



House of Commons  
Committee of Public Accounts

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# Restructuring the National Offender Management Service

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**Thirty-fifth Report of Session 2012–13**

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

*Ordered by the House of Commons  
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## Committee of Public Accounts

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### Committee staff

The current staff of the Committee is Adrian Jenner (Clerk), Sonia Draper (Senior Committee Assistant), Ian Blair and James McQuade (Committee Assistants) and Alex Paterson (Media Officer).

### Contacts

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## Summary

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The National Offender Management Service Agency (the Agency) is an executive agency of the Ministry of Justice (the Department). The Agency directly manages 117 public prisons, manages the contracts of 14 private prisons, and is responsible for a prisoner population of around 86,000. It commissions and funds services from 35 probation trusts, which oversee approximately 165,000 offenders serving community sentences. For 2012-13, the Agency's budget is £3,401 million.

The Committee was pleased to note that the Agency achieved its savings targets of £230 million in 2011-12 and maintained its overall performance, despite an increase in the prison population. However, the Agency's savings targets of £246 million in 2012-13, £262 million in 2013-14 and £145 million in 2014-15 are challenging. The Agency believes it has scope to make the prison estate more efficient by closing older, more expensive prisons and investing in new ones. The savings plans assume the prison population will stay at its current level and not increase and that no progress is made on reducing overcrowding. Furthermore, the Agency has not yet secured the up-front funding for the voluntary redundancies needed to bring down prison staffing costs.

Unless overcrowding is addressed and staff continue to carry out offender management work it is increasingly likely that rehabilitation work needed to reduce the risk of prisoners reoffending will not be provided and that prisoners will not be ready for transfer to open conditions or release. We were not reassured that the Agency has done enough to address the risks to safety, decency and standards in prisons and in community services arising from staffing cuts implemented to meet financial targets.

The Agency plans to increase the role of private firms and the third sector in probation. We are not convinced that probation trusts have the infrastructure and skills they need to commission probation services from these providers effectively.

On the basis of a Report by the Comptroller and Auditor General,<sup>1</sup> we took evidence from HM Inspectorate of Prisons, HM Inspectorate of Probation and the National Offender Management Service Agency on the Agency's restructure and performance against Spending Review savings targets.

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1 C&AG's Report, Restructuring the National Offender Management Service, Session 2012-13, HC 593



## Conclusions and recommendations

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- 1. The Agency faces increasing challenges over the Spending Review period to deliver its savings targets.** The Agency did well to achieve its savings target of £230 million in 2011-12, but its strategy for future savings depends on the prison population remaining stable, something over which it has no control. The strategy also requires significant cuts in staff numbers to bring down payroll costs but the Agency does not have the resources to fund the voluntary redundancies that will be required. The Agency should work with the Department and HM Treasury to develop a funded strategy for delivering future savings.
- 2. There is a risk that cost reductions result in prison staff having to focus solely on security at the expense of offender management, training and rehabilitation.** Reduced numbers risk staff being taken off offender management programmes to cover duty on prison wings. The training and rehabilitation activities are important for reducing reoffending after release. In considering short-term cost reductions the Agency should identify and take into account the potential long-term consequences they could have on the prison population, on recidivism, and on protecting the public and on future costs to the public purse.
- 3. Levels of risk in some prisons have increased as staff numbers have been reduced.** We welcome the Agency's reintroduction of systems to manage risk at the regional level. However, we are concerned about safety and decency in some prisons and the fact that more prisoners are reporting that they do not feel safe. Assaults on staff, self-harm and escapes from contractor escorts have all increased. The Agency should ensure that savings plans have regard to the potential impact on risks to standards of safety, decency and respect in prisons and in the community.
- 4. Prison overcrowding has become institutionalised and some individuals have to be placed in prisons which do not provide the appropriate rehabilitation programmes to prepare them for release.** The Agency is planning to make savings by closing older, more expensive prisons and opening newer establishments which are cheaper to run. These plans are based on the acceptance that it will not be able to reduce prisoner overcrowding from its current level, which is the maximum it considers safe. Before closing prisons, the Agency should evaluate the consequences of closure on overcrowding, the ability to deliver sentence plans and the capacity to match prisoners to work programmes.
- 5. The Department is consulting on plans to put the majority of services currently provided by probation trusts out to competition. But probation trusts do not have the skills they need to support this expanded role in commissioning. We received evidence of poor contracting with the contract for electronic monitoring, which suggests that expenditure in the UK is 60% higher than equivalent expenditure in the USA.** The Department should work with the Agency to help probation trusts develop the skills they will require to commission effectively from private and voluntary sectors.

# 1 Delivering future savings and maintaining performance

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1. The Committee was pleased to note that the Agency achieved its savings target of £230 million in 2011-12. However, the Agency currently projects that it will spend £32 million more than its budget of £3,401 million in 2012-13. The Agency told us it has had to reduce its savings target for 2013-14 from £262 million to £210 million.<sup>2</sup> While the Agency still believes that it will be able to reach its original 2014-15 savings target of £145 million, we are concerned that its savings strategy assumes it will receive sufficient funding from the Department to close a £66 million funding gap to pay for voluntary redundancies.<sup>3</sup> The Agency and Department have not discussed with HM Treasury their need for additional support to close the funding gap, although HM Treasury told us that it is open to discussion.<sup>4</sup>

2. The Agency attributes its 2012-13 deficit partly to the impact of the riots in 2011. Convictions following the riots caused an increase in the prison population of 0.8 % over the previous 12 months. This prevented the Agency from making savings by closing prisons as quickly as it had previously planned.<sup>5</sup> In November 2012, the Department forecast that the prison population would grow more slowly to 2018 than it had previously projected.<sup>6</sup> The Agency based this lower forecast on the expected impacts of the Legal Aid, Sentencing and Punishment of Offenders Act 2012.<sup>7</sup> However, these figures are projections, and priorities may change with the new Secretary of State. Over the longer term, the prison population has increased significantly, doubling since the mid-1990s.<sup>8</sup> In the last eight years alone, the population rose from 74,448 in June 2004 to 86,048 in June 2012.<sup>9</sup> The Agency has no control over demand for prison places.<sup>10</sup>

3. The Agency has a target of making £190 million in savings from the prison estate, but has yet to achieve £106 million of this target.<sup>11</sup> If the prison population does not fall, the Agency believes it will largely be able to meet this savings target by closing old, expensive prisons and opening additional places in prisons with a lower unit cost.<sup>12</sup> It is also

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2 Q119, 121

3 Q121

4 Qq 122, 125-128

5 Qq 45, 47, 119

6 'Prison population projections 2012 to 2018, England and Wales' Ministry of Justice Statistical Bulletin  
<http://www.justice.gov.uk/downloads/statistics/prison-probation/prison-pop-projections/prison-pop-projections-2012-18.pdf>

7 Q45, 'Legal Aid, Sentencing and Punishment of Offenders Act 2012'  
<http://www.legislation.gov.uk/ukpga/2012/10/contents/enacted>

8 Q65

9 'Prison population projections 2012 to 2018, England and Wales' Ministry of Justice  
<http://www.justice.gov.uk/downloads/statistics/prison-probation/prison-pop-projections/prison-pop-projections-2012-18.pdf>

10 C&G's Report, para. 16

11 Qq 57, 59

12 Q60

examining how it could increase the number of places in existing prisons through means such as adding house-blocks.<sup>13</sup>

4. The Agency told us that over the past five years, as the prison population has grown, nearly a quarter of all prisoners have been held in overcrowded accommodation. The Agency contends that this amount of overcrowding is necessary to cope with the numbers being sentenced to custody and to avoid putting people into police cells. However, it also suggested that this was the maximum amount of overcrowding that it thought was safe. The Agency told the Committee that it would like to reduce overcrowding in prisons, but could not afford to do so and make the significant savings required.<sup>14</sup>

5. The Chief Inspector of Prisons informed us that the consequences of prison overcrowding include prisoners spending very long periods locked up in cells with too little physical space. Overcrowding, according to the Chief Inspector, also prevents prisons from keeping offenders usefully occupied and receiving appropriate rehabilitation.<sup>15</sup> The Agency acknowledged that even relatively new prisons were already overcrowded because of the long-term growth in the prison population.<sup>16</sup>

6. The Chief Inspector of Probation informed us that she had found that the cuts resulted in probation trusts changing how they work with ex-offenders in three key areas. The reports on offenders provided for the courts are completed more quickly, but there is an increased risk that they do not contain all the information judges and magistrates should have, such as an individual's likelihood to reoffend.<sup>17</sup>

7. Secondly, probation trusts have switched from using evidence-based accredited rehabilitation programmes, such as those used to treat sex offenders, to shorter programmes which do not always have a proven impact on reducing reoffending. Thirdly, there has been a relaxation of the use of national standards designed to achieve consistency across the country in how probation trusts work with offenders in the community.<sup>18</sup>

8. The Chief Inspector of Prisons was also concerned at the impact that spending cuts were having on risks within prisons which he considered were growing. His reports have found, for example, that the number of staff supervising prisoners has fallen reducing the level of resilience so that if something went wrong problems would escalate quickly.<sup>19</sup> Public protection has also lessened, as was demonstrated in 2012 by an increase in the number of prisoners escaping from contractor escorts and the first escape of a Category A prisoner in 16 years.<sup>20</sup>

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13 Q120

14 Qq 62-63

15 Q8

16 Q65

17 Ev 19

18 Ev 19

19 Q42

20 Q76

9. Staff cuts could also affect the safety of prisoners and prison staff. Although inspections had previously noted an improvement in safety in prisons and in the treatment of prisoners with respect and decency, the Chief Inspector of Prisons was concerned that these improvements had now stalled.<sup>21</sup> Recorded assaults on prisoners and staff have increased, as have incidents of self-harm by male prisoners.<sup>22</sup> The Inspector's reports compare prisoners' perceptions of their safety over time and in 2012 found that twice as many prisoners considered that their safety had got significantly worse than felt it had improved.<sup>23</sup>

10. The Agency told us that how well prisons and probation trusts are run depends on the leadership of prison governors and senior managers in trusts. The Agency acknowledged that it had changed prison governors too often in too many prisons. The Agency told us that it now expects to improve leadership skills by allowing governors to stay longer in each prison<sup>24</sup> and it has decided to assess risks regionally again to improve communication to reduce things going wrong.<sup>25</sup>

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21 Q2

22 'Safety in custody statistics, Quarterly update to June 2012, England and Wales'

<http://www.justice.gov.uk/downloads/statistics/prison-probation/safety-custody/safety-custody-june-2012.pdf>

23 Q15

24 Q129

25 Q79

## 2 Offender management in prison and the community

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11. Reductions in prison staff numbers appear to have led prisons to cut the amount of time they spend trying to rehabilitate offenders. The Chief Inspector of Prisons reported that he often found that activities such as work experience and education were being squeezed to allow staff to remain on prison wings to maintain control. In some cases, this meant that prisoners were being released without having received the rehabilitation they needed to reduce their chances of reoffending.<sup>26</sup>

12. The Agency maintained that it was not cutting resources for reducing reoffending, but was instead trying to target rehabilitation programmes on the right people.<sup>27</sup> The Agency did concede, however, that prisons had in the past not done enough to focus activities on rehabilitating offenders while they were still in custody.<sup>28</sup>

13. The Agency told us that one of the measures it was taking to improve the targeting of rehabilitation programmes was to re-tender its contracts for education and training. It was also targeting its resources by concentrating long-term prisoners with a higher risk in certain key prisons. To encourage offenders to participate in rehabilitation programmes suited to their needs, it was also conducting a review of the incentives and earned privileges system for prisoners, with the aim of encouraging all types of offenders to take up prison-based work and education.<sup>29</sup>

14. The Agency also informed us that, despite the recent spending cuts and the impact they have had, reoffending overall has gone down by 4.9 percentage points over the last 10 years. This applies to offenders serving sentences in the community and in prison.<sup>30</sup> The only group where reoffending has increased is for those serving sentences of under 12 months. The reoffending rate for people in prison who are serving sentences of under 12 months is 58% against an overall rate of 47.5% and a rate of just over 37% for those serving 12 months to four years.<sup>31</sup>

15. The Chief Inspector of Probation believed that the Agency does not fully understand probation services.<sup>32</sup> The Agency has a fundamentally different relationship with probation trusts than it does with public or private prisons. Probation trusts are independent non-departmental public bodies of the Department, which report to locally managed boards, but are held to account by the Agency for achieving their targets.<sup>33</sup> The Agency does not,

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26 Qq 2; 9-10; 19-20

27 Q68

28 Q82-83

29 Qq 82-83

30 Q67

31 Q67

32 Ev 19

33 C&AG report, para. 3.8

according to the Chief Inspector of Probation, have a consistent dialogue with probation trusts and as a result there are tensions in the relationship.<sup>34</sup>

16. The Agency plans to increase the amount of services currently provided by probation trusts commissioned from the private and voluntary sectors.<sup>35 36</sup> However, it accepted that some probation trusts do not currently have the skills they need to commission effectively from these providers and the Agency has not yet provided them with adequate support to develop the skills they require to do so. This raises the risk that private sector providers might make excess profits from contracts with probation trusts. The Agency suggested that, to overcome the potential lack of skills for commissioning in individual probation trusts, it will let large contracts nationally, as expertise exists centrally at departmental level.<sup>37</sup>

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34 Ev 19

35 C&AG report, para. 15

36 See also Ministry of Justice, "Transforming Rehabilitation: A revolution in the way we manage offenders."

37 Q107; *'Punishment and reform: Effective probation services'*, Ministry of Justice, March 2012

# Formal Minutes

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**Wednesday 13 February 2013**

Members present:

Mrs Margaret Hodge, in the Chair

Stephen Barclay  
Guto Bebb  
Jackie Doyle-Price  
Chris Heaton-Harris  
Meg Hillier

Fiona Mactaggart  
Austin Mitchell  
Nick Smith  
Ian Swales  
Justin Tomlinson

Draft Report (*Restructuring the National Offender Management Service*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Thirty-fifth Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report (in addition to that ordered to be reported for publishing on 14 January 2013).

