

Summary

1 This report sets out our assessment of HM Prison & Probation Service's (HMPPS's) delivery of its electronic monitoring ('tagging') transformation programme, prompted by its cancellation of a key enabling project in 2021. It follows on from events in our previous report and focuses on HMPPS's progress against objectives set out in its 2017 Full Business Case.¹ We also examined how it has applied learning and how it plans to address risks in its expansion programme. We did not examine suppliers' performance in managing the current live tagging service. For background information on the programme, see pages 4 to 7.

Key findings

Progress in delivering transformation

2 HMPPS has not achieved its vision for transformation because of its failure to deliver a new case management system ('Gemini'). In 2017, HMPPS opted to continue with the existing 'tower' contracting structure. This involved four suppliers each responsible for providing a different element of the service, whose work needed to be brought together by HMPPS as integrator. HMPPS set out to manage the complex interdependencies between suppliers but failed to do so effectively. The delays and HMPPS's eventual termination of Gemini have undermined its performance in delivering other objectives (paragraphs 3.2 to 3.4):

- HMPPS began to replace ageing curfew tags from the previous contracts in September 2020 against an initial target of March 2019. However, it has not improved efficiency and capability as planned, so the service remains no different from that in 2014 (paragraphs 2.6 to 2.8).
- HMPPS launched location monitoring on schedule in November 2018, using tags with the minimum features required to provide the service. It intended this to be a 'stepping-stone' to transformation when Gemini was ready. Without Gemini, HMPPS cannot fully meet its plans to give business users self-service access to maps on offenders' movements or deliver efficiency improvements (paragraphs 2.9 to 2.13).

¹ Comptroller and Auditor General, *The new generation electronic monitoring programme*, Session 2017–2019, HC 242, National Audit Office, July 2017.

- HMPPS expected its transformed service to be robust and capable of scaling up to include more types of tags and tagging, and new suppliers in future. HMPPS has launched and scaled-up new tagging services but using legacy systems rather than Gemini. This means it relies on obsolescent technology and fundamental inefficiencies in tagging services remain unresolved. HMPPS has started to address the most urgent obsolescence issues and aims to conclude this work by November 2022 (paragraphs 2.14, 2.22 and 2.23).

3 Both HMPPS and Capita contributed to severe delays in developing Gemini.

HMPPS contracted Capita to develop Gemini and a user portal to allow business users to see case management information and mapping data. In May 2021, HMPPS suspended development of Gemini before terminating the contract for Gemini in December 2021. By this point, the programme was 18 months late against its first contractual delivery plan. HMPPS did not carry out its integration role effectively, and this was compounded by Capita's inability to resolve defects. An external review found that Capita's approach to developing Gemini was not inherently unprofessional but its inability to resolve defects was a key reason for the lack of progress. Capita told us that the rigidity of HMPPS's approach to testing lacked pragmatism. In Capita's view, HMPPS's change in tagging supplier and changes to its system designs, and its management of integration issues across suppliers, were the primary reasons for delay (paragraphs 2.3 to 2.5, 3.4 and Figures 8 and 9).

4 Five years since it relaunched its transformation programme, HMPPS has not systematically monitored the benefits it planned to achieve.

HMPPS sought to achieve five outcomes: provide decision-makers with more effective options to manage offenders; provide cost-effective alternatives to custody and reduce the costs of electronic monitoring; improve public protection; improve monitoring data; and improve the quality and efficiency of electronic monitoring operations. It translated these aims into 12 planned benefits. However, HMPPS did not systematically track these and lost or partly lost three of them due to its termination of Gemini and the user portal, while a further three no longer apply (paragraphs 2.15 to 2.16 and Figure 10).

The consequences of not delivering the case management system

5 HMPPS's decision in 2021 to terminate the Gemini contract was the optimal decision at that point but this aborted project has cost taxpayers £98 million.

In terminating Capita's contract, HMPPS stopped further spending on a system that was not ready for use. It considered that, given the risks Gemini posed to the live service, continuing its existing system would be more stable and sustainable. In addition, prolonged delays eroded the planned benefits. Of HMPPS's investment, £59 million provided ongoing value to the programme, but it disclosed the remaining £98 million in its 2020-21 accounts as 'fruitless payments': losses with no public benefit. HMPPS's net costs from 2011-12 to the point of its closure of the programme in March 2022 were around £153 million (paragraphs 2.5 and 2.17, and Figures 11 and 12).

