it to make the contract you wanted. So we have just made some fundamental changes to BASS that will make it perform better, and put some of that on to payment by results. But it took a while to do it. It was about getting the right people in the room. I do think a lot of it comes back to how any of the pilots are commissioned and how you work with your partners.

Lucy Bogue: Listening to the last half an hour of discussion, the number of key things that have come up which I found very helpful and very interesting. What are the pilots about? I do think in addition to all the discussion you've had on reducing reoffending, reducing the reconviction is about market innovation. That is really, really key to us. As is partnership working. The model relies on partnership working and especially the public sector really having a partner and bringing in the skills that they have got. We want to do something differently and we cannot do it on our own, which is why we are going to be partnering with somebody else and delivering our services, bringing what skills they have got and commissioning totally differently.

I think the flexible commissioning and intelligent commissioning that you talked about is really important. We do need to be saying, we need you to reduce reoffending by X and explain to you what the payment mechanisms are going to be and what the measurements are going to be. All of this at the moment we are creating, not only with our prison but

eventually with our probation trust. We need to then let the probation trust and the prison work with the partner to develop our delivery model and not to be too input focused. There will need to be a range of outputs and there will need to be some structure. You will have

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You need to have a consistent data collection approach for everybody because at the moment what is happening with evaluations of reoffending programmes is that you're comparing apples and pears and oranges and bananas.
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to have that balance from that one-liner of “please reduce reoffending” to actually sort of explaining the type of outputs that we do want. So I think I just want to be really reassured by listening to everyone around the table that there is absolute appetite for this, and also to say that we are really committed to making sure that there is a holistic partnership delivery.

Andrew Haldenby: To continue this thought on the flexibility, intelligent commissioning: is that something that has to be developed or is that something which is there already?

Lucy Bogue: I was talking to Chris earlier about how HMP Doncaster was commissioned and I think that it started at quite high level. I think there are elements of detail about how that model was commissioned. We do need to encourage more of an output, outcome-focused commissioning model for these pilots. So yes, I do think that there is the commitment there to be not so input focused on this. We have to be because partners want to come in and innovate and actually have a view. If you want to do something different, you have to

listen to what the partner wants to do. You really do. And we are transferring the risk to them.

Roma Hooper: I am always concerned about creating a level playing field with various other voluntary sector organisations, and there is an issue around this commissioning. There are two things I wanted to mention. One is that you need to have a consistent data collection approach for everybody because at the moment what is happening with evaluations of reoffending programmes is that you're comparing apples and pears and oranges and bananas. At the moment everyone wanting to be part of this, but none of them are fit for purpose. So it is about who is going to provide the framework for all those organisations.

We need to think about that now, and we need to be making something available to organisations. It doesn't have to be complicated but something so they can start collecting the data now. With that must come access to the police national computer because there is no other system which will allow you to compare pears and pears and pears and pears because we are all accessing the same thing? I hear so many different

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The women's estate is as it is and to suddenly reengineer the entire women's estate to deliver Corston is not affordable. It is obviously desirable and in principle what works for women actually works for men. It would be better to have smaller institutions closer to home for everybody.
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views about who has been able to reduce reoffending from different ways.

The other thing I wanted to say is somewhere in that commissioning

process has got to be victim satisfaction. We are not talking about victims. They have got to be in there. You have got to include what the impact is on victims. If we are really going to make this work it has got to work both ways, not just about the offender but about the victim.

Lucy Bogue: I think the data collection point is absolutely valid and for the pilots moving forward we will be having a single system of data collection that can go from custody to community to provider so that you can begin to understand actually what we are doing with every different offender and actually trigger the payment mechanisms. So there is commonality over all of the pilots, which I think will go some way to meeting what your concerns are. Victims - I think that's a very pertinent point and it's something I need to take back.

Andrew Haldenby: There was just perhaps one other thing to ask, which is Crispin's point that down the line probation trusts in a geographical area would be the right way to bring services together rather than a prison-based approach. Is that something that people agree with here?

Various: Yes.

Linda Henningan: I wanted to take you back to your hypothetical police and crime commissioner and I wanted to ask you whether you are foreseeing a future where prison places are commissioned locally rather than the national service we currently have?

Crispin Blunt: The truth at the moment is we are not in a position to do it because the national prison system is under such stress in terms of its loading levels that it is very difficult to see how you can actually construct localised offender management services on a probation trust or even a regional basis. Our prison estate is simply not constructed like that.

So that is desirable but it then delivers such a complication to the management, the population management of prisoners in England and Wales, that I think it is probably unachievable in the immediate future. But it is certainly something I'm interested in, and there may be discrete areas of the country where you've got

actually everything in rough balance so you might seek to do it.

Linda Henningan: I wondered if we might begin with women in the Corston Report.

