

PRIVATISATION

Factfile 16

PRISON MARKET TESTING HALTED

The market testing of publicly run prisons in England and Wales has been scrapped by the Home Office. The controversial programme, which led to uncertainty and a lowering of staff morale in 20 prisons included on a 'hit list', was delayed last year when the Prison Officers Association challenged its legality. Then, in June 1996, giving evidence to the Home Affairs Committee inquiry into the Prison Service, director general Richard Tilt said the programme had been halted due to pressures on the Service to accommodate record numbers of prisoners. Also, cuts in spending were resulting in efficiency-savings, eliminating the need to test costs against the private sector.

But according to documents seen recently by the *Daily Telegraph*, the Home Secretary was forced to abandon the programme in September 1996 after being warned by lawyers that he would be exceeding his powers if private companies were allowed to run existing prisons. The legal opinion was that the Home Secretary does not have the power to grant a lease on property he does not own.

According to the same newspaper, the Treasury also refused to allow Mr Howard to have the private sector build new houseblocks at existing jails. This was a proposal suggested to the Home Office by UK Detention Services Ltd but rejected by the director general in his evidence to the Home Affairs Committee.

- In July 1996, construction firm John Mowlem, one of the shareholders in UK Detention Services Ltd, which runs Blakenhurst prison, sold its one third interest in the company to partners CCA and Sir Robert McAlpine because it felt future prospects were slim. In October, a spokesperson told the *Daily Telegraph* (10 October 1996): "UKDS doubts that private sector prison management will grow any further in the next year and it is therefore considering what development options would be best for both the company and its staff."

MORE NEW JAILS FOR THE UK

Twelve new private prisons each with a capacity of 900 prisoners are planned as a result of the Home Secretary's Crime (Sentences) Bill which was published in October 1996. But the extra 11,000 places expected to be needed as a result of mandatory minimum sentences may turn out to be an underestimate. The Bill refers to additional recurring costs for the new prisons of between £375m and £435m per annum some 12 years after implementation. The Crime Bill also provides a boost for the companies involved in electronic



tagging of offenders, as tagging will be extended to persistent petty offenders.

In Scotland, the Crime and Punishment Bill could mean an extra 2,200 prison places being required five years after implementation. An increase of this order would add between £65m and £100m per annum to the cost of building and running prisons.

DONCASTER INSPECTED

The first report on HM Prison Doncaster by Her Majesty's Chief Inspector of Prisons was published on 11 October 1996. Doncaster was the third prison to be privately managed in England and was opened in June 1994. The inspection team actually visited the prison between 10 and 15 March 1996. The Chief Inspector reported to the Home Secretary on 29 July 1996. The 120 page report shows Doncaster in a very positive light and refers only in passing to the problems of the first eighteen months.

The Chief Inspector concludes: "we were impressed with what we found ... the commitment and enthusiasm of staff, the positive methods of prisoner management and the many examples of good and excellent practice. Staff were justifiably proud of their achievements and progression since the prison opened." He also finds that the performance measures of the contract were less rigorous than those originally intended and that details of contract compliance needed more analysis. A number of recommendations for improvement are also made.

HM Prison Doncaster, Report of a full inspection by HM Chief Inspector of Prisons, available from the Home Office Publications Unit £1.50.

- Six prisoner custody officers employed by Premier Prison Services at Doncaster were arrested in August after cannabis was found during a routine search at the prison.

SALFORD INQUIRY

Eighty residents' groups have opposed planning permission being granted for the Prison Service's proposed Agecroft prison, near Salford. Agecroft is to be privately financed, designed, built and

*Stephen Nathan
presents his
latest round-up
of news and
views on prison
privatisation*

run. The Department of the Environment (DoE) heard the residents' views at a public inquiry held in October after Salford District Council refused to grant permission.

The residents say they recognise the need for an additional prison in the region but argue that the proposed site is inappropriate since it has been earmarked for recreational use as part of a wider regeneration scheme for the area. They also say that there is no guarantee that the jobs created by a new prison would go to local people.

A spokesperson for the Campaign Against A Prison At Agecroft (CAPAA) told the Prison Reform Trust that initially their opposition to Agecroft had nothing to do with it being a private prison. However, a visit to Doncaster prison in 1995 and recent events at Buckley Hall had made people very wary.

The DoE's decision is not expected for some time. However, residents fear that the planning process could be a rubber stamp as they believe that the Prison Service has no other site in mind for the prison.

WHO GETS WHAT FROM PFI?

At a conference on using the Private Finance Initiative for prisons and aspects of police, fire and ambulance services last September, representatives from Group 4 and Tarmac explained that they did not want a contract to manage Fazakerley prison which had unrealistic Key Performance Indicators as this would not protect revenue streams. They also revealed that the key factor (or 'deal breaker') in the negotiations between the company and the Home Office was that the government agreed to be the insurer of last resort.



• At the same conference, prisons minister Ann Widdecombe addressed the concerns of the private sector that the market share achievable by each company was not large enough to offer a return on investment and provide career opportunities for their staff. She spoke of the need for an extra 12 DCMF prisons to cope with

the increased demands for prison places as a result of the government's proposed new sentencing measures (see **Prison Report** 35).