6 HMPPS avoided further risks to value for money by stopping Gemini, although it now expects to spend £9.8 million on remediation work to ensure its 10-year-old legacy system can continue safely. G4S introduced the 'Integrity' case management system in 2012, and HMPPS must now rely on it until at least 2024. In July 2021, HMPPS reviewed the system's resilience and capacity to handle higher demand. It identified risks which could jeopardise the service, including unsupported operating systems, missing system updates, and outdated and vulnerable hardware and software. It noted significant risks related to its 16-year-old telephone system, which is critical to enabling timely contact with offenders and business users. HMPPS plans to address these risks by November 2022. However, it cannot do 'live' testing of the system's ability to cope with higher volumes within its existing budget and is therefore relying on monitoring ongoing system performance. This reactive approach carries risks as it relies on early alert and prompt fixes to emerging problems (paragraphs 2.22 and 2.23).

7 HMPPS is not providing stakeholders with location monitoring data in line with its original aims, limiting its added value for supervising offenders and protecting the public. HMPPS expected Gemini and the user portal to allow users such as police and probation officers to have self-service access to case information and to historic and real-time maps of offenders' movements. Instead, users must request mapping data from Capita, which creates a delay, and HMPPS cannot collect information on the timeliness or quality of the service. HM Inspectorate of Probation found the absence of a user portal leaves a gap in service provision. Probation staff find the process time-consuming and the maps difficult to interpret, which hinders their responsive supervision of offenders. HMPPS is cautious about introducing further changes to Capita's current contract but has committed to improve service standards to support public protection better in future contracts. HMPPS has also introduced a new reporting tool, which provides some weekly offender-level mapping data for the police, and plans to roll it out to probation staff (paragraphs 2.19 to 2.21).

8 HMPPS's ability to carry out analysis and evaluation is severely constrained by the poor quality and availability of data. HMPPS intended Gemini to integrate data from other systems through automated interfaces. Without it, the service relies on staff manually re-keying information. This is both inefficient and more prone to error. HMPPS did not include in the contract a requirement for full and direct access to the management information Capita holds on tagging, making it difficult for it and other users to make improvements. More generally, the system is not linked to other systems in the justice sector so HMPPS cannot reliably link data, limiting insights into offenders' journeys or longer-term reoffending. Only data on offenders' age and gender are captured, so HMPPS does not know whether tagging is proportionately applied to offenders with other protected characteristics, including ethnicity (paragraphs 2.18, 4.13 and Figure 13).

9 Evidence on the effectiveness of tagging remains weak, particularly on reducing reoffending and diverting offenders from prison. HMPPS's location monitoring pilots provided useful learning on launching a new service which it successfully applied to its national rollout. However, it did not analyse reoffending and offenders' diversion from prison as planned because of constrained resources. HMPPS estimates that to break-even from its investment in its expansion programme, it would need to divert around 5,000 offenders from prison or deter 9,000 repeat offences by 2025-26. However, the effect of tagging on these outcomes remains unproven and poor-quality data mean HMPPS is heavily reliant on anecdotal information. To address gaps, it has committed to evaluate its current and future tagging expansion initiatives, including the effect on reoffending and other rehabilitative outcomes (paragraphs 2.9 and 4.12 to 4.15).

Reasons for delays in delivering the case management system

10 There were shortcomings in HMPPS's performance as systems and service integrator. HMPPS took on the integrator role from Capita following a dispute in 2016. As integrator, it had to agree requirements, ensure suppliers' contributions were compatible and resolve integration issues. However, HMPPS did not spend enough time at the outset with Capita to explore the feasibility of its requirements. Instead, it took a detailed, prescriptive approach which was inflexible and limited innovation. An external review of the programme found that HMPPS did not intervene early enough to resolve cross-supplier integration issues. In addition, a breakdown in trust and collaboration between HMPPS and Capita led to three formal disputes between HMPPS and Capita during the programme (paragraph 3.4).

11 HMPPS's transformation timetable was over-optimistic. HMPPS pursued a fixed launch date early in the programme before it had a clear view on whether suppliers were ready to proceed. It did not agree its first delivery plan with suppliers until August 2018, although it had originally expected to launch the new service in September 2018. These delays were due to the volume of interdependencies between suppliers' technical solutions, the changes Capita had to implement to accommodate G4S's tags and Capita's delays in developing the data centre. In addition, HMPPS did not build in any contingency into its first contractual delivery plan. It subsequently re-baselined its delivery plan three times, moving the targeted launch date for Gemini by 29 months, and these delays eroded planned benefits (paragraph 3.5).