[Adjourned till Monday 25 February at 3.00 pm]

## Witnesses

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<b>Wednesday 7 November 2012</b>	<i>Page</i>
<b>Liz Calderbank</b> , HM Inspector of Probation and <b>Nick Hardwick</b> , HM Inspector of Prisons	Ev 1
<b>Michael Spurr</b> , Chief Executive and <b>Andrew Emmett</b> , Director of Finance and Analysis, National Offender Management Service	Ev 7

## List of printed written evidence

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1	HM Chief Inspector of Probation	Ev 19
2	Ministry of Justice	Ev 20

# List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2012–13

First Report	The Government Procurement Card	HC 1915
Second Report	Mobile Technology in Policing	HC 1863
Third Report	Efficiency and reform in government corporate functions through shared service centres	HC 463
Fourth Report	The completion and sale of High Speed 1	HC 464
Fifth Report	The Regional Growth Fund	HC 104
Sixth Report	HM Revenue & Customs: Renewed Alcohol Strategy	HC 504
Seventh Report	Immigration: The Points Based System – Student Routes	HC 101
Eighth Report	Managing early departures in central government	HC 503
Ninth Report	Preparations for the London 2012 Olympic and Paralympic Games	HC 526
Tenth Report	Implementing the transparency agenda	HC 102
Eleventh Report	Improving the efficiency of central government office property	HC 288
Twelfth Report	Off-payroll arrangements in the public sector	HC 532
Thirteenth Report	Financial viability of the social housing sector: introducing the Affordable Homes Programme	HC 388
Fourteenth Report	Assurance for major projects	HC 384
Fifteenth Report	Preventing fraud in contracted employment programmes	HC 103
Sixteenth Report	Department of Health: Securing the future financial sustainability of the NHS	HC 389
Seventeenth Report	Department of Health: The management of adult diabetes services in the NHS	HC 289
Eighteenth Report	HM Treasury: The creation and sale of Northern Rock plc	HC 552
Nineteenth Report	HM Revenue & Customs: Annual Report and Accounts 2011-12	HC 716
Twentieth Report	Department for Energy and Climate Change: Offshore electricity transmission—a new model for infrastructure	HC 621
Twenty-first Report	The Ministry of Justice's language service contract	HC 620
Twenty-second Report	British Broadcasting Corporation: Off-payroll contracting and severance package for the Director General	HC 774

Twenty-Third Report	Department for Work and Pensions: Contract management of medical services	HC 744
Twenty-Fourth Report	Nuclear Decommissioning Authority: Managing risk at Sellafield	HC 746
Twenty-Fifth Report	Funding for local transport: an overview	HC 747
Twenty-Sixth Report	The Department for International Development: The multilateral aid review	HC 660
Twenty-Seventh Report	HM Treasury: Annual Report and Accounts 2011–12	HC 659
Twenty-Eighth Report	Department of Health: The Franchising of Hinchingsbrooke Health Care NHS Trust and Peterborough and Stamford Hospitals NHS Foundation Trust	HC 789
Twenty-Ninth Report	Tax avoidance: tackling marketed avoidance schemes	HC 788
Thirtieth Report	Excess Votes 2011–12	HC 959
Thirty-first	Department for Transport: Lessons from cancelling the InterCity West Coast franchise competition	HC 813
Thirty-second	Ministry of Defence: Managing the defence inventory:	HC 745
Thirty-third	Department for Work and Pensions: Work Programme outcome statistics	HC 936
Thirty-fourth	Managing Budgeting in Government	HC 661

# Oral evidence

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## Taken before the Committee of Public Accounts on Wednesday 7 November 2012

Members present:

Margaret Hodge (Chair)

Mr Stewart Jackson  
Fiona Mactaggart  
Austin Mitchell

Nick Smith  
Ian Swales

**Amyas Morse**, Comptroller and Auditor General, National Audit Office, **Gabrielle Cohen**, Assistant Auditor General, NAO, **Aileen Murphie**, Director, NAO, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

#### Restructuring of the National Offender Management Service (HC 593)

##### Examination of Witnesses

*Witnesses:* **Liz Calderbank**, HM Inspector of Probation, and **Nick Hardwick**, HM Inspector of Prisons, gave evidence.

**Q1 Chair:** Welcome. I don't know whether you know how this Committee works but we take evidence from the accounting officers for the Department—for the Agency in relation to you. We try to bring stakeholders in before we have that evidence session to highlight for us the key points that you think we should concentrate on. The evidence is based on the NAO Report but anything you can add and any areas that you think we should focus on would be warmly welcomed. I don't know which of you wants to start. Nick, let me start with you and the prisons. The Agency is having to take huge cuts. Given the change of policy it is unlikely that the prison population is going to go down and many of the cuts were predicated on reductions in prison population. What has the impact been to date? What are the challenges as you look forward?

**Nick Hardwick:** I have to be careful about attributing cause and effect. We can talk about what we see in prisons, but it is more difficult to make a direct link with that and their funding. For a period of years, the outcomes that we see for prisoners, in terms of whether the prisons are safe and decent, and whether the prisoners are being kept usefully occupied and helped to resettle, generally, those have been improving and, on the whole, that has continued over the recent period. In a time of declining resources and increased budgets, that is an achievement.

But there are two important caveats to the general picture. First, there is a great deal of inconsistency between individual prisons. For instance, last year we felt that about three quarters of prisons were providing good or reasonably good outcomes around purposeful activity for prisoners. The other way of looking at that is that a quarter of them were not, and that is a cause of concern. Sometimes, you look at two prisons. We described in our annual report the difference between Strangeways—Manchester prison—and Wandsworth, which are both inner city Victorian prisons. One seemed to be doing really well in keeping prisoners

occupied and the other, despite having facilities and resources, was not. There did not seem to be an obvious reason for that. We had inconsistency.

**Q2 Chair:** There did not seem to be an obvious reason.

**Nick Hardwick:** There wasn't, beyond ineffective leadership and poor performance of the staff, which were obviously not linked to resources.

The other thing is that, even in a prison that is generally safe or generally performing well, there are increased levels of risk. We think that the reductions in staff are having an impact. We came to that conclusion on the basis of a number of bits of evidence, the first of which are the inspection findings. The areas where improvement seems to have stalled are around safety, respect and decency. Last year, there was an increase in the number of adverse incidents, assaults and self-harm incidents. The increase is roughly proportionate to the increase in the population, but in each individual prison there are likely to have been more incidents.

It is simply what you see when you go into a prison. The staff are busier. A prison depends, to some extent, on an officer going down to B wing and having time to chat to them in there and knowing, because he goes often enough, that the atmosphere today is a bit different from the atmosphere yesterday and that something is up, or his having a relationship and a laugh with the prisoners so that somebody comes out and says, "Look, guv, I am worried about so and so. This fella hasn't come out on association", or "I think there is something going off down here." Those kinds of relationships are critical to the safety of an individual prison.

If staff are working efficiently and moving quickly from one specific task to another, having time to stop and take the temperature is one of the things that we think has got squeezed. You see that. In other ways, you see people not being moved to activities and

people being redeployed from offender management work. Generally, if the place is well run and they have the wind behind them, they get away with it most of the time, but with less staff, less officers supervising prisoners, less managers supervising officers and less regional managers supervising the prison, the resilience is not there. If something goes wrong, it can go wrong pretty quickly.

It is a slightly contradictory picture. In the overall sense of improvement, which we think is real, there are nevertheless inconsistencies that the Committee should be worried about and, we think, an increased level of risk.

**Q3 Chair:** Is it just management capability?

**Nick Hardwick:** It is management of prisons by individual officers. There are less officers to manage the prison.

**Q4 Chair:** I hear the two differences. Fewer resources are having an impact on suicide, self-harm and those sorts of things. The other thing you said was that there are inconsistencies and a well-resourced prison can perform badly, and a less well-resourced prison can perform well.

**Nick Hardwick:** Yes.

**Chair:** There must be your analysis. Inspectors must demonstrate? That is really my question. Is it management?

**Nick Hardwick:** Yes. It is leadership.

**Q5 Chair:** It is the nature of a modern prison as opposed to an old prison?

**Nick Hardwick:** It might be a number of factors. It is certainly more difficult to run an old Victorian prison than it is to run a new prison with a modern design. However, leadership is crucial, so one of the things that we would look at in assessing risk is whether there has been a change of governor and director, because if that has not worked, a prison has a sort of gravity to it—it takes a long time to go up, but it can go down very quickly. That is one of the things we would watch out for. Leadership is crucial.

**Q6 Chair:** Is the data you get sufficient for you to be able to make a judgment?

**Nick Hardwick:** We would not make a decision about where to go purely on data. We would gather data and do a risk-based assessment.

**Q7 Chair:** Is the data good enough?

**Nick Hardwick:** For our purposes, but sometimes what we find is that the data we get suggest that someone is performing adequately, but when you go what is actually happening on the ground is not consistent with the data. I don't think that is because people are deliberately trying to mislead us, it is just that there is a gap between what is happening on the ground and what is being reported up through the systems into management and eventually into NOMS itself. I suppose what I am saying is that there is no substitute for going and having a look yourself.

**Q8 Ian Swales:** On a visit to my nearest prison, Holme House at Stockton, which is relatively modern,

one of the things that struck me was the institutional overcrowding which now takes place: a single-person cell is routinely occupied by two people now. What is your view on those types of issues, in terms of the standards that are being set, whether such arrangements are now just deemed to be permanent and whether that is a good thing or a bad thing?

**Nick Hardwick:** We would always be critical of a prison that is overcrowded, particularly when you have small cells, designed for one, in which prisoners are now doubled up, and where, as was the case in Holme House, people spend very long periods locked up in those cells, in overcrowded conditions. I would also say that overcrowding is not simply a question of how many people you can squeeze into the available space; it is also a question of whether you have the resources to do anything useful with them when they are there. If your activities are planned for what the certified normal accommodation is but you have 50% more people in, you may be able to find a bed for them, but you won't be able to keep them usefully occupied during the day.

**Q9 Ian Swales:** That leads to my other question, which relates to the Chair's question about savings. Clearly the Government have a strong policy objective around rehabilitation and less reoffending. Have you seen any evidence that prisons are cutting corners on things like education, rehabilitation, working offsite and all that type of thing? Is that being squeezed under the financial pressures and if so what do you see the long-term effects of that being?

**Nick Hardwick:** In some prisons we see that being squeezed—not all, but in some. There are two areas where I would say there is a squeeze. One is offender management activities: we frequently see staff being redeployed from those activities into wing-based activities. Offender management consists of the sorts of interventions you are making to try to change somebody's behaviour, and it is something that we see slipping. We would also see that with treatment programmes such as those for sex offenders. These are programmes that are important and have a proven efficacy, and there is a mismatch between demand and supply for those, which is a concern.

What we frequently see happening in employment and training is that there is no resilience in the system. If, for instance, they have a staff shortage because somebody has left, or because of sickness or whatever, there is no back-up for that, and people will be spending that time locked in their cells and not occupied. There simply isn't enough activity for everybody in the prison.

**Q10 Ian Swales:** So offender management is not work on the wings, then?

**Nick Hardwick:** Offender management might be. It would be addressing the attitudes and thinking that is thought to have contributed to somebody's offending. It might be courses, it might be sentence planning—it could be a number of things around there. We frequently see staff redeployed from those activities to wing-based duties.

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7 November 2012 HM Inspector of Probation and HM Inspector of Prisons

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**Q11 Ian Swales:** You just used the word “frequently”. My last question is, how prevalent is that? Clearly that is quite a concern, and sounds as though it is going to lead to more recidivism as a result of less intervention while in prison. Do you see this as endemic, now, across the system?

**Nick Hardwick:** Endemic would be too strong. It is not the norm, but it is certainly happening in a significant number of prisons that we go to. I have not counted that precisely but it would be around a quarter or a third.

**Q12 Fiona Mactaggart:** On that point about programmes and courses, have you got evidence that there are prisoners who are staying in prison longer because they cannot satisfy parole boards and so on because they have not been through relevant courses?

**Nick Hardwick:** Yes.

**Q13 Fiona Mactaggart:** How much do you estimate that costs an average prison?

**Nick Hardwick:** I do not have an estimate.

**Q14 Fiona Mactaggart:** I shall ask Michael Spurr that. I am just giving him an alert of a later question. One of the things you do as an inspectorate is survey prisoners and ask them whether they feel safe.

**Nick Hardwick:** Yes.

**Q15 Fiona Mactaggart:** Do you see any connection between the sense of safety in prisons and the number of staff who are available to supervise prisoners? If so, what is the connection?

