

# Reducing re-offending among parolees:

## Wrap-up of market sounding session

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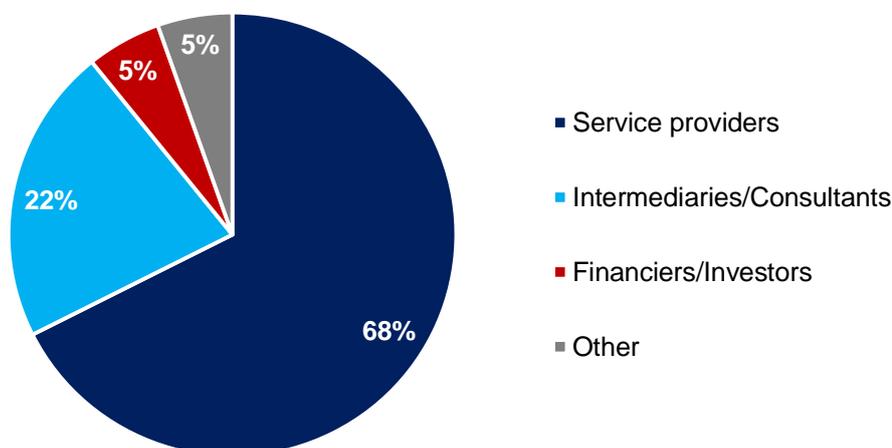
9:30am to noon

20 February 2015

Balcombe Room, Level 28, 52 Martin Place Sydney

### Key statistics

- Of 48 RSVPs, 37 stakeholders attended.



### Questions and answers

#### 1. Can services continue to be provided beyond the period of parole?

Yes. We have set some parameters around the potential service, but we will listen to how the market wants to work. We are looking to be flexible; however, Corrective Services can only be involved for the period of parole. We cannot mandate participation in the service after the parole period ends.

#### 2. Will you consider proposals with younger offenders and/or in regional NSW?

Yes. There is no one-size-fits-all approach. Things work differently in regions and there are often strong networks, so we expect proposals will account for these differences. Young offenders remain a cohort of concern.

**3. Part of the challenge around payment-by-results contracts is whether there is a large enough pool of benefits to achieve savings. What scale is required to achieve the fixed costs of \$189 per day versus the \$19 per day? Are you willing to include the fixed costs in a financial model on the basis that the transaction will build on the evidence base?**

To the first question, we acknowledge that volume is important. We think there is sufficient volume in the medium-high to high risk parolees.

To the second question, we don't plan to include the fixed costs as savings without the possibility of closing a wing. There are other costs to consider – to courts, police, and perhaps health services. We can work with you to explore the options. Please note that you are not limited to the social benefit bond model.

We also know that the prison population is growing. There are opportunity costs to prevent new beds, wings and prisons. You need to consider the underlying cost of the services and the likelihood of achieving change.

**4. You've tried a social benefit bond in this area before. Why didn't it go ahead?**

One aim of bonds is to provide value to investors, the community and the NSW Government. Unfortunately, despite the best efforts of the government, Mission Australia and Social Ventures Australia working together in good faith, no agreement on a model that satisfied this aim with an acceptable level of risk to all parties could be reached.

The decision not to proceed with the proposed recidivism bond model was based on the challenges and risks of the proposed model in aggregate, including consideration of the evolving nature of the justice and corrective services policy environment.

The NSW Government appreciates the goodwill and efforts of Mission Australia and Social Ventures Australia in the development of the model. This experience can be leveraged in future social impact investment activities. We're open to a range of models, not just social benefit bonds, which we expect won't be as complex to design and negotiate.

**5. In the social benefit bond pilot, the joint development phase was quite longer than what you're proposing this time. What are the drivers for this?**

Mostly, we've learned from our previous efforts. For re-offending, in particular, we have data and an understanding of the outcomes and metrics needed. If we try a different model that is less complex than a bond, we think the process will go a lot quicker.

Corrective Services is prepared and knows what to expect this round. We will be better resourced and we encourage service providers to consider the resources required. All parties need to have a core team with experts on hand, and a single point of accountability. At a minimum, we expect to hold a half-day meeting each fortnight to negotiate the details and come to an agreement during the joint development phase. Proponents should also be clear about their legal and governance structure, particularly, who is authorised to enter into the contract and whether there are requirements at the board level.

**6. Are you considering an 'alliance contract'?**

We are open to ideas, but we prefer a 'contract for outcomes' approach. Research on alliance contracting suggests parties have incurred cost overruns during the process. Even if progress has been made to reduce or eliminate this risk, alliance contracting is not a legal framework.

It's a joint arrangement that essentially has a 'no risk, no foul' bottom line. That makes it very difficult if there is private capital involved – in the event that something does go wrong, we will rely on pre-negotiated contract specifications to dictate how it will be managed.

**7. Following up question 2, by 'younger offenders', do you mean over 18 years?**

Yes. But the Request for Proposals will be open to all policy areas, so if you have other ideas or would like to work with a different cohort, we will consider them.

**8. Will there be opportunities for pre-release engagement (contacting offenders before they leave prison on parole)?**

We haven't formed a view on that approach. It will depend on the proposal.

**9. Is there opportunity to develop proposals that target short-term prisoners and the remand population in the open ideas category?**

Yes, but keep in mind that changes to the Bail Act have been a driver for recent fluctuations in those numbers.

**10. What is the time commitment for NGOs? Does someone need to be taken offline?**

In the last three months of the joint development phase, you will need one person offline to lead the work. Earlier on, it may be one person part-time. Before you sign the contract for the joint development phase, you need to understand your obligations under it. The process becomes difficult if there is inconsistency in the leadership of the team.

**11. How advanced are you in having data, metrics and outcomes available for this category?**

We know re-offending rates are high and are quite a blunt metric. But other good outcomes can also be tracked, such as lengthening the time between offences or reducing the severity of the re-offence. We have this data and will also draw on the expertise of the Bureau of Crime Statistics and Research (BOCSAR).

We've learned from the social benefit bonds. We will have dedicated resources and have streamlined the tools and processes to extract data from our systems quickly. There is plenty of data available, but we ask that you think about the questions you want to answer so data requests are as efficient as possible.

In your proposals, think about how you will measure outcomes. Will it be a black and white trigger (e.g. client has or has not re-offended after x period?) or will it be a sliding scale (e.g. client has or has not re-offended after x period, y period and z period?).

**12. Social impact investment is likely going to be a challenge for a small to mid-size NGO to manage – we may not be able to dedicate resources. So capacity building would be great.**

We understand this and are by no means suggesting that social impact investment is right for every NGO. We will be doing some capacity building work as part of the *NSW Social Impact Investment Policy*. We also encourage you to think about partnerships with other organisations to fill skill gaps.