

MAKE JUSTICE WORK

Executive Summary: An economic analysis of alternatives to short term custody

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Acknowledgements

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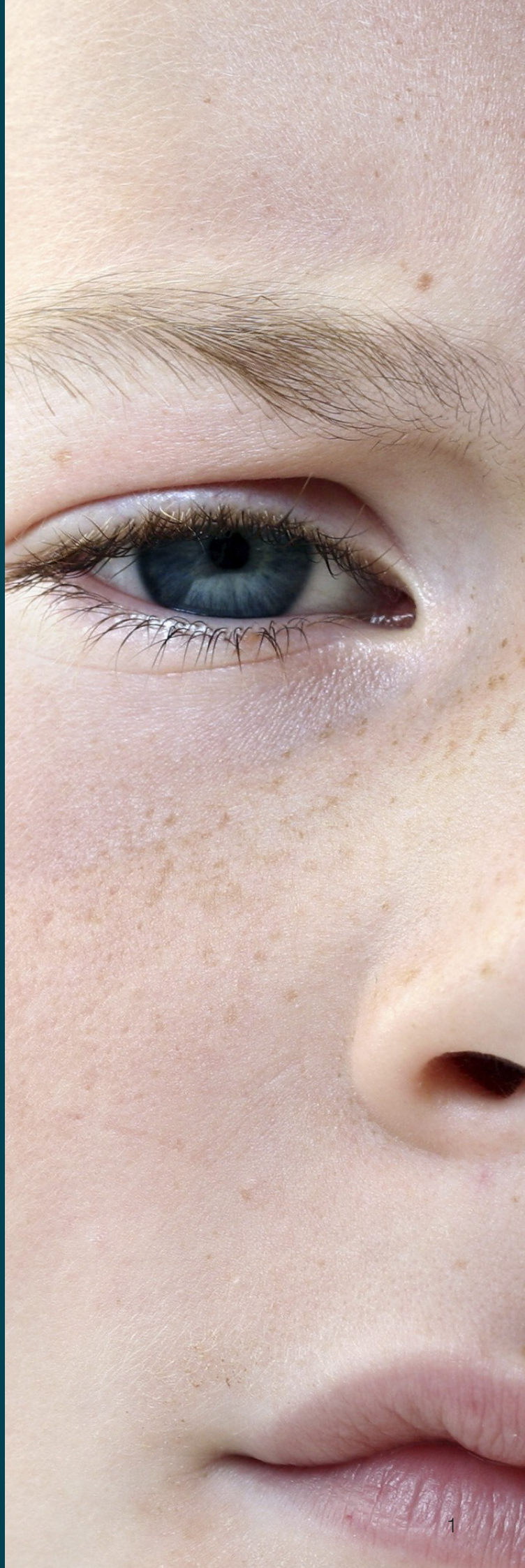
Introduction

The objective of this research was to generate evidence on:

The economic benefits of providing Intensive Alternatives to Custody (IAC order) as an alternative to short term custodial sentences.

An IAC order is a comprehensive community based intervention which focuses on reducing the risk of reoffending. Typically an IAC order involves a combination of intensive supervision and a variety of requirements such as unpaid work, curfews, mandatory hours of structured activity per week, and enrolment in accredited programmes. The nature of the IAC order varies, however, between recipients and models of delivery.

Practitioners of IAC orders maintain a high level of confidence in the programmes they are running and believe they make a measurable impact on reoffending. However, to date no evaluation has been done on the effect of IAC orders on reoffending. In this context, Matrix Evidence was commissioned by Make Justice Work to estimate the economic benefits of providing an IAC order in two pilot sites – Manchester and Bradford – in comparison to providing short term custodial sentences. The report then attempted to take these findings and consider what economic benefits could be generated if the IAC order were rolled out nationally. Specifically the economic benefits are estimated in terms of cost savings due to both reduced intervention costs and reduced reoffending.