12 HMPPS did not escalate significant risks, and the Ministry of Justice (the Ministry) missed opportunities to provide additional support and detailed scrutiny at key decision points. The programme had high risks and low delivery confidence over a long period, but HMPPS did not escalate these to the Ministry. There was also a lack of digital leadership from the Ministry, and the programme's technical assurance capability, which was provided by consultants, did not extend to providing strategic advice or challenge. In 2019-20 HMPPS used a business case 'addendum' rather than a revised business case to extend the programme, which complied with minimum requirements but which limited the extent of scrutiny it received at this crucial time. HMPPS did not make clear the programme's progress, the key risks or how, given previous delays, it would achieve its revised target transformation date. There was no formal requirement set by the Ministry for HMPPS to escalate risks in this way. The Ministry's Investment Committee was content only to 'note' the addendum. HM Treasury approved the addendum based on affordability only. This was a missed opportunity for an external strategic look at the programme and for more detailed scrutiny on whether termination would have been a more prudent option at this point. The programme team raised doubts about Gemini's capability and the possibility of continuing with the current case management system as a potential fallback option in June 2019, 23 months before it suspended development. However, had HMPPS terminated the Gemini contract at the end of 2019-20, taxpayers' exposure would still have been significant: 84% of losses (£82 million) related to expenditure between 2011-12 and 2019-20 (paragraphs 3.6 to 3.8 and Figure 14).

Expanding electronic monitoring services

13 HMPPS has responded to policy changes that seek to widen its use of tagging to broader groups of offenders. It launched a £1.2 billion expansion programme comprising three expansion projects so far:

- HMPPS has achieved positive outcomes in its alcohol monitoring service, reporting offenders' high sobriety rates while on tag. It launched services for offenders on community-based court orders in October 2020 and was well-placed to respond to unexpectedly high demand due to sentencers' enthusiasm for the intervention. The longer-term impacts of alcohol monitoring are not yet known (paragraphs 4.3 to 4.5 and Figure 15).
- HMPPS launched a pilot scheme for acquisitive offenders – those with convictions for theft, burglary or robbery – in April 2021, making tagging a condition of eligible prison leavers' licences. It successfully rolled out an innovative tool which enables participating police forces to match crime incidents with offenders' location data, and there is anecdotal evidence of some resulting in convictions. HMPPS has not yet sought systematic data from police forces on the efficiency or outcomes of using this tool to investigate crime (paragraphs 4.6 to 4.8 and Figure 15).

- HMPPS's and the Home Office's plans to monitor Foreign National Offenders (FNOs) using smartwatches which capture biometric data have been severely delayed. HMPPS rolled out standard fitted tags on schedule for its higher-risk FNOs but has stopped developing the watches after discovering 11 months into development that it was using an operating system that did not meet Government Cyber Security Standards. HMPPS and the Home Office have now sourced an alternative option (paragraphs 4.9 and 4.10 and Figure 15).

Learning the lessons and managing future risks

14 HMPPS has made some pragmatic decisions to reduce delivery risks but must procure new contracts and transition to the new service against a demanding timetable. By 2023-24, HMPPS expects to monitor around 21,400 cases, about 6,000 more than March 2022 based on analysis presented in its business case. Alongside this, it needs to re-procure contracts against a fixed deadline. In line with good practice, it has invested time and resources in exploring upfront the prospective suppliers' capability, experience and potential technical solutions. By committing to procure tried and tested technologies – rather than commissioning bespoke systems – HMPPS is better placed to address the shortcomings which occurred in its transformation programme. It also plans a phased approach to confirming the requirements for technical interfaces. It will first understand how the future tagging provider's systems will work, rather than expecting suppliers to undertake development work in parallel, which is prudent. Significantly, HMPPS has developed a clear risk escalation framework which, if followed, will ensure more timely and appropriate scrutiny than has been the case previously. However, HMPPS is constrained by its current suppliers' contract expiry dates, meaning it has had to set itself a demanding timetable for the procurement and transition to the new service. For example, it expects that suppliers will be able to integrate their systems in six months, but it has not yet tested their potential systems or the ease of their integration (paragraphs 4.16, 4.19 and 4.21, and Figures 18 and 19).

15 HMPPS has again chosen to outsource the role of systems and service integrator and must be prepared to step in to handle any problems arising. HMPPS believes it does not have the capability and capacity to undertake this role and that the supplier who fits the tags will be better placed to act as integrator. HMPPS has committed to: thoroughly test prospective suppliers' capability, experience and access to suitable systems; clearly define interfaces and responsibilities between parties; and seek strong assurance of suppliers' integration work. However, in outsourcing this function – which it tried unsuccessfully before – HMPPS will need to be prepared to manage the risks with this approach. These include:

- parties having different interpretations of what the integrator role involves and where accountability lies if problems arise;
- the integrator having no contractual oversight of the other supplier; and
- the potential for real or perceived conflicts of interest, and the associated impact on relationships (paragraphs 4.20 and 4.21, and Figure 17).

