

Authority to modify the Integrated Offender Management Services Contract under Regulation 72(1)(b) of the Public Contracts Regulations 2015.

Date: 9th December 2024

Report of: Head of Commissioning (Housing and Public Health)

Report to: Director of Communities, Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Summary

This report seeks approval to modify the Integrated Offender Management (IOM) contract, utilising Regulation 72(1)(b) of the Public Contracts Regulations 2015, held with Change Grow Live by extending the contract period for a period of up to 24 months. The contract is due to expire 31 March 2025 and there is no further extension provision. There is work underway to review and re-procure the service, the ongoing change within the criminal justice system and risk of disrupting key services means additional time is required to continue with the provision of this contract and identify a future IOM service for procurement.

Recommendations

- a) The Director of Communities, Housing and Environment is recommended to approve the modification of the Integrated Offender Management (IOM) service contract, delivered by Change, Grow, Live (CGL), under Regulation 72(1)(b) of the Public Contracts Regulations 2015 (PCRs). The total value of the modification is £1,440,000 for the 24-month period 1st April 2025 to 31st March 2027.

What is this report about?

- 1 This report seeks approval to modify the existing IOM contract under Regulation 72(1)(b) of the PCRs to extend the contract period for up to 24 months to be taken in any combination. This will enable the work of strategic review, remodelling, and re-procurement to be carried out between April 2025 and March 2027 in a planned way, to minimise disruption to services and reflect ongoing changes being introduced in the wider criminal justice system.
- 2 The current commissioned service was reviewed and procured in 2019, with a new contract established in 2020 for a period of three years, with the option to extend for a further two years.
- 3 The IOM service is delivered by CGL alongside key partners to ensure a specific identified number of individuals who are leaving prison, or are known to be prolific offenders, receive support and supervision to reduce re-offending and are enabled to live independently in the community.
- 4 CGL work in partnership alongside West Yorkshire Police (WY Police) and Probation services to identify individuals suitable for the service, and through support staff provide direct interventions to assist people into accommodation, claim benefits, address substance misuse issues, and comply with any statutory licence requirements.
- 5 IOM is driven by a national strategy, interpreted locally to best suit the different needs and local demands as identified by Police and Probation. In Leeds this involves close working between these partners and CGL, with co-location in offices and regular dialogue to plan the work and interventions.
- 6 Since the current contract was awarded, several changes have taken place within the criminal justice field, impacting on the IOM service, notably the early release initiatives to relieve pressure on prison spaces. This has resulted in an increase in numbers of individuals seeking support, and some being directed towards IOM.
- 7 Further changes introduced since the current contract was awarded include drug and alcohol interventions by variation with additional grant funding, activity funded by the Office for Health Improvement and Disparities to increase interventions around drug testing and alcohol treatment. This has seen the IOM service take on additional staffing to co-ordinate testing and support, in partnership with Forward Leeds.
- 8 Recently Probation services in Leeds have re-organised and taken steps to co-locate alongside CGL and Police staff, increasing opportunities for joint working and more effective delivery of services.
- 9 It is for these reasons that additional time is needed to assess the impact of recent changes, the effect on staffing and resources, and to predict and respond to any future changes which may affect how the IOM service model is delivered in future. More initiatives may be announced in the next year which need to be referenced by the service model, potentially
 - New drug and alcohol interventions situated within the criminal justice arena which fit under IOM.
 - Any regional directives around reducing re-offending, potentially from the West Yorkshire Mayor's Office which may need a response from the IOM service to align service delivery.

- Emerging priorities around Domestic Abuse and Domestic Violence.
- Further initiatives which are not yet announced by the Home Office concerning prisons and criminal justice which could impact on how IOM is delivered.

- 10 This modification will provide stability to the service in the medium term, whilst a full-service review and competitive procurement exercise are completed during 2025/26 with a new contract award being in place no later than 1st April 2027. The review and procurement process will be completed prior to April 2027, therefore up to 24 months modification of the current contract is requested. The contract can be extended for any period in any combination, so long as the total extension period does not exceed 24 months and does not extend beyond the 31st of March 2027.
- 11 Strategic review work to examine the IOM service started in summer 2024, officers within Adults and Health Commissioning meeting with funding partners from Leeds City Council Public Health and Safer Leeds directorates, along with key stakeholders from Probation and WY Police. Discussions took place about the need to review the service in light of changing priorities and demands, and the need to agree an interim plan ahead of the contract expiring on the 31st March 2025.
- 12 It is intended to continue this review work in 2025 and develop these meetings into a more formal process of review, reporting and decision making as part of the strategic review leading to procurement activity. It has been confirmed from feedback from these partners that the existing service is performing well, providing good quality support and is of strategic relevance to current objectives around reducing re-offending and the increasing focus on rehabilitation in the community rather than prison.
- 13 The key principles of the current services will be maintained during the modification period while review work is carried out:
- Partnership working between CGL and Probation and WY Police
 - Delivery of person-centred support to individuals identified as suitable for IOM
 - Offering a flexible and responsive service, meeting emerging priorities
 - Applying a Trauma Based approach to the delivery of support

What impact will this proposal have?