Key Findings

- The IAC order costs less than short term custodial sentences. The average direct cost of a short term custodial sentence per person per annum is £13,900. In comparison, the average direct cost per person per annum of the IAC order was £3,514 in Manchester.
- Practitioners believe reoffending can be greatly reduced due to an IAC order.
- Providing an IAC order for all eligible young adult offenders instead of a custodial sentence could save £500 million over the next five years.
- These total savings are broken down as follows: £177 million in reduced intervention costs, £69 million in reduced costs to the criminal justice system of dealing with crimes, £29 million in reduced costs to the NHS of dealing with crimes, and £225 million in reduced costs to the victims of crimes.

Key Assumptions

- In the absence of IAC specific data, interventions similar to IAC orders were used to measure the impact on reoffending.
- The Ministry of Justice (MoJ) 2011 *Compendium on reoffending statistics and analysis* estimates that community orders could reduce reoffending by 13% compared with short custodial sentences. Due to the more intensive support provided by IAC orders compared to general community orders, it is possible that an IAC order could have a greater impact on reoffending. For the purpose of this analysis, a 13% change in reoffending was used to estimate the cost savings.



Results

Intervention costs

An IAC order costs less than short term custodial sentences. On average those eligible for an IAC order are likely to spend nearly four months in a short term custodial sentence which costs £13,900 per person per annum compared with £4,000 to £7,000 for a 12-month IAC order, depending on the services received (MoJ (2011) *Research Summary 3/11: Evaluation of the Intensive Alternatives to Custody Pilots*).

The direct cost of the IAC order in Manchester – an intervention for young adult offenders – was on average £3,500 per person per annum.

The above costs of an IAC order only include the direct costs of the interventions. This explains why they are lower than the MoJ estimates and why they vary so much. For example, the costs of the Manchester pilot include the cost of case worker mentoring, helping offenders find jobs, and educational interventions delivered by the IAC team, but do not include the costs of other services to which the IAC team may refer offenders, such as referrals to external education and employment training programmes. In comparison, individuals serving short term custodial sentences are not typically provided with these services upon release.



Impact on reoffending

The evidence suggests that community orders are more effective in reducing reoffending in comparison to short term custodial sentences (MoJ (2011) *Compendium of reoffending statistics and analysis*). Due to the intensive nature of an IAC order, an IAC order is likely to be more effective in reducing reoffending than a short custodial sentence. However, further research is required before the relative effect on reoffending of the IAC order can be stated with certainty.

An estimate of the impact on reoffending was available for only one of the pilot sites studied in this report. The reoffending data collected in Manchester suggest that 21% of young adult offenders reoffend during the IAC order.

The site does not collect data on reoffending after the IAC order. This is due to the fact that, thus far, IAC programmes have not been required or funded to collect reoffending data after the IAC order is completed. Currently, the IAC programme in Manchester is attempting to measure the likelihood of reoffending post an IAC order. However, due to the duration of an IAC order and follow-up time required to measure reoffending, this data will not be available until September 2012 at the earliest.



By definition there are no comparable data on reoffending during short term custodial sentences (e.g. the number of adjudications an offender may receive). However, MoJ estimates that 45% of young adult offenders reoffend in the year after a short term custodial sentence.

In order to get an estimate of reoffending post-IAC order that was more comparable to the data on reoffending post short custodial sentences a number of alternative data sources were considered. The most robust data available were those from the effect of suspended sentence orders provided by the MoJ 2011 *Compendium of reoffending statistics and analysis*.

Suspended sentence orders were chosen as they reflect offenders within the community on requirements who could have been given custodial sentences. That is, the nature of the offenders on suspended sentence orders reflects those who are eligible for an IAC order. This suggested that an IAC order, in comparison to short custodial sentences, could reduce reoffending in young adult offenders by at least 13% in the year after the end of the sentence.



Economic benefits

Large economic benefits could be produced by using an IAC order for young adult offenders in place of short term custodial sentences. Not only do the IAC orders cost less, but the likely reduction in offending will also save costs.

The exact economic benefit will depend on how many offenders currently receiving short term custodial sentences will be eligible for an IAC order.



If we assume that 45%¹ of young adult offenders receiving short term custodial sentences could be eligible for an IAC order, it is estimated that:

- Providing an IAC order for all eligible young adult offenders instead of a custodial sentence could save £500 million over the next five years;
- Of the total savings £177 million comprise reduced intervention costs, £69 million in reduced costs to the criminal justice system of dealing with crimes, £29 million of reduced costs to the NHS of dealing with crimes, and £225 million of reduced costs to the victims of crimes².



