



House of Commons
Committee of Public Accounts

The operational performance of PFI prisons

**Forty-ninth Report of
Session 2002–03**

*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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Committee staff

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Summary

Introduction

Since 1995, the Prison Service has signed nine Private Finance Initiative (PFI) contracts for the design, construction, financing and operation of new prisons. Seven of these prisons are now operational (**Figure 1**). They account for about 5% of the prison estate and hold 5,000 prisoners, around 7% of the total prison population. Two other prisons that were built and financed conventionally by the public sector are run by private companies under management-only contracts. A further five prisons, two of which had previously been operated by the private sector, are now run by local management teams under service level agreements, following successful in-house bids.

Figure 1: PFI prisons, privately managed prisons, and publicly managed prisons under service level agreements

PFI Prisons (date opened)	Privately managed under contract (date commenced)	Publicly managed under service level agreements (date commenced)
Parc (1997)	Wolds (1992)	Blakenhurst (1993)
Altcourse (1997)	Doncaster (1994)	Manchester (1994)
Lowdham Grange (1998)		Buckley Hall (1994)
Ashfield (1999)		Leicester (2002)
Forest Bank (2000)		Reading (2002)
Rye Hill (2001)		
Dovegate (2001)		

Source: C&AG's Report

The success of in-house management teams in bidding against the private sector has been seen as an example of how performance has improved to the point that the Prison Service can now compete successfully on operating costs. However, to date there has been little available information on how the operational performance of PFI prisons compares with other prisons or whether the use of the PFI has brought wider benefits to the Prison Service.

On the basis of a Report¹ by the Comptroller and Auditor General we took evidence from the Home Office, the Prison Service and two of the four contractors who run PFI and privately managed prisons (Group 4 Falck and Premier Custodial Group). We examined the extent to which good practice is shared between PFI and public prisons, and how the operational performance of PFI and public prisons is measured and managed.

1 C&AG's Report, *The operational performance of PFI prisons* (HC 700, Session 2002–03)

Conclusions and recommendations

- 1. The Home Office and the Prison Service should promote greater co-operation and exchange of good practice between publicly and privately managed prisons.** Prisoners held in PFI prisons feel that they are shown greater respect and are treated better than prisoners in public prisons. But the relative inexperience of staff in PFI prisons can compromise security through staff being conditioned by some prisoners to 'turn a blind eye'. Public prisons could import good practice on the treatment of prisoners from PFI prisons, and PFI prison staff could benefit from joint training on security issues with their more experienced counterparts in the public sector.
- 2. The Home Office and Prison Service should expand staff exchanges during the next two years.** The interchange of staff between privately managed and publicly managed prisons is a way to broaden perspectives and gain an appreciation of different working methods. Such interchanges have been encouraged at senior management levels but not at more junior grades, where day to day contact with prisoners is much greater.
- 3. In awarding contracts or negotiating Service Level Agreements there should be as much emphasis on the sustained delivery of an acceptable service as there is on contract price.** The Prison Service had to put in its own management team at Ashfield Young Offenders Institution for five months in 2002. There was a high level of staff turnover, and the contractor was unable to recruit staff to meet indicative staffing levels set out in the contract. Staffing levels at recent PFI prisons and two public sector prisons now managed under Service Level Agreements have also given cause for concern.
- 4. The Prison Service should not shy away from terminating prison contracts.** The contractor was in breach of contractual obligations at Ashfield, but the Prison Service chose not to terminate the contract. Although the contractor suffered substantial financial penalties, there were also knock-on costs to the public sector as young offenders had to be moved to other, already overcrowded, institutions.
- 5. Some PFI prison Controllers have become too close to the contractor, whilst others have been over stringent and adversarial.** PFI prisons are monitored on a day-to-day basis by Controllers, whose job it is to assess the prison's performance against the contract. There needs to be greater consistency in how Controllers approach their role, supported by improved training and clear career progression.
- 6. The monitoring and recording of performance data is at present less reliable in the public sector than in the PFI sector.** The Prison Service should examine the feasibility of introducing within the next year a performance data monitoring function, similar to the Controller function in PFI prisons, throughout publicly managed prisons. The cost of such an initiative could be reduced by making such monitors responsible for a number of prisons within a geographical area.
- 7. The number of performance measures should be reduced and made more consistent between the public and private sectors.** Public prisons have to report regularly on up to 48 Key Performance Targets and 61 Prison Service Standards and

privately managed prisons have to report on a further 30 to 40 contract measures. Prisons, both publicly managed and privately managed, are overburdened with performance measures, making the monitoring of performance and prioritisation between targets difficult. The large number of measures does not lead to any better understanding of individual prison performance.

8. **There are inconsistencies between the performance measures and targets used for different prisons.** For example, in areas such as purposeful activity for prisoners, PFI prisons are set higher targets than public prisons. The performance of some public prisons in providing purposeful activity for prisoners needs to improve significantly if they are to make progress in helping to reduce the rate of re-offending. Targets in public prisons should be brought in line with those used in the private sector.
9. **The use of Service Level Agreements should be extended to all prisons found to be performing unsatisfactorily.** Service Level Agreements specifying the standard of performance expected in return for a fixed budget have been used successfully to encourage better performance in public prisons that have been failing to meet required standards. However, at present, only four failing prisons have been identified for this approach. The development of the Weighted Scorecard ranking of prisons should make it simpler to identify prisons where intervention is needed.

1 Exchanging good practice between prisons

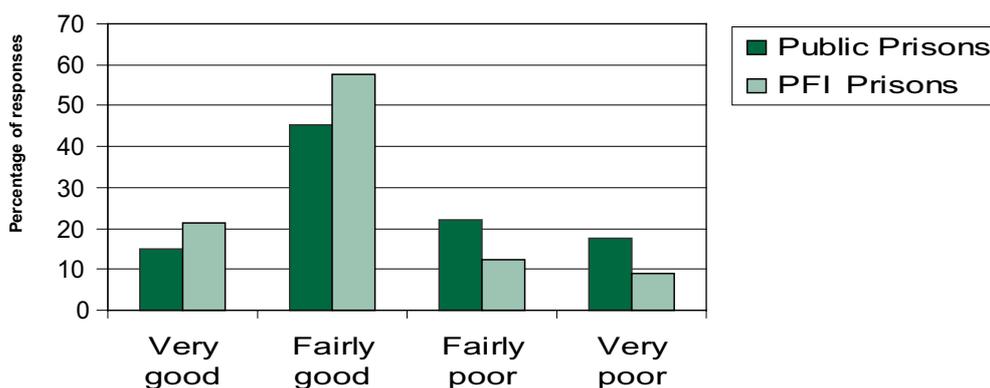
1. Under the PFI the private sector undertakes the design and construction of a prison and thereafter maintains and operates it for 25 years. PFI prisons differ from most other PFI projects as the contractor provides the whole service, including custody, education and healthcare for prisoners, whereas in projects such as new hospitals and schools the public sector remains responsible for the provision of key staff such as nurses and teachers.

2. The use of the PFI has helped sustain an alternative group of prison providers, which has helped to reduce costs and has acted as an incentive to improve prison performance. PFI contractors have brought innovations in three main areas: in the treatment of prisoners; in the more flexible deployment of staff; and in the use of new technology.

Treatment of prisoners

3. An important innovation by the private sector has been in promoting a more constructive staff/prisoner relationship. Staff in PFI prisons are encouraged to treat prisoners in a more positive manner, for example through the use of first names and mentoring schemes. When surveyed by the NAO, prisoners in PFI establishments felt that they were treated better and shown greater respect than prisoners in public prisons (Figure 2).² The Prison Service and the contractors considered that PFI prisons had been able to develop such a culture because managers were opening a new prison with staff that could be trained to deal positively with prisoners.

Figure 2: Prisoners' response to the question "how would you rate the respect shown towards you by staff?"



Source: C&AG's Report

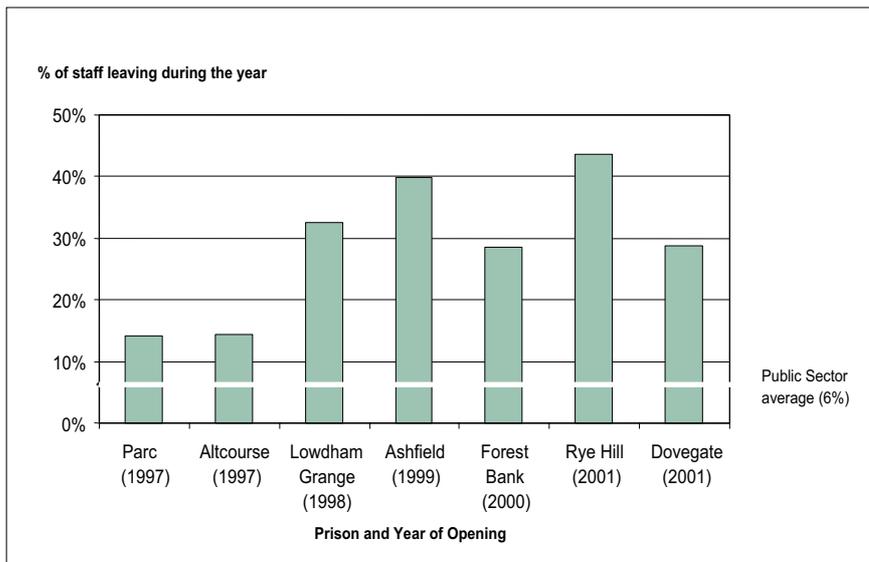
4. PFI prisons tended to have younger prison officers and more female officers than public prisons.³ However, less experienced officers were at risk of being conditioned by prisoners to overlook security breaches. Most of the escapes from prisons in recent years had occurred in this way. There had been a high turnover of staff in most private prisons

² C&AG's Report, paras 12, 2.18, Fig 13

³ Qq 11–12, 18, 89–92

and in each case turnover was considerably higher than the average public sector figure of 6% (**Figure 3**). Turnover was particularly high in private prisons that had opened recently, possibly because many new recruits had no previous experience of prisons. The Prison Service was concerned that staff would not have long enough to learn how to manage prisoners. As prisons settled down over time, however, staff turnover had started to reduce, and the older private sector prisons now had a much lower staff turnover than the newer ones.⁴

Figure 3: Annual Staff Turnover (2001–02)



Source: C&AG's Report

5. In the public sector, where staff turnover was low, it was difficult to change entrenched attitudes. Staff had often entered the Prison Service many years before when there were different expectations about the treatment of prisoners, and the emphasis was on containment rather than rehabilitation. Getting the balance right in the way staff treated prisoners was crucial. Staff had to be able to work closely with prisoners whilst at the same time not being too trusting; otherwise there were security problems. The Prison Service was working to improve the way prisoners were dealt with in the public sector by recruiting more carefully and by training rather better.⁵

Deployment of staff

6. Staff costs account for about 80% of the running costs of a prison. Consequently, innovation from the private sector has often focused on the more efficient use of staff. Shift patterns in PFI prisons allow receptions to open later, visiting times to be more flexible and prisoners on enhanced regimes to eat with their families. These innovations have been possible because employee terms and conditions were written with operational flexibility in mind. The Prison Service had reviewed staffing at all public prisons, which had enabled it to introduce more flexible shift patterns, similar to those used by contractors. The changes

⁴ Qq 12, 18–23, 27–28; C&AG's Report, para 2.20, Fig 16

⁵ Qq 11, 18

to staffing levels had not always been greeted favourably or with enthusiasm, but had been implemented without opposition.⁶

7. The drive for greater efficiency had led to downward pressure on the price of recent contracts, leading to reductions in staffing levels and concerns that prisons would not be able to meet their full obligations. For example, the ratio of staff to prisoners at Rye Hill was much lower than for earlier PFI prisons, such as Altcourse and Parc. The Home Office also had concerns about staffing levels at two of the public prisons—Manchester and Blakenhurst—operating under Service Level Agreements. The two PFI prisons currently being built at Peterborough and Ashford would have higher staff-prisoner ratios. The contractor had been selected for the innovation and quality of its bid rather than just the contract price. The Home Office wanted the successful contractor to be fully committed to spending time on reducing re-offending.⁷

8. The private sector had been able to pay less in areas of the country where wage levels were lower. However, as the three most recently opened PFI prisons were located in areas of low unemployment and high average salaries, contractors had found it difficult to recruit staff and were failing to meet even the low staffing levels agreed in the contract. Dovegate had incurred high financial penalties in respect of assaults, security breaches and positive drug tests, which the contractor believed was due to the difficulty in retaining staff. Ashfield had also found it difficult to recruit good teachers as the terms and conditions offered were worse than at local schools.⁸

Use of new technology

9. PFI prisons have been innovative in their use of new technology. IT systems are used to monitor the whereabouts of prisoners and to provide information on the purposeful activities they are engaged in. Public sector prisons use paper-based systems, which provide less reliable information that is not instantly available. PFI prisons also make far wider use of CCTV to improve security. The Prison Service is currently introducing an IT system which will allow public prisons to monitor prisoner activity. But it would be difficult to make wider use of technology, such as CCTV and electronic doors, in many of the older public prisons built in the 19th century.⁹

Exchanging good practice

10. The C&AG's Report found only limited evidence that good practice was being exchanged between prisons or that private sector innovation was being incorporated into public prisons. The Prison Service acknowledged that more could be done to exchange good practice. Some innovative work on the care of juveniles which had been done across the sectors had been successfully transferred from the private sector to the public sector and vice versa. And the public sector had developed offending behaviour programmes which sought to change a prisoner's erratic or aggressive behaviour. These programmes

6 C&AG's Report, para 3.15; Qs 14–15

7 Qq 77–78, 110, 122; C&AG's Report, para 3.6

8 Qq 25, 136–142

9 C&AG's Report, para 3.16; Q 172

helped to reduce re-offending and were increasingly being used by private sector as well as public sector prisons. Governors and directors had also been encouraged to move from one sector to another and there was now some two-way traffic at this level.¹⁰

Mutual support

11. The Home Office stressed that the two sectors supported one another in times of crisis and that co-operation between the two sectors in such situations was exemplary. For example, during a very serious incident at Lincoln prison in autumn 2002, some of the staff who helped to reassert control came from private sector prisons. The private sector was not paid when it offered mutual aid to public sector prisons in the same way that the public sector would not be paid for mutual aid to private sector prisons.¹¹

10 C&AG's Report, paras 3.13, 3.20; Qq 119–120, 131, 177–179

11 Qq 159–160

2 Measuring the performance of prisons

The performance of PFI prisons

12. The performance of the seven PFI prisons against contract has been mixed. All but one have incurred financial deductions for poor performance, although the level of financial deductions in themselves do not provide a full picture of performance in a prison. In most cases, the financial deductions have tended to be highest in the first year of operation and generally reduced in the following years. The Home Office intends that in future there will be a much greater link between financial deductions and the performance of the prison.¹²

13. Comparing the performance of PFI prisons against publicly-managed prisons is difficult because of variations in their age, design and function and because of the different ways in which their performance is measured and targets are set. PFI prisons tend to perform better than public prisons in relation to the Prison Service's decency agenda, such as respect shown to prisoners, and the availability of purposeful activities for prisoners. They tend to perform less well in areas such as safety and security. Indeed, it is unusual for any prison, whether privately or publicly managed, to perform equally well on both counts, indicating that there is a difficult balance to be struck between the two areas of work.¹³

14. One of the seven PFI prisons, Ashfield Young Offenders Institution, which was opened in 1999, has performed significantly worse than the other six. The Prison Service became so concerned about safety at Ashfield that it put in its own management team for five months in 2002 and moved the young offender population to other establishments. In October 2002, control of Ashfield was returned to the contractor, Premier Custodial Group Ltd, after conditions improved, although an improvement was to be expected as the institution was half empty of prisoners but operating with a full complement of staff.¹⁴

15. Premier was in breach of its contract for Ashfield on several occasions. Rather than terminate the contract, the Prison Service had opted to put in public service management to improve the prison's performance. Under the contract, Premier had incurred financial deductions for poor performance and non-availability when young offenders were moved to other institutions. Premier's income was halved but it still had to maintain a full complement of staff, the cost to Premier amounting to £4.2 million. However, it was not only the contractor who suffered losses. Some of the risk of poor performance was borne by the public sector as young offenders had to be redirected to other institutions which were already overcrowded. The Prison Service has made clear to Premier that the prospect of contract termination remains if the improvement in performance is not sustained.¹⁵

12 C&AG's Report, para 5; Q 67

13 C&AG's Report, paras 8, 2.16; Q 87

14 C&AG's Report, para 1.15, Appendix 2

15 Qq 9–10, 126, 129, 145–157; C&AG's Report, para 5

The use of performance measures and targets

16. Public prisons are measured against 48 Key Performance Targets and have to comply with 61 Prison Service Standards (**Figure 4**). Her Majesty's Chief Inspector of Prisons has also set out 4 key constituents of a healthy prison. PFI and privately-managed prisons typically have to meet 30 to 40 performance measures set out in their contracts. They also have to comply with the 61 Prison Service Standards and their contracts are being amended to incorporate the relevant Key Performance Targets. Many of the targets and measures overlap and there are a number of other areas where the details of the measures are different or where different measures are used to assess performance against the same standard.¹⁶

17. There are inconsistencies between the targets set for PFI and public prisons. For example, the average target for purposeful activity in a public prison is 20.6 hours a week per prisoner, as opposed to 29.5 hours a week in PFI prisons. The Prison Service said that it had sought higher levels of performance in the early PFI contracts to get better value for money and to create a benchmark which would help to push up performance in the public sector. The PFI prisons had largely succeeded in meeting these targets, and most public prisons were also improving. But the Home Office recognised that prisons should be concentrating much more on those aspects of purposeful activity known or believed to reduce re-offending, such as education and offending behaviour programmes.¹⁷