- 14 The proposal will ensure that contracting arrangements between the Council and the provider organisation continues without interruption. This decision will also provide stability and continuity to staff employed by the service provider and reduce the risk of instability and staff retention concerns, should the contract be left to expire.
- 15 The service will continue to contribute to a range of key strategic initiatives in particular the key aims of the Best Council Plan 2020-2025 with a particular focus on, Safe Strong Communities, Housing, Health and Wellbeing.
- 16 This service contributes towards the strategic aims of the Homelessness and Rough Sleeping Strategy, and the Rough Sleeping Delivery Plan 2023/2024 to enable the city to make the next 'step change' improvements. The approach is designed to ensure that people are:
- safe from harm and enjoy a healthier lifestyle
 - able take up suitable accommodation and have support to sustain a tenancy
 - offered practical support and get the appropriate treatment for substance misuse, physical, emotional, and mental health, to address needs, and
 - able to access and secure education, training, and employment opportunities when and if they are ready to do so.

- 17 An Equality Diversity Cohesion Integration (EDCI) screening has been completed and is enclosed as an appendix to the report. This will be developed into an active document throughout the period of the forthcoming review and remodelling in 2025-2026 to make sure that consideration of EDCI is an integral part of any remodelled IOM service.

How does this proposal impact the three pillars of the Best City Ambition? [Best City Ambition \(leeds.gov.uk\)](https://leeds.gov.uk)

Health and Wellbeing Inclusive Growth Zero Carbon

- 18 This proposal will contribute to the Health and Wellbeing pillar by:

- Reducing health inequalities and improving the health of the poorest the fastest Supporting healthy, physically active lifestyles
- Supporting self-care, with more people managing their own health conditions in the community
- Working as a system to ensure people get the right care, from the right people in the right place.

- 19 This proposal will support the Inclusive Growth pillar by:

- Ensuring people leaving prison, or those with an offending background and history of repeat offending, receive suitable support to access training, education and employment opportunities.

What consultation and engagement has taken place?

Wards affected: City-wide

Have ward members been consulted? Yes No

- 20 Consultation has been carried out with key stakeholders and funding partners which has provided reassurance that the current delivery model remains valid. More in-depth consultation will take place as part of the service review and competitive procurement exercise during 2025-2027.
- 21 Client feedback is gathered by the current services around outcomes and satisfaction levels, through contract management monitoring and this has been considered.
- 22 The Executive Member for Housing has been briefed and is supportive of this proposal.
- 23 Procurement and Commercial Services (PACS) have been consulted about the procurement approach and are supporting the project team in commissioning these services.

What are the resource implications?

- 24 It is requested that the amount allocated for the contract for the modified period is a total of £1,440,000 over the 24-month period. The service receives funding from three separate budgets: Communities, Housing and Environment, £106,765 per annum, Public Health £357,600 per annum, and Safer Leeds on behalf West Yorkshire Combined Authority £255,635 per annum.
- 25 It is recognised that the Council is in a challenging financial position, however it is important that support remains in place for people and the service is maintained whilst the review and

procurement work is carried out. This process may identify a new service model and efficiencies in delivery.

- 26 The service represents good value for money and delivers quality support and interventions with a track record of reducing rates of re-offending, evidenced by contract management of the services by officers within the Adults and Health Directorate.

What are the key risks and how are they being managed?

- 27 Officers from the Adults and Health Commissioning Team and PACS will oversee the modification of contracts ensuring the process adheres to the PCRs, as well as the Council's Contract Procedure Rules (CPRs).
- 28 A risk register will be set up and be continually managed and updated.
- 29 There is a risk that extra external funding contribution from the West Yorkshire Combined Authority may not be available, or be reduced, for the second year of the modification due to the settlement figure not known currently. If this is the case, the Council will need to review the contract further to establish what is deliverable and affordable within the known financial envelope. The contract Payment Schedule will reference that the contract price is subject to the Council receiving external funding, and the price may be varied in the event of a reduced settlement.
- 30 Should the modification proposed not take place there is a high risk that the other partners who work on IOM, namely the Police and Probation, would not be able to run the IOM programme. The result would be less support provided to offenders in the community.

What are the legal implications?