**Nick Hardwick:** Yes. What we have done recently is to compare prisoners’ perceptions of their safety in the prisons we visited last year with what prisoners were telling us the last time we visited those same prisons. So it is comparing pretty much like with like. Twice as many felt there was a significant worsening than felt there was an improvement. That is to do with what prisoners tell us. Do they feel that staff have a grip on what is happening here on the wing so if there is trouble will they intervene to stop it? Are they challenging poor behaviour in a way that makes them feel safe? If they go to a member of staff with a problem will they address it? Quite often they say to us, “Look, the staff are nice enough. They are friendly to us and they treat us okay, but I would not ask them to sort something out for me if I had a problem. I would not want to go to them with that kind of thing.” I don’t think that is the norm. On the whole, as I say, there is a general improvement but there is this kind of cross-current: as the net takes a heavier load, the holes get bigger and things are slipping through the gap.

**Q16 Fiona Mactaggart:** One of the things that the report shows is that Oakwood, for example, has produced a cheaper regime by using technology and so on. But one of the things that I have noticed in some private prisons when I have visited them, admittedly not very recently, is things like inadequate food, no linen on the night of your first arrival and so on. Do you observe that still occurring and do you see

any difference between private and public prisons in that regard?

**Nick Hardwick:** We have not inspected Oakwood yet. We will do an unannounced inspection of them in due course. In terms of other private prisons, I would not say that there is the evidence—I have not seen the evidence to support your view. On the whole, the evidence is that new build prisons work better than old Victorian prisons. Most private prisons are new build prisons. That tells you more about when they were built than who is running them. I do not think, as yet, that there is very clear evidence that you can attribute the difference to whether they are private or public sector. A prison such as Birmingham, which has already moved into the private sector, is a much better test of what difference there is. We had a quick look at Birmingham pretty soon after the move had happened, but it was too early to say. I think when we go back to Birmingham, that will be very interesting.

**Q17 Chair:** When was Birmingham privatised?

**Nick Hardwick:** It was privatised in October last year, if I recall correctly, and we went in January. They had done a few things to improve things in Birmingham, but it was too early to make an assessment about whether the privatisation of that had improved things. But when we go back we have a baseline to look against.

**Q18 Nick Smith:** I have a few more questions for Mr Hardwick and then some for Liz. Just flicking through your second aggregate report on offender management in prisons, which was easy to read if not entitled, credit where it is due, you say that resettlement needs for the prisoner get good attention.

**Nick Hardwick:** Yes.

**Q19 Nick Smith:** But apparently the Government have said that they are introducing a rehabilitation revolution in prisons. Do you think there is any evidence of that to stack up?

**Nick Hardwick:** I do think that prisons have improved the practical resettlement support that they give to prisoners and they have responded to the rhetoric on that. People will talk to you about that. Some basic things, which are critical, such as making sure that people leave to an address, are going to have a job—that sort of stuff. The weakness has been in what I was referring to earlier on the offender management side. We see staff redeployed from those functions too often, but the practical resettlement services have improved, I think.

**Q20 Nick Smith:** In your note, and relating to an earlier question, you said that there were insufficient accredited programmes, particularly for sex offenders, and that there was a mismatch between demand and supply. Can you tell us a bit more about that?

**Nick Hardwick:** I can give you an example. In Shrewsbury, for instance, a significant number of prisoners had been assessed as needing a sex offender treatment programme. I am speaking off the top of my head, but there was certainly a big gap between the need that had been identified and the programmes being provided. That meant that the men who needed

intervention were leaving without it being done or were kept because they could not get parole without it having been done.

**Q21 Nick Smith:** You talk about a mismatch, but do you have any more data on it? Are there x number of people who need a particular service and they are in y places?

**Nick Hardwick:** I do not have the data overall for the system; I have data for individual prisons we have inspected. I can give you some examples.

**Q22 Nick Smith:** I would be interested in the big picture stuff.

**Nick Hardwick:** I think NOMS might be able to provide that for you.

**Q23 Nick Smith:** Thanks.

One of my colleagues talked about prisoners being perhaps kept in longer than necessary. Are there issues with prisoners being let out earlier? For instance, they do some courses, but not courses that are appropriate, but because they do slightly related courses, the parole boards let them out early. Is that happening?

**Nick Hardwick:** It might be. If someone was doing a determinate sentence, they might be released without having done the interventions that were assessed as being necessary.

**Q24 Nick Smith:** So people are not really getting the courses they need?

**Nick Hardwick:** I would not say that they were being allowed out early, but that the work that needed to be done with them had not been done before they were released. If they have a determinate sentence, they are allowed out at the right time, but they have not necessarily had the interventions that they were assessed as needing.

**Q25 Nick Smith:** Is that because the parole board is saying, "They have done x course," which is not exactly what they need to do? They need to do y course, but because they have done x, they will let them out. Is that what happens?

**Nick Hardwick:** It might be in some cases, or it might be that their sentence has ended.

**Liz Calderbank:** Usually on an indeterminate sentence, the parole board would make that decision only on the assessment of risk. The individual's assessment of risk must have been decreased to such a point that it felt it was safe to release them. The probation service certainly picks up those cases on release. I have not had any referred to me as being inappropriate in that sense.

**Austin Mitchell:** I am glad that Liz Calderbank has spoken; I was going rescue you from the Trappist order.

**Liz Calderbank:** Thank you.

**Q26 Austin Mitchell:** On tagging and curfews, you say in "It's Complicated" that "In the vast majority of cases in our sample, the curfew was unrelated to the circumstances of the offence." Does that mean that the courts are imposing a sentence, but different considerations apply with the Offender Management

Service or that bank robbers should not be allowed near banks? What does it mean?

**Liz Calderbank:** Basically, we found that the courts were imposing curfews as a punishment as part of the order, but they were not related to the offence, or very rarely. The only example we found in that inspection that had a direct correlation between the offender's behaviour and the use of the curfew was a man who could not complete his community payback. He could not get up in the morning on a Saturday to do his community payback, because he was in the pub on Friday nights, so he was curfewed on Friday nights, and, lo and behold, he completed his community payback order. We were looking to see if the curfew was being used as a way of managing behaviour.

What we were concerned about when that report was done was that in comparison with the previous report—completed in 2008, when virtually all cases that went before the courts had a report of one sort or another prepared by the probation service—the proportion of cases that were being dealt with by a report had dropped considerably. As a result of that, we were seeing some cases where electronic monitoring was being used where it was clearly inappropriate. For example, a man with a history of domestic violence was curfewed back to his former partner's home, even though she had actually made it known that she did not want him to return there.

**Q27 Austin Mitchell:** Mr Hardwick, why is it that private prisons can make a profit, yet can be competitively run? You mentioned modern buildings, which must be a big advantage, because I can see that those Victorian buildings are difficult to manage. Is it that they are less well staffed, that they get less tough prisoners, or that they are providing less adequate service? Where does the profit come in?

**Nick Hardwick:** We do not inspect the finances of the prisons, so I could not tell you how they make their profit. It is a lot to do with the fact that they are easier and more efficient buildings to run. I think that is a lot to do with it.

**Q28 Austin Mitchell:** So if the public service had modern prisons, it could run them as well as the private sector.

**Nick Hardwick:** Yes. We see some public sector prisons in modern buildings run very efficiently. I have not seen any evidence that the private sector are not giving prisoners entitlements that the public sector would, or that the food is worse in a private sector prison. I have not seen that.

**Q29 Austin Mitchell:** The worrying thing is—presumably Wandsworth is a showplace. That is why we were taken there. I do not know.

**Chair:** I do not think it is.

**Q30 Austin Mitchell:** Perhaps it was a foretaste; if there are any more expenses problems, we could end up there.

**Nick Hardwick:** I couldn't possibly comment.

**Austin Mitchell:** Sorry, I am losing sight of the question. With the prison population growing, increasing pressure for economies, staff levels being

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reduced and sentence alleviation things like education and training and all the other things that give them a future outside, I was worried that we might be heading for a situation of more strife and riots in the prisons. Is that a predictable outcome?

**Nick Hardwick:** I think it is more complicated than that. Wandsworth is a good example. We last went to Wandsworth in August last year—no, it was in the spring of last year; it is the worst prison I have been to.

**Q31 Chair:** The worst prison?

**Nick Hardwick:** The worst in a whole series of ways. It is the most damning report that we have done. I believe it has improved since then. There have been some changes in staffing and it has improved. But there were very basic things by which we could sense that the prisoners there had been abandoned. When we went into the prison, we were surrounded by crowds of people—prisoners saying, “Can I have some toilet paper? Can you change the light bulb in my cell, guv?” Not stuff that people normally ask the Chief Inspector of Prisons. We found people who had not had showers for months. It was very poor.

As for the reaction of prisoners there, they had sort of given up; it was docility. They were staying in their cells. You did not have a sense of anger. Apathy was the result. People were not reacting in any way. They had given up. I certainly would not want to come here and say, “I think the consequences of the difficulties I have talked about are that prisons are about to explode.” I do not think that is the case, although there may be individual exceptions. I think reactions and consequences are more complicated than that.

**Q32 Mr Jackson:** What you just said takes me back to a visit I made to the San Miguel prison in Santiago, Chile, in July 2011. It was the prison where they had a fire in 2010 and 80 inmates died. You might think the British penal system is bad, but our visit was a catalyst for improvement. I went with Baroness Stern, who, as you know, is a great prison reformer. That prison was Dickensian. It was unbelievable. It was like something from “Oliver Twist”, but it is improving.

Can I ask you two very quick questions? There is obviously a big vogue now for social investment bonds; I am proud to say that HM prison Peterborough is leading the way in that—the only one in the country. To be fair, the scheme was established by, I think, Jack Straw under the previous Labour Government. First, do you—this is for both of you—think the methodology for measuring the cost-effectiveness and value for money for the public of that specific programme to reduce recidivism is robust enough? That is for both of you.

Secondly, are you satisfied that enough is being done in terms of value for money to prevent reoffending by prisoners serving very short sentences? One of the criticisms that all MPs get is that if you go into prison for a very short period of time, you do not get any training, you do not get people focusing on your mental health, literacy or numeracy problems or your civic engagement.

**Nick Hardwick:** I cannot answer your first question about Peterborough, because we were there shortly after the payment-by-results scheme had been introduced. When we go back to that, we will be better able to assess the outcomes there and the extent to which the funding model has worked. I just do not have the information.

**Q33 Mr Jackson:** I was not asking about Peterborough. I guess what I am saying is that Ministers are now saying that they believe that Peterborough has worked and that the scheme should be cascaded over the whole prison estate. Given that it is likely to happen over the next few years, are you satisfied that you can measure its effectiveness?

**Nick Hardwick:** I have not been to Peterborough recently enough to be able to answer that question. Some of these initiatives are still new, and I do not have the evidence to be able to answer that question and judge that yet. I would not want to make that judgment until we have actually been and looked at it for ourselves.

**Q34 Mr Jackson:** Are you broadly supportive of social investment?

**Nick Hardwick:** Yes. I am broadly supportive of social investment. People whose opinion I value who have spoken to me about it are very positive, but I want to reserve my judgment for what we actually see on inspection, rather than what we read about and what other people have said. That is why I am being slightly cautious.

I can certainly speak about what is done with people on short sentences, which is often zero. It seems to me that even if someone is in for a very short period of time, you ought to know whether they are going out to accommodation or not and you ought to be able to put them in touch with a community drugs agency or whatever it might be. It would be the norm that we see very little practically done for short-term prisoners, which is a big concern.

**Q35 Chair:** Nick, I think you have sort of avoided the question, perhaps because you feel that is appropriate, but from what you have said, if prisoner numbers do not go down, as was planned in the package of cuts that were agreed at the beginning of the CSR, what is your view, having been inspector for a number of years, as to what will happen? I also ask Liz the same question.

**Nick Hardwick:** I do not want to avoid the question. I am very clear: prison numbers and resources have to match. In my view, if you do not either reduce the prison population or increase the budget to match the population, the level of risk in prisons to individuals and to prisoners themselves will increase. I think I have said that in terms in our annual report. I said in terms to the new prison Minister that I think the level of risk is increasing. I do not want to come here and say something simplistic, because it is not a simple picture. I would not want to scaremonger by making wild predictions, but I absolutely do think, and have said on the record, that we have to cut our coat according to our cloth. Either the budget has to increase or the numbers have to come down.

**Q36 Mr Jackson:** May I come back on short sentences? You acknowledged that there was a problem, which I assume was the case, but you did not really move on from what needs to be done. If you have this revolving conveyer belt of crime, it will obviously have a long-term impact. I would like an answer from both of you, please.

**Nick Hardwick:** The last time we were in Wormwood Scrubs, they had a very simple traffic light system for prisoners around whether they needed help with some very specific resettlement needs. They did that very quickly when someone first came in, and were linked up pretty well to the community to make sure those practical needs were met. We saw that. It is a good system that could be replicated elsewhere. Too often it is not. There are other good examples that could be replicated.

**Liz Calderbank:** We have to ask ourselves first whether the right people are going to prison and whether they are going for the right length of time. Certainly if you look at the people serving 12 months and under, it is often assumed that they are subject to supervision by the probation service. That is erroneous; they are not. They are released on automatic unconditional licence, so they do not get any help or support when they come out.

Research done through NOMS has matched a group of the people serving 12 months and under with another group, serving community sentences, and matched them according to comparable characteristics. The reoffending rate for those who are subject to the community orders is significantly lower than for those who serve a sentence, and of course the cost savings are self-evident. I think that is what we need to be looking at.