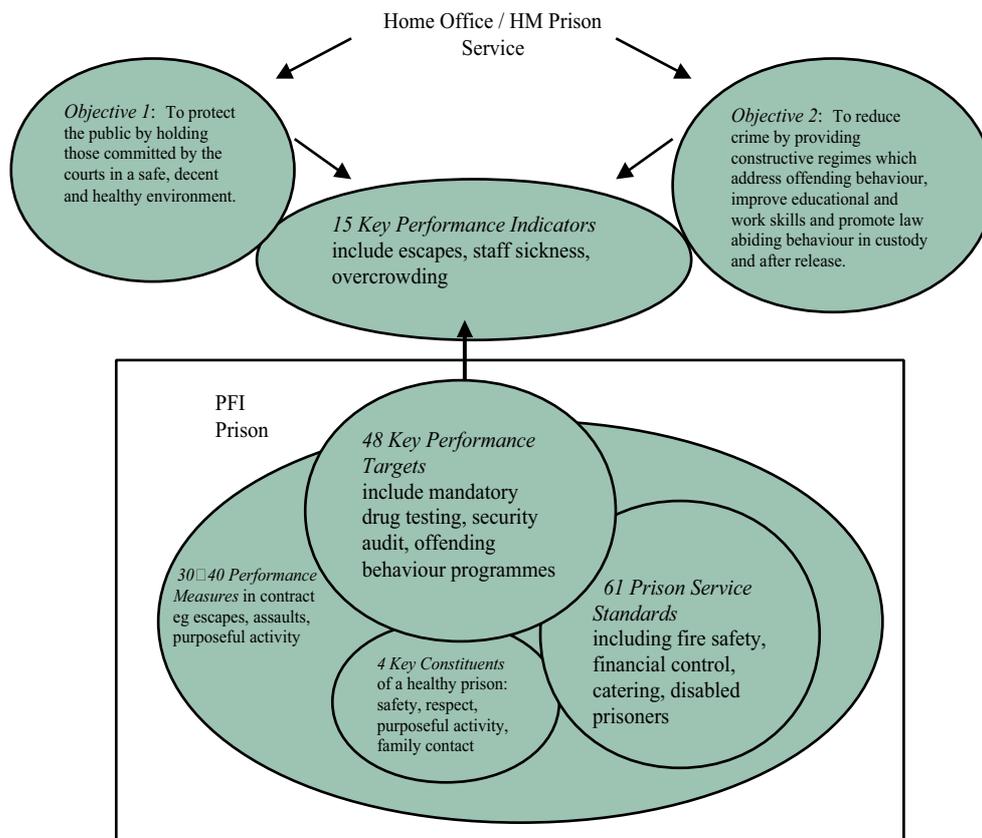
18. The Home Office and contractors agreed that the large number of performance measures overburdened prisons, making it difficult for managers to prioritise between targets, and to monitor performance against every indicator accurately. Targets needed to be consistent if meaningful comparisons were to be drawn. Contractors were also concerned that some of the targets were input-based, for example, measuring compliance with the Prison Service Standards to prevent self-harm by prisoners rather than monitoring actual incidences of self harm. This practice stifled the potential for innovation, which was meant to be a key benefit of the PFI. In the most recent contracts for PFI prisons under construction at Ashford and Peterborough, two-thirds of the performance targets were to be measured yearly, rather than monthly, in order to reduce the reporting burden. PFI contracts were also being amended to bring them into line with current Prison Service priorities to increase educational activities in prisons, such as offending behaviour programmes, and to assist with the resettlement of prisoners prior to their release.¹⁸

16 C&AG's Report, Fig 1, paras 2.2–2.3

17 Qq 3–6, 83–88

18 Qq 1–2, 24, 111–116

Figure 4: Performance measures in a PFI prison



Source: C&AG's Report

19. The Prison Service has Service Level Agreements with five public prisons, which set out the resources to be provided and specify the required level of performance in terms similar to a contract with a PFI prison. The Home Office said that the intention was to move public prisons on to a series of such agreements so that there was a similar contractual arrangement with public prisons as with privately-managed prisons. Two of the existing Service Level Agreements were the result of a performance testing regime to identify failing prisons. A failing prison has to produce an action plan to improve, which is then implemented through a Service Level Agreement. If the plan is not acceptable, or is not fulfilled, the prison is contracted out to the private sector without an in-house bid. Two further prisons—Liverpool and Dartmoor—have now been selected to go through this process. They will face the sanction of being contracted out unless they significantly improve their performance within six months.¹⁹

20. The Prison Service is also developing a quarterly system of ranking prisons, known as the Weighted Scorecard. It scores an individual prison's performance against its targets, its previous performance and the performance of other prisons in the same category. Individual targets are weighted according to the type of prison.²⁰

19 Qq 8, 16, 81, 106

20 C&AG's Report, para 2.4

Monitoring prison performance

21. Unlike public prisons, the performance of PFI prisons is monitored by an on-site Controller from the Prison Service. In the past, there have been different approaches to the role, with some Controllers becoming too close to the contractor, whilst others were adversarial. The Home Office agreed that there had been inconsistencies. The Controller's role would be simplified to focus purely on contract monitoring. All Controllers would be line managed by one person, a senior member of the Home Office, who would be developing training to ensure that there was a consistent approach to assessing a prison's performance.²¹

21 *ibid*, para 1.23; Qq 79, 93-94, 130-131

Formal minutes

Wednesday 19 November 2003

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan
Mr Richard Bacon
Mr Brian Jenkins

Mr Gerry Steinberg
Jon Trickett
Mr Alan Williams

The Committee deliberated.

Draft Report (The operational performance of PFI prisons), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 21 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Forty-ninth Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Wednesday 26 November at 3.30 pm

Witnesses

Monday 30 June 2003

Page

Mr Phil Wheatley, HM Prison Service, **Mr Martin Narey**, and **Mr John Steele**, Home Office, **Mr Kevin Beeston**, Serco Group plc, **Ms Veronica O'Dea**, Premier Custodial Group, **Mr David Banks**, Global Solutions Ltd

Ev 1

List of written evidence

Premier Custodial Group

Ev 22

Home Office

Ev 24

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Fourth Report	Private Finance Initiative: redevelopment of MOD Main Building	HC 298 (<i>Cm 5789</i>)
Fifth Report	The 2001 outbreak of Foot and Mouth Disease	HC 487 (<i>Cm 5801</i>)
Sixth Report	Ministry of Defence: Exercise Saif Sareea II	HC 502 (<i>Cm 5801</i>)
Seventh Report	Excess Votes 2001–02	HC 503 (<i>N/A</i>)
Eighth Report	Excess Votes (Northern Ireland) 2001–02	HC 504 (<i>N/A</i>)
Ninth Report	The Office for National Statistics: outsourcing the 2001 Census	HC 543 (<i>Cm 5801</i>)
Tenth Report	Individual Learning Accounts	HC 544 (<i>Cm 5802</i>)
Eleventh Report	Facing the challenge: NHS emergency planning in England	HC 545 (<i>Cm 5802</i>)
Twelfth Report	Tackling pensioner poverty: encouraging take-up of entitlements	HC 565 (<i>Cm 5802</i>)
Thirteenth Report	Ministry of Defence: progress in reducing stocks	HC 566 (<i>Cm 5849</i>)
Fourteenth Report	Royal Mint Trading Fund 2001–02 Accounts	HC 588 (<i>Cm 5802</i>)
Fifteenth Report	Opra: tackling the risks to pension scheme members	HC 589 (<i>Cm 5802</i>)
Sixteenth Report	Improving public services through innovation: the Invest to Save Budget	HC 170 (<i>Cm 5823</i>)
Seventeenth Report	Helping victims and witnesses: the work of Victim Support	HC 635 (<i>Cm 5823</i>)
Eighteenth Report	Reaping the rewards of agricultural research	HC 414 (<i>Cm 5823</i>)
Nineteenth Report	The PFI contract for the redevelopment of West Middlesex University Hospital	HC 155 (<i>Cm 5961</i>)
Twentieth Report	Better public services through call centres	HC 373 (<i>Cm 5961</i>)
Twenty-first Report	The operations of HM Customs and Excise in 2001–02	HC 398 (<i>Cm 5961</i>)
Twenty-second Report	PFI refinancing update	HC 203 (<i>Cm 5984</i>)
Twenty-third Report	Innovation in the NHS—the acquisition of the Heart Hospital	HC 299 (<i>Cm 5961</i>)
Twenty-fourth Report	Community Legal Service: the introduction of contracting	HC 185 (<i>Cm 5961</i>)
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Twenty-sixth Report	Safety, quality, efficacy: regulating medicines in the UK	HC 505 (<i>Cm 5962</i>)
Twenty-seventh Report	The management of substitution cover for teachers	HC 473
Twenty-eighth Report	Delivering better value for money from the Private Finance Initiative	HC 764 (<i>Cm 5984</i>)
Twenty-ninth	Inland Revenue: Tax Credits and tax debt	HC 332 (<i>Cm 5962</i>)

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Thirty-second Report	The Highways Agency: Maintaining England's motorways and trunk roads	HC 556 (<i>Cm 5962</i>)
Thirty-third Report	Ensuring the effective discharge of older patients from NHS acute hospitals	HC 459 (<i>Cm 6016</i>)
Thirty-fourth Report	The Office of Fair Trading: progress in protecting consumers' interests	HC 546 (<i>Cm 5962</i>)
Thirty-fifth Report	PFI Construction Performance	HC 567 (<i>Cm 5984</i>)
Thirty-sixth Report	Improving service quality: Action in response to the Inherited SERPS problem	HC 616 (<i>Cm 5963</i>)
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Thirty-ninth Report	A safer place to work: Protecting NHS hospital and ambulance staff from violence and aggression	HC 641 (<i>Cm 5963</i>)
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Forty-sixth Report	Ministry of Defence: Building an air manoeuvre capability: the introduction of the Apache helicopter	HC 533
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Forty-ninth Report	The operational performance of PFI prisons	HC 904

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number

Oral evidence

Taken before the Committee of Public Accounts

on Monday 30 June 2003

Members present:

Mr Edward Leigh, in the Chair

Geraint Davies
Mr Ian Davidson
Mr Nick Gibb
Mr Brian Jenkins

Mr George Osborne
Mr David Rendel
Jon Trickett
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, further examined

Mr Brian Glicksman, Treasury Officer of Accounts, HM Treasury, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

The Operational Performance of PFI Prisons (HC 700)

Witnesses: **Mr P Wheatley**, Director General, HM Prison Service, **Mr M Narey**, Commissioner for Correctional Services and Permanent Secretary for Human Resources and **Mr J Steele**, Director of Strategy, Finance and Competition, Home Office, **Mr K Beeston**, Executive Chairman, Serco Group PLC and **Ms V O'Dea**, Contract Director, HMP & YOI Ashfield, Premier Custodial Group and **Mr D Banks**, Chief Operating Officer, Group 4 Falck Global Solutions Ltd, examined.

Q1 Chairman: Welcome to the Committee of Public Accounts. Today we are looking at the operational performance of PFI prisons. We welcome as our witnesses Mr Martin Narey, Commissioner for Correctional Services at the Home Office, you are very welcome once again to our Committee; John Steele, the Correctional Services Director of Strategy, Finance and Competition; Phil Wheatley, who is the Director General of the Prison Service; Kevin Beeston, the Executive Chairman of Serco; David Banks, the Chief Operating Officer of Group 4 Falck Global Solutions Ltd; Veronica O'Dea. Thank you very much for coming to see us this afternoon, we are very grateful. Could you please turn to Figure 1 on pages 2 and 3? If you look at that interesting figure about the reporting lines and information flows between the prison service and PFI prisons, you will see in the box at the bottom of the page that there are 48 key performance targets (KPTs), 61 prison service standards. Why do you need so many?

Mr Narey: Phil Wheatley, my successor as Director General needs that many to have a firm grasp about the whole activity of the prison service. It is a very complex organisation and he needs to have comprehensive information on how prisons are performing. We do not need that many in the future management of private sector prisons and work under way now with the private sector prisons is looking at ways of refining the current system of performance measurement. For example, we started very cautiously when this venture with Altcourse and Parc was a completely new initiative; we were very cautious about how we would measure performance. We feel a little more confident now

and the contracts for the next two prisons will be much briefer in performance requirements, for example, they will give credit for good performance as well as take away points for poor performance.

Q2 Chairman: Some of these are required monthly, are they not? That places a considerable burden on the governors of the prisons, does it not?

Mr Narey: Indeed and in fully contracted Ashford and Peterborough two thirds of the measures will be measured annually rather than quarterly to reduce that burden.

Q3 Chairman: Thank you very much for that. Could you please turn to page 22 and look at paragraph 2.8? This surprised me when I read it. Could you tell us why some targets are set higher for PFI prisons than for public prisons? I see particularly, "For example, the average purposeful activity target for local prisons operating in the public sector is 20.6 hours per prisoner per week. The equivalent figure for PFI and privately-managed local prisons is 29.5 hours". Obviously a key aim of this Committee is to try to get more purposeful activity in prisons, so why is a lower target set for public prisons?

Mr Narey: There are two reasons for that. The first is that when we were setting these contracts, we wanted to get the very best value for money, so we set high targets. This was also a target which we hoped the public sector prison service, as it now is, was moving towards.

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Q4 Chairman: Are they moving towards it?

Mr Narey: In the last 10 years on a yearly basis the amount of purposeful activity provided in the prison service has increased by an incredible 32 million hours.

Q5 Chairman: Stop there. I am not so interested in large figures like 32 million hours. What I am interested in and what the Committee are interested in is how many hours of purposeful activity every prisoner is doing every week. You must be able to tell me that.

Mr Narey: Yes, I can tell you that. I was trying to explain why it has not gone up. Despite huge increases the size of the population has eaten up that measure. We measure purposeful activity on the basis of number of hours per prisoner per week. If the population had not grown from 44,000 10 years ago to 73,000, nearly 74,000 today, then the amount of purposeful activity per prisoner would be much higher than it is at the moment: it is about 24 hours at the moment and it would have been 30 plus hours.

Q6 Chairman: It is important that members realise that some of this purposeful activity is not very purposeful, is it? Some of it is cleaning the wing.

Mr Narey: That is right. My view, which I think we discussed when I last appeared, is that we should be concentrating much more on those aspects of purposeful activity which we know or believe reduce re-offending, such as education and offending behaviour programmes.

Q7 Chairman: We had a very interesting visit on Wednesday to Altcourse and we were very impressed with the PFI prison we went round. I talked to lots of prisoners there and they were obviously delighted to be there rather than at Walton, down the road in Liverpool, where you are banged up for 23 hours out of 24 hours a day. Is that a satisfactory state of affairs?

Mr Narey: It is not satisfactory. It is not always the case, but it certainly is the case that the regime at Altcourse is a much better one for prisoners in a number of ways than at Liverpool.

Q8 Chairman: What progress are you making to match the standards which are being achieved at Altcourse and which are clearly not being achieved at Walton?

Mr Narey: We have put Walton prison on notice that if in a six-month period they do not significantly improve their performance on a range of measures, including regime activities, then I may take the decision to contract Liverpool out of the private sector. In that case I will not allow a public sector bid.

Q9 Chairman: Thank you very much for that. Could you turn to Appendix 2, which is on pages 38 to 41, you will be familiar with it, it concerns the poor performance of Ashfield? I described Altcourse, which is a very good performing PFI

prison, but Ashfield of course has a chequered history. Why did you not terminate this PFI contract?

Mr Narey: I came very near to doing that, but I did not need to. I took the unprecedented step of putting in public service management of the prison. The next step after that would have been to go to Premier's lenders to get them to find a new provider before possibly terminating the contract. Eventually I did not need to and despite very grave difficulties with Ashfield—very few prisons have caused me more concern as Director General—we managed to pull it round. I was at Ashfield on Friday, probably my eighth or ninth visit in the last few years, and I saw very, very significant signs of real improvement and it is on the way at last to being a decent prison for young people.

Q10 Chairman: Veronica O'Dea is the Director of the Young Offenders Institution. Do you want to say anything briefly at this moment about how you are improving matters there?

Ms O'Dea: Yes. We have changed the senior management and have put in a new team committed to that and managed to slow down the staff attrition; the staff are staying longer, are more confident. We have put in place different structures and systems and the place is getting better.

Q11 Chairman: Thank you for that. I am sure we may want to come back to you later in the afternoon and get a better idea of what is going on in Ashfield and why the problems took place there. Could you turn please to Figure 13 on page 25? I find this a rather alarming little graph. It is the prisoners' views on the respect shown to them by staff. How are you going to get prison officers in public prisons to show the same respect towards prisoners as prisoners receive in PFI prisons?

Mr Wheatley: Getting the balance right in the way in which staff treat prisoners is crucial. They have to be able to work closely with prisoners while at the same time not being too trusting of prisoners otherwise there are security problems. Getting that right is difficult. We are working on a number of fronts to improve the way we deal with prisoners in the public sector by recruiting more carefully, by training rather better and for the current climate; obviously people who were recruited 20 years ago received their initial training on the basis of what was happening at that time.

Q12 Chairman: We were told that prison officers bring a lot of baggage with them. Is that correct?

Mr Wheatley: If somebody has been working in the prison service, as they will have been in many cases, for 20 or 30 years, they will have the baggage of 20 or 30 years. We have a very stable staff with a very low attrition rate as opposed to a greenfield site, where you have recruited staff for that place at one time with a chance to train them for that. We need to re-train, re-emphasise and we are measuring the quality of prison life in a rather sophisticated survey developed with outside research assistance which enables us to get quite a good handle on what is

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really happening in establishments and therefore begin to measure changes and see what works in creating the changes we are looking for.

Q13 Chairman: Have you spoken to the Prison Officers' Association (POA) recently and reminded them that decency is now at the top of the agenda?

Mr Wheatley: Yes and I am working with the POA who at public level fully recognise that and with a chairman who has endorsed that agenda and I am not working against the national union or national leadership. They are on board for the changes we are trying to make.

Q14 Chairman: I want to explore staffing a bit further with you. If you look at page 33 and paragraph 3.15, you will see that one of the key innovations in PFI prisons has been greater flexibility in staffing. Have public prisons taken this on board?

Mr Wheatley: I believe public prisons have taken on board increased flexibility. The arrangements are shift scheme arrangements which allow us to produce tailor-made shift schemes for each establishment and vary them at will. We are not on big national shift schemes. We have reviewed all our establishments over a period of three years, looked at staffing levels, brought in changes to staffing levels, not always immediately greeted favourably with enthusiasm, but implemented without opposition. So we have much more flexible staffing and are using the labour we have well.

Q15 Chairman: To what extent does fear of the Prison Officers' Association stop you bringing in the kind of flexible staffing arrangements you would like to see in public prisons?