16 HMPPS's new arrangements offer significant opportunities to improve tagging services and better meet stakeholders' needs. HMPPS has run workshops, commissioned external reviews, gathered stakeholders' feedback and documented lessons it considers it must apply. HMPPS has the opportunity to redefine how it oversees the service, resolve inefficiencies and improve transparency of suppliers' performance. It plans to provide policing and criminal justice stakeholders with greater access to better-quality and more timely data, which should improve their insight into offenders' behaviour. Improving data should also help HMPPS test ways of measuring the impact of tagging on longer-term outcomes (paragraph 4.22 to 4.25 and Figure 18).

Conclusion on value for money

17 HMPPS has launched new services, extended tagging to new groups of offenders and taken pragmatic steps to reduce delivery risks. But it has not achieved the fundamental transformation of tagging services it intended and has wasted £98 million through its failed attempt to develop the Gemini case management system. It did not manage the implications of its complex delivery model effectively, set overly prescriptive requirements and did not perform its role as systems and service integrator effectively. Programme risks persisted for protracted periods without escalation to – or adequate scrutiny or support from – the Ministry. Better scrutiny in 2019-20 could have informed whether termination was a more prudent option at that point, although taxpayers' exposure would still have been significant. HMPPS's decision to stop Gemini in 2021 was well-founded in the circumstances and protected the taxpayer from further losses. However, its lack of focus on monitoring benefits and continued poor evidence base means that – more than 10 years into the programme – Parliament still does not have a clear view on what it has achieved or whether electronic monitoring is an effective intervention. To date, HMPPS has not achieved value for money.

18 HMPPS has identified lessons from its management of the transformation programme. Its plans for re-procurement and transition to the new service mean it is now better placed to avoid repeating past mistakes. However, it has limited time to make the transition, and at this early stage it does not yet know how easy it will be to integrate prospective suppliers' work. Ultimately, achieving value for money in the future will depend on HMPPS delivering a reliable, responsive and cost-effective service to stakeholders, supported by evidence that tagging brings proven reductions in reoffending and that more offenders are diverted from prison. HMPPS is taking welcome steps to identify what data and information it needs to build the evidence base. Still, significant work remains to demonstrate the value of electronic monitoring in protecting the public and reducing reoffending.

Recommendations

19 These recommendations are intended to support HMPPS and the Ministry in applying lessons, mitigating risks and maximising future benefits.

On managing re-procurement

- a** The Ministry and HMPPS should ensure digital, data and technology colleagues provide strategic direction and oversight at key decision points in the re-procurement process. They should be involved in:
- developing requirements before bid processes commence;
 - evaluating bidders' tender documents and proposed solutions; and
 - exploiting opportunities to improve operational processes, contract management and data.

On managing suppliers and technical integration

- b** HMPPS must apply lessons from its previous approach to integration and ensure that it:
- understands the risks with its selected delivery approach and puts in place mitigations for those risks;
 - conducts scenario-testing to explore how it could resolve commercial disputes arising from, for example: (1) differences in interpretation of roles and responsibilities; and (2) incompatible solutions creating integration risks; and
 - has sufficient controls and incentives in place to enable its future monitoring and field services supplier to deliver an effective systems integrator role.

On managing expansion

- c** The Ministry and HMPPS should set realistic expectations for what can be delivered in the next two years. They need to put in place the capacity and capability to handle new initiatives and an increasing caseload alongside re-procurement activities. As part of this, HMPPS should:
- regularly review activity against demand forecasts to ensure it has the people, systems and funding in place to support growth and take prompt action should activity go significantly above or below expectations; and
 - manage demand for further expansion of tagging services to new cohorts as it transitions to new contracts to support new suppliers in delivering a stable operational service.

On data and evidence

- d** HMPPS needs to evaluate the effectiveness of electronic monitoring. It should:
- publish an electronic monitoring data strategy explaining how it will improve data – and how policing and criminal justice stakeholders will access those data. This should include addressing gaps in the diversity characteristics of offenders to meet commitments in the Lammy Review;
 - publish an overarching evaluation strategy setting out how it intends to measure the impact of electronic monitoring on outcomes (such as reoffending, diverting offenders away from prison, impact on probation work, police and criminal justice efficiency) including how it will gather systematic feedback from users; and
 - implement a system to track the benefits articulated in its business case – with robust baselines – and embed benefits management into reporting and governance to ensure accountability.