**Q37 Ian Swales:** What are the cost savings?

**Liz Calderbank:** The average prison sentence costs about £37,000 per annum—

**Q38 Ian Swales:** A year?

**Liz Calderbank:** Yes. Obviously, it varies. Nick may know this better than I do, but it varies according to the type of prison, whereas for a community order—again, it varies according to the community order—the average cost is about £2,000.

**Q39 Ian Swales:** A year?

**Liz Calderbank:** Yes, so the savings are significant.

**Ian Swales:** In Holme House prison a few months ago, I met a young man who was about to be released. I said, “When are you getting out?” He said, “Oh, two weeks.” I said, “How long have you been in here?” He said “Six weeks.” In that time he had lost his job, his girlfriend and his house—the result of eight weeks in prison. That cannot be right. It is important that we get those data and feed them back from a value for money point of view as well as a humane point of view.

**Q40 Chair:** This may be the final question to you both. We will start with Liz. From your perspective,

what are the key things that the Public Accounts Committee, looking at VFM—value for money—ought to be asking of the accounting officers in relation to probation trusts?

**Liz Calderbank:** My concern about probation trusts is that I think that the work that the trusts do in the community is often not fully understood and, as a result, not properly valued. The contribution that it makes towards reducing reoffending and, in particular, managing the risk of harm that people can do to their communities is not taken into account. Some of the schemes that are run by probation with the police on, say, the integrated offender management systems are producing significant reductions in reoffending. I had details of one scheme sent to me last week that was showing a reduction of 50% in prolific offenders. That is a tremendous achievement and a significant saving. What we are seeing now—this certainly came out through our electronic monitoring report—is a proliferation of sentences, particularly electronic monitoring, being used as a punishment, rather than as a mechanism to change behaviour. Punishment can be very effective in changing behaviour and is an important part of the sentencing process, but it also needs to be affordable and it needs to be effective in reducing reoffending. At the moment, we have no evidence from the way electronic monitoring is currently being used that that is the case.

**Q41 Chair:** Some of us looked at a very useful report done by one of the think-tanks.

**Liz Calderbank:** Yes, the social policy group published its report shortly after ours.

**Q42 Chair:** Nick, is there anything you think we ought to ask?

**Nick Hardwick:** If I am right in saying that the level of risk in individual prisons is increasing, the comment in the NAO Report on concerns about NOMS local and regional risk-management processes is very important. I would be asking Michael, “How are you managing risk at local level? Are you confident your systems there are robust?” because in my view the risks are growing.

**Q43 Austin Mitchell:** The key thing to watch would be the reoffending rate, because if that rises, costs increase.

**Nick Hardwick:** The risk at a local level might be a number of things. It might be adverse incidences of self-harm and violence, or around reoffending rates. But I think that if you are losing it at a local level, and if that is not being spotted quickly, prisons can sink very fast. If I were those authorities, I would want to be really confident that my systems for identifying and addressing that were robust.

**Chair:** I want to move on. I am extremely grateful to you both. That was really clear and helpful, so thank you for coming.

**Nick Hardwick:** Thank you very much for the opportunity, Chair.

## 7 November 2012 National Offender Management Service

## Examination of Witnesses

*Witnesses:* **Michael Spurr**, Chief Executive, and **Andrew Emmett**, Director of Finance and Analysis, National Offender Management Service, gave evidence.

**Q44 Chair:** Welcome. I think this is your first time in front of us.

**Michael Spurr:** As an accounting officer.

**Q45 Chair:** Yes. You must have been before our predecessor Committee. I will cut to the chase and start talking about the problems that you are confronting.

You have clearly done well in getting your budget down, but you have predicated your cuts on a reduction in prisoner numbers. There is a question mark over whether you would have achieved it anyway, but the new Secretary of State has certainly made it clear that he is not interested in reducing prisoner numbers, so how are you going to meet those financial targets if you do not see a reduction in prisoner numbers?

**Michael Spurr:** The first thing to say is that the prison population over the last 12 months has been reasonably stable. There has been a 0.8% rise in the last 12 months and the recent projections that have just been produced—last week, I think—indicated a lower forecast for the prison population than previous projections, taking account of what has happened over the last 12 months and what has happened through legislation in the Legal Aid, Sentencing and Punishment of Offenders Act.

**Q46 Chair:** Before you go any further on your projections, the NAO provided me with a useful chart—I do not know if it went to all Members. Whatever the projections, the reality of numbers is that, since 2006, you cannot see a reducing trend anywhere. If your Secretary of State has come in and said specifically, and I quote: “Am I planning to reduce the number of prison places? No I’m not. I do not want to set a target to reduce the prison population”, I do not think that your projections bear much weight.

**Michael Spurr:** I was simply saying what has happened in the last 12 months, which is that it has been stable. As a result of that, we have been able to close 2,500 places over the last two years, which is quite a significant—

**Q47 Chair:** By having greater overcrowding?

**Michael Spurr:** No, not—

**Chair:** Your numbers have not gone down.

**Michael Spurr:** There are 86,000 people in prison, which is a 0.8% increase on last year, but we had a plan to increase capacity, so I have got 91,000 places available for the 86,000 people in prison at the moment. Had we not closed down the 2,500 places, we would have had 93,500 places, so because we have a planned number of 93,500 but have 91,000 at the minute we have been able to make those savings to date.

I believe that there is capacity to make some savings and still be able to accommodate all the prisoners coming through the courts; the projections indicate

that that is the case. They are better projections than the ones the NAO were using for their Report because they are newer, refreshed projections. Having said that, our first requirement is to ensure that we produce enough places for all those who come through the courts. The Government have always said that that was going to be the case, and that remains the case, so I am not going to propose any reductions in capacity if I think that that is a risk. At the moment there is scope for taking some of the least efficient places out of use and for maximising the things you were talking about, such as Oakwood. Why is Oakwood so much cheaper? Predominantly, because it is a large new prison with 1,600 places for medium-risk prisoners. They are all one type of prisoner; therefore, it is much cheaper. There are options for us to look at how we can rationalise the estate. Potentially we could increase capacity in some places and close whole inefficient older prisons that do not have good facilities in others. That will be part of our strategy going forward—to see what we can do to get the best use out of the estate.

**Q48 Chair:** Okay. What you have really said is that you still have a projection of reducing numbers, which I am extremely sceptical of, but you will eke out some savings by going from inefficient to more efficient prisons. What we heard from Nick Hardwick, and what the statistics I have demonstrate, is that risk is growing. If you look at suicides, in 2010–11 they were 54 per thousand and that has grown to 66 per thousand in 2011–12.

**Michael Spurr:** That is not right, I don’t think. The 54 per thousand isn’t right. That was the actual number.

**Q49 Chair:** Fifty-four—0.6. You are quite right. Apologies for that. It was 54 in 2010–11 and 66 in 2011–12. Self-harm rose from 14,768 in 2010–11 to 16,146 in 2011–12, and the number of recorded assaults went up from 13,804 to 14,858. As risk factors, things got worse in the first year of administering the cuts. I have to come back to you. If, at best, you keep numbers stable—of which I am also sceptical—what are you going to do to ensure that the quality is such that the experience is safe, and the objective that we have for the Prison Service is delivered?

**Michael Spurr:** Risk across the system—prisons and probation—is massively important and something that I am always looking at closely. To put that in context, it is not the case that overall those figures have all got worse as we introduced the cuts. To put it into context, as the Chief Inspector said, most of those increases are proportionate to the population.

**Q50 Chair:** You have just told us that the population was stable. If the numbers have gone up and were proportionate, it would mean the population had gone up.

**Michael Spurr:** I said it was broadly stable in the past 12 months, and the figures relate to the previous financial year.

**Q51 Chair:** No. 2010–11 and 2011–12.

**Michael Spurr:** Yes.

**Q52 Chair:** Well, 2011–12.

**Michael Spurr:** That is to April. Let us take suicides. The rate of suicide is 0.66 per thousand.

**Q53 Chair:** It is 0.76 per thousand.

**Michael Spurr:** At the end of that year it was 0.66. If I compare it to where we were 10 years ago, the rate was 1.34 per thousand. Over the last five or six years, we have consistently been able to reduce the suicide rate.

**Q54 Chair:** Mr Spurr, I am going to stop you. I was doing a comparison between 2010–11 and 2011–12 and what you start seeing in that time. Don't take me back five years. We also heard from Nick Hardwick that over time there has been a general improvement. We are now trying to look at the impact of the cuts. What I am really trying to get at is, if the prison population does not go down, what are you going to cut? You have told me a little bit—you are going to go to the newer prisons and you'll get more efficiency. What are you cutting, and how can you assure us that that will not impact on safety and outcomes for prisoners?

**Michael Spurr:** I will absolutely address that. On suicides, I am not taking you back five years; I am simply saying that the rate is broadly stable at about half the level it was about 10 years ago. That is quite important. It is broadly stable, I'm sorry. In terms of assaults, while the rate has gone up marginally, it has stayed steady for assaults on staff. I am not denying that, in terms of what the Chief Inspector was saying, there are frictions and potential risks in prisons as a result. What we are doing is ensuring that we are targeting our resources as effectively as possible, making all the variations—

**Q55 Chair:** What are you cutting? What are you going to cut? If you can't get what you predicated, just take us through what you are going to cut.

**Michael Spurr:** We have put models together of how prisons can work as efficiently as possible. The Chief Inspector made a point about variations in prisons. It is true; there are variations. In most organisations where you have lots of different business units, some places do it better than others. We spent three years making sure that we understood what the actual costs were for every bit of work that we do across the whole system—prisons and probation. We have developed—

**Q56 Chair:** Can I ask again? What are you going to cut?

**Michael Spurr:** We have developed operating models that say how we can deliver that most efficiently, and we are implementing those across all of our prisons and probation services. We are making savings by doing that. That is why we have been able to manage the risk. We haven't just slashed and said we will just

take budget out. We have tried to link it to what people are doing.

**Chair:** We have a Division. That gives you 10 minutes to think. When I come back it would be really nice to get a clear answer to what is going to go for you to meet your financial target. Just a clear answer, on the assumption that prison numbers do not decline. *Sitting suspended for Divisions in the House.*

*On resuming—*

**Q57 Chair:** Shall we start on that question again and see whether you can give me a response that I feel answers the question?

**Michael Spurr:** I still believe that there is scope to reduce capacity and rationalise the estate, and still manage with the prisoner population that there is going to be over the next two and a half years. We have got a target to hit—£190 million—from rationalising the estate and capacity reductions. I still believe that is possible, and that is what we are aiming to do.

There is scope to go further on reducing unit costs across both prisons and probation by trying to eliminate the types of variations that the Chief Inspector was talking about. There is more to do on that, and we have got more evidence about that, both from our own internal programme and from the competition processes that have been running that show you where you can do things effectively. We have got to manage risk in doing that, but there is still more money to take out there. The third area is that we will complete the savings and try to go a bit further on the savings we are taking out of headquarters and the central services, where we will have reduced by 37% at the end of the spending review. The final bit is what happens if the prison population does not allow me to do the capacity. If so, I will have to have another conversation with the Department and the Secretary of State. That is what I am planning to do at the moment.

**Q58 Chair:** That is much more straightforward. Does that mean that you will give variable cuts to the institutions? I do not know quite how you will do it.

**Michael Spurr:** We already do that. I have always done that. I have never said, "It is straightforward—the same amount of money coming from an individual prison or an individual probation trust." In both areas, we have looked at what the scope is for saving. That is why the specification benchmarking programme, which looks at what unit costs are, is so important, so that we are not just slashing and saying, "You can't do this."

To give you an example, we now know the exact cost of a report to court is in probation, and the cost of a community sentence. The average cost of a community sentence is actually £4,135. We know that the cost for supervising somebody coming out of prison is £1,190. It is £215 for a court report on average. That reflects the balance of types of reports and how people are doing it. My expectation is that people should at least be able to meet that average across each trust.

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**Q59 Chair:** If the prison population does not go down, in monetary terms how much of the savings that you are planning will be forgone?

**Michael Spurr:** We have £190 million to make on reducing capacity.

**Andrew Emmett:** We have £106 million to go.

**Q60 Chair:** So, it's £106 million. If the prison population does not decline, you will be £106 million light.

**Michael Spurr:** Yes. I just want to caveat that a bit, because there is scope to rationalise the estate a bit, depending on what the population is. We are aiming to make £190 million. If the prison population does not grow from where it is currently, we can largely make that amount of saving. We do not need a significant reduction in the prison population to make it. A lot of it is because, as I have said, we will do some of this by having additional places in some prisons at a lower unit cost and by closing whole establishments in others. That will enable me to make a saving.

**Q61 Austin Mitchell:** The trend is that the prison population has been growing over the years. What is to stop that?

**Michael Spurr:** The current projections, taking account of the impact of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 and sentencing practice over the past 12 months, indicate that the prison population at the medium projection will not grow from where it is now.

**Q62 Ian Swales:** May I talk more about this question of capacity? In particular, I think that you were in the room earlier when I spoke about one-person cells being used for two people in my local prison. Figure 7 of the report shows that you have 24% of prisoners, roughly, in overcrowded prison accommodation. I assume that "overcrowded" has a definition.

**Michael Spurr:** Yes, it is two prisoners in a cell designed for one or three people in a cell designed for two.

**Q63 Ian Swales:** So what are you doing about that? Have you now institutionalised overcrowding? Are all these numbers that you are talking about predicated on the fact that you will continue with the same policy on overcrowding?