Mr Wheatley: It does not prevent me doing it. The POA at the moment have no legal right to take industrial action and indeed have entered a voluntary agreement in which they have given up, even if they had it, their right to take industrial action. We are able to push through change through a process of arbitration, which means that we can impose change, provided we win the arbitration. We are winning arbitrations where we do meet opposition and we can make changes without worrying about the union's unreasonable opposition.

Q16 Chairman: You do market test some of these public prisons, do you not? The Prison Officers' Association does co-operate. Presumably this market testing is a weapon in your hands which has allowed you to bring in innovations?

Mr Wheatley: Yes, we are using the process at Liverpool in which we have given the establishment six months to sort itself out. POA are co-operating locally and nationally in that and if they do not sort out what they are doing and do not produce a bid in effect for which we will award a service-level agreement that we think is acceptable, then Martin has the right to go immediately to the market without any further public sector bid.

Q17 Chairman: Other colleagues can come in on that if they wish. If colleagues look at Figure 10 on page 23, we see that Altcourse is ranked among the best prisons, but is it the refinancing of the original deal which has helped you afford to do these improvements? In other words, you made a good profit, no harm in that, you have now refinanced and that is one of the reasons why you are making progress.

Mr Banks: I would say that improvements to the regime were not dependent on the refinancing and we try continually to improve the regime at all the prisons we manage. That said, the refinancing produces financial benefits and we have used some of those to fund projects to improve aspects of the regime at Altcourse over and above the contractual requirement. An example of this is that the prison runs a football academy, which offers prisoners opportunities to enhance skills, learn refereeing skills and qualify as a basic coach. Whilst these are useful aims in themselves, numeracy and literacy and social education form 50% of the statutory curriculum and it becomes a very positive vehicle for engaging prisoners with education.

Chairman: I shall stop you there because we know there is a good story to tell at Altcourse and you can get it out in the course of the afternoon.

Q18 Mr Jenkins: You said prison staff brought baggage with them because they had been there 20 or 30 years and were used to the old regime and they did not show prisoners the same level of respect as the new PFI staff did. These staff have been under your control for 20 or 30 years, so why were they not trained in that time to respond?

Mr Wheatley: The way in which we deliver prisons, what the public and parliament expect from prisons, has changed sharply over the last 20 or 30 years. What was acceptable in 1970 is actually quite different nowadays. For instance, when I joined the service in 1969 every cell in my local prison held three prisoners and they all slopped out. When running Leeds prison with 1,000 prisoners in as a young officer there was no chance to give them association or indeed to do more than sew mail bags. People who joined at that time saw that as the way that the public and parliament wanted them to operate then. That became part of their baggage. The world has changed sharply, thank goodness. Those who have joined and never been through that experience have a quite different view about what the prison service is about. If you joined a prison where you were expected to produce 29 hours purposeful activity and the place was equipped to do that, you would form a different view about what your job was. We need to keep on retraining. You are quite right that there is a retraining issue and I need to use the opportunity to retrain staff and we are doing that. So the decency agenda, changing the way in which prison staff deal with prisoners so that it matches our view of the correct way of doing it, is a major piece of business for us and there is no doubt we are seeing improvements. On the other hand, I do not want my staff to get so near prisoners that they fail to have that degree of scepticism which is needed

to work out whether somebody is just being nice to you, or whether they are trying to con you because they are in the process of pursuing an escape or something else like that. This is a difficult balance to get right.

Q19 Mr Jenkins: You have answered the next question I was going to ask. On page 25, in paragraph 2.19, it says "... prisoners also expressed concerns about safety issues related to the relative inexperience of staff in private prisons. They included fears about the conditioning of staff by prisoners and the ability of staff in private prisons to challenge prisoners' behaviour". Why would this be so? Why do you think staff and prisoners feel that because of the inexperience of staff who treat prisoners with respect, prisoners are manipulating staff?

Mr Wheatley: Unfortunately prisoners do manipulate staff from time to time. Most escapes occur because staff have been—the phrase used is—conditioned. Effectively they have been persuaded not to look at something, not to see what is actually happening, because they have been convinced that what is happening is okay and underneath this a plan of escape is being created. To spot that happening, you have to be constantly alert; a major part of the job of any person working in prisons. It is easier to have that degree of alertness and scepticism about what is happening, while still treating people properly, if you have experience. It is more difficult for junior staff whether they are in the public or private sector. It is not an issue about which sector, it is a question of the experience of the staff.

Q20 Mr Jenkins: If you have a prison which has a large turnover of staff, quite a substantial turnover in a year, would that cause you any concern when thinking about the training they have to undergo and the screening of people who are coming into the service?

Mr Wheatley: It is easier to operate a prison if you are building up knowledge of how prisoners behave and how you can deal with prisoners in a variety of challenging circumstances. If you get too stable a staff, where staff do not turn round and everybody is experienced, it is difficult to move forward and change things. There is a balance between the two and too much of either is a concern to me.

Q21 Mr Jenkins: I see from page 17, Figure 16, if I am reading this correctly, the percentage of staff leaving during the year at Rye Hill in 2001 was over 40%, whereas the public sector averages 6%. Is that right?

Mr Wheatley: Yes, those are correct figures.

Q22 Mr Jenkins: What would you consider to be an optimum figure? If 6% is too low, would the 40% be too high?

Mr Wheatley: I do not think there is an answer for any one place. It depends what sort of prison you are dealing with and the pressure staff are under. For instance, in a high security prison, I would look for a slightly higher turnover of staff worn out with

dealing with the most difficult prisoners, but a relatively low enough level to give me quite a lot of experience. In an open prison, where the pressure was much less, I might be quite happy to live with a 6% or less turnover. I would be concerned about the very high levels of turnover and I think 50% is a high turnover. For a public sector prison, if I were facing that, it would give me concern that the staff would not be learning how to handle prisoners and I would worry about it.

Q23 Mr Jenkins: I certainly would worry about it and I think the figures for staff turnover in some of these prisons in the Report is worrying. It says in Figure 5 that in most PFI prisons, after a few years of operation, the financial deductions drop quite sharply. Is this because of the improved performance of the prison or because the controllers are getting too close to the contractor?

Mr Wheatley: This may be one for Mr Narey who is responsible for private sector prisons. I run the public sector.

Mr Narey: It is because prisons settle down. Prisons are very difficult things to open and as someone who led the public sector services and still manages Phil, I want to be honest about that. We in the public sector opened some prisons with immense difficulty, Whitemoor being the best example of that, where after two and a half years of grave difficulties a catastrophic escape took place. Prisons settle down over time and some of the private sector prisons have started well and done well from the outset, but others started with some difficulties. Parc is a very good example; Ashfield is a very dramatic example more recently. History shows that most of them settle down and staff turnover starts to reduce. If you look at the table which you discussed with Mr Wheatley, you will see that the older private sector prisons have a much lower staff turnover this year than the newer ones.

Q24 Mr Jenkins: Prison priorities change over a period of time and you are tied into a contract with the PFI administration. How flexible are these contracts to meet that change in priorities or do you have a difficulty there?

Mr Narey: There is a difficulty. Some of the contracts for prisons were made at a time when the emphasis was very much on industrial activity, taking prisoners to workshops and so forth. Now, as the Committee knows, there is a much greater emphasis on educating prisoners and offending behaviour programmes. I shall be better able to answer that question in a few months, because we are in some negotiations with the private sector contractors who are running the prisons which have been established for longer, to try to refresh the contracts, to align them more clearly with what we are trying to do, essentially reduce re-offending. I am optimistic about those negotiations. I know that Mr Banks and Mr Beeston and their colleagues who head Securicor are committed to having prisons which are as effective as any other in the public sector and want to catch up with the re-offending work on which they do lag behind at the moment.

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Q25 Mr Jenkins: That leaves me addressing Mr Beeston. It says in Figure 5 on page 6 that Dovegate incurred a financial deduction of £423,000 in the first three quarters of its opening year. Why was the performance so poor?

Mr Beeston: First of all, I think that figure is actually over the first two years rather than the first nine months; the figure should say one year and nine months. Also, whilst being too large for my liking, the figure reflects the fact that Dovegate is a very large facility, almost twice the size of Ashfield. It has incurred that level of penalty due predominantly to the same issues we have had at Ashfield, which has had very great difficulty in retaining staff in the early years of the contract and that itself has caused financial penalties to be levied.

Q26 Mr Jenkins: That is what worries me. If I have a business plan and I go to a bank and say I want them to lend me many millions of pounds for the business plan and I accept this location in a place where I should know that it is going to be very, very difficult to get staff and retain staff . . . Was this not taken into the equation or did it take you by surprise?

Mr Beeston: Some level of penalty is taken into the equation. We will take the experience we have had in terms of starting up prisons and build those to some extent into the equations. I have to say clearly not to the extent of the issues we had at Ashfield. Dovegate for the last three quarters has been really relatively low in performance penalty terms and has settled down, so that figure has not been ensuingly large.

Q27 Mr Jenkins: How did you make the improvements so quickly?

Mr Beeston: It is really a question of the prison settling down, as you have staff who have been in place for longer. It is a very daunting experience. When you interview somebody to come and work in a prison and then when they actually get there and discover the reality, that is quite a culture shock to some people. Inevitably the staff turnover is high in the early years and whilst we make some allowance for that, it will result in financial penalties in the contract if that means that some of the performance indicators are not achieved.

Q28 Mr Jenkins: Why is your selection procedure for staff so poor?

Mr Beeston: I do not think it is poor. One of the great advantages of starting up a new facility is that you can go through and select new staff, staff who do not come with baggage. One of the prices you pay for that inevitably is that you get a high staff turnover. Once those prisons have settled down, for instance Doncaster and Lowdham Grange, both of which have now been running for several years, staff turnover drops dramatically. We have seen the same indication of high staff turnover in the early years of all the contracts which have started up.

Q29 Chairman: Did I hear you rightly saying that the figure for Dovegate was for one year and three quarters?

Mr Beeston: That is my understanding.

Q30 Chairman: If you look at page 6, Figure 5, it says there in the notes, “The figure for Dovegate is for the first 3 quarters in the performance year”.

Mr Beeston: Yes. I do not believe that to be the case. I can look into that, but I do not believe that to be the case.

Q31 Chairman: Do you know anything about this, Sir John?

Sir John Bourn: I know of course that the Report was cleared with the department in the ordinary way.

Q32 Chairman: Can Mr Narey help us? Why is there this apparent discrepancy?

Mr Narey: May I take some advice from behind? I am advised that figure is over one year and nine months. We should have picked this up on proof reading and I am afraid we did not.¹

Q33 Mr Gibb: On page 14 there is a reference to drugs in the performance indicators and in Figure 10 on page 23, the number of incidents of mandatory drug testing being positive is quite significant throughout the prison service. What proportion of prisoners in our prisons in Britain are taking drugs?

Mr Narey: Across both sectors at any one time, as measured by random testing about 5% of the population, we believe about 11%.

Q34 Mr Gibb: What is the worst case percentage in one of your prisons?

Mr Narey: I think in some of our open prisons, where of course there is very little security to stop drug taking—

Q35 Mr Gibb: No, in non-open prisons.

Mr Narey: In the non-open prisons, the worst will be close to 20%.

Q36 Mr Gibb: So somewhere between 11% and 20% of prisoners in Britain are taking drugs. That is appalling, is it not? Given that a lot of these people are in prison because of addiction to drugs which had led them to crime, why can you not be more successful in stopping drugs in our prisons?

Mr Narey: We have been relatively successful, Mr Gibb.

Q37 Mr Gibb: One in five is “successful”?

Mr Narey: The figure was about 26% three years ago; we have cut it radically.

¹ *Note by witness:* The financial penalties levied on HMP Dovegate were as follows: fines for performance during the period November 2001 to July 2002 were £423,000 as per the NAO Report. Fines in the first one year and nine months of operation (July 2001 to January 2003) were £430,000, as per Mr Beeston. The apparent confusion arose over the period July 2001 to November 2001 during which time the performance penalty scheme was not operated. The Prison Service allows a three to four month period at the start of each contract for the prison to “settle down” and build up a full prisoner population before applying penalties.

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Q38 Mr Gibb: That is also appalling. Let us talk about three years ago then, shall we?

Mr Narey: One has to look at the temptation to get drugs into prisons and the ease with which drugs can be got into prisons. I have visited prisons in other countries, in the USA for example, where there do not appear to be any drugs in prison whatsoever, but the price to pay for that in terms of trying to run a decent regime, is very severe, for example, no physical contact on visits.

Q39 Mr Gibb: Yes, why do we not do that?

Mr Narey: My ministers have chosen not to do that. My personal view is that would be extremely inhumane, it would sit very oddly with the decision—

Q40 Mr Gibb: Is it more humane to allow one in five prisoners to be taking drugs, which will not rehabilitate them when they go back into the outside world, will it. How humane is that?

Mr Narey: The vast majority of those prisoners are not taking hard drugs. Most of those positive test for cannabis. We have cut the amount of drug taking, we have increased treatment programmes in prison from four, four years ago, to about 50 now and we have a lot of evidence about the extent to which that has not only reduced drug taking on release but reduced re-offending.

The Committee suspended from 5.07 pm to 5.14 pm for a division in the House.

Q41 Mr Gibb: You do seem very complacent about the problem of drugs and I am surprised by your answer. The anecdotal view of prisons is that this is the key problem facing prisons and we hear prisoners saying that it is easier to get drugs in prison than it is outside prison. How do you react to that charge?

Mr Narey: I do not think that is remotely the case. I am certainly not complacent. It is one of the most important challenges facing the service. Typically between 70% and 80% of prisoners coming into prison have been abusing drugs in the previous 24 hours. To reduce that so considerably, when there are so many avenues for drugs to get into prison, they can be thrown over fences for example, they can be brought in by visitors, is quite significant.

Chairman: Could you try to relate this to PFI prisons? We are talking about the operational performance of PFI prisons, so try to make a comparison between PFI and other prisons. If you want to talk about this you have to do it that way.

Q42 Mr Gibb: In terms of prisons with walls, are you saying that these drugs are thrown over the walls of the non-open prisons?

Mr Narey: Drugs are frequently thrown over walls and there are many secure prisons which do not have walls but have fences. That is one way in which drugs get into prison. They can also get in through visits, but we have reduced the amount of drugs getting into prisons considerably. We have CCTV in every prison in the public and private sector, for example.

Q43 Mr Gibb: What are the problems with privately-managed prisons which you do not face with PFI prisons?

Mr Narey: Overall the problems are few. Establishing them and introducing four different new companies into the business who have not done this before has been a little bit difficult but the market is now well established and even including Ashfield all the private sector prisons are running successfully and I am very pleased with that.

Q44 Mr Gibb: I asked for a distinction between privately-managed prisons and PFI. What is so much better with PFI prisons than with privately-managed prisons?

Mr Narey: There is nothing intrinsically better. What the private sector has brought is competition.

Q45 Mr Gibb: So that is the answer to my question. When was the last privately-managed prison put in place? When did you last contract out the management of a prison rather than handing it over to PFI?

Mr Narey: We have not contracted out the management of a prison already up and running in the public sector to the private sector. We have taken two prisons from the private sector back into the public sector.

Q46 Mr Gibb: When was the last privately-managed prison put in place? You have a table on page 8 where you have two examples, The Wolds and Doncaster, from the sample selected by the NAO, which became privately managed in 1992 and 1994. Which other privately-manage ones have you opened, aside from the sample, since 1992 and 1994?

Mr Narey: Just to be clear, those two prisons you mentioned were never run by the public sector, they were built by the public sector but immediately run by the private sector.

Q47 Mr Gibb: When did you last use that model?

Mr Narey: We have not used that model for some time now. The last four or five prisons have all been designed, constructed and financed—

Q48 Mr Gibb: Why? Why is the privately-managed system so much worse than PFI?

Mr Narey: Because we believe we get better value for money from handing to the private sector the risk in designing, building and financing the whole prison and running it for 25 years.

Q49 Mr Gibb: How advantageous was it to you, Mr Banks, to have the banks involved in the PFI project?

Mr Banks: There are two aspects to that. One is in the management of the prison: it is tremendously helpful to be able to design the prison you are actually going to manage.

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Q50 Mr Gibb: Do the banks design the prison?

Mr Banks: No.

Q51 Mr Gibb: No; okay, carry on.

Mr Banks: The benefits from PFI prisons in terms of the construction and the transfer of risk and funding come out in terms of the speed, producing prisons within budget—

Q52 Mr Gibb: We discussed this on the visit last week.

Mr Banks: Yes, we did.

Q53 Mr Gibb: I did not get the impression from you then that you found it advantageous to have the banks involved, that it was neither here nor there. Is that still the case?

Mr Banks: The most important aspect of DCMF is the design and management. In the actual construction and financing, certainly the financing is secondary in terms of the overall process.

Q54 Mr Gibb: So why do we have PFI instead of privately-managed prisons.

Mr Steele: The PFI has brought together the synergy of all three elements, the financing, the design and the construction. The financing is a little academic. You could publicly finance the prison.

Q55 Mr Gibb: Why do we not do that?

Mr Steele: We have not chosen to do that in recent times.

Q56 Mr Gibb: Why?

Mr Steele: Government policy was to go for PFI prisons at that stage.

Q57 Mr Gibb: Why is that?

Mr Steele: Because we thought that the overall package would provide value for money. The banks do bring something to the equation.

Q58 Mr Gibb: What I am trying to establish, and I have not managed it so far, is what the banks do bring to the whole package other than the high risk.

Mr Steele: I think they bring a commercial understanding of risk, which in the early days would have been advantageous.

Q59 Mr Gibb: Do Mr Banks and his company bring that?

Mr Steele: He does now, but when we started out with PFI, we did not have these companies used to delivering prisons in this country.

Q60 Mr Gibb: So why do you not go back to privately managed prisons now you have established this expertise in the private sector?

Mr Steele: We would always contract out the construction of the prison.

Q61 Mr Gibb: I am not against contracting out, what I do not understand is why you do not just pay the invoices for construction of the prison when those invoices arise instead of paying for them using an HP contract.

Mr Steele: In my view there is no distinction in terms of whether you get a good prison at the end of the day between one or the other.