Crispin Blunt: I think the thing with Corston is one of the recommendations that was not accepted by the last government, around custody. She recommends very many more smaller custodial institutions for women much closer to their community. Well we can't afford it, if I can put it a bit crudely. The women's estate is as it is and to suddenly

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We have probation trusts in the room, the voluntary sector, the private sector, and we do all get on.
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reengineer the entire women's estate to deliver Corston is not affordable. It is obviously desirable and in principle what works for women actually works for men. It would be better to have smaller institutions closer to home for everybody. But the economics of prisons are probably taking us, if we are going to have new prisons, towards larger prisons that are more economically efficient where you can build work and rehabilitation and security into the fabric of the institution and actually mean that you incarcerate people for considerably less money than we do now.

Andrew Haldenby: I think there has been complete support for the key themes that you both set out. Rachael, the flexibility and intelligent commissioning we have just been talking about in the second part of the conversation, and Crispin really everything that you said. Do you both want to respond to those themes?

Rachael Byrne: Just a couple of things from me. This is a kind of obvious thing but worth saying, is that we have probation trusts in the room, the voluntary sector, the private sector, and we do all get on. It is just about



Julie Harmsworth and Andrew Haldenby

what would be the best results. I found that really encouraging and think more of that is helpful. I am glad that the points about intelligent commissioning have kind of been taken up and listened to. It is very dear to my heart and it is what Stonham has been all about. It is where we have been successful, where we've had both intelligent commissioners and that they have worked with us and trusted us. We have worked with offenders for 38 years and have lots of experience, and so have many of the other organisations, and you do need that level of trust.

Overall we have been saying that payment by results will work. It can deliver. We just have to get the base framework for any contract right and negotiate that and learn from the pilots as well. That would be my last point; that that is the whole point of a pilot in any context actually, and as long as we sit down with both the providers and the

commissioner and take the lessons and then renegotiate and develop the scheme as it goes on. So thank you.

Crispin Blunt: I reckon there are 28 different pilots with the Ministry of Justice, and that is counting two of the Work Programmes where we look at a justice metric on the re-offenders stream within the Work Programme. I think I ought to come back to Rob's point that actually it should be the Treasury putting its money up. It all makes such obvious sense. The Treasury ought to be investing in this. But of course the Treasury doesn't have any money, and the Treasury doesn't work like that anyway.

Rob Owen: I know.

Crispin Blunt: So the combination of circumstances forces us to innovate and think very differently. Of course

what we are actually trying to do is to grow our rehabilitative capacity as a country - there are two places to turn to for that. One is that all the agencies who currently deliver rehabilitation have got to work much more efficiently together, and have actually got to be really focused on driving the efficiencies. And so one example is a family intervention programme from the City of Westminster where they have identified 14 different organisations who would usually be engaged with a troubled family, a number of which will be justice and organisations in one sense or another. It is pretty straightforward then to see how you can deal more effectively as a local authority by sorting out who those families are engaged with. The same thing then applies around integrated offender management and management of people in the community.

That is one way you grow your capacity is by being much more efficient. But the other way is through the mechanism of payment by results. Sitting out in society are thousands of groups and tens of thousands of people who want to help the State rehabilitate offenders because they think it's the right thing to do. And they will be happy to do it for nothing. Now there will be costs associated with it because you have got to train them and make sure they are delivering the interventions appropriately. But there is a huge amount of goodwill out there in society who want to help us with this.

And that is actually where we can go to. We have got to engage them in a cost effective way. Payment by results, by placing the responsibility somewhere, whether it is on a social investor or on a prison governor or on a probation trust chief or on a local authority chief executive or a police chief or a Work Programme provider. That way, you

by results in one area then pretty soon you start asking about the others, and quite right too. Clearly we will wait to see the results of the pilots, but I think it was a good idea to kind of get people together to assess where we are now. Clearly from our own professional voyage there is already an understanding being generated that it is useful to share. So I just want to repeat my thanks to everyone so much for coming. What a valuable conversation. My particular thanks go to Rachael and the team at Home Group who have made this possible. And our particular thanks to Crispin who is in the lead. Well done.



Sitting out in society are thousands of groups and tens of thousands of people who want to help the State rehabilitate offenders because they think it's the right thing to do.



then get not only more efficient delivery but you get additional capacity to address this particular group of people.

Andrew Haldenby: Thank you so much. I will only close by saying that this discussion does show that this area of policy is in the vanguard. If we were going to have a discussion about education policy or about health policy, with the exclusion of drug rehabilitation, you would not have any sort of discussion like that at all. It would be much more top-down and much more focused on defending the existing pattern of provision. And the discussion of police and crime commissioners perhaps also shows that the genie is out of the bottle. If you are going to do things

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