**Michael Spurr:** Yes. The assumption is that we will continue with about that level of crowding. It has been about that level for the past five or more years. We are not increasing the level of crowding to drive savings, because the level of crowding is at the maximum that we think is safe to manage within the system. I am not planning to increase crowding to make savings, because that may be unsafe and increase those risks that the Chief Inspector was talking about. The assumption I am making quite openly is that we will have to continue to manage at the level of crowding that we have managed at for a number of years to make the financial savings that we have to make.

**Q64 Ian Swales:** When you design a new prison place—you have talked about potentially doing that—

what policies are you adopting on space for prisoners? What is the standard and how does that relate to what you are providing elsewhere?

**Michael Spurr:** My position on that is that, if we were going to build new places now, we would build to a non-crowded capacity. You should build a prison with the right regime and the right number of places for the prisoners who will be held there.

**Q65 Ian Swales:** The prison that I am talking about and the one with which I am most familiar is only 15 years old, something like that. You can tell me probably. Holme House was designed only that long ago for a particular type of prisoner, with a certain type of accommodation. But it is not being run like that. I am curious as to what your policy position is.

**Michael Spurr:** The prison population, as you know, has gone up, as everyone has been pointing out, quite massively for a very long time. It has certainly doubled since the mid-90s. In order to be able to manage that, we have maximised the amount of crowding that we believe is safe within the system. I don't want any crowding of the system.

**Q66 Chair:** Why don't you call it overcrowding? That is what it is.

**Michael Spurr:** Overcrowding, if you want to call it that. The technical phrase is "crowding". I don't mind which phrase we use. We have maximised the amount of overcrowding that we think is safe in order to be able to manage most of the time to cope with the numbers coming through the system and avoid putting people into police cells, and the cost of that. We are holding that level at the moment. I would love to be able to reduce it, but I am holding that level because I can't afford to reduce it and make a saving.

**Q67 Ian Swales:** That is the real answer. Financially, we have designed in overcrowding.

Can I come back to another point that was raised earlier, which is that under budget cuts—this was from the Inspector of Prisons earlier—part of the problem is that given the kind of pressure that prisons and governors are under, they are understandably making savings from things that they can save. That includes rehabilitation work and offender management work within the prisons when people are removed and taken off to wings. I heard in my local prison about less effort on drug programmes and things like that. How do you feel about that? Do you measure the consequent costs of the up-front budget saving on stopping a programme or giving people something useful to do versus what happens later in terms of reoffending or other problems that those people cause in the prison?

**Michael Spurr:** Yes, I do bother about that. Two key things that we are required to do both in prisons and probation is to protect the public and reduce reoffending. I have no doubt that that is absolutely key to what we do. There is a risk, you are right, that people stop doing what is easy to stop doing rather than do what is right in order to be able to make longer term efficiency. Again, that comes back to ensuring that what we are doing is not having people just making those slash cuts and stopping doing the

right things, but actually making sure that people are as efficient in all areas. That comes back to the benchmarking programme.

Reoffending overall has gone down over the last 10 years 4.9 percentage points for all those coming through a community sentence or through prison. It has gone down for most groups in prison, other than the under-12-month offenders where the reoffending rate has gone up. That is undoubtedly the biggest area of risk for us. It is 58% for people in prison who are serving sentences of under 12 months. That is massively too high. The overall rate is 47.5%. For those serving 12 months to four years, it is just over 37%. You can see the difference. If we talk about rehabilitation revolution, what we have to concentrate on is what we can do for that group of people. I happen to think that payment by result models have some potential in that area.

**Q68 Ian Swales:** What should we do, given the value for money that we heard about earlier in terms of custodial sentences versus community sentences, the impact of short sentences on individuals and, as I said in my example, the impact on people's actual lives, which makes it more likely that they will be marginalised? What are you telling the policymakers? What should be done about that problem that you have just referred to?

I guess that you can talk about sentencing, but I am also keen to understand what you can do in prisons and whether you have the resources or are those the very resources being cut because people are saying, "Well, this person is only in prison for six months so it is not worth investing anything in him. This is something we can save."

**Michael Spurr:** The Government have made it clear that they are determined to tackle reoffending. That includes those high levels from the 12-month cases. They have announced, in terms of community sentences, that the aim will be that each community sentence has both a punishment element and a rehabilitative element, so that in future you will not get a tag without something being linked to what is going to happen with rehabilitation. As I said, I think there is scope for using payment by results, and particularly making a much wider use of third and voluntary sectors, as was described in the Peterborough social impact bond example, as a buffer, both in communities and in prisons.

In prisons themselves, we are not cutting the resource that is going into interventions in reoffending areas. In terms of how many programmes we have for prisoners, we have not cut the number of programmes. We have tried to target them on the right people. There is a question about whether we have enough resource for that. The Chief Inspector has been clear in his view that we have not got enough resource on programmes. We are not reducing it, though. We are looking to target it better.

**Q69 Nick Smith:** Mr Spurr, the Chief Inspector said there is a mismatch between programmes and people in prisons. Is that fair, and, if it is, what data have you got on it?

**Michael Spurr:** Most people in prison could benefit from going through some sort of programme. We will never have enough resource.

**Q70 Nick Smith:** In particular, then, for sex offenders.

**Michael Spurr:** We have got to be careful. The Chief Inspector's argument was that the expectation was that all sex offenders would go through programmes. Actually, it depends on the type of sex offender. All sex offenders have a risk—I want to be careful about how I say this—but it is the high-risk sex offenders in particular that we must ensure go through programmes before they are released. Because others have not gone through a programme does not mean we are not doing work with them. A lot of work that you can do might be in terms of the support they get when they go out and the supervision that they get. It is not the case that every sex offender in prison goes through a programme, but we have significantly increased the number who do.

**Q71 Nick Smith:** With respect, it feels as if you are dodging that question. Is there a mismatch between the proper programmes at the appropriate level for sex offenders and the service you are able to provide?

**Michael Spurr:** I think we could potentially provide more programmes for sex offenders, but we have a limited resource, so there is a mismatch. In terms of need, you could provide more things for more people as long as you have them in custody. We are always going to have to target them. At the minute, we have not reduced the amount of resource that is there for sex offenders. Would I like more resource to be able to spend on those type of offenders? Yes, of course, but it is a question of balancing the resource. The way I think it is right to do that is targeting the higher—

**Q72 Nick Smith:** The suggestion is that you have got some service, but it is in the wrong place. Is that the case?

**Michael Spurr:** What do you mean, some service in the wrong place?

**Q73 Nick Smith:** For sex offenders. You have got some services in some places, but not in the places where some sex offenders are. Is that the case?

**Michael Spurr:** No. Well, the aim is to ensure that we have got the services available for sex offenders and make sure that the ones who are highest risk access those services. The Shrewsbury example, to be fair, the Chief Inspector was right about that, but we have just changed that prison to take sex offenders. It had only just started taking sex offenders, and we had arrangements with another prison for them to refer cases who needed the programmes. That is something, quite frankly, we will increasingly have to do.

**Q74 Chair:** What does that mean? Somebody is in prison A and there is a programme 30 miles away—

**Michael Spurr:** Yes, rationalise the estate to say, if we are going to do sex offender work, we are better having some prisons that concentrate on that and move people to that prison to reduce the cost, rather

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than putting a bit of programme in each prison to try to deal with individual prisoners.

**Q75 Fiona Mactaggart:** Is there a risk in moving people? You have had the first cat A escape for 17 years.

**Michael Spurr:** Sixteen years.

**Q76 Fiona Mactaggart:** Sorry, I got it wrong by a year. And that was when the prisoner was being moved in a van. It seems to me that there is a risk inherent in moving people to courses, isn't there?

**Michael Spurr:** We move lots of prisoners all the time. We have done for years. It enables us to manage crowding. I don't think that is a risk. The cat A escape, which was the first one and the most serious incident I have had, was going to court. There is no choice about moving people to court. I don't think there is a risk in terms of movement for the majority of prisoners. It is better to work out which prisoners we are trying to keep close to home, because that is where they are best served for resettlement purposes, and which longer-term prisoners we are better moving to prisons that specialise in programmes, because they can address their offending need, and being close to home is less important than addressing their detailed offending need. That is what I meant by that.

**Q77 Fiona Mactaggart:** I understand that, but we know that there are prisoners who go up for parole and are not assessed as being safe to release because they have not completed programmes which are part of their sentence plan. It happens all the time, and it is one of those classic examples of failure to spend money in order to save money, because keeping them in prison is almost certainly a lot more expensive to the public purse than putting on the course in a way that means they can get access to it. How much do you estimate is the cost of that failure to give prisoners on those kinds of sentences access to courses and programmes that they require? What are you doing to cut that cost?

**Michael Spurr:** Even with the pre-notice, I haven't got that sort of figure in my head.

**Q78 Fiona Mactaggart:** Could you write to us about it? I think it is very significant; you are saving a bit of money by not having the courses everywhere, but we would be really interested to know about how many days, roughly—I know you cannot work out precisely whether it is because of the absence of a course—

**Michael Spurr:** That was what I was going to say, because that is going to be the difficulty. How do you model this, when the responsibility of the Parole Board is to determine risk, and a course may indicate sufficiently that the risk is reduced, but it may not? A course is not the only way that you can demonstrate a reduction in risk.

If you take the indeterminate public protection cases, which I guess are influencing your question a bit, it is absolutely true that in the first few years of that sentence—2005 to 2008—we were unable to put people with very short tariffs through courses; that impacted on their release potential, going through the

Parole Board, and that is what the Court of Appeal and others spoke about. Since then, the vast majority of indeterminate public protection cases—90% plus—have completed some form of programme. Whether they have completed sufficient to be able to demonstrate reduction in risk is then a matter for the Parole Board. The problem with people with complex needs is that you could identify a whole range of different programmes that they could do, and you have to prioritise which ones are most likely to impact on reducing their risk most effectively.

We will have a go at answering that, and will certainly write to you, but I cannot guarantee you a definitive statement that it is this amount of money, for this reason.

**Q79 Fiona Mactaggart:** Okay, thank you. One of the things that the Chief Inspector was talking to us about is how prisoners at present seem to him, in the same prisons, to feel more unsafe than they used to feel. I accept that comparing one year's suicide rates to another year's might not make the difference, because there are so few suicides, and indeed that things are better than 10 years ago, but they are not better than last year. This is one of the first beginnings of a worrying trend, and prisoners are feeling less safe. What are you doing about it? There is surely a cost to that.

**Michael Spurr:** That is right, and I do not want to minimise the sort of risk that we are operating. We are taking resource out of the system, which means, as was the Chief Inspector's point, that there are fewer people. He is absolutely right to say that what can get missed sometimes, when you are very efficient, is the softer activity that goes on that is not easily recordable. The way I have described that is that if what you have is three members of staff on a landing, and during the period that they are working, one is in an office or reading a newspaper, and not engaging with prisoners, and you are reduced to two, then actually you have missed nothing. If all three were actively engaged with prisoners, then you have. The first thing is to eliminate all the former, because that does not impact at all on what you are doing. The second thing is to get the engagement rather better than it has been, and to use a whole range of different people. We have got better at that, in terms of the partnership work that we are doing with a whole range of organisations to support that, so it does not become just the prison officers only who are having that engagement.

I never want to see a case where prison officers are not engaging with prisoners; it is absolutely key to what we do. Again, the Chief Inspector was right. To be fair, the NAO Report that talked about how you manage risk in those areas said that we had good risk management systems at the centre. I think that is right. It also said we have good ones at prison level, which is right. When the NAO review was taking place, we were debating whether I should reinstate a regional risk assessment, which we had taken out as we moved away from a regional structure to a functional structure. That is now back in place, because I need people to be out and about, wandering around prisons and, as the Chief Inspector was saying, identifying

early where places are at risk, before the incidents occur.

Where you don't get that, then you get what happened at Wandsworth 18 months ago. It had slipped further; I knew that Wandsworth was not where it should be, but it was further below where I wanted it to be, but it is not the same prison now as it was then. Those who went to visit saw it. It is not a showcase prison, I can tell you, but it is massively better. We had lost the grip a bit at Wandsworth, and people were struggling to cope with the pressures they were facing at the time.

**Q80 Fiona Mactaggart:** But one thing that is clear from what you have said is that a prison can slide down very fast. Short-term sentences are not particularly effective in stopping people being continuing offenders; indeed, short-term sentences might possibly make them worse. It might be true that for a short-term sentence, a prison is a university of crime. I am wondering what you are doing with the new Secretary of State to educate him about short-term imprisonment and its success or failure.

**Michael Spurr:** I engage with the Secretary of State, as I do with all Ministers, to try to explain the realities of our system. I think the Secretary of State gets it, actually. I do not think there is any doubt that he recognises that attempting to tackle this group of people is really important. He has already said that he wants to see—

**Q81 Chair:** What does “tackle this group of people” mean?

**Michael Spurr:** It means doing something more than just having them in prison, going out and reoffending, and coming back again in the revolving door syndrome. The Secretary of State is absolutely clear about that, and he has made public statements about it. I think that is important.