Q62 Mr Gibb: All of you have answered that question very inadequately.

Mr Narey: I am sorry, we will try again.

Q63 Mr Gibb: I must move on. It confirms the view of many people on this Committee that this is an accounting business, which is why you bring in private finance from the banks, and nothing to do with the more efficient management and construction of prisons. May I ask you about overcrowding, which is also referred to in the Report as one of the penalty things when you have unauthorised overcrowding? Can I just ask you about a forecast prison population? In a Parliamentary Answer we were told by 2006 a forecast population of 91,200, but by 2006 an uncrowded capacity of 69,500. What are you going to do with the gap?

Mr Narey: I do not know the answer to that and I have been studying the projections very closely now to see whether they are going to be met. There is some indication—I am not getting too excited about it—that the very depressing projections are not being met at the moment and the population at the moment is growing rather slower than that. We have to meet the gap, however big it is, by putting more prisoners into sharing cells than we would otherwise wish to do.

Q64 Mr Gibb: The current population is 66,000. Are you saying you do not expect that to rise by 3,500?

Mr Narey: The current population is 73,600.

Q65 Mr Gibb: Sorry, the uncrowded capacity is 66,000. Are you saying that will not rise by 3,500? 73,000 is using the doubling up in cells and we saw last week, even in Altcourse, that there were prisoner's cells meant for one person which had two people in them.

Mr Narey: Indeed, there are 13,000 prisoners at this moment sharing a cell originally meant for one and that is the extent of the overcrowding which we have to sort out.

Q66 Mr Gibb: What are you going to do about that?

Mr Narey: We are doing a number of things. First of all, some additional accommodation is being provided and we are building as fast as we can, but essentially, if we cannot build out of this crisis, if the population does grow quite as quickly as some of the projections suggest, then we will have to find other ways of controlling the prison population. Most importantly in my view, we need to try to convince sentencers that community penalties are as useful and as constructive in reducing crime, than very

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short prison sentences. For example, the proportion of first time offenders sent to prison has doubled over the last three or four years. There is no reason for that, no explanation for that.

Mr Gibb: I think the public will be alarmed by those answers, but my time is up.

Q67 Jon Trickett: Paragraph 1.22 says “The Prison Service could not provide a clear audit trail between historical performance . . . and the actual financial deductions”. This is in private prisons. What is an audit trail and why is it something worth commenting on?

Mr Narey: I accept this criticism. Part of the problem is that it is very difficult to get an exact correlation between financial penalties and the performance of a prison. For example, even Altcourse prison, which I think everybody who visits thinks is a very good prison and is possibly the best prison we have, has been fined something like £420,000. It does not mean it is a bad prison, it means that we would now view the performance measures we introduced, when we were setting up Altcourse as one of the first, as being somewhat inflexible. We have tried to refine those and improve things as things go on. The contracts we have now for new prisons will give a much greater link between financial deductions and the performance of the prison.

Q68 Jon Trickett: You have given me a reason why there is no audit trail rather than answering the question which I asked, which was: what is an audit trail? If I try to summarise what you were saying, is it true to say that we have not been consistent in imposing contract conditions on different private providers?

Mr Narey: No. We have certainly been assiduous in imposing contract conditions, but in some cases, with Altcourse for example, to keep that example, we have changed the demands we have put on Altcourse. For example, Altcourse was originally intended as a training prison, which would have been half adult, half young offender. The performance criteria we developed for that population were inappropriate for a core local population, which is what Altcourse became, dealing with prisoners sent straight from the court and some category A prisoners. So the original performance criteria, which were established and the points we deducted from Altcourse, were unfair because we had changed the role. I do not think for one moment that does not mean we were not very strict in managing the private sector and I think the deductions we have taken from Altcourse, when it is a very good prison, show that.

Q69 Jon Trickett: Is it not the case that you have consistently pulled your punches as a client in relation to the private sector providers?

Mr Narey: I do not think it is the case at all. Premier lost £3.2 million and suffered a very severe loss because of the failings at Ashfield.

Q70 Jon Trickett: Yes, but it could have been worse had you imposed the conditions fully, as you might have been entitled to do according to the contract, could it not?

Mr Narey: I do not think we could have done very much more. We closed half the places at one point and their revenue plummeted. Premier lost an awful lot of money on their venture into running Ashfield, which I am sure Mr Beeston would be able to tell you more about. I think we have tried to encourage the private sector. I work with Mr Beeston and Mr Banks as partners, they run very good prisons and they have improved the quality of the public sector because of the competitive element.

Q71 Jon Trickett: Is it not a fact that you are ideologically committed to a section of the Prison service being privatised for reasons which we might go into in a minute? Is it not the case that you are ideologically committed to ensuring that there is a mixed economy?

Mr Narey: I have never been accused of that before. On the contrary, I have usually been accused of favouring the public sector, in which I have worked all my life. An earlier shadow Home Secretary criticised me severely when I took two private prisons, Blakenhurst and Buckley Hall, back into the public sector after market testing.

Q72 Jon Trickett: Yes, because the public sector tenders were lower than the private sector ones?

Mr Narey: Yes and better on quality.

Q73 Jon Trickett: You are quoted by the CBI in a press release as saying that the benefits of a mixed economy are clear for further progress.

Mr Narey: I believe that is the case.

Q74 Jon Trickett: So you are ideologically committed to it?

Mr Narey: I am ideologically committed to good prisons, whether run by the public or the private sector; prisons which reduce re-offending. I believe the presence of the private sector has not only delivered good prisons in the private sector, but it helped me when I was Director General and Mr Wheatley, now he is Director General, to deliver a better and more cost effective and efficient public sector as well.

Q75 Jon Trickett: Is it not a fact that the privatisation process, or the PFI process, has been used to overcome a culture of resistance to change within the existing prison service and to reduce cost by basically cutting wages and conditions for staff?

Mr Narey: That is certainly true. We have been trying to make the whole of the Prison service more efficient and more effective so we can make a better job of re-offending. The evidence shows we are beginning to do that.

Q76 Jon Trickett: So it is so, that the privatisation process at least was used to bring about a reduction in cost?

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Mr Narey: The introduction of the private sector was in part to bring better value for money right across the prison service and I think it has done that.

Q77 Jon Trickett: By cutting people's wages in effect or by cutting wages of staff as shown in this Report?

Mr Narey: No. May I give you an example of what happened at Blakenhurst and at Buckley Hall, both prisons run well by the private sector, one of them by Group 4? Shortly after I became Director General, I asked management consultants whether there was any possibility of the public sector matching the private sector against those prisons. I was told none at all. In fact, a competition, a market test in which the POA played a full and enthusiastic part, confounded those suggestions and both those prisons were won back by the public sector in situations which would have been inconceivable a few years before.

Q78 Jon Trickett: Yes, but I have read the Report as well as you and it says there that the cuts in staffing levels may be so stringent now as to jeopardise the service, does it not?

Mr Narey: There are some concerns about staffing levels, at Manchester particularly, and some concerns at Blakenhurst, less so at Buckley Hall. Both of those prisons are good and decent prisons.

Q79 Jon Trickett: I looked at the organogram on the first page, which shows you, at the head of the service and then two wings. On the one hand there is the public sector managed directly through the Director General of the public prison service. On the other side is the Director of Strategy, Finance and Competition, who is both deciding competition policy and managing the private prisons. That is a striking combination of functions on the left-hand side of this page, is it not? I would have thought it would be more logical for the management of all prisons, whether private or public, to be done by a manager and for competition strategy to be kept separate with a clear distinction between the managerial role and the setting of competition policy and the monitoring of performance. What you have done neatly is shift under the Director of Strategy, Finance and Competition, the management of the private sector prisons. Why? Have you ever given consideration to making sure that the management is on the one side of the organisation and the monitoring and competition policy is on the other? Why have you done it in this particularly interesting way?

Mr Narey: I think we have separated the two. John Steele, the Director of Strategy, Finance and Competition, does not run any of these prisons, they are run by the private sector and they are run to contract and I have described how we are trying to improve the performance management of those prisons. What previously happened was that I, as Director General until a few months ago, not only managed the public sector prison service but made decisions about which prisons, if any prisons at all, should be contracted out or which prisons should be

brought back into the public sector. That did look rather odd, particularly to colleagues in the private sector. These changes are meant to try to bring some neutrality to bear and the decisions I will make, as accounting officer for the whole of the prison service, will be based only on the quality and cost-effectiveness of prisons, not whether they are public or private.

Q80 Jon Trickett: I am running out of time and I want to establish this point clearly. This Figure 2 on page 1 shows a directly continuous line going from the Director of Strategy down to PFI prisons, but a dotted line, which means hands-off management, to privately-managed prisons. It clearly states there that the management of private sector prisons is in the hands of the Director of Strategy and also the Director of Strategy is dealing with contracting out and competitions. Are you not leaving yourselves open with that managerial line of accountability to the accusation with which I began my questioning, that in fact you are pulling punches on the private sector because you need them to bring about the kind of change we have just discussed?

Mr Narey: Obviously that is a conclusion you may draw, but I do not believe that to be the case. I repeat that all I am interested in is good and decent prisons which do a better job of reducing re-offending.

Q81 Jon Trickett: My question was: why is the management of private sector provision under the Director of Strategy, Finance and Competition? Your response was that he does not manage, but I have demonstrated that here there is a continuous line which shows the direct line of management into the private sector. Would it not be better to create tension between the Director of Strategy on the one hand and the management on the other, to show clean lines of accountability rather than obscure lines of accountability, as you have here really?

Mr Narey: There is a tension, it is a contract. The private sector providers contract with my Director of Strategy and Finance in the running of the prisons. In the future what I should like to do with the public sector prison service, which Phil Wheatley now leads, is move those prisons onto a series of service level agreements, so that there is a similar contractual relationship between the public sector and me, with me in the middle, neutral between the two different providers.

Jon Trickett: That is exactly what I would do. I would separate out the strategic direction of the service from the management of the service. This organisation here does not bring that about. My questioning is over now.

Q82 Mr Rendel: Would you expect a modern prison to perform better than an old prison, or not?

Mr Narey: In general yes, but one cannot be absolute about that. There are some prisons in Victorian surroundings which, despite the challenges faced, run very well. Generally there is an advantage to having modern architecture, decent buildings, lots of light, lots of vision, buildings which, for example, provide greater staff

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observation of prisoners. However, some of our worst prisons, the very worst, are actually not the Victorian ones, they are those which were designed in the 1960s with very poor sight lines and, in terms of safety, they are some of the prisons which cause my successor and caused me most concern.

Q83 Mr Rendel: It certainly seems to be the case from the sample we have here, Figure 6 on page 8, that only one in six of the worst prisons was opened in the last ten years but six out of the ten best prisons were opened in the last ten years and a couple of others are only 11 and 12 years' old; so it look as though that is the case. Is it also true that it is easier in modern prisons to provide more facilities for some sort of sensible work programme, some sort of sensible occupation for the prisoners?

Mr Narey: Certainly that is the case. The NAO used Pentonville prison built in 1842 as a comparator and there are no workshops there, very little room for education; the same applies at Brixton. The prisons we build now are all based on getting prisoners out of the cells for a large part of the day and involved in some sort of activity, not quite as much as I would like in terms of involvement in education as opposed to menial work in workshops.

Q84 Mr Rendel: I am not entirely surprised to hear you say that, but it does raise in my mind a question about something you said initially to the Chairman, when you said that one reason for there being no very great increase in the amount of purposeful activity over the years has been an increase in prison population. I would have expected a lot of that increase in prison population would have been taken up in the increasing number of new prisons being built, where, as you just said, it must be easier to provide purposeful occupation. You would think that the hours per prisoner of purposeful occupation should be going up rather than down.

Mr Narey: They would have done had it not been for the severity of the rise in the population. I believe I was a very fortunate Director General. I had a lot of investment, I was able to increase massively activities such as education, offending behaviour programmes, drug treatment programmes. There is a lot more in prisons for prisoners to do, but unfortunately the rise in the numbers of the population has more than overtaken the increase in activity. So the purposeful activity measure, which in itself is a crude measure, has not moved very much from 24 hours for about four or five years now.

Q85 Mr Rendel: Are you saying therefore that there is a certain amount of total purposeful activity which is there and therefore the increase in the size of the population means that total is split among a larger number of people?

Mr Narey: That is exactly right; yes.

Q86 Mr Rendel: Surely, as you increase the number of prisons which are being built, there must be an increase in the total amount of purposeful activity and it must in fact be that those new ones ought to

bring the average up, because there is more purposeful activity per prisoner in the new ones than there was in the ones you had before.

Mr Narey: That is the case. In some of the new prisons which are uncrowded, levels of purposeful activity are very good, but in some of the new prisons, and a lot of the private sector new prisons are local prisons, we had immediately to overcrowd them to similar levels to that which we were using to overcrowd Victorian locals. So although there is a great deal of activity in those prisons—and if they only had a population which reached the CNA, levels of purposeful activity would be very high indeed—we have had to spread the work and education out amongst a very much larger number of prisoners than we anticipated.

Q87 Mr Rendel: Given that there is more purposeful activity per prisoner in those new ones, you would have to have more overcrowding in the new ones in order to get the same level per prisoner of purposeful activity. You are not saying there is more overcrowding in the new ones, are you?

Mr Narey: No. For the new PFI prisons we set very high levels of purposeful activity. They have not been met in full, but the performance on purposeful activity across the private sector is very good.

Q88 Mr Rendel: Therefore mathematically the average ought to be going up.

Mr Narey: But the average is influenced much more by the wider population not in private sector prisons, which has continued to fill out and overcrowd public sector prisons. I repeat the statistic I shared with Mr Gibb that 13,000 prisoners are currently sharing a cell meant for one and clearly the pressure on work places, for example, is now very great.

Q89 Mr Rendel: May I turn to Mr Wheatley now and ask you to look at Figures 11, 12, 13 on pages 24 and 25? I was interested in these because we can see that on the whole more respect is shown to staff in the PFI prisons than in the public prisons and that is fairly clear from Figure 13. It is also true that in the PFI prisons, you tend to get a younger prison officer and rather more female officers than you do in the public prisons. What I want to ask is whether you are aware that these are in fact correlated. Is it because there are more women and more younger prison officers that you tend to get more respect shown in the PFI prisons?

Mr Wheatley: We do not have the research to back that up as a fact. You are likely right that with a younger group with more women in there, one probably starting out with a new prison, which is the thing which really makes the difference, so you recruit people for your prison, you select them carefully, you reject ones which do not fit in very quickly, if you are working in the private sector, you can start with a very clear view of how you want this place to work and you do not have to fight against an existing learnt culture. Those are all factors which help establish a culture. They probably do not help establish a culture which is quite as good at

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controlling security, because for that you are looking to the older head, who is probably a bit more wary of what else might be going on.

Q90 Mr Rendel: If you do not yet know whether there is actually a correlation, but you feel there may well be, may I suggest it would be a very useful piece of research to do, if only because it might guide you in the sort of people you would want to choose for your new prisons, if it is found that in fact there is a better ethos in the prison if you have perhaps rather more women prison officers and younger prison officers?

Mr Wheatley: You realise of course that we cannot specifically say we want to recruit women and not men, unless there is a genuine occupational qualification. What we are trying to do is use an approach to selecting prison officers which requires them to show they can practice the skills. So we use a simulation, not an interview, where we look at them and like the cut of their jib, we actually trying them in doing difficult things and that is tending to recruit those who, at least on that assessment, show better skills of empathy with the people they are dealing with and are more sympathetic to prisoners in difficulty and show those sort of skills. By doing that, as we select new prison officers, we are selecting for the world we want them to work in, while still trying to make sure they can handle the security issues as well.

Q91 Mr Rendel: May I bring you back to my question? Do you accept that it might be a useful piece of research to do?

Mr Wheatley: Yes.

Q92 Mr Rendel: In fact it may even be possible to use some of the figures which the NAO have already been working on, because they might have some indication as to why it was that they were showing the private sector prisoners as having more respect.

Mr Wheatley: We are doing research at the moment. The surveys we are doing as part of our audit process, so each prison will be surveyed on a fairly complex assessment tool, developed without sound research assistance, which gives a series of measures about how prisoners regard staff, what they regard and how those interrelate with each other, give us some really quite powerful information to stack up against the sort of prison officers we have and the sort of experiences that prisoners had to go through. The experiences a prison goes through change the view of the staff who work in it. Out of that we shall be able to make these links, but this is very early work. We are just getting the first results—we are about three months into results coming out of this survey. I am certainly committed to making really good use of that, very good data and working with people outside the service to make sure we make the best of it.

Q93 Mr Rendel: Paragraph 1.27 on page 18 indicates that the level of the financial deductions which have been levied on some of the PFI prisons has depended to some extent on who happened to be

the controller, the attitude taken by the controller as to how firm they should be with enforcing the contract. Is that not rather unfair? Should we not be trying to make sure that the controllers treat these contracts in exactly the same way?

Mr Narey: I agree absolutely with that. Part of one of the advantages of the changes we have made is that I now have, working for Mr Steele, one manager who manages all the controllers in all the prisons and we are doing a lot of work with and working together to make sure they have an exactly equivalent approach to their prison no matter who runs it. I accept that there have been inconsistencies, particularly in the early days of the contracts.

Q94 Mr Rendel: Presumably, amongst other things, that has meant that some public money was at risk, because there may have been some controllers who were not taking as severe a view of contract terms being broken as others?

Mr Narey: I have no evidence of that, but that may have been the case. I am very anxious to ensure that is not the case in the future and make sure that in the management of the contract—and I have plans to give controllers, if I can, a much simpler job, which is entirely concentrating on managing the contract and I am hoping I can give adjudications to directors which take up a lot of the controllers' time—we have an equivalent approach and also that we make sure we get every penny of public money that we should do, if a private sector prison fails in any respect.

Mr Rendel: Good, thank you, that sounds like a good idea.

Q95 Geraint Davies: The Chairman noted that on page 22 in paragraph 2.8, in terms of the amount of meaningful activity, PFI was something like 29.5 hours and the target for the public sector was 20.6 hours. Is it possible to provide any breakdown of different amounts of purposeful activity in different prisons and what they spend on? In particular I am interested in the proportion of that in the first instance which is spent on education as opposed to anything else.