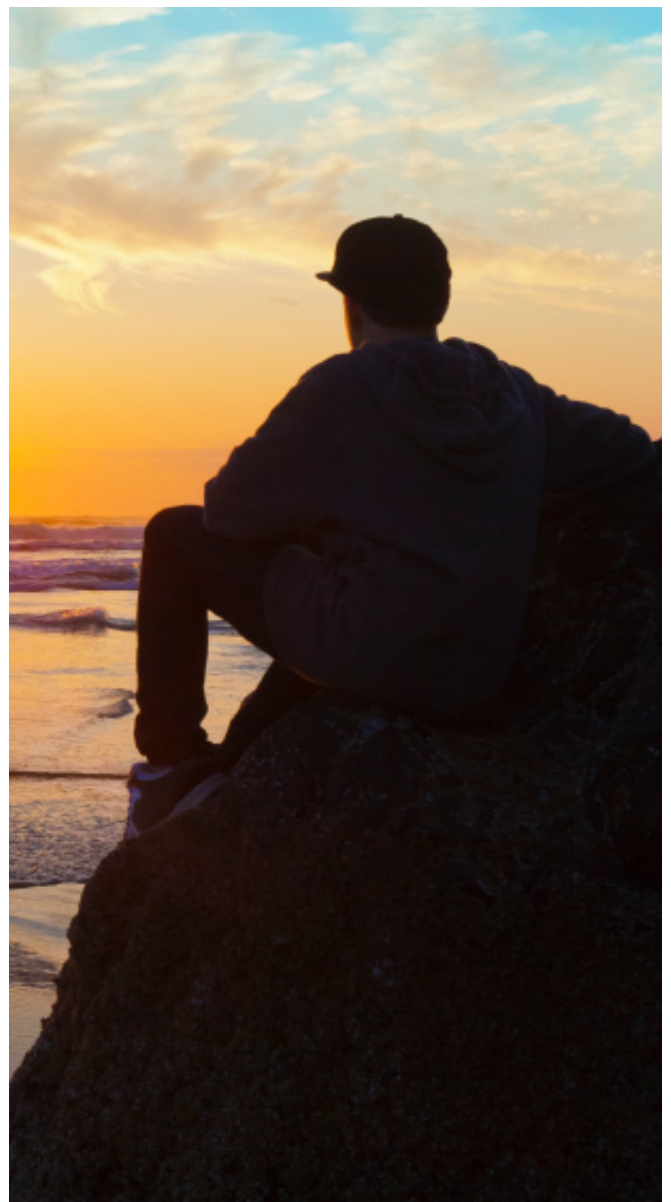
¹GMPT project documentation

²Cost associated with victims of crimes refers to resources associated with defensive expenditure, insurance administration, the value of property stolen/damaged/destroyed, and the value of physical and psychological pain and suffering.

The total cost savings represent economic costs – estimates of the resource use and utility loss avoided as a result of an IAC order. These cost savings are, however, different from realised cost savings in the form of cash available to reinvest. For example, avoiding an arrest and saving a few hours of a police officer's time does not mean that the cost of this time is available to reinvest.

The police officer is still paid the same salary, and will use the saved time to undertake other activities.

IAC orders are estimated to save £46 million of realisable costs. The realisable savings comprise a £10 million reduction in CJS costs, a £6m reduction in NHS costs, and a £30 million reduction in victim costs.





Payment by Results

The research also has some important implications for the implementation of payment by results in criminal justice. The Manchester and Bradford pilots should be commended for collecting evidence on the reoffending of those receiving the IAC order. However, it was not possible to estimate the impact of an IAC order on reoffending using these data. These data were only collected during the sentence, while data on the impact of reoffending following the alternative sentence – short custodial sentences – is collected one and two years after the end of the sentence. It is recommended that investment be made in additional sources to collect data on offenders once they leave the IAC order. These data are important if a robust estimate of impact is to be obtained, as will likely be required to implement payment by results³.

³ Due to this increasing need, the Manchester pilot is pushing an initiative to measure reoffending post an IAC order using individualised MoJ PNC data.

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For the full technical report, please visit the following websites:

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