I think there is potential to try to do something around the sorts of models that Peterborough and Doncaster have operated with a payment-by-results link. We have paused our payment-by-results pilots at the moment while we work with Ministers to look at how we might go to scale on that type of model more quickly, which is the Government's desire by 2015. The NAO is doing a review of payment by results at the moment, and that will no doubt feed into your look at it in the future. I think there is scope there, because the Doncaster and Peterborough models make much better use of people not actually in the prison but coming out into the community, because that is where the big loss is. They offer support when you come back out of a short prison sentence, where you might have lost your accommodation or you might have got difficulties or a broken-up family. That is what makes it negative. It is not so much that prison is a university of crime but that a short prison sentence breaks anything else that you had got that was positive outside as well. The question is how we can try to work on that.

**Q82 Fiona Mactaggart:** You are absolutely right that the boundary between prison and community life is critical to reducing offending. Another thing that is

critical to reducing reoffending among young men, in particular, is work. I still notice when I go into prisons that the people who are working are, on the whole, those who worked before they went to prison, such as the sex offenders and the fraudsters, whereas the young drug dealers are lying on their beds watching telly. How are you changing that?

**Michael Spurr:** We are at least acknowledging it now, I think. Our emphasis, for lots of good reasons, is on how we do positive interventions to try to reduce reoffending, which has meant a lot of concentration on programmes and resettlement, and on increasing education and health. Those were absolutely the right things to do, but we should have been balancing that with maximising people going to work and activity at the same time. If I am frank, I do not think we did enough of that. To be fair, one of the early things that the current Government did was to say, “We want to see people working longer in prisons,” and I have to hold my hands up and say that we should have been doing more on that anyway. Prison governors recognise that that is something that we had let slip. We are looking to maximise the number of working opportunities in prisons, and we are doing quite well at that.

**Q83 Fiona Mactaggart:** What are you doing to make sure that they are not just getting the low-hanging fruit working?

**Michael Spurr:** We are about to review the incentives and earned privileges system, because it is about making sure that there are teeth to what you do when you come into prison properly, and that we do actually reward and incentivise good behaviour. Work is a part of that. The expectation must be that the drug dealer is not on their bunk but is off and working. We have got to get staff to feel able to challenge that, and not take a course that says, “The person is not causing us problems, so we are not going to tackle it.” It is a combination of the incentives and earned privileges system and clarity from us about what we expect of prisoners.

**Q84 Nick Smith:** There are three questions I would like to ask, but first I would like to say that a group of us went to Wandsworth and had a really good briefing from the deputy governor. I know that it has got a terrible reputation from the past, but I got the impression that things were turning around there. That needs to be acknowledged.

We know that core skills are important for prisoner rehabilitation. When we went to Wandsworth, however, although prisoners' educational attainment was being measured when they arrived, it was not clear to me that it was being measured when they left, and that the education provision they were getting around core skills, literacy and numeracy, was making a difference so that the outputs were appreciated and understood. Do you think that is the case or do you think it could be improved?

**Michael Spurr:** I always think there is room for improvement but an awful lot goes on in prisons around literacy and numeracy. This is a Skills Funding Agency/BIS responsibility now, not a direct agency responsibility for me. But 90,000 prisoners go through

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some form of learning education while in prison; 70,000 of them get some form of qualification. Of that 70,000, about 10% or 7,000 get a level 1 literacy qualification and about the same number a level 1 numeracy qualification. That is basically a good barometer for people. Level 1 is largely illiterate and innumerate and you have got up to a basic level of literacy and numeracy. That is 5% of all of the level 1 qualifications obtained in England and that is double the amount of learners that you would expect to get from prisoners.

So there is evidence, to be fair, that the funding agency is targeting the money effectively and we are supporting that so that people are making progress. They record on individual learning records what is happening at the end. I don't know whether we can aggregate that up but they obviously record people who have gone for qualifications. They get an individual learning record when the offender leaves which shows that. Yes, it is very important. We are trying to work with the Department for Business, Innovation and Skills at the minute as we are retendering contracts for education. Literacy and numeracy—basic communication skills—are key parts of those contracts. Of course, we are going to do more in that area because it is critical.

**Q85 Nick Smith:** The impression I came away with was that the outcomes of the core skills training that was being given, was not really being properly managed or understood. I have a specific question about Wandsworth. It has around 540 foreign prisoners in it. Yet London exports its prisoners to prisons outside the capital, I suppose because it has more than its fair share. Given that to help with rehabilitation it is important that prisoners be close to their families—it is one of the things that helps them to get back into society and to have good relationships—it seems a bit odd that a large number of foreign prisoners should be in London, but other London prisoners leave and therefore are further away from their families.

**Michael Spurr:** We have some prisons that are designated only foreign national prisoners—three at the minute. But a large number of foreign nationals who come into custody come into custody in London. We have two prisons in London that take foreign nationals but they don't take them from other prisons. They only take them coming from the courts into London—that is Wandsworth and Wormwood Scrubs. A lot of those foreign nationals may have lived in this country for a protracted period and would have families who are based in London. That is why they are coming through the London courts. There is an issue about that. There is an issue to be worked out about whether they are likely to be deported. If they are we will be looking to make sure that they were in a prison where we have access to UKBA support so we can accelerate those deportation arrangements. At this stage it would be a matter for UKBA to determine whether they are legitimate to remain here after their sentence. We work with UKBA to concentrate foreign national prisoners in a number of prisons across the country so we can work with them to support their deportation if that is going to be the norm.

**Q86 Nick Smith:** I got the impression that the relationship with UKBA was good. One of the interesting stats was that 20 Polish prisoners are exported every week. In a way it still feels anomalous that so many foreign prisoners are in London and so many Londoners are outside London. I understand some of the complications you referred to.

**Michael Spurr:** It is a fair challenge. If they are coming through the courts into London, what we are trying to do is embed UKBA staff to deal with the issue as soon as we can and as early in the process as possible. That is the rationale. They don't stay in Wandsworth. Once foreign nationals have been convicted they will not be quickly moved out of London or deported etcetera, depending on length of sentence; we would move them on, as we would move other prisoners. It is the rate of turnover that counts.

**Q87 Nick Smith:** Thank you for that. As to a different part of your estate, I am interested in this business of getting good value and the use of electronic management of prisoners. I was looking through the "It's Complicated" report that was produced earlier, and given the new nine-year contract that I understand is in the wind—a lengthy contract when IT is changing so quickly—I just want to have some understanding that it is the right thing to do, given so many changes to GPS and the different benefits that you can get from IT developments all the time. I was just not sure whether you were being tied into something that might not be helpful.

**Michael Spurr:** You are absolutely right. We would not want to be tied into an individual contract of that length without break clauses, but we are doing the contracts in a very different way from what is done at the minute. Effectively, there are currently only two providers, G4S and Serco. The aim of the new contract is to procure a service integrator, which would be one major company, but then to have a range of different, smaller SMEs to deliver the technology that is required. That will give us much greater competitive pressure. Part of what we will build into the contract is a requirement to be able to deal with the whole range of GPS technology and developing technology—a requirement that that is part of the expectation—and break clauses if that is not being delivered. We are in the middle of a procurement at the moment and our aim will be to ensure a flexible enough contract to be able to manage and respond to a likely increase in demand for and use of this type of technology, because that is what the Government want to see.

**Q88 Chair:** I want to pose a whole set of questions, if I can, on the issue of tagging, because the Policy Exchange report suggested that we are spending 60% more in the UK than they are in the US for a similar service. What are your comments on that?

**Michael Spurr:** Yes, that is what is said. I do not know whether that is accurate. I do know that—

**Q89 Chair:** Have you had discussions with the authors of the report? I have talked to them—in fact, an incredibly bright young man had researched it by going over to the States to have a look.

**Michael Spurr:** I have not personally done that, and I have not personally researched either that report or electronic monitoring, because I was not expecting questions on that. However, my colleagues who are managing the procurement for the new contracts have had discussions with a range of people, including when visiting the States specifically.

**Q90 Chair:** One of the things that came out of it is that in the States they do not do these big contracts to run the whole service, they just acquire the kit and then manage it in a very different way. A spend that is 60% higher in the UK than in the US is a shocking figure—you have spent £1 billion on this over the past few years.

**Michael Spurr:** Well, the contracts were let specifically for curfews, and what we want to do is to operate something that is much wider than curfews. The unit cost for electronic monitoring—as the Chief Inspector’s report, “It’s complicated”, says—has come down significantly in this country.

**Q91 Chair:** But it was 60% higher than in the US.

**Michael Spurr:** According to that study, but it was not necessarily comparing like with like. The reassurance that I want to give you is that that is exactly the direction we are going under the revised contracts. That is why I had said it will not be two big vertical suppliers managing everything; it will be someone who is supporting us to integrate the system with a range of other technology providers at a lower level, which will allow us to get much better prices for individual use by offenders.

**Q92 Fiona Mactaggart:** Will the new contracts be done by you or by probation trusts?

**Michael Spurr:** The contracting will be done nationally. How it is deployed will be a matter for us to determine once the Government have determined where they are going, following the current review of probation and the consultation that they are still considering.

**Q93 Ian Swales:** May I just ask one question on this? We see a lot of service integrators doing extremely well out of these umbrella contracts. How are you going to ensure that the taxpayer benefits from, as you describe it, the SMEs and all the stuff that the service integrators are going to deal with? How will you ensure that the benefits accrue to the taxpayer and not just to the service integrator?

**Michael Spurr:** My expectation is that we will be able to get a much better price for the taxpayer than we are paying under the current contracts.

**Q94 Ian Swales:** Sorry to interrupt but we get this a lot on this Committee, so I want to know how will the contracts make sure that there is enough of an open book and enough profit sharing so that the taxpayer gets the benefit from the operation of the contract?

**Michael Spurr:** I can’t go into the detail of what has been set out and done in a current procurement—

**Q95 Chair:** You can go into the detail of how you are hoping to devise the contract, but not of how you are assessing the competitors.

**Michael Spurr:** I was simply going to say that because I do not have the detail of that, I am not personally or directly involved in the procurement. I do not have the detail to be able to do that.

**Q96 Ian Swales:** Is it someone in your organisation?

**Michael Spurr:** The procurement is being led by the MOJ procurement team—

**Q97 Chair:** We don’t have much faith in them.

**Michael Spurr:** To be fair to them—I know about your last meeting with them—what they have done overall on procuring prisons and these types of contracts for me has been very good. We engage with them very much, because obviously I have responsibility for managing the contracts afterwards, so I have people directly involved with that procurement, but I am not doing it personally, so I do not have that level of detail.

**Q98 Ian Swales:** I hope you will note the last two minutes of our transcript and our concern.

**Michael Spurr:** I’ve got it.

**Q99 Chair:** Mr Spurr, I am going to pursue you on this, because you are the accounting officer for the existing contract, and you will be the accounting officer for the future contract. No doubt you will have heard the BBC’s work in its “File on 4” programme on the current contract, which, as I understand it, was divided between Serco and G4S. In that programme the BBC uncovered that the equipment was bought from a wholly owned subsidiary of Serco—Serco Geografix—and that while the profit for the company that you were contracting seemed to be 8% or 10%, the profit for the wholly owned subsidiary averaged—averaged—65% for the years 2001–11. That is a rip-off. What was your reaction to that revelation?

**Michael Spurr:** It reinforced for me the need to look at how we procure future contracts, and the need to be able to have more competition in the market. That is precisely why we have gone down a route of not operating with just two main suppliers who have vertical integration of their own systems. I absolutely got that point.

**Q100 Chair:** Why did you not discover that? What shocked me about the whole saga—it was news to me when I was shown the structure—and what worried me was that you signed a contract with Serco without any understanding of the underlying costs that went into setting the contract figure, and one of the underlying costs was buying equipment. I simply cannot understand why we have not got the nous to think about the underlying costs before we sign. I don’t know how many hundreds of millions we lost on that over the years, but it has been a long contract with outrageous profits going to the subsidiary company.

**Michael Spurr:** I wasn’t the accounting officer in 2005 when that contract was let, and I wasn’t involved

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in the letting of that contract, so I cannot comment on it specifically.

**Q101 Chair:** I'm sorry, but you are here as the accounting officer, and what I am interested in is how on earth you, as the accounting officer, or your predecessor, signed a contract in this instance without understanding the underlying costs. If you had understood the underlying costs, you would not have allowed Serco Geografix to get away with flogging this stuff to the Department, and the company making crazy profits. There were 90% profits in the early years, and you should not have allowed it. I do not know how you or the Department let that happen, or how on earth you can give us any confidence in signing the new contract. That beggars belief, particularly following our session a couple of weeks back on the interpretation service.

**Michael Spurr:** I take the point, but I simply cannot comment on it, because I was not involved in that process. You are asking me how it happened, but I cannot answer that question, because I was not involved in it.

**Q102 Chair:** Have you looked at it since everything emerged? Presumably you have not just sat there and thought, "Oh dear". I hope you have thought, "My God, this is taxpayers' money."

**Michael Spurr:** I have thought about how we manage the current contract and reduce the cost. We have done that, because we have actually made savings on those contracts by using them better over the last two or three—

**Q103 Chair:** Yes, you have reduced the profits from 90%, and they are still averaging 65%. In the last year, I think their profit was 54%, and they don't pay tax.

**Michael Spurr:** And I've been squeezing those contracts to take as much money out of them as possible in order to live within my reduced budget, and—

**Q104 Chair:** It is not your budget that I am concerned about here; it is that we are being ripped off because we are not managing a contract with the private sector efficiently. It is not a question of you living within your budget. It is your responsibility to ensure that we get proper value for money out of contracts with the private sector.