Mr Narey: I can certainly provide the Committee with details of purposeful activity for each and every prison. It is more difficult to say how many hours of that are spent in education, but I can certainly give advice, for example, on the achievements of education, how many educational qualifications are gained and so forth in each and every prison.²

Q96 Geraint Davies: In our previous report and the previous hearing at which you were a witness, we found that the variation in education and investment per head was something between £600 and £1,600 per prisoner on average out of a global total of something like £34,000 which it costs to keep someone in prison. Would you agree with me that if it costs between £3,500 and £4,000 a year to put someone in a state secondary school and in a private top public school about £15,000 a year, what is happening there is some attempt to make people into

² Ev 24–26

tax payers? Do you think with the £34,000 you are given you could do a better job of delivering more tax payers in the future rather than repeat offenders?

Mr Narey: Yes, I do and that is very much what we are trying to do. For example, last year across the prison service, public and private sector, prisoners gained something like 42,000 educational qualifications, almost double the number I reported to the Committee when I last discussed reducing re-offending. The targets I give Mr Wheatley next year will be higher again. I think we are beginning to do that. About 10% of all adults who improved their literacy and numeracy last year did so from a prison cell and we are making significant progress in making prisoners employable; indeed over the same period the proportion of prisoners whom we have got into jobs on discharge has risen from about 11% to about 24%.

Geraint Davies: Would it be possible for Mr Narey to send in an additional note on this? I feel this is a particularly interesting area for the Committee?

Chairman: What exactly do you want from Mr Narey?

Q97 Geraint Davies: What I am interested in is what measurements we have in terms of value for money in respect, ultimately, of how much tax we are likely to get out of people leaving prison. I know he will not be able to quote that particular figure, but at one of our last hearings Mr Narey said that in terms of the national numeracy and literacy target the prison population represented something like 10%, and now he seems to be saying that 10% of our national targets have been achieved in prisons. He seems to be saying that the numeracy and literacy strategy is working in prisons. Is that right?

Mr Narey: There has been a significant catch-up, but we have some way to go because the population we have in prison has much higher levels of illiteracy and innumeracy, so we have much more to do. On the other hand it is a population which is very difficult to teach. These are frequently people who failed in school, so it takes a long time. I can send you a note showing you spend and showing you the progress in that important area.³

Q98 Geraint Davies: What I am interested in is the amount of time in each prison spent on different sorts of purposeful activity.

Mr Narey: I shall endeavour to break that down.⁴

Q99 Geraint Davies: Education workshops. Presumably a lot of work is done on self-esteem, presentation, etcetera?

Mr Narey: Yes.

Q100 Geraint Davies: How much is overcrowding and the focus of accommodation management impeding our main objective of reducing re-offending? In particular, you mentioned that on the back of the 73,000 current population, which has grown from about 44,000 in ten years, 13,000 were

sharing rooms. To what extent does that, plus this turnover and discontinuity of education, mean that in particular prisons there are great variations in educational output which can be put down to overcrowding within this global crisis?

Mr Narey: It has undoubtedly had an effect. I am very pleased with the performance of the prison service in the year just ended and the annual report, which will be published shortly, will show very significant progress across education and offending behaviour programmes. I am quite sure that performance would have been much better, possibly significantly better, had it not been for overcrowding.

Q101 Geraint Davies: Can you provide any statistics which point towards the idea that significant localised overcrowding reduced educational performance, which in turn has a knock-on on re-offending and therefore is a false economy? On this point, will you comment on whether there is any correlation between drug abuse and overcrowding and short stays?

Mr Narey: Certainly.⁵

Q102 Geraint Davies: I am just wondering whether there is a case to be made here?

Mr Narey: It is more complex than simply overcrowding. If we had a static population, then we could do more to cope with the overcrowding in a particular prison. The reality is that for much of last year, and certainly currently right across the sector, prisoners are having to be moved up and down the country to anywhere there is a bed, the number of vacant cells at the moment is so low. So education programmes, drug treatment programmes are sometimes being disrupted. We are doing everything we can to protect those; they are the prisoners we move last. However, sometimes those programmes are disrupted and it is incredibly frustrating for the prisoner and for the staff concerned.

Q103 Geraint Davies: Just so I am clear. The key problem in terms of education delivery is discontinuity because of shuffling people around filling beds, it is not the overcrowding itself.

Mr Narey: Except that moving prisoners is a consequence of the overcrowding. We have to fill every prison bed that we can and sometimes, before I moved on, when I was Director General, I have been embarrassed at having to instruct governors to move young prisoners from Feltham in South West London up to Castington in Northumberland, because it is the only place we have had a bed for them.

Q104 Geraint Davies: It is a well known fact that the lack of family support increases re-offending. What number of the 73,000 inmates do you have over 50 miles from their family home at the moment. It was about 35,000 before.

³ Ev 24–26

⁴ Ev 24–26

⁵ Ev 27–31

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Mr Narey: The statistic does not immediately spring to mind. May I check on that and write in?⁶

Geraint Davies: I should be very interested to know that.

Q105 Chairman: Can you provide that?

Mr Narey: Yes; of course.

Q106 Geraint Davies: We went on a visit recently to Altcourse, where people are basically in bed between nine and seven and the rest of the day they are doing various activity, yet in Walton we are told they are locked up for 24 hours. That is presumably within legal limits. How exceptional is Walton, which would seem to be horrendous?

Mr Narey: Prisoners at Walton are not routinely locked up for 23 hours; that will sometimes happen but levels of activity are rather higher than that. It is true that it is a very considerable way behind Altcourse and certainly behind other public sector prisons. That is why Liverpool, along with Dartmoor, was selected for performance testing and will face the sanction of being contracted out, if they do not provide me with a convincing case that they are going to maintain significant improvements in future years.

Q107 Geraint Davies: I am sorry to harp back but it is useful to have this sort of historical comparison. Last year you said something along the line of 75% of inmates had been permanently excluded from school.

Mr Narey: In some of the institutions which deal with the youngest offenders, Feltham and Stoke Heath, the figure is 75% plus.

Q108 Geraint Davies: It still is. Since last September the government has decided to give everybody who was excluded a full-time education through a pupil referral unit. Has that made any difference so far?

Mr Narey: I would have to go back to check the figures. I should be surprised if there had been any significant change yet in the proportion of young people coming into custody for the first time who had little or no education beyond the age of 13.

Q109 Geraint Davies: What I am talking about is those children who were formerly walking around the streets with no education at all and stealing mobile phones and all this. Now, if they are taught for those four days, already at the margin, in terms of the new incoming people, is there a difference in their profile between what proportion of them are currently permanently excluded as they come in?

Mr Narey: That has not come to my notice. I can check on that and let you know.⁷ I would expect that any noticeable benefit at the moment will still be quite slight.

Q110 Geraint Davies: On page 28 it gives prisoner to prison officer ratios and it varies widely between 2.5 to 5 prisoners per prison officer. We know from paragraph 3.15 that staff costs account for about 80%. Do you have any comment to make about the massive variation there and whether there is a danger that those people who are trying quite naturally to maximise their profit are experimenting with staff levels perhaps close to taking a risk?

Mr Narey: We could spend a long time discussing this chart. There are several explanations which lie behind this, not least architecture itself at particular establishments, and some of the more modern establishments have much healthier prisoner to staff ratios. Also, in the two forthcoming private sector contracts which we will let for Peterborough and Ashford, the staff ratios will be at the lower end of the scale, that is nearer to one in three than one in five, precisely because what we have required from those who bid and from the successful contractor are regimes fully committed to spending a lot of time on reducing re-offending. So the staff numbers there are actually going to be greater. It is not the case that the private sector in all circumstances is having very few staff and the public sector more. It depends partly on what we are trying to do in the prison, what sort of regime and very frequently on the architecture of the prison in terms of maintaining safety for prisoners who live there.

Geraint Davies: For the record, I was very impressed as well by my visit to Altcourse. I come with no particular baggage to this.

Q111 Mr Osborne: Do you think there is a danger that the prison service is getting “targetitis”, that is too many targets? You have 48 key performance targets.

Mr Narey: I do not think so. In terms of my managing Mr Wheatley as the Director General, the 48 key performance targets are essentially for him and that is how he manages the service and satisfies himself it is being well run. In terms of holding Mr Wheatley to account as Director General, personally in his own targets for this year, I concentrate on the main key performance indicators. They have increased in number and there are probably rather more of them than I would wish, but it reflects the significant change in the emphasis of the service from a service as little as eight or nine

⁶ *Note by witness:* A prisoners home area is taken as their home address if it is available (it is available in around 30% of cases). If this information is not available a prisoners’ court of first committal is used as a proxy. Evidence suggests that in 90% of cases home town address and court town of committal are the same. The position on 30 June was: Total prisoner population 73,634. Number of prisoners held over 50 miles from home area, 27,872. The latest statistics collected on 30 September show: Total prisoner population 73,741. Number of prisoners held over 50 miles from home area 27,864.

⁷ *Note by witness:* Exclusion from school:—Information of the percentage of juvenile prisoners that have been permanently excluded from education is not routinely collected. The last data was collected in a Youth Justice Board Audit in 2001 showed that 80% of juvenile prisoners at that time were not in education immediately prior to their imprisonment, and that 59% had no plans to return to education when they were discharged from custody. However, this does not mean that all of these juveniles had been “excluded” from school; it will include those who regularly “truanted” with or without the approval of their carers and for those over 16 years old juveniles who had legally left the education system.

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years ago only concentrating on security, to one which is now concentrating on reducing re-offending.

Q112 Mr Osborne: You said there are more than you would wish. Who decides what these targets are? Is it not you?

Mr Narey: I, but ministers ultimately, on recommendations made by me.

Q113 Mr Osborne: If there are more than you would wish, should you not recommend that there are fewer?

Mr Narey: The reason they have increased is that we have built on all the targets we have had previously, for example on security and escapes and so forth. So the new targets, which we have introduced in recent years, have been, for example, on numbers of educational qualifications, positive drug tests and so forth, numbers going through offending behaviour programmes. That reflects the changing emphasis in the prison service. I would hope, over time, that I might be able to reduce the number further and indeed I should like to move much more to a relationship between myself as Commissioner and Mr Wheatley as Director General which has a lower number of performance measures and a service level agreement between the two sectors as advocated by Mr Trickett.

Q114 Mr Osborne: These KPTs are going to be incorporated, indeed are starting to be incorporated, into PFI contracts. I was wondering whether the people here who represent PFI contractors feel there are too many of these KPTs and they are going to hamper what you are doing?

Mr Beeston: The issue I would just draw attention to is that with the key performance targets there is a need to be consistent across the public and private as an estate, if meaningful comparisons are to be drawn. One of the recommendations of the NAO Report is the fact that some of the performance targets which are reflected in the contracted prisons are in fact revisited and harmonised with the contracted performance targets and the key performance targets, which do not necessarily go hand in hand. We probably have more targets than the public sector prisons and I should like to see them harmonised.

Mr Banks: I would endorse the point in terms of consistency across the sector. The danger is focusing on too small a number of measures. You do need to get a comprehensive view of the performance of prisons. It is an area which needs to be kept under review.

Q115 Mr Osborne: In paragraph 1.33 on page 19 it says "PFI contractors expressed reservations about the proposed system . . . they are concerned that there are large numbers of KPTs and that some are based on inputs rather than outputs. They therefore concentrate on procedures rather than measuring results". Is that an experience you have had in running your PFI prisons and negotiating contracts?

Mr Banks: I believe as a system we are going to get more out of it, if performance measures are output related rather than input related. That then encourages innovation and new ways of delivering the outcomes.

Q116 Mr Osborne: Do you have any examples of distorting effects of targets, that is in order to meet a target to avoid a financial penalty you do something which is pretty silly, which you would not be doing otherwise?

Mr Beeston: One example I can give you is, for instance, around the penalty for not reporting. There is actually a penalty in the contracts for not reporting. Therefore you tend to report every incident, no matter how small, because the penalty for not reporting is often greater than the penalty for the incident itself. That is one example. Generally the point has been made that we would like to see standardisation rather than the two systems.

Q117 Mr Osborne: One of the things mentioned here is that there is no measure of actual reduction in re-offending rates. I would be interested to know whether you have any figures for the difference in re-offending rates in PFI prisons and public prisons?

Mr Narey: No, we do not. As I explained to the Committee last time I was here, because we move prisoners about so frequently, it is very difficult to attest to the particular work done by one prison. We know what our drug treatment courses provide in terms of reduced re-offending and offending behaviour programmes. We are trying to do work now, to try to see whether we can link future offending behaviour after release with the time spent in a particular prison. For example, if someone spent most of their time in Bullingdon prison and they have not gone back to re-offending, we will try to make a link between the prison where they spent most of their time and their future behaviour. It is very difficult. There are two exceptions to that. We know that Grendon reduces re-offending and we will be able to produce information shortly on the performance of Dovegate which, like Grendon, has a therapeutic community. While we move prisoners about quite as much as we have to because of overcrowding, it is very difficult to tie down and credit to a particular prison, what might have happened to someone after release.

Q118 Mr Osborne: So you would not be able to tell, for example, partly because of the hangover of change of policy, that Lowdham Grange has in effect a different activity scheme, work based rather than education based. Is there no way of measuring whether the work based scheme is more effective than the educational one?

Mr Narey: Indeed there is. We do that and we know that some of the activities at Lowdham Grange, which are borne out of a contract born in a different period, are much less likely to reduce re-offending than some of the things we are doing elsewhere and we are in discussions with Premier right now about changing the focus of that prison from an industrial workshop prison to one doing more education.

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Q119 Mr Osborne: Your previous answer was that it is extremely difficult to measure re-offending at all and then you seem to have come to a fairly clear conclusion about what goes on in this particular prison.

Mr Narey: No, I said it was difficult to measure re-offending and then link it to a particular prison. I could, for example, give you a lot of research results from those right across the prison system who have completed offending behaviour programmes, those who have completed and got basic skills qualifications and education. We know from evidence based both in the UK and internationally that they have a modest but significant effect in reducing re-offending of around 10%. So I can tell you which things will work in reducing re-offending, but it is difficult to say whether it was a particular educational course in a particular prison which led to the reduction in re-offending.

Q120 Mr Osborne: One of the things I found a bit depressing in this Report was in paragraph 3.13, which says that the exchange of good practice between prisons generally and incorporation of innovation from the private sector is limited. You do have this mixed estate. You have a bit of diversity there, people trying different things. One of my fears is that this target regime will undermine that, but nevertheless should you not be exchanging good practice, learning the lessons, what works in some prisons and does not work in others?

Mr Narey: I acknowledge and accept entirely the Report's conclusions that we can do more to exchange good practice and I am anxious to exploit my current position in managing both sectors to ensure that happens. I should like to stress that a lot of it does take place; some of the innovative work which has been done across the sectors in the care of juveniles has been very successfully transferred from private sector to public sector and public sector to private sector. As we have discovered things which work, such as offending behaviour programmes—and we are the world leaders in those—developed in the public sector, we are now exporting those to the private sector prisons.

Q121 Mr Osborne: May I just ask about women's prisons and in particular in my constituency I have Styal prison, which has become the largest women's prison in the country. Is there any PFI programme in women's prisons?

Mr Narey: Yes. We have signed contracts for both Ashford prison and Peterborough prison and Ashford will be completely female and Peterborough will be half male and half female. I hope this will bring some much needed relief both to Holloway and Styal.

Q122 Mr Osborne: Are you going to attempt to bring in any particular innovations through these new PFIs?

Mr Narey: Both those prisons relative to some of the more recent contracts we have are going to be quite expensive because we made sure that there was a requirement for them to be sent to the private sector.

In the bids we approved there is a very significant emphasis on addressing the very particular problems facing women prisoners, which you will know from Styal, very heavy levels of mental illness, the need for greater numbers of staff. For example, at Peterborough the staff ratio for the women's side of the prison will be about one to 2.7 as opposed to one to 3.5 on the male side. We need more staff to look after women, who are a much more difficult group to look after; they need a much greater investment in health care, they need offending behaviour programmes which are designed specifically for them rather than simply being adapted from those we use for men. We will see all those features in the two new prisons when we open them.

Q123 Mr Osborne: Less transport around the country? I am going to discuss this with Mr Wheatley later in the week.

Mr Narey: I hope that will be a benefit. You will know just how much we have to move prisoners in and out of Styal and the particular catastrophes we have had in terms of the incidence of suicide in recent months.

Q124 Mr Davidson: I was looking at the table on page 23 giving the various categories and I found it immensely complex to draw any lessons from it. Then, when I turned to page 8, the clearest single correlation is between the age of the prison and whether or not it is in the red or any other category, with 50% of those in the red category being built in the 1800s and only 20% in the orange and 10% in the green. Is age of the prison not the more important predictor than public, private or anything else?

Mr Narey: It is a very important predictor, but it is not an absolute predictor. Some of the prisons which would give me and, I would suggest, Mr Wheatley most concern are not the very oldest prisons. Some of the Victorian prisons have some real advantages, not least in safety, which have been reproduced in modern design. Some of the prisons built in the 1960s are frequently not safe prisons and are extremely expensive in terms of manning.

Q125 Mr Davidson: Are those factors not a better determinant of how effective a prison is going to be than the question of public or private?

Mr Narey: I agree that they are very important factors and I never believed public sector good, private sector bad or vice-versa. Both sectors can run good and bad prisons.

Q126 Mr Davidson: How effective is the regime of financial penalties in concentrating your minds and improving behaviour?

Mr Beeston: In the case of Ashfield, which is clearly documented in the NAO Report, it cost Premier £4.2 million last year, so it did focus the mind.

Q127 Mr Davidson: You got the penalties because it was a disaster and because it was a disaster your mind would have been focused anyway. Rather than the nuclear option there of the enormous penalties, I was thinking more of the incremental penalties

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which seem to be popping up now and again. To what extent does that actually grip your attention? Is it something which really determines behaviour or not?

Mr Beeston: It is important, but it is not the primary factor. The prisons are run by prison directors who want to meet and achieve performance targets and are now within a system where they are grouped into peer groups and comparator groups and there is some degree of pride there in achieving good performance. The financial penalty is really a result of not achieving good performance. It is a consequence rather than the root cause.