- 31 This is a Key Decision which is subject to call-in as the value of the modification is greater than £500,000. A notice has been published on the List of Forthcoming Key Decisions dated 21st October 2024. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 32 The modification of contracts is governed under Regulation 72 of the PCRs. This considers the extent to which a contract may be modified before it should be considered so substantially changed as to necessitate a new contract.
- 33 Under Regulation 72(1)(b), contracts and framework agreements may be modified without a new procurement procedure where specific requirements are met. The provision states
- (b) *for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement where a change of contractor:*
- (i) *cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and*
- (ii) *would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.*
- 34 In making this modification, the above conditions of Regulation 72(1)(b) are deemed to be satisfied for the following reasons:

- Additional services have become necessary because of the requirement to continue the IOM contract and service to meet existing demand and allow the review and procurement work to be carried out. The work done so far has revealed changes in the service since last procured, including early prison release and additional work involving substance misuse testing and treatment. There is also potential for future changes to IOM due to changing priorities of key partners such as WY Police and Probation. This significant programme of change requires additional time to undertake the remodelling and re-procurement. It is not possible to write a service specification until it is clearer what the wider criminal justice system will look like. As such, it is not possible to re-procure this service at present from a technical perspective and this modification would serve as a transitional arrangement.
- IOM is a complex delivery model involving a three-way partnership and it is crucial to ensure that it is undertaken correctly so that the next commissioned service has the best possible chance of success, and existing provision is not disrupted or lost in the process. This existing partnership has established a working delivery model which currently cannot be replaced due to economic and technical reasons. As stated within this report the criminal justice sphere, within which this agreement operates, is undergoing a significant time of change. From a technical perspective, it is not possible to conduct a re-modelling exercise to appoint any new contractors or devise new delivery partnerships at present.
- The extension period will ensure continuation of provision whilst the re-modelling work takes place. As the current model involves complex partnership relationships, any attempted change under the current circumstances of the criminal justice field would , in addition to the technical reasons set out above, also cause significant inconvenience and a potential duplication of costs In particular the current contractor provides a co-location facility to Probation and West Yorkshire Police and there would not be time to replicate this arrangement with a new contractor before the current contract expires.
- Conducting an open procurement that potentially results in a change of provider at this point and then a further procurement potentially resulting in another provider in 18 months is an inefficient use of resources and diverts costs from front line delivery into bidding and mobilising services.
- The total value of this decision will be up to £1,440,000 to modify the contract by the addition of up to 24 months. This equates to just under 37% of the value of the original contracts, which is permissible under this modification. Taking these figures into account, the modification of the contract by the addition of 24 months does not exceed 50% of the initial contract value.

35 When contracts are varied under Regulation 72(1)(b) and where the procurement commenced before 31st December 2020, it is a requirement to submit a modification notice on the Official Journal of the European Union (OJEU) to alert the market that a modification to the contract has taken place (or is to take place). The contracting authorities, in this case the Council, are also encouraged to also publish notices on Find a Tender Service (FTS) for full transparency. Once the notice is published on FTS and OJEU, it will start time running for bringing a claim for a breach of the PCRs, which must be brought within 30 days of the date that an aggrieved party knew, or ought to have known, that a breach had occurred. The service will ensure a modification notice to that effect will be published.

- 36 However, if Regulation 72(1)(b) is used incorrectly, and it is subsequently determined that the conditions to permit Regulation 72(1)(b) are not met, the Council will be open to legal challenge that it has breached the PCRs by modifying the contract. Further, an aggrieved contractor could potentially argue that it has missed out on a competitive opportunity and thereby seek damages for that loss of opportunity. These risks are considered low for the reasons stated in this report, at paragraphs 33 above.
- 37 There are no overriding legal obstacles preventing the use of the Regulation 72(1)(b), however the contents of this report should be noted. In making the final decision, the Director of Communities, Housing and Environment should be satisfied that the course of action chosen represents best value for money.

Options, timescales and measuring success

What other options were considered?

- 38 The only alternative option of allowing the contract to end on 31st March 2025 would result in the loss of service delivery by CGL and staff, with potential disruption. However, there is a clear evidenced need for the service to continue in current form being of strategic importance to the city in addressing community safety and re-offending in response to increasing demand. Any delay in this decision may impact on stability in the market as we approach a six-month period before contracts expire.
- 39 Undertaking a competitive procurement process was considered, but there is insufficient time to complete this before 31st March 2025, and it would bring significant instability to the market and negative impact on services. A staggered approach is required, between April 2025 and April 2027 so that any remodelled and procured service can be mobilised in a planned way, minimising disruption.
- 40 It is not suitable to delay a decision on the contract core funding and modification. This is required now to apply modifications ahead of 31st March 2025. Any announcements on the future availability of supplementary external grant funding to the service in respect of drug testing and treatment work will be acted on later.

How will success be measured?

- 41 The modified contracts will continue with agreed Performance Frameworks for the purpose of monitoring service delivery and outcomes. Services will be contract managed using the QMF (Quality Management Framework) to evidence quality and service outcomes.

What is the timetable and who will be responsible for implementation?

- 42 If approval for the modifications is granted, the intention is to complete the modification process during December 2024 and commence the modified contract from 1st April 2025. Review and remodelling work will continue in January 2025 with a procurement exercise taking place in 2026.

Appendices

- EDCI Screening.

Background papers

None