**Michael Spurr:** I absolutely agree with that. That is why I have a contract that I have got to manage at the minute, in terms of the contract was let. We have got to get maximum value from that contract, and we are letting a new contract, in a different way, to try to learn lessons about how we can get better value in the way that I have just described.

**Q105 Chair:** What discussions have you had with the Serco head office, or with Serco Geografix, about reducing the amount of the contract—what have you done?

**Michael Spurr:** My contract manager and the procurement teams have routine and regular contact with the providers. In terms of what we have done, as I keep saying, we have squeezed those contracts as

hard as we can to get best value for their running at the moment. They are running, and we are retendering, so there will be a new contract from April next year.

**Q106 Ian Swales:** What levels of transparency are you going to have in the new contract? To what extent will we have an open-book arrangement? We understand the needs for commercial confidentiality, but once you have got the supplier—we use the expression on this Committee "following the public pound". Is it not important that you are able to have contracts where you can actually follow the money to the point where we would find out about things like a wholly-owned subsidiary ripping half the money out of a contract? Are you thinking about new ways of contracting or are you simply going to agree a figure and throw the money over the fence? Then we would be stuck for another few years with whatever you have come up with.

**Michael Spurr:** Again, I haven't got the detail of how we are looking at those contracts, but I take the point. I will take that away.

**Ian Swales:** It is very important.

**Q107 Fiona Mactaggart:** In the NAO Report, paragraph 15 says, "The Agency plans to increase the role of commissioning in offender management, with probation trusts at the forefront of its plans." The Chair has kind of exposed that, at the centre, you might not be as good at commissioning as she wants. I am concerned that probation trusts simply do not have the infrastructure and the skills to be able to do this. What are you doing to develop that? Because if you don't, all these fancy plans will mean that we get repeats of the kinds of excess profits in the private sector, or else failure in relationships, which means that work just won't be delivered.

**Michael Spurr:** Again, it's a fair point. It comes from the consultation on probation that is currently being considered by the Government. In that consultation, it said that some contracts, particularly the large ones, are better still let nationally for exactly that reason—because they have the expertise. The aim in the consultation was to have better local targeting of services, and I think that is important—

**Q108 Chair:** Will you allow Serco to tender for the new contract?

**Michael Spurr:** Yes

**Q109 Chair:** Even though it has now been established that they have completely ripped us off on the previous contract?

**Michael Spurr:** I am not sure that it has been established that they have ripped everybody off in the way that you just described.

**Q110 Chair:** So you don't accept the findings of the BBC "File on 4" report?

**Michael Spurr:** I note what the BBC "File on 4" report says, but that is not a body that says this is absolutely right. It raised issues and concerns.

**Q111 Chair:** Can you give us an assurance—is it wrong or right? I am amazed that you haven't looked at it.

**Michael Spurr:** I have explained what we are doing in terms of electronic monitoring—

**Q112 Chair:** I want to know what you have done. If I was running a budget and somebody came to me and said, "Did you know, in this contract under which we have spent about a billion quid over the last few years, a subsidiary has ripped us off, been making massive profits and not been paying tax on them because they transfer the profits across to another of their companies," I would be interested in knowing. I would try to find out what the hell it was all about.

**Michael Spurr:** As I say, I've tried to manage the contract, get the best value for the taxpayer at the minute, and ensure that, as we are going to contract in future, we do that in the most efficient way for the taxpayer. That is what I am concentrating on doing.

**Q113 Chair:** If somebody has ripped you off, I cannot understand how you can think that they are worthy of then being a tenderer in a new contract. You have got to look at the past performance of a contractor before you agree it. I always take the analogy of us in our little homes. If I have a lousy builder, who does a lousy job for me in one room of my house, there is no way that I would ask that builder to tender again to do a job in another room.

**Ian Swales:** But Margaret, there is a point here. We are not talking about quality of service. Whose fault is it, if the contractor extracts a huge amount of money out of the person who is awarding the contract? Is it the contractor's fault?

**Chair:** I think that we should understand the underlying costs, Ian.

**Ian Swales:** Exactly. We, as in the public sector, should understand. The private sector is going to make as much money as it possibly can out of you, and the more naïve you are, the more money it will make. But whose fault is it, is what I am saying? Is it Serco's fault that it found an opportunity to make a fortune? Is it Serco's fault?

**Michael Spurr:** I take your point, but—

**Q114 Chair:** I wouldn't touch Serco with a bargepole on this.

**Michael Spurr:** Well, Serco are delivering good services for us across a range of—

**Q115 Chair:** But they have ripped you off, Mr Spurr.

**Michael Spurr:** That is what the BBC alleged. It is delivering good services and they run—

**Q116 Austin Mitchell:** It is your job to tell us whether it is true.

**Michael Spurr:** I don't believe that they are ripping us off. I believe that we can get better-quality services for electronic monitoring by re-tendering and re-procuring in a different way, which is what we are doing. They also run prisons for us, and they run some good prisons for us, and it is important to put that in some—If I was—

**Q117 Chair:** How do we know that they are not ripping us off in that?

**Michael Spurr:** If we take the tender for Doncaster, which we have just let and which has a payment-by-results element within it, there is no question whatsoever but that we are getting a good deal for Doncaster, with some of the money put at risk, in terms of reoffending outcomes. The company's money is put at risk about whether they will be able to work with them to achieve a reduction going out.

**Q118 Chair:** How do you know you are getting value for money? On this, I don't know how you ever thought you were getting value for money. It took a young chap in Policy Exchange to tell us that we were 60% more expensive than America and then you start digging under and thinking, "Of course, we were. We were being ripped off on the equipment."

**Michael Spurr:** I think that they are looking at a different application than the one that was used in this country initially, but, as I've said to you, people have been to the States and have looked at what they are doing with the technology there.

I know what the benchmark costs of prisons are. I know what a good prison looks like. We have a whole range of measures on that, and I can absolutely tell you whether or not I think that Serco are providing good-quality prison services at decent value for money for the public. In terms of electronic monitoring, I have accepted that we should be able to contract better than we have been doing and I have taken action to ensure that we are going to do that under the next phase of competition.

**Q119 Austin Mitchell:** The private sector runs rings round the public sector. I want to move back to the budget. Frankly, I don't see how you are going to do it. You announced in July 2012 that you would spend £32 million more than your budget. Then you have to plan additional savings of £262 million in 2013–14 and £145 million in 2014–15. Those are huge savings. I can't see personally how you can do it without a rise in reoffending, which is a major cost to society.

I wonder how much of those savings that you are going to make is predicated on new prisons being less expensive to run than old ones. I notice in paragraph 124 of the Report that Oakwood, which opened this year, will operate at a direct cost of around £13,000 per prisoner as against the average direct cost of a prisoner place of £29,000. That is a substantial saving. How much of your budget economies is predicated on that kind of saving? It will be expensive to knock down the old prisons and substitute a major bunch of new prisons to make those kinds of saving.

**Michael Spurr:** As I said earlier, I think there is scope to further rationalise the estate. That means trying to reduce unit costs by not having the most expensive places. I am working hard to reduce the £32 million or £33 million that we are projected to overspend at the minute. I am confident that we can reduce it further, but it reflects the fact that we were not able to close capacity as quickly as we had expected because of the riots the previous year. Our expectation is that we will be able to catch that up, as I have just explained. We have cover from the Department for

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that this year, recognising that we have had to move to the right, as it were, some of the savings that were there.

I come back to the point: I have got, I think, decent plans to be able to make those savings, but they are dependent on being able to manage the numbers that come through the prison gates. I said that earlier to Mrs Hodge.

**Q120 Austin Mitchell:** It is no use saying that you are going to rationalise the estate and save money that way, unless you can tell us how much of the saving will come from the expense of building new prisons.

**Michael Spurr:** Those are already there. We are looking at whether or not we have additional places—house blocks or small building projects in certain places—to be able to close whole prisons. Some prisons are very small. Some prisons are only 150. That is the size of one unit in a larger prison. Potentially, you could make the saving of a whole prison if you were able to have one unit in a medium-sized prison.

**Q121 Chair:** Can I just ask you a question? This is the other issue that I wanted to cover. Presumably, you will have to get rid of staff. That is the way you are going to make it. You are going to have to reduce your staffing numbers, so you need to pay redundancy. According to the Report, at para 1.19 on page 20, you haven't got enough money in your budget to pay the redundancy you need to get rid of the staff to get you within your budget. Is that right?

**Michael Spurr:** Can my director of finance have a word on that?

**Andrew Emmett:** The Report that the NAO has prepared is absolutely accurate at the point in time that it was prepared. For instance, the savings that we have to achieve for next year are not now at £262 million. We have identified that we can make savings of £210 million. Therefore, we are looking to make those savings. We are going to make the £145 million worth of savings, we believe in the fourth year of the spending review. These are actually predicated on the basis that there will be VEDs requirements and, quite rightly, as the NAO Report identified at the time, there was a £66 million funding gap in terms of VEDs. We have been working very closely with our MOJ colleagues to identify how we can close that gap. The current position for this year may well give us scope for bringing forward some redundancies into this year and funding them out of—

**Q122 Chair:** Do you need permission from Treasury?

**Michael Spurr:** We have some Treasury funding specifically ring-fenced for the Department to enable redundancy.

**Q123 Chair:** But the Department can add to it?

**Michael Spurr:** Yes. What we are looking to do is generate across the Department additional funding in order to be able to make redundancy payments. For example, you will not be surprised that, at the moment, the Department is looking even more closely across the wider corporate services, estates,

procurement and ICT where it can make other savings to enable us to manage the big-delivery business requirements that we have, and be able to exit people if we need to do that—

**Q124 Chair:** If I heard what you said rightly, the £32 million overspend for this year is now £50 million.

**Andrew Emmett:** No, no. The overspend for this year is £32 million or £33 million. We are looking to see how we can actually shrink that. At the moment, it looks possible that we might be able to do better and reduce that £33 million. If we can, we can use the funding of that reduction to actually help us advance VEDs payments and take the pressure off the £66 million. There is no question but that there remains pressure to identify VEDs funding throughout the next two years. That will be a pressure. That will be a problem for us.

**Q125 Chair:** Mr Gallaher, what is the Treasury going to do about that? It is clear extra money to invest to save.

**Mr Gallaher:** Yes, but we must be guided by what the agency says and the Department says.

**Q126 Chair:** The agency says that it has not got enough money, and Treasury sets aside money to fund the up-front cost of voluntary early departure. So what is Treasury going to do here?

**Mr Gallaher:** If we need to have a discussion with the Department, we certainly would do. But, as far as I am aware, we have not been invited to discuss.

**Michael Spurr:** The right approach is for us to try, within our overall departmental settlement, to make the arrangement within the Department. If we are not able to do that, we will go to Treasury and have a discussion.

**Q127 Chair:** You haven't been to Treasury yet?

**Michael Spurr:** We have regular discussions with Treasury around what the departmental settlement is.

**Q128 Chair:** It just seems to me a bit daft that, on the one hand, if we look back at it, prison numbers are, whatever you say, unlikely to do down, so you have to get early departures. Treasury, who should be interested in early departures, are not very forthcoming to us, Mr Gallaher, about how those are to be funded.

**Marius Gallaher:** We certainly want agencies and Departments to get on with the job themselves in the first instance, but, always, we are open to hear what they have to say if there are difficulties.

**Chair:** Perhaps you could write to us about that in time for us to incorporate what you say into our report, because there seems to be a specific problem here, given the change of Secretary of State.

**Q129 Fiona Mactaggart:** On the change in headcount, one thing I think I heard you say is really important for the efficiency and effectiveness of a local prison is its leadership. I was wondering whether the 27% cut in headquarters staff had affected your leadership development programme and what you were doing to develop better leadership in prisons.

**Michael Spurr:** There are a number of people we allow to take voluntary exit from prisons, but I have a very good calibre of prison governor at the moment, and I am very pleased with the calibre of people we have. You are right: how well prisons run depends so much on the leadership that you get from governors and senior teams. We have spent some time developing what we call the “Optimising Potential” programme, which is an individual development programme that each individual senior manager, not just prison governor, is going through to identify their own particular needs. There is a range of modules, and training and development opportunities.

I have got, as I say, a good level of quality; the problem has been—you will recognise this—that we have changed governors too often, in too many places, too quickly. That has been a consequence of constantly increasing the numbers and constantly having to move people. You learn your experience in a small prison, then we move you to a larger one because we need to be able to do that to cope. We have been expanding the number of prisons, the number of larger prisons. If we have a period of stability, the tenure of individual governors will be longer. I have been proclaiming that that will be a positive thing to come out of a more stable population. We have to have an expectation that individuals stay longer in post; if the operational environment allows us to do that, it will mean that we can work through some of the issues that we have had, where you are constantly changing the top leadership, which is not an ideal scenario at all.

**Q130 Austin Mitchell:** In terms of the difference between £13,000 at Oakwood and £29,000 elsewhere, a lot of the cost, as Nick Hardwick explained, is down to the fact that older prisons are much more expensive to run. I don’t know what Birmingham is—is it a new prison or an old prison?

**Andrew Emmett:** It’s an old prison.

**Michael Spurr:** Its main core is Victorian, but there is a large part of new accommodation as well, so it’s a mixture.

**Q131 Austin Mitchell:** Okay. You had bids to run it, and it was transferred this year. I don’t know what lessons you have learned from that or what economies have arisen, but is that going to be the pattern of dealing with the old prisons?