Q128 Mr Davidson: If we are reading across from this to health, education, anything else, are you saying that financial penalties are not something we really ought to be picking up from here as being an example of significantly good practice?

Mr Beeston: By definition financial penalties only occur when there are elements of failures. They are not where you want to focus your mind because you want to focus your mind on success and getting the best job done. Where financial penalties do trip in, then clearly there is an issue and that is an area of management focus. The system does work, it does maintain accountability and focus on areas which are giving problems versus areas which are not.

Mr Banks: The threat of financial penalties certainly focuses the mind. Financial penalties in themselves do not produce excellent performance, they produce contractually compliant performance. Excellent performance comes from the commitment of directors, their management team and their staff.

Q129 Mr Davidson: Yes, but we cannot necessarily construct a mechanism which delivers that in other areas of work. How valuable do you think the question of financial penalties is for our use elsewhere from the lessons of here? Do you think it is something we ought to be building in to anything else we hand over to the private sector to manage?

Mr Banks: It is an important part of the whole risk management mechanism that the risk management is actually backed up by financial penalties, yes.

Mr Narey: I thought with the particular instance of Ashfield, which caused me so much anxiety, that if we had not been able to make very severe financial penalties, the other part of the Premier partnership—because until Wednesday Premier is part owned by Serco, which Mr Beeston represents, and part by Wackenhut—I do not think we would have got the other part of that partnership to respond seriously. I did find with Wackenhut that it was very important to make very significant financial reductions and take away places before I felt I was getting them to take the nature of Ashfield's inadequacies seriously.

Q130 Mr Davidson: You mentioned earlier on the relationship with prisoners and the question of prisoners sometimes basically being devious and manipulative and so on. The parallel I look at here is the relationship between the controllers and the companies and the question of institutional capture

and so on and so forth. I am not clear from this, notwithstanding the points which have been made, how exactly you have overcome that and whether or not you believe that has been a genuine issue. We are hearing just how important and significant the financial penalties can be and a relatively isolated group of staff can be pressured by the people round about them and their circumstances.

Mr Narey: Yes, they can and we are alive to that. The changes we have made in terms of managing private sector prisons all together as one group by one manager will mean managing the controllers as one group, bringing the contractors together much more, we shall try to give them much more support, try to make sure that we have greater standardisation in their behaviour and we will be anxious to ensure that we prevent what you call institutional capture. I cannot deny that that may not have happened, indeed some years ago in one prison with one particular controller I believe it probably had happened and that particular controller retired. The record of the fines imposed on prisons, even those prisons which all commentators, including the Chief Inspector of Prisons, think are very good prisons shows that we have been pretty hard on the private sector. Look at Altcourse which impressed nearly everybody, which has lost nearly £500,000 in recent years.

Q131 Mr Davidson: One of the points made was the question of the creation of a pool of staff who would sometimes move between public and private. To what extent are there then pressures upon controllers in particular, who might have their eye on a job in the private sector in future, to compromise their integrity?

Mr Narey: That has not been an issue. We have had no instances; I cannot think of any instances of a controller moving across to join the private sector. However, we have encouraged governors and directors to move from one sector to another and I am delighted that we now have some two-way traffic, some individuals who left the public sector to go to the private sector have now come back to the public sector.⁸

Q132 Mr Davidson: We have all sorts of rules set up about people from the Ministry of Defence moving to defence contractors. Have you looked at the parallels there?

Mr Narey: Yes, we have indeed and we would be very cautious about allowing the private sector to take a particular controller. That is not to say we would rule it out, but we would want to have some separation between the two events. It is not an issue which has happened. Controllers are pretty committed to their career in the public sector prison service and see their spell as controllers as a bit of variation of their experience, which will help them in due course perhaps to run their own prison.

⁸ *Note by witness:* There is one example of an Assistant Controller, who left the Prison Service to join Premier. As stated at the Hearing, there have been no examples of Controllers moving over to work for contractors.

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Q133 Mr Davidson: May I ask about the scale of change here? It strikes me that the scale of change we have had in the prison service has been greater than in many other sectors of the public sector. In terms of challenging vested interest and so on, to what extent has the fact that the recipients of the service, the prisoners, do not have votes made that much easier?

Mr Narey: Do not have votes in public elections?

Q134 Mr Davidson: Absolutely.

Mr Narey: I am not sure whether it makes a significant difference. There has been some debate about this and the Prison Reform Trust have recently been running a campaign to give votes to prisoners.

Q135 Mr Davidson: There is no constituency there to oppose change, in the way there is when you are looking at hospital closures or amalgamations or drastic changes in health provision.

Mr Narey: There is a very healthy voluntary sector and a uniquely effective inspectorate which represents the interests of prisoners and ensures, if myself and Mr Wheatley were not to ensure it, that prisoners are treated decently and that prisons continue to improve. Of all the inspectors in the criminal justice system, I do not think there is any with such a public profile or quite so critical, and I welcome that, as the prisons inspectorate.

Q136 Mr Davidson: May I turn now to page 27 and Figure 17? Irrespective of the effect that the private sector has on prisoners, it would certainly seem that it has a poor effect on staff. Unless I am mistaken, this figure is telling me that salaries are lower, hours are longer, pensions are worse and holidays are less in the private sector. To what extent has that contributed, towards both a lower standard of staff you are able to recruit, but also lower costs? Are there any compensating advantages? Is the advantage of the private sector simply that you pay people less and treat them worse?

Mr Banks: We approach staff terms and conditions on an area basis, so we look at the area within which we are recruiting and we recruit all our staff locally to the prisons and we determine what we believe is an appropriate rate for that area.

Q137 Mr Davidson: Are you saying this is wrong then? If you look at Figure 17, I am taking it that the prison officer is the public sector employee and prison custody officer is the private sector person, apart from overtime, which is too complicated for me to understand as there are so many variations, for every single category, whether it is salary, pensions, annual leave days, the private sector is worse.

Mr Banks: I am not disputing the table. What I am explaining is the process that we go through in setting out terms and conditions of staff which reflect the employment conditions for the area.

Q138 Mr Davidson: So what are you saying to me? That it is just coincidence that it works out in this way? I find that difficult to believe.

Mr Banks: If we get it wrong, then we have problems recruiting the right level of staff, which ultimately would reflect through in the performance of the prison and the outcomes. By and large that is not the case. In fact privately managed prisons perform relatively well when compared with other prisons. If we get that wrong, then we would suffer to a certain extent; it would be a contributory factor to high staff turnover and poor performance.

Q139 Mr Davidson: The same point to Mr Beeston. It seems fairly clear here, does it not?

Mr Beeston: There is no disputing the table. The table does accurately reflect the average difference between the public sector pay and pay within private sector prisons. The point Mr Banks makes about regional variations is certainly true. If you look across the various prisons that Premier runs, they all actually have different pay grades based on the area of the country they are in. You asked a question about innovation and it is not the only area of saving money. If you look at the Report, it very clearly documents the case of Manchester prison for instance, where there was a 25% reduction in staffing within the public sector as a result of exposure to competition. The actual more flexible use of labour, shift systems and so on, are other contributing factors.

Q140 Mr Davidson: Could the National Audit Office clarify a point for me? To what extent do these different answers in these tables apply to regional variations where the prisons overwhelmingly say that the public sector are in high wage areas and the private sector in low wage areas? Does that justify it?

Mr Narey: Might I help? There is a map somewhere in the Report which shows private sector prisons and you see an absence of private sector prisons in the south-east. It is significant that the two private prisons which will open in the south-east, Peterborough and Ashford, will both pay salaries to their prison custody officers much nearer to the public sector wage levels which are determined in part by attracting people to prisons in the south-east.

Q141 Mr Davidson: I am not quite sure whether or not that is telling me that nonetheless you still pay less and have worse conditions or whether or not it simply reflects the going rate in poorer areas.

Mr Narey: The truth is that the private sector has been able to pay less in areas where wage levels are lower. The prison service has been bound by national wage rates, although for the last few years we have been trying in the public sector to concentrate, in the pay deals we have agreed with the unions, on giving much more money, significantly more money, to people working in the south-east to try to achieve some sort of regional balance. It is the case that out of the south-east somebody working in the public sector prison service will earn more money and work fewer hours than somebody working in the private sector.

Q142 Mr Davidson: In those circumstances, has the prison service been looking at building more new prisons away from the south-east where costs are lower and staff, as we find on a number of other occasions, are more reliable, notwithstanding the fact that I recognise there are questions of proximity to family and so on?

Mr Narey: That has been the case. We have been able to contract the private sector prisons on sites we have found which have been away from the south-east. It is where we have needed them for prisoners; we have not built them for the sake of it. A real challenge for the private sector is to be able to show that they can run successful and decent prisons in the south-east, for example running a prison at Ashford near to Heathrow airport, against all the wage competition which will apply there, will be a significant challenge for UKDS. I know from their proposals that they are trying to meet that by paying salaries which are much closer to public sector salaries than the salaries quoted in here for the private sector.

Q143 Mr Davidson: Closer but still lower?

Mr Narey: Closer but still lower.

Chairman: Certainly we were told at Altcourse that the average pay there was £13,000 a year and, in the words of the governor, "They had to beat away the applicants they were so heavily oversubscribed". You wonder whether Altcourse would be so successful if it were in the south-east. That is just a comment.

Q144 Mr Williams: Can you just clarify a point which is genuine misunderstanding? In Figure 9 on page 15, cost per penalty point, Ashfield is £94, Altcourse is £293. Why is the cost per point three times higher in one than in the other?

Mr Narey: It is because each penalty point regime—and I confess to having had to have a tutorial on this just this morning—is unique to that particular prison. If you want to compare how a particular prison has performed against another one, you cannot just look at the penalty points incurred, but you will see that prisons have very different base lines, that is the number of penalty points which are tolerated before a financial penalty is enforced. That again reflects the fact that we have different schemes for different prisons.

Q145 Mr Williams: Why was Ashfield set at £94? Why is it so different, particularly in view of subsequent events? The worst offender of the lot, yet it has the least disadvantageous penalty point system?

Mr Narey: It has been significantly at a disadvantage in terms of the money we have taken from it, a total of £4.2 million, as Mr Beeston said. Whatever the penalty point regime, the fact is that we have been able to use sanctions against Ashfield going way beyond the use of penalty points, in this case in closing places and saying this is not a safe enough place in which to put young prisoners so as to make a very significant financial sanction.

Q146 Mr Williams: Was the £4.2 million based just on penalty points or on other factors?

Mr Narey: No, the £4.2 million was primarily based on closing places and saying we do not think this is a place which is safe enough or good enough to meet our standard requirements so we are not going to put young people into there.

Q147 Mr Williams: Who carries the cost of having an institution which is half full of prisoners and has a full staff complement?

Mr Narey: The private sector do.

Q148 Mr Williams: Completely?

Mr Narey: Yes.

Q149 Mr Williams: What are they in the process of doing to remedy that? Is there anything they can do or is it within their control?

Mr Narey: What Premier have done at Ashfield, without wishing to embarrass her, particularly since the arrival of Vicky O'Dea, has been to bring a great deal of leadership to bear there, a great deal of leadership bringing much more confidence amongst the staff. I have seen efforts made to pay more money to retain staff. I have seen a transformation in the calibre of teaching staff at Ashfield, for example when I was there on Friday the education department was a very different place.

Q150 Mr Williams: That all sounds very good, but what went wrong to explain the fact that the level of assaults was equal to 74% of the population, so markedly unlike any of the others?

Mr Narey: Ashfield had grave difficulty in opening and coping with the population, in part because the requirements we imposed on it changed. It is only fair for me to say, as legislation changed, the requirements we put on the place changed, but it did not open successfully.

Q151 Mr Williams: So you changed the regime to some extent.

Mr Narey: We anticipated that Ashfield would be an establishment looking after young offenders, that is those aged 16 to 24. We signed a contract in 1998 on that basis. Shortly after it was opened we had a body called the Youth Justice Board (YJB), which purchased from the prison service custodial places for those aged 17 and under with a radically different regime. So we did change the challenge facing Ashfield.

Q152 Mr Williams: How did that make such an enormous difference to the incidence of assaults?

Mr Narey: Because it imported a population, which is very difficult. We exacerbated that further by having to transfer some young offenders in from Gloucester. At the time I was extremely worried about the number of young offenders, that is 18 plus, at Gloucester who were taking their own lives and we had to move young offenders out of Gloucester prison completely into Ashfield. That caused a graver challenge for Ashfield. Overall the performance was very poor indeed and that was why

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we fined them and eventually withdrew places and finally took it into public service management to try to sort it out.

Q153 Mr Williams: Why did the Youth Justice Board have to contact the service and tell you that a key element of YJB policy and funding was not in the contract? How did that come about?

Mr Narey: Because we signed a contract in July 1998, I believe, before we knew about the creation of the Youth Justice Board. So we had already agreed a contract with Premier for running an establishment. The Youth Justice Board took on responsibility for young offenders and buying places two years later, in April 2000. So although we have done a great deal to merge the two under a contract now which more reflects the needs of juveniles than previously, there are still some inconsistencies between the two which we need to improve.

Q154 Mr Williams: It was oversight, on the part either of the department or the service or both, that the contract was inadequate?

Mr Narey: It was a lack of psychic qualities. I did not know the Youth Justice Board was going to be created. We were believing we were going into a contract with the private sector to run a traditional young offender institute for an age group ranging from 16 to 21.

Q155 Mr Williams: When it changed, why did you not make the appropriate changes to the contract?

Mr Narey: We started to and we started to enter discussions with premier for changes, including perhaps putting more staff into Ashfield to make it safer. The problem was that we could not really talk seriously about improving Ashfield and putting more resources in until we got to the point where Ashfield were able to meet the staffing levels which they should have been delivering under the contract. They consistently failed to do so, which is one reason why eventually we withdrew young people from there.

Q156 Mr Williams: Really it was a combined mess-up: the service, yourselves and the private operator. Each of you contributed to this unbelievably bad performance.

Mr Narey: I have to accept that. What I would say in our defence is that the financial sanctions, which were very extreme, have helped to contribute eventually to a much different attitude from Premier and Ashford is now going to be a decent place.

Q157 Mr Williams: You said you considered terminating the contract. What stopped you terminating the contract? Was it because, in view of the culpability on the part of the government side that you exposed, there was a difficulty that you might lose in a legal confrontation with the company?

Mr Narey: No, I did not believe that was ever a prospect. The culpability was mainly at Premier's door, who failed at that time to run Ashfield well. Since then they have made changes to make that very

different. I was confident that, if we had gone to court, the case against Ashfield, against Premier, was very significant. The answer is that I did not think I had to go that far. When we put a public sector governor in, Kevin Lockyer from Portland, the institution began to stabilise. Had it not done so, had I not developed any faith in Premier to turn this around—and I have been frank about my anxieties about Wackenhut as part owners of Premier—then I might have had to consider going to the lenders and asking them to find another operator. If they had not done that, then I might have had to pay off the lenders' liabilities.

Q158 Mr Williams: May I go parochial on you and switch to page 23, where you have your traffic light ranking of prisons and the more red marks you have the worse your performance is? I note that one of the three best, which is a public prison, is the prison in my own constituency, Swansea. I am delighted. What are we doing right that the rest of the prison service is not?

Mr Narey: Swansea is a very good prison and much improved. Coincidentally it is one reason why I worked hard personally to persuade Vicky O'Dea, previously governor of Swansea prison, to join Premier for a few years to try to bring a bit of the leadership which I had seen so patently at Swansea into Ashfield. It is partly because of Vicky's presence that I have so much faith that Ashfield, though it may not catch Swansea up, is well on the way to being a very good prison indeed.

Q159 Mr Williams: Going back to our hearing on Fazackarly prison years ago, when they had just finished their first year I think, and when there had been trouble at Parc and a riot, we discovered that you had to call on prison officers from Cardiff and Swansea to go in and help out. I asked whether they received any compensation from the private operator of Parc for the provision of their staff. I was told no. Has this situation changed now? The staffing is so low in the private prisons that they do not have anyone they can send to help out with the public prisons.

Mr Narey: We have arrangements of mutual support. For example, when we had a very serious incident last autumn at Lincoln prison, some of the staff who came to help reassert control came from private sector prisons. The two sectors support one another. A private sector prison running into difficulties like that would suffer significant numbers of penalty points which would result in fines, if they breached the tolerance levels. There is not a straight link. The private sector do not pay for the mutual aid in the same way that we do not pay the private sector when they offer mutual aid to public sector prisons.

Q160 Mr Williams: So it works even-handedly between the two sectors.

Mr Narey: The co-operation between the two sectors in any sort of crisis is exemplary.

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Q161 Mr Gibb: When we were talking about the discrepancy between the forecast population of 91,200 and the uncrowded capacity of 69,500 by 2006, you said that you could not build your way out of the problem. You referred in other answers to the advice you were giving to ministers. Why is your advice to ministers not to build more prisons, in fact a significant building programme, given that in America they have one million people in prisons and the population of the States is five times that of Britain, to be conservative, and that would mean we would have 200,000, on that basis, in British prisons compared with 73,000. I am not saying we should replicate the American system here, but surely, given the social trends, that is where we are heading and your advice to ministers not to build their way out of this problem strikes me as very complacent.

Mr Narey: I do not think that is quite right. I have had very significant investment to build new prison places, both expanding public sector prisons and building new house blocks and wings and also in building new prisons at Peterborough and Ashford on the way. By any measure, the amount of money which has been dedicated to building those places by government has been very considerable. It is true that the population has grown and overtaken that expansion. Whether we should follow the American model is a matter for ministers and parliament rather than for me, but I would just mention that in a number of American states now, they are very much regretting the expansion of the prisons they had and are shutting prisons, because they now find them unaffordable. In California, for example, they spend more on prisons than on higher education. In a number of American states, California included, prisons are being shut and there are some quite dramatic early release regimes to take prisoners permanently out of those places which, as tax revenues have dipped in the USA, states have found to be unaffordable.

Q162 Mr Gibb: Crime is plummeting in the United States.

Mr Narey: Crime is falling in the UK as well.

Q163 Mr Gibb: Whereas it is not here. If you look at these figures, look at 2006, 2005, 2004, the uncrowded capacity increases from 67,000 to 69,500 in three years. Why is that evidence of what you have just been saying about putting more prisons on line? There is no evidence there of more prisons on line, it is an increase of 2,500, it is nothing.

Mr Narey: A better example is to look at the actual number of additional prisoners being absorbed over that period, which is much more significant.

Q164 Mr Gibb: Let us do that. From 2004 it is 75,000 on a crowded basis, going up to 77,500 by 2006 on a crowded basis. That is 2,500 too according to a Parliamentary Answer.

Mr Narey: Places are under way at the moment. We will open 400 new places at Birmingham later this year, we will open new places at Peterborough and Ashford. We have plans to have competitions for

new prisons in the north-west and in south-east London. There is a building programme which has been going on for some time.

Q165 Mr Gibb: Which is leading to these figures of 67,000 to 69,500 after 2006. This is a Parliamentary Answer. How long does it take to build a prison? Does it take more than three years to build a prison?

Mr Narey: It depends on what sort of difficulties we have with planning permission. It has taken a very long time to build a prison at Peterborough, because of acute local opposition.

Q166 Mr Gibb: Nothing you have said is not in these figures and these figures show a very, very small amount of prison building, 67,000 up to 69,500 or 75,000 up to 77,500 on a crowded basis, an increase of 2,500 over three years in terms of prison places. The prison population in that same period is going up by 10,000. What is going on?

Mr Narey: Clearly that is a matter for ministers rather than for me.

Q167 Mr Gibb: This is the advice you are giving.

Mr Narey: Ministers have to decide how much of the money they spend on the criminal justice system they want to spend on new prison places.

Q168 Mr Gibb: They lean on your advice, do they not, as the expert in this area?

Mr Narey: In part on my advice, yes.

Q169 Mr Gibb: What is your advice on this issue?

Mr Narey: My advice has been that if we are to take and absorb more prisoners, we will need more places.

Q170 Jon Trickett: Ms O'Dea, you have been in the public service for, what, 18 years?

Ms O'Dea: Yes.

Q171 Jon Trickett: Now a year or so in the private sector. Do you feel, coming to a private prison which had difficulties, those private sector management practices in there have been an advantage or not? How might you compare the two cultures if you are going to stabilise a public sector prison as opposed to a private sector prison? Do you feel there were differences and were they helpful or not?

Ms O'Dea: Some of the problems were the same, such as prison staff sickness which was a huge problem at Swansea prison which had to be tackled. Staff sickness there was because staff felt they were entitled to be sick, they could go sick, that was what they did. Staff were not sick at Ashfield because they were frightened or anxious and there was a difference. That had to be tackled. What was your question?

Q172 Jon Trickett: What I was trying to understand was whether or not being in a private prison meant you as the senior manager on site had advantages and maybe disadvantages? Just so we can get a feel for it.

HM Prison Service, Home Office, Premier Custodial Group, Serco Group plc and Group 4 Falck Global Solutions Ltd

Ms O'Dea: Yes, there are some advantages. For instance, in terms of purposeful activity and counting where the boys are, in Swansea it is bits of paper which go into a clerk. Premier had problems accounting for that. Money was no object. I have this computer device where the kids cards are scanned, it speaks to a regime monitoring computer, I get accurate information by the hour about where the kids are and what they are doing. At Swansea I had bits of paper and I had to trust that people were filling them in diligently and that they were where they should be. There are some advantages: things move very quickly and technology is very pioneering compared with some of the public sector. In Ashfield the level of scrutiny, the level of audit, the level of monitoring, the level of Home Office compliance on site, has sometimes been quite difficult because I did not have the freedom. In Swansea, if a kid was being disruptive, I would do something about that. I now have to go and ask if I want to move this boy to here.

Q173 Jon Trickett: I am sorry to pursue this but I think we ought to give you a chance to point out the differences, since we are supposed to be discussing this and you are the expert. Was the freedom you felt in the public sector because you are now in a prison which was in crisis, or because the regime the prison service is imposing on the private sector is much more arduous than it is in public sector prisons?

Ms O'Dea: The regime at Ashfield is more arduous and it is monitored much more strictly.

Q174 Jon Trickett: Because it was private sector or because it was a prison in crisis?

Ms O'Dea: Yes, because it was in the private sector. Swansea also was a prison in crisis; Swansea was a poor performing prison, but I was given strategic objectives and left to get on with it.

Q175 Jon Trickett: So you feel the prison service imposes more onerous—

Ms O'Dea: Much more rigorous and much more exacting and frequent checks. I cannot wing it and I cannot fluff it.

Q176 Chairman: I also wanted to ask you a question to give you more of a chance to give us the benefit of your experience. Why are assault rates in PFI prisons high? Is it because there is better reporting, or what?

Ms O'Dea: I am not complacent about assaults, but it is very rigorous reporting. If I do not report I am fined 50 points, whereas when I do report and someone is found guilty of assault I am fined 20 points. So I am inclined to report almost everything. You have to bear in mind that at Ashfield there is a famous orange story. A kid throws an orange to you and you throw it back. That is two assaults. In another life I would put that boy on report for throwing food and that is taboo; you should not throw food. There is a level of "We had better report assault things because if we don't, we'll be accused of trying to hide and fudge the figures". If you compare

that chart with 74% at Ashfield, with other juvenile prisons, the levels of assault are higher in juvenile establishments. It is about fear of not reporting.

Q177 Chairman: I am worried that where we do discover good practice, as the NAO Report shows in private prisons, there does not seem to be as much read-across into public prisons as you might expect. Is this a problem? Do you think the public sector is not learning as much good practice from the private sector as they should?

Ms O'Dea: We do share that. I go to the area meetings of other juvenile establishments and we talk about best practice and we do share ideas. I am invited to go to look at Feltham which has a really good this, or look at whichever prison has a really good that. It is not taboo, that we cannot go to look and see.

Q178 Chairman: And it is happening, there is enough read-across?

Ms O'Dea: Yes; yes.

Q179 Chairman: It works both ways?

Ms O'Dea: Yes.

Q180 Mr Osborne: Why do you think that the private sector had to go and get an experienced public sector governor? Why is there a lack of experience within PFI to bring in troubleshooters like Ms O'Dea?

Mr Beeston: It is simply a question of time. The private sector prisons do only make up 10% of the overall prison estate, so clearly in terms of drawing experienced managers, 90% of the available talent is within the public sector arena currently and only 10% within the private sector arena. That is changing and will change. Most of the next tier down within the prisons has been drawn from private sector. They have not been brought in from the public sector. It is only a matter of time before we have a governor appointed to a private sector prison from within the private sector.

Mr Banks: I would endorse that. We are a very young industry and even in the time we have been in operation, the number of senior managers who are now home grown has dramatically increased from when we started.

Chairman: Lady and gentlemen, thank you very much for appearing before us. We are very grateful. I am sorry that some of the other witnesses have not had as much to say because of the usual excellent performance from Mr Narey, who is clearly passionately committed to the service. We are very grateful to you and to your staff for the very difficult job you do. Once again thank you for what you do in very difficult circumstances. We are also passionate about trying to improve conditions in our prisons. We are committed to the public being protected, but we remain very concerned about the high level of re-offending and are anxious that any lessons learned in the private sector do read across into the public sector. Clearly that is starting to happen and for that we are very grateful. Thank you very much for a very interesting hearing.

Memorandum submitted by Premier Custodial Group

Premier Custodial Group (PCG) is a joint venture company equally owned by Serco Group plc (Serco) and Wackenhut Corrections Corporation (WCC). WCC has responsibility for the operational control of the business and Serco the financial control and HR aspects.

It is anticipated that on 2 July 2003, Serco will become the sole owner of PCG.

PCG was formed in 1992 and manages contracts ranging from prisons, a secure training centre, an immigration centre (with a second in the course of construction), escorting and court custody services and electronic tagging. Its turnover in 2002 was £127.4 million.

Serco is one of the world's largest public service companies operating on a global basis in a diverse range of sectors, including defence, aerospace and science, public transport and traffic management, health, education, justice and local government.

Serco is focused on the public sector which represents around 90% of its business and has a strong public service ethos with the UK government having been its principal customer for 40 years. In partnership with customers and staff Serco aims to enhance service levels and operational efficiency by shortening decision making chains, reducing bureaucracy and achieving continuous improvement.

NATIONAL AUDIT OFFICE REPORT

Premier welcomes the NAO Report as it provides detailed and up-to-date information on the operational performance of the PFI prisons. It confirms that, on average, PFI prisons are performing much better than their public sector counterparts. It also confirms that the PFI prisons have outperformed public sector prisons in the decency agenda.

The underlying statistics also provide useful information not previously available, that until 2001–02, the PFI prisons had better escape rates and in two of the past five years, no escapes at all.

The Report recognises that competitive tendering of prison management in the UK has delivered a number of areas of best practice that could be copied elsewhere in UK government. At the same time, it recognises the need for further improvement and makes a number of key recommendations which Premier broadly supports.

PREMIER'S PRISON BUSINESS

PCG opened its first prison, Doncaster, in 1994 followed by Lowdham Grange in 1998. Both prisons are acknowledged by Her Majesty's Prison Service (HMPS) and the Chief Inspector of Prisons (HMCIP) as providing extremely high quality services to the prisoners in their care.

Now approaching its second anniversary, Dovegate is showing every indication of delivering those same standards of service. During his visit to the prison while still Director General of HMPS, Martin Narey commented that Dovegate's education department was one of the best in the whole prison estate.

ASHFIELD

We accept unreservedly the criticisms made by HMCIP following their inspection a year ago and acknowledge that we failed to operate this establishment to the same high standards as our other prisons. However, PCG, working in partnership with HMPS, has delivered real and sustained improvement over the past twelve months.

We have strengthened the senior management team, carried out an extensive recruitment campaign, improved employee terms and conditions, developed the initial staff training programme to make it more relevant to the management of adolescents and provided refresher training for existing staff. We have also revised our processes and procedures to reflect best practice in the juvenile estate and have instigated a more comprehensive auditing process. In addition, the education department has been restructured with more teachers in post and the recruitment of teaching assistants; and the curriculum has been rewritten to better reflect the needs and capabilities of the youngsters in our care. We have also refurbished and re-equipped the living accommodation.

While acknowledging our shortcomings, we believe there are structural factors that contributed to the difficulty in Ashfield reaching the high standards of our other contracts. Since its inception, Ashfield has seen almost constant change of focus and direction. The building was designed for young adults and not juveniles or remand prisoners. The emergence of the Youth Justice Board (YJB) as the contract was being negotiated made anticipating the requirements of the new institution difficult. This was further complicated by the subsequent articulation of the YJB's expectations and the implications of child protection procedures. And, as reported by the NAO, the complex contractual arrangements between the YJB, HMPS and ourselves, combined with the divergence between our contract with the HMPS and the service level agreement between the YJB and HMPS further complicates the situation.

However, the corner has been turned at Ashfield and we are now seeing a pattern of real improvement. The last Improvement Notice was lifted in February 2003 and no more are expected. Ashfield scored 77% and 72% respectively in the recent Standards and Security Audits carried out by HMPS in February 2003. Within those overall scores Ashfield attained 80% for Safer Establishments and 91% for Healthcare. The Prison's Ombudsman, following a visit in April 2003, wrote to Vicky O'Dea, Ashfield's Director "You know that I was pleased by much of what I saw, and the juveniles themselves spoke very well of the establishment and of your staff. Manifestly, the public reputation of Ashfield is significantly at odds with the current reality . . ."

BENEFITS OF COMPETITION

The introduction of competition in the custodial market has brought benefit to many stakeholders as acknowledged by the NAO and also by the CBI in their recently published report—*Competition, a catalyst for change in the prison service*.

Contestability, The Commissioner for Correctional Services, the NAO and the CBI have all concluded that the introduction of contestability has been a valuable stimulus in raising standards across the entire prison estate.

It is not that the private sector is better than the public sector, but that competition is better than monopoly. The public wins when public services are exposed to competition and socially responsible firms are encouraged to participate.

The NAO Report has also confirmed that the public sector has obtained significant efficiency savings as a result of competition.

Clarity of Contract—Prisons with a contract or service level agreement benefit from the clarity of knowing exactly what is expected of them and the manner in which their performance will be measured. It is that same clarity that serves to 'protect' the prison from ad hoc and sometimes competing additions, variations and changing priorities.

However, PFI prison contracts generally operate for 25 years and during that time it is inevitable that correctional policy will change. It is vital therefore that contracts have the flexibility to enable them to be refreshed and updated on a regular basis to ensure that they remain at the leading edge of custodial provision. We are pleased that the Corrections Commission has already committed itself to a refresh of all PFI and management only contracts.

By way of example, Lowdham Grange is a prison contractually based around an industrial prison framework whilst the correctional agenda has moved on to one based on resettlement via education, training and offending behaviour programmes. Lowdham Grange does what it is asked to do well, but it is not necessarily being asked to do the right thing. Without that refresh, prisoners sent to Lowdham may well be disadvantaged simply by reason of the contract.

FRESH START—WE HAVE CHOSEN TO CONSIDER THIS ASPECT OF PFI UNDER THREE KEY HEADINGS:

Design—A "greenfield" site enables the prison to be designed and built around the operational requirements of the regime resulting in a more efficient deployment of staff and contributing towards a safer environment. For example, residential accommodation in PCG's prisons is designed along the "hub and spoke" principle of Victorian times. Clear sight lines are established on every wing complimented by extensive camera coverage and individual personal alarms for all members of staff. Activity in the wings is monitored from a small control room located in the hub.

Culture—It is widely accepted that the private sector has brought about a revolution in staff/prisoner relationships resulting in more humane and decent treatment of prisoners. This has been achieved by recruiting the vast majority of staff with no prior prison experience. As the CBI noted in their recent report "staff bring with them none of the weariness and cynicism that characterises the culture of many public sector prisons." Symbolic of the new environment is the practice of referring to prisoners as "Mr" or by their first name, all staff wearing name badges and the introduction of privacy locks, giving prisoners keys to their own cells. All staff, including managers, wear the same uniform, which in itself is less military in style than the public sector.

Operation—The contractual requirements are largely output based i.e. they specify what is required, leaving us the freedom to decide how, resulting in innovation. However, the increasing scope of Prison Services Orders and Instructions and audit baselines, plus the shadowing of KPTs, all of which specify some level of inputs and assume a certain method of working, all contribute to reducing the scope for innovation.

In moving from HMPS to the Commission, we would also not want to lose the opportunity for Contract Directors (equivalent to HMPS Governors) to interact with their public sector peers on a regular basis under the auspices of HMPS Area Manager meetings. These meetings provide an opportunity to share best practice and new developments in correctional policy.

Performance Measures—On the one hand the performance measurement system enshrined in the contract provides clarity in its articulation of the basis on which our success or failure will be measured. Conversely, the contractual performance regime has been altered incrementally through changes to orders and instructions, extensions to audit baselines and the introduction of KPTs leading to overlap and duplication.

We welcome, therefore, the NAO proposals, which are supported by the CBI, for more effective performance measurement regimes to be developed across the entire prison estate enabling comparisons to be made irrespective of whether the prison is publicly or privately managed. In so doing, it is vital that the Commission avoids imposing layers of inconsistent performance regimes that will stifle innovation and flexibility.

We agree with the NAO recommendation that in revamping the performance measurement system a clear link between performance and financial deductions should be established.

Financial penalties—The financial penalties which accrue from failures in service provision are a powerful incentive to the contract to take the necessary steps to improve performance. Ashfield is proof that the contracting regime works; faced with significant financial penalties and the potential for an ongoing impact on our reputation, the parent companies and leading financiers became actively involved in the process of reform to ensure that Ashfield was returned to a safe and stable situation.

IN CONCLUSION

The introduction of competition into the custodial market has been instrumental in raising standards across the entire prison estate and in the main, privately run prisons perform to a higher standard than their public sector counterparts. But, the private sector is not infallible.

We welcome the creation of the Commission for Correctional Services and look forward to working with them to refresh our contracts and revamp the performance measurement system to encompass all aspects of prison regime and be an accurate comparator of performance across the prison estate.

Mr Kevin Beeston
Executive Chairman
Serco Group plc

24 June 2003

Supplementary memorandum submitted by the Home Office

QUESTIONS 95/98 (Geraint Davies): PURPOSEFUL ACTIVITY OUTTURN BY PRISON FOR THE FINANCIAL YEAR 2002–03

Source: Planning Group—Regime Monitoring Database.