**Michael Spurr:** That prison was transferred to G4S under a competition. They won the competition, producing the most economic bid that maintained a

quality level. We set a quality threshold that said, “You’ve got to deliver at this level.”

**Q132 Austin Mitchell:** Did the Prison Service bid?

**Michael Spurr:** The Prison Service bid, and to be fair, on that occasion, the number of staff in the G4S bid was larger than the number of officers the public sector was going to have. That contract has been transferred; G4S is now running that prison. We will manage things carefully to make sure that we get the quality—

**Q133 Austin Mitchell:** Is that what you are going to do with the other older prisons?

**Michael Spurr:** There is currently a competition for eight prisons. There will be a Government announcement on the outcome on the first phase of that shortly. It is for Ministers to determine how we go forward from there.

**Q134 Austin Mitchell:** Okay. My final question is this: if the private sector is that good, why is it allowing more people to escape? I see from figure 7 on page 23 the rate of escapes from contractor escorts—this is escorts, but there has been one category A escapee, although I don’t know whether that was from the private sector or the public sector. As a proportion of the throughput of prisoners, the rate of escapes from contractor escorts was one in 97,000 in 2009, but it rose to one in 72,000 in 2011–12. Why are people better able to escape these days?

**Michael Spurr:** They’re not.

**Q135 Austin Mitchell:** Do you expect escapes to increase as staff are cut?

**Michael Spurr:** No, I don’t want escapes to increase, and I don’t expect escapes to increase. The numbers are very small: we are talking about 13 people for those escapes. The total number of escapes from prisons was four last year, compared with over 300 in the early 1990s, twenty six, 10 years ago and four last year. To be fair to the contractors, the number of escapes when the police and the Prison Service did escorts in the late 1980s and early 1990s was massively higher than it is with the current contracts. I don’t accept that your point is fair from the contractors’ perspective

**Chair:** Thank you very much indeed. I am sorry we kept you waiting, but we had a couple of votes.

**Michael Spurr:** Thank you.

# Written evidence

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## Written evidence from HM Chief Inspector of Probation

### TENSION BETWEEN THE NATIONAL OFFENDER MANAGEMENT SERVICE (NOMS) AND PROBATION TRUSTS

The National Audit Office (NAO) rightly identifies tensions in the relationship between NOMS and probation trusts. In my view, these result as much from the history of NOMS' development and the different organisational structures of the prison and probation services as any failings in its management. The restructure of NOMS HQ was, as the report states, well received and both the Chief Executive Officer (CEO) of NOMS and the Director responsible for the probation service are spoken of positively by probation trusts.

Nevertheless, there is, I believe, an inherent dissonance in the NOMS model, which essentially incorporates two organisations with different functions and governance arrangements. Unlike the prison service, which is a national organisation, the probation trust CEOs report to a locally managed Board but are accountable to NOMS for their achievement of targets. When these arrangements are considered in the historical context of a probation service that has gone through four major reorganisations over the past 15 years, and is currently awaiting the response to the probation review which will herald yet another one, it's not surprising that relations are a little tense.

What this means is, given that the line management arrangements of the probation service is different from those of the prison service, as is its history and its focus on the community, so the dialogue NOMS has with probation trusts also has to be different. And this isn't achieved with sufficient consistency. As a result, the work of the probation service is not fully understood at the centre and as a consequence not properly valued and too easily dismissed.

On the other hand, many probation staff, particularly operational staff, see very little difference between NOMS, the MoJ including the Justice Policy Group, and consequently attribute decisions made by the wider Ministry of Justice to NOMS.

#### *Implications—Have the cuts had an impact?*

The Probation Service has faced a significant drop in its resources over recent years but most trusts have worked well within the reduced resources and continued to not only meet their targets, but, as our inspections have shown, make incremental improvements in practice. They have a central and vital role in the management of those who pose a risk of harm to others in the community, a responsibility which, as we have shown by our inspections, discharges effectively (cf our report, *Putting the Pieces Together*, on the multi-agency public protection arrangements). The service also has a long history of working effectively with the voluntary and private sectors, police and other local authority providers in the community. Individuals subject to community orders or post release licence are seen regularly and the vast majority of orders and licences are appropriately enforced. As such, offenders are held to account and the "control" element of the sentence effectively delivered.

The cuts have made probation trusts reprioritise much of its work. The increased use of fast delivery probation reports has brought savings and contributed to swifter justice but is not without risk. The information presented to courts is critical in determining the sentence most likely to protect the public and reduce reoffending. Those preparing the reports have little opportunity to verify the information provided or to investigate the case further. As we have shown in our report on electronic monitoring (cf *It's Complicated: The Management of Electronically Monitored Curfews*), sentencers, who after all are the primary commissioners of probation services, are not always sighted of either the risk of harm to others presented by the individual or their likelihood of reoffending when passing sentence. The example I quoted in my evidence to the committee illustrates this point.

We have also seen in our inspections, a move away from accredited programmes, whose development was based on research into the most effective ways of working with individuals who offend. Examples of such programmes include the sex offenders treatment programme, the domestic violence programme and cognitive skills and consequential thinking, which continue to be run but with less frequency. Shorter programmes (delivered as specified requirements) are now being adopted across the probation services as less expensive and easier to deliver. They may be a pragmatic way of managing offenders but their impact on reducing reoffending remains largely unproven.

The third area I wish to highlight relates to the relaxation of national standards and greater reliance placed on the professional judgement of the probation officer. While we in HM Inspectorate of Probation welcomed the consistency in practice achieved through the implementation of the standards, we were, as were many others, also concerned at the somewhat mechanistic approach to managing individuals who offend that the unthinking application of the standards could encourage. As shown by evidence from research, effective engagement with offenders has a significant impact on both the successful completion of orders and on changing behaviour, thereby reducing their reoffending.

We are therefore encouraged by the move towards the exercise of greater professional judgement when working with people who have offended, and the accompanying emphasis placed on engaging them in the

supervision process. It is still not clear, however, how this work will be incorporated in practice or how commercial companies will respond when professional judgement conflicts with commercial interest.

This is not to say that the new arrangements cannot promote good practice and we can see from examples both within England and Wales and across Europe how public and private sectors have worked together successfully to reduce reoffending, but such work takes time. Any changes need to be undertaken with care, built on incrementally and not rushed.

#### PROPOSALS FOR COMMUNITY SENTENCES

The current impetus given to the introduction of a component of punishment into all community sentences, whilst understandable, needs to be thought through further and the cost implications considered. Punishment undoubtedly forms an important element of sentencing and can also be redemptive and contribute to rehabilitation. It therefore follows that it should be proportionate to the offence and targeted on the individual.

As we have already seen through our report on electronic monitoring the “blanket” inclusion of a curfew or a period of unpaid work as a punishment on all offenders, risks increasing the number of cases, already high, breached for non-compliance. Research has shown that non-compliance increases with the length and duration of the order so particular attention needs to be given to these issues. Some of these breaches will undoubtedly result in short prison sentences, at further expense to the public purse, often where the circumstances of the index offence is such that a prison sentence would not normally have been considered as appropriate.

The success of the Payment by Results proposals will depend very much on how the results in such schemes are both defined and measured. The adoption of a simple binary measure, of a single incident of convicted reoffending, would mean that many cases would fail even though both the rate and the seriousness of their offending had significantly reduced.

#### CONCLUSION

We are still waiting to hear the outcome of the probation review, which will determine how work with those who offend is taken forward. Its implementation will require careful thought and planning, otherwise we are in danger of losing a whole way of working with offenders which has a proven track record and is emulated by other jurisdictions.

*Liz Calderbank*

*15 November 2012*

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#### Written evidence from Ministry of Justice

Following my evidence at the Public Accounts Committee on 7 November 2012, I promised to write to you with further information about the cost of prisoners serving indeterminate sentences of Imprisonment for Public Protection (IPPs). You asked me to estimate the cost of IPP offenders staying in prison, beyond the minimum term of imprisonment (the tariff) determined by the Court, instead of being given access to the courses or programmes they required in order to reduce their risk sufficiently for the Parole Board to direct their release. I also promised to provide further information regarding how we plan to reduce these costs.

As I indicated during my evidence, there can be no straightforward answer to the first question. There is nothing automatic about the release of a prisoner serving an IPP or any other indeterminate sentence on tariff expiry, even where that prisoner has completed a number of interventions designed to reduce his or her risk. The Parole Board’s assessment of an IPP prisoner’s suitability for release is based upon what is known of the prisoner’s risk of harm and risk of reoffending at the time of his or her parole review, rather than whether or not the prisoner has completed specific offending behaviour programmes. Further, accredited programmes are not the only means by which an IPP offender can engage with actions to reduce his or her risk. Whilst accredited programmes are sometimes a key means of demonstrating risk reduction, they form only part of a prisoner’s wider sentence plan. In the event that these programmes are not suited to the needs of the individual, or are not available, the Parole Board can look for other indicators that a prisoner’s risks have reduced. These might include: completion of non-accredited courses; engaging in work, education or training; specialist support and resettlement; or demonstrating a sustained period of stable behaviour, including in open conditions.

Having said all this, I acknowledged during my evidence that from 2005 to 2008 it was particularly challenging to provide many IPP prisoners with the interventions they needed to demonstrate reduced risk to the Parole Board by their tariff expiry. During that period, not only were IPP sentences arguably being used more widely than had been intended, but certainly the number of IPP sentences with tariffs of less than two years had not been anticipated. The shortest tariff given to an IPP offender was 28 days. For many short tariff IPP prisoners, even if the Prison Service had received a significant increase in resources for the introduction of the IPP sentence, it would simply not have been possible to provide sufficient interventions to allow them to demonstrate a meaningful reduction in risk before their tariffs expired. It was for this very reason that Parliament approved changes to the IPP legislation, by means of the Criminal Justice and Immigration Act 2008. Under that Act, it was no longer possible for the Court to sentence an offender to an IPP with a tariff of

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less than two years, except where the offence had already been convicted of one of the most serious offences. In addition, that Act removed the presumption of dangerousness which had arguably fettered the discretion of the Court.

As at 30 September 2012, there were 6,020 IPPs in prison, of which 3,524 were post-tariff. Of those IPPs in prison post-tariff, 2,460 (over two-thirds) have completed two or more accredited programmes and only 366 had not completed at least one accredited intervention. Of these prisoners, it is important to remember that not all will have failed to access a recommended intervention: some prisoners will not have been assessed as suitable to undertake particular interventions (for example, because they deny their crime). Other prisoners who have accessed programmes may have failed to engage sufficiently to complete them.

The average direct cost of keeping an offender (not necessarily an IPP) in a Category C prison in 2011–12 was £21,078 per year. However, as I have explained, there is nothing automatic about release on tariff expiry, and some prisoners serving indeterminate sentences can expect to spend much longer than their tariff in custody, where they do not engage with efforts to reduce their risk and where they are unable to demonstrate to the Parole Board that any remaining risk of harm which they present is such that it may be effectively managed in the community.

Your second question was what we were doing to reduce the costs of IPPs in prison. The legislative changes which came into force in July 2008 were vital and, combined with streamlined assessment procedures and prioritisation of places on offending behaviour programmes, means that the management and progression of IPP prisoners is now greatly improved compared to the early years of the sentence. That does not mean that challenges do not remain, which is why we continue to strive for ways to improve sentence planning and access to all interventions (accredited or otherwise) within the resources available, and having regard to the needs of other prisoners.

Almost all IPP prisoners now have comprehensive risk and needs assessments, together with sentence plans based on those assessments. Better use is already being made of these sentence plans to prioritise interventions for IPP prisoners, where the need is greatest, and to sequence interventions by reference to tariff expiry and parole review dates. NOMS continually seeks to ensure programmes can be delivered more flexibly, supporting greater access, as well as inclusion of offenders with more complex needs such as learning difficulties.

NOMS has also set up improved structures to ensure best possible management of prisoners with an indeterminate sentence (ISPs). The Indeterminate Sentence Prisoners Coordination Group is the NOMS Agency's strategic body for the management of all indeterminate sentence prisoners (lifers as well as IPPs). This body is chaired by the Director of National Operational Services and meets quarterly. Membership includes senior representation from the Directorates of Public Sector Prisons, Probation and Contracted Services, Commissioning and Competition and High Security. Since its inception, the Group has mandated work to improve the speed of the transfer of IPP prisoners to open prisons, where the Secretary of State has approved transfer, by means of a central allocation system. This has substantially reduced waiting times. It has also commissioned a new management information tool, which is used by local operational managers to provide valuable information on the numbers of IPP offenders requiring specific interventions. This is helping to drive the commissioning strategy for accredited programmes.

The release rate for IPPs is now rising. Between 2008 and 2010 there were fewer than 200 releases altogether. This compares with 2011 where there were 300 releases. In the first two quarters of 2012 alone there have been 204 releases. We anticipate that the release rate will continue to rise, as IPP prisoners complete work on their sentence plans and are consequently able to demonstrate to the Parole Board that their risk is such that it may now be effectively managed in the community.

Whilst the IPP sentence has undoubtedly presented significant management and resource challenges to NOMS, I hope I have said enough to reassure you that we have made substantial improvements to the support we provide to progress existing IPP prisoners through sentence and will continue to look for further improvements, within the resources available.

*Michael Spurr*

Chief Executive, National Offender Management Service

16 November 2012

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