Date: 14 July 2003

The average purposeful activity per week across the Prison Service was 22.6 hours

Function Group	Prison Name	Average purposeful activity per week (in hours)			
		Education	Resettlement	Works	Other Purposeful
Category B	Albany	5.6	1.6	12.0	2.4
	Dovegate*	7.9	0.9	16.5	0.4
	Garth	6.2	5.8	10.9	0.4
	Gartree	7.7	3.4	17.4	0.5
	Grendon	4.9	7.7	11.1	9.8
	Kingston	6.9	0.7	15.2	0.5
	Lowdham Grange*	2.4	0.9	21.9	2.2
	Maidstone	5.2	2.0	10.0	0.3
	Parkhurst	4.6	1.5	8.8	0.3
	Rye Hill*	9.2	1.4	17.6	0.4
	Swaleside	5.3	1.9	16.4	0.8
Category C	Acklington	5.0	2.6	15.8	0.3
	Ashwell	9.4	2.6	16.8	0.4
	Blundeston	8.0	1.6	12.3	1.2
	Camp Hill	6.7	2.1	10.0	0.5
	Channings Wood	7.5	11.0	12.4	0.4
	Coldingley	6.9	4.3	22.7	1.5
	Dartmoor	4.6	1.8	13.3	1.2
	Erlestoke	7.7	3.3	15.7	0.5

<i>Function Group</i>	<i>Prison Name</i>	<i>Average purposeful activity per week (in hours)</i>			
		<i>Education</i>	<i>Resettlement</i>	<i>Works</i>	<i>Other Purposeful</i>
	Everthorpe	10.6	5.7	14.8	0.5
	Featherstone	5.5	1.6	16.9	0.4
	Guys Marsh	5.0	2.2	13.6	1.9
	Haverigg	9.2	0.9	19.8	0.5
	Highpoint	5.0	2.2	10.1	0.7
	Lancaster	9.2	4.9	8.3	0.6
	Lindholme	6.2	2.4	13.6	2.2
	Littlehey	5.9	2.0	13.4	0.3
	Moorland	10.8	2.4	11.8	0.3
	Mount	5.8	1.4	11.9	0.5
	Ranby	7.7	0.8	15.0	0.6
	Risley	6.3	1.7	14.2	0.5
	Shepton Mallet	6.3	1.5	14.4	1.4
	Stafford	8.6	2.6	14.4	0.7
	Stocken	7.7	2.0	15.8	0.7
	Usk	14.4	4.1	18.0	0.6
	Verne	8.3	1.7	21.1	0.5
	Wayland	12.2	1.5	10.0	1.0
	Wealstun	11.7	4.7	15.3	0.8
	Weare	6.9	2.2	8.6	0.3
	Wellingborough	9.1	3.4	11.9	0.7
	Whatton	7.7	2.4	19.3	0.4
	Wymott	4.9	3.4	18.9	1.1
Dispersal	Frankland	6.8	2.3	12.2	0.4
	Full Sutton	3.3	1.2	9.9	2.5
	Long Lartin	5.1	1.0	12.1	0.3
	Wakefield	6.4	1.2	9.8	0.6
	Whitemoor	7.0	3.2	9.7	0.6
Female closed	Buckley Hall	4.8	2.3	17.9	1.8
	Bullwood Hall	13.5	2.6	11.2	0.6
	Cookham Wood	6.5	2.0	13.6	1.0
	Downview	8.2	3.4	11.9	1.3
	Foston Hall	7.4	2.1	15.3	0.5
	Send	6.5	8.5	14.2	0.9
Female local	Brockhill	4.9	2.0	7.8	1.4
	Eastwood Park	4.5	1.3	12.3	0.7
	Holloway	4.1	4.0	5.8	1.9
	Low Newton	6.9	3.4	13.1	0.5
	New Hall	7.8	2.3	12.8	1.2
	Styal	7.0	1.6	12.0	1.3
Female open	Askham Grange	7.9	6.3	13.0	13.8
	East Sutton Park	9.1	4.7	19.4	9.9
Male closed young offender	Aylesbury	5.3	3.1	6.4	3.0
	Brinsford	10.7	3.7	10.8	0.9
	Castington	14.5	1.4	5.5	0.5
	Deerbolt	10.8	1.7	7.1	0.3
	Feltham	9.2	4.0	8.5	0.5
	Glen Parva	6.5	2.1	8.8	0.4
	Hindley	13.9	0.9	19.5	0.6
	Lancaster Farms	12.9	4.0	5.8	0.7
	Onley	9.9	2.2	9.1	1.9
	Portland	10.1	4.2	8.3	0.5
	Reading	3.0	4.4	3.0	8.9
	Stoke Heath	8.1	2.3	9.4	0.7
	Swinfen Hall	11.6	3.5	10.5	1.6
Male juvenile	Ashfield*	10.6	2.8	11.3	0.9
	Huntercombe	12.2	4.9	8.9	0.6
	Werrington	19.6	3.4	6.8	0.3
	Wetherby	12.2	7.5	8.9	0.4

<i>Function Group</i>	<i>Prison Name</i>	<i>Average purposeful activity per week (in hours)</i>			
		<i>Education</i>	<i>Resettlement</i>	<i>Works</i>	<i>Other Purposeful</i>
Male local	Altcourse*	8.1	7.4	17.1	0.1
	Bedford	4.2	0.8	12.5	0.2
	Belmarsh	2.8	2.2	6.0	0.4
	Birmingham	3.8	1.9	13.9	0.4
	Blakenhurst	4.5	2.1	12.2	0.8
	Bristol	3.0	1.7	16.2	0.5
	Brixton	1.9	1.1	8.6	1.1
	Bullingdon	3.3	3.4	6.9	0.2
	Canterbury	5.7	1.1	10.1	0.6
	Cardiff	2.6	3.0	12.9	0.6
	Chelmsford	3.2	2.9	8.9	0.4
	Doncaster*	5.9	1.7	11.7	0.4
	Dorchester	6.1	1.0	10.8	0.4
	Durham	4.5	2.9	11.2	0.4
	Elmley	4.6	2.0	11.5	0.5
	Exeter	4.5	1.6	15.0	0.5
	Forest Bank*	5.4	2.5	10.8	0.5
	Gloucester	5.7	1.9	8.4	0.3
	High Down	3.7	1.8	7.0	1.6
	Holme House	4.1	2.9	7.3	0.2
	Hull	4.4	1.9	8.6	0.5
	Leeds	4.3	1.6	9.8	1.7
	Leicester	5.5	2.5	12.2	1.3
	Lewes	4.7	1.4	13.1	0.3
	Lincoln	3.3	1.6	13.2	0.2
	Liverpool	3.0	1.1	9.8	0.1
	Manchester	4.0	3.1	12.3	0.3
	Norwich	3.7	2.8	10.4	0.5
	Nottingham	2.5	2.4	11.9	1.3
	Parc*	6.7	2.3	15.2	0.2
	Pentonville	2.2	1.5	9.4	0.9
	Preston	5.6	1.6	12.3	0.3
	Rochester	6.3	3.8	11.5	1.0
	Shrewsbury	4.6	1.6	11.3	0.3
Swansea	3.1	1.7	13.1	1.8	
Wandsworth	5.8	0.9	9.5	0.5	
Winchester	3.3	2.5	12.3	0.7	
Wolds*	11.0	1.8	15.3	0.6	
Woodhill	4.9	2.8	7.8	0.8	
Wormwood Scrubs	3.5	1.8	8.1	1.2	
Male open	Ford	6.9	6.8	22.4	3.5
	Hewell Grange	9.5	5.8	24.7	1.0
	Hollesley Bay	13.2	5.3	13.7	0.4
	Kirkham	7.0	5.8	26.9	1.6
	Leyhill	9.5	9.6	16.0	4.0
	North Sea Camp	6.7	3.8	25.5	5.8
	Standford Hill	7.2	6.5	21.6	4.5
Sudbury	9.0	5.5	24.0	3.5	
Male open young offender	Hatfield	15.2	4.3	15.2	3.8
	Thorn Cross	17.6	6.4	15.3	3.4
Male remand centre	Northallerton	11.9	2.0	8.0	1.3
Semi open	Blantyre House	7.2	6.9	7.3	19.4
	Dover	9.2	3.8	8.6	0.9
	Drake Hall	7.3	4.7	21.1	0.4
	Haslar	10.4	0.5	2.5	1.6
	Kirklevington	7.3	9.1	10.2	26.5
	Latchmere House	1.5	43.9	10.1	0.1
Morton Hall	7.8	1.8	22.1	0.5	

Note: Establishments marked * are Private Sector Prisons

QUESTION 101 (Geraint Davies): EDUCATIONAL QUALIFICATIONS AWARDED VS OVERCROWDING AND MANDATORY DRUGS TESTING FAILURES: 2002–03

Source: Planning Group—Regime Monitoring Database.

Date: 10 July 2003

Function name	Prison name	Average population	% Rate of overcrowding	% of Mandatory Drug Tests failures	Average education hours per week	Educational Qualifications Awarded			
						Number of Basic Skills Entry Level	Number of Basic Skills Level 1	Number of Basic Skills Level 2	Number of Key Work Skills
Category B	Albany	440	0.0%	0.0%	5.6	47	169	76	635
	Dovegate*	754	1.0%	11.7%	7.9	62	94	67	554
	Garth	649	11.3%	4.1%	6.2	55	50	152	170
	Gartree	281	0.0%	5.3%	7.7	31	35	60	204
	Grendon	464	0.0%	4.1%	4.9	57	82	61	263
	Kingston	187	0.0%	7.5%	6.9	42	70	36	167
	Lowdham Grange*	518	3.8%	4.1%	2.4	38	63	43	0
	Maidstone	500	0.0%	9.8%	5.2	43	82	91	77
	Parkhurst	506	0.0%	7.8%	4.6	62	92	148	796
	Rye Hill*	656	32.4%	4.6%	9.2	2	52	44	144
Swaleside	769	3.1%	5.5%	5.3	62	85	121	201	
Category C	Acklington	771	0.3%	11.4%	5.0	142	276	140	329
	Ashwell	494	0.7%	14.5%	9.4	53	90	61	926
	Blundeston	430	30.7%	5.1%	8.0	29	100	109	254
	Camp Hill	536	51.7%	7.3%	6.7	105	320	224	1,978
	Channings Wood	613	6.5%	4.4%	7.5	216	289	257	739
	Coldingley	378	0.0%	13.1%	6.9	31	112	145	782
	Dartmoor	613	7.5%	11.3%	4.6	80	112	253	660
	Erlestoke	351	4.1%	10.5%	7.7	64	69	148	580
	Everthorpe	372	13.6%	6.6%	10.6	25	269	181	383
	Featherstone	607	2.9%	10.2%	5.5	56	91	168	1,478
	Guys Marsh	529	14.1%	21.7%	5.0	30	224	239	1,714
	Haverigg	544	2.2%	31.2%	9.2	48	119	77	114

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						<i>Number of Basic Skills Entry Level</i>	<i>Number of Basic Skills Level 1</i>	<i>Number of Basic Skills Level 2</i>	<i>Number of Key Work Skills</i>
Category C <i>(continued)</i>	Highpoint	872	5.3%	18.6%	5.0	80	170	189	561
	Lancaster	237	38.2%	26.4%	9.2	106	108	87	1,042
	Lindholme	724	0.0%	20.8%	6.2	144	139	212	985
	Littlehey	651	10.2%	4.5%	5.9	79	109	169	259
	Moorland	768	7.1%	3.5%	10.8	100	312	356	4,399
	Mount	754	12.7%	11.5%	5.8	92	260	188	1,024
	Ranby	752	15.7%	10.1%	7.7	48	71	112	493
	Risley	897	6.9%	25.3%	6.3	48	234	237	1,254
	Shepton Mallet	186	33.0%	11.9%	6.3	5	19	24	107
	Stafford	630	50.1%	13.6%	8.6	252	227	331	1,315
	Stocken	577	9.0%	3.4%	7.7	16	119	166	1,856
	Usk	328	55.2%	4.8%	14.4	79	93	153	538
	Verne	581	10.0%	5.5%	8.3	54	103	98	276
	Wayland	659	11.0%	6.1%	12.2	62	124	160	2,830
	Wealstun	587	0.0%	22.1%	11.7	184	170	264	1,671
	Weare	384	0.0%	6.0%	6.9	24	292	240	665
	Wellingborough	520	0.0%	8.7%	9.1	71	109	52	760
	Whatton	290	0.0%	0.4%	7.7	19	0	19	266
Wymott	810	3.0%	8.4%	4.9	18	86	142	1,602	
Dispersal	Frankland	649	0.0%	5.8%	6.8	60	61	78	594
	Full Sutton	601	0.0%	3.2%	3.3	41	70	43	164
	Long Lartin	430	0.0%	5.5%	5.1	31	61	53	661
	Wakefield	570	0.0%	1.4%	6.4	31	61	61	528
	Whitemoor	419	0.0%	5.4%	7.0	20	49	51	414
Female closed	Buckley Hall	252	8.5%	4.8%	4.8	32	57	17	71
	Bullwood Hall	169	4.6%	3.7%	13.5	78	75	22	260
	Cookham Wood	129	29.2%	5.2%	6.5	13	47	41	100
	Downview	226	0.0%	4.0%	8.2	48	65	49	543
	Foston Hall	216	0.0%	0.8%	7.4	32	78	40	229
	Send	215	0.0%	3.5%	6.5	67	86	54	134

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						<i>Number of Basic Skills Entry Level</i>	<i>Number of Basic Skills Level 1</i>	<i>Number of Basic Skills Level 2</i>	<i>Number of Key Work Skills</i>
Female local	Brockhill	157	0.0%	8.5%	4.9	0	39	6	46
	Eastwood Park	296	16.8%	12.6%	4.5	72	56	43	323
	Holloway	481	0.0%	18.7%	4.1	188	81	60	164
	Low Newton	275	30.8%	15.9%	6.9	44	147	74	752
	New Hall	348	16.6%	9.7%	7.8	47	160	55	692
	Styal	432	21.7%	9.9%	7.0	44	73	96	1,019
Female open	Askham Grange	129	0.0%	2.7%	7.9	20	66	44	715
	East Sutton Park	90	0.0%	0.0%	9.1	4	16	29	166
Male closed YOI	Aylesbury	348	0.3%	7.1%	5.3	63	149	78	204
	Brinsford	457	12.3%	10.7%	10.7	60	169	80	773
	Castington	326	0.0%	7.0%	14.5	545	159	58	2,243
	Deerbolt	446	0.0%	9.3%	10.8	71	316	186	1,538
	Feltham	657	0.0%	12.1%	9.2	313	213	186	1,001
	Glen Parva	776	53.2%	12.9%	6.5	159	149	219	1,069
	Hindley	507	2.2%	11.9%	13.9	245	320	200	1,344
	Lancaster Farms	478	10.4%	7.2%	12.9	230	242	112	2,713
	Onley	519	0.0%	10.7%	9.9	174	108	192	711
	Portland	436	0.2%	7.8%	10.1	27	409	273	381
	Reading	263	67.2%	8.1%	3.0	47	187	62	296
	Stoke Heath	629	28.4%	2.2%	8.1	124	514	154	1,321
Swinfen Hall	313	0.0%	3.2%	11.6	16	126	86	573	
Male juvenile	Ashfield*	267	0.0%	11.5%	10.6	0	0	0	0
	Huntercombe	346	0.0%	13.6%	12.2	9	274	109	146
	Werrington	130	0.0%	4.6%	19.6	79	0	0	0
	Wetherby	343	0.0%	4.8%	12.2	293	154	76	485

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Male local	Altcourse*	981	98.1%	12.0%	8.1	47	193	183	342
	Bedford	459	55.7%	21.0%	4.2	36	185	105	208
	Belmarsh	874	49.9%	10.5%	2.8	8	56	80	209
	Birmingham	920	42.7%	15.4%	3.8	98	173	108	662
	Blakenhurst	864	24.4%	24.4%	4.5	37	187	122	1,019
	Bristol	603	16.0%	14.3%	3.0	16	108	103	534
	Brixton	781	31.7%	8.8%	1.9	60	87	85	49
	Bullingdon	923	35.3%	10.0%	3.3	80	208	167	143
	Canterbury	302	80.5%	11.3%	5.7	30	75	59	79
	Cardiff	664	79.2%	18.7%	2.6	57	129	142	229
	Chelmsford	564	51.0%	22.9%	3.2	0	123	76	310
	Doncaster*	1,122	29.4%	9.7%	5.9	33	39	129	238
	Dorchester	245	73.5%	19.7%	6.1	24	57	67	828
	Durham	706	50.9%	13.2%	4.5	114	102	58	2,951
	Elmley	962	47.7%	9.9%	4.6	94	124	87	214
	Exeter	505	72.5%	11.0%	4.5	86	73	107	449
	Forest Bank*	1,011	0.0%	14.9%	5.4	59	190	153	317
	Gloucester	313	60.7%	15.0%	5.7	65	131	69	404
	High Down	724	26.7%	18.8%	3.7	41	49	53	326
	Holme House	978	21.9%	13.8%	4.1	156	212	174	3,828
	Hull	793	48.1%	7.8%	4.4	0	125	184	391
	Leeds	1,244	74.6%	28.3%	4.3	144	307	282	1,210
	Leicester	362	89.2%	12.7%	5.5	108	60	43	1,271
	Lewes	510	21.3%	14.2%	4.7	55	65	97	106
	Lincoln	452	59.6%	7.0%	3.3	73	167	100	204
	Liverpool	1,444	32.3%	13.7%	3.0	56	252	184	772
	Manchester	1,253	57.4%	20.3%	4.0	24	71	137	1,900
	Norwich	743	54.4%	17.2%	3.7	83	190	185	309
	Nottingham	530	57.0%	14.0%	2.5	0	86	20	522
	Parc*	975	0.0%	14.3%	6.7	143	203	247	637
	Pentonville	1,203	34.3%	19.9%	2.2	69	88	225	229

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Male local <i>(continued)</i>	Preston	642	92.5%	19.2%	5.6	47	152	100	415
	Rochester	162	0.0%	9.7%	6.3	28	104	36	45
	Shrewsbury	333	91.1%	23.1%	4.6	44	129	68	90
	Swansea	362	77.6%	17.6%	3.1	90	99	55	320
	Wandsworth	1,457	46.5%	12.4%	5.8	93	209	144	246
	Winchester	618	54.7%	22.1%	3.3	74	104	110	240
	Wolds*	381	0.0%	3.2%	11.0	183	116	90	231
	Woodhill	754	24.4%	8.5%	4.9	42	176	79	460
	Wormwood Scrubs	1,214	7.4%	16.1%	3.5	73	112	250	520
Male open	Ford	497	0.0%	11.3%	6.9	6	35	124	322
	Hewell Grange	182	0.0%	11.6%	9.5	28	25	113	84
	Hollesley Bay	424	0.0%	9.9%	13.2	68	185	86	529
	Kirkham	482	0.0%	25.8%	7.0	15	109	96	301
	Leyhill	425	0.0%	18.7%	9.5	39	139	90	1,344
	North Sea Camp	266	0.0%	19.6%	6.7	19	48	135	195
	Standford Hill	392	0.0%	18.6%	7.2	42	38	64	75
	Sudbury	506	0.0%	15.1%	9.0	29	88	83	423
Male open YOI	Hatfield	183	0.0%	15.4%	15.2	11	76	100	1,810
	Thorn Cross	208	0.0%	14.2%	17.6	53	95	63	599
Male remand centre	Northallerton	201	62.0%	6.1%	11.9	33	115	64	1,781
Semi open	Blantyre House	119	0.0%	2.8%	7.2	1	66	38	166
	Dover	180	0.0%	0.0%	9.2	0	0	0	0
	Drake Hall	261	0.0%	8.2%	7.3	15	13	114	399
	Haslar	131	0.0%	0.0%	10.4	6	26	15	62
	Kirklevington	181	0.0%	0.9%	7.3	9	43	30	0
	Latchmere House	188	0.0%	1.7%	1.5	8	8	24	10
	Morton Hall	251	0.0%	2.5%	7.8	39	37	56	220

Note: Establishments marked * are Private Sector Prisons