PRISONS OMBUDSMAN

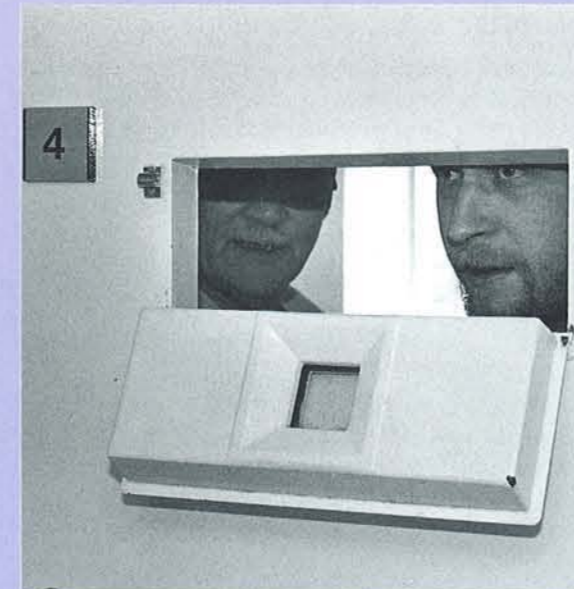
The Prisons Ombudsman's report of his work for the fourteen months ending 31 December 1995 (see also p.7) reveals that of the 2,050 complaints received from prisoners, privately-run Wolds, Blakenhurst, Doncaster and Buckley Hall produced 65 complaints between them. The Ombudsman commented that "this was not a surprise: two of the four are large establishments, and newly opened prisons often have relatively high levels of grievance. What is more notable is that so few of the complainants had fully exhausted the formal requests/complaints system."

The Ombudsman could not deal with 18 of Blakenhurst's 20 complainants, 21 of Doncaster's 26 and 12 of Wold's 14. However, all but one of Buckley Hall's five complaints were eligible for consideration. "One explanation is that the contracted out prisons operate their own requests/complaints procedures, which are significantly different from those operated in the publicly managed sector. It is possible that these are so successful in resolving prisoners' complaints at an early stage that the only complaints which reach me are those which have not yet been through the internal system. Another explanation may be that prisoners in contracted out gaols may be somewhat confused both about how my role fits in with the complaints systems operated by the private contractors and also with regard to the interface between the Director and the Controller on grievance resolution."

MONEY GO ROUND

Premier Prison Services Ltd runs Doncaster and in November 1995 signed a seven year contract for two regional prisoner escort services. The company's accounts for the year ended 31 December 1995 show a pre-tax loss of £232,604 on income received from the Home Office of £11.2m. The average number of employees was 473 and employee costs (including one director who received £12,000) were £7.7m. Combined losses retained for 1994 and 1995 amounted to £675,378. Partners Wackenhut Corrections Corporation and Serco each increased their loans to the company from £50,000 to £450,000 during the year. The loans are not interest bearing and have no specific repayment date.

UK Detention Services Ltd, which runs Blakenhurst, made a pre-tax profit of £540,891 (£380,395 after tax) according to its accounts for 31 December 1995. Fees from the Home Office increased from £9.1m in 1994 to £10.9m in 1995, while operating expenses were almost the same at £10.45m in 1995 compared with £10.44m in 1994. The average number of employees was six managerial and 336 'operatives'. In previous



years, UKDS paid Corrections Corporation of America £369,300 for 'technology and management expertise'.

Also for the year ended 31 December 1995, Group 4 Court Services Ltd, which runs prisoner escort services, made £608,000 profit after tax on income from the Home Office of £18.2m (£9.4m in 1994). The average number of employees was 875 and the cost of directors' remuneration was £81,000. For the same period, Group 4 Prison Services Ltd made a pre-tax profit of £529,000 (£349,000 after tax). Income from the Home Office was £12.6m compared with £7.5m in 1994. The average number of direct employees was 318 plus a further 20 indirect and administrative. £81,000 was spent on directors' remuneration.

• Fazakerley Prison Services Ltd is the consortium formed by Group 4 and Tarmac for the contract to finance, design, build and run the 800 place prison in Liverpool. It has been described by Group 4 as a "pass through" company (money comes in and goes straight out again). The management of the prison over the 25 year life of the contract is subcontracted to Group 4 Prison Services Ltd.

BUCKLEY HALL FIGURES

By the end of September 1996 there had been 33 assaults on Group 4 staff since the prison opened in December 1994. Six staff members had to take time off work as a result. In the same period, there were 19 assaults on prisoners by other prisoners (however, a list of 208 incidents between 14 December 1994 and 14 October 1996 supplied by the Prison Service to Liz Lynne MP fails to include these). The seriousness of assaults on prisoners is not separately recorded. Other incidents included 25 recapture/surrender, 39 temporary release failures and 64 drug finds. As at 22 October 1996, Group 4 employed 148 full time and 16 part time staff at the prison (excluding sub-contractors) of whom 91 were full time prisoner custody officers and five part time, and 10 supervisors. The ratio of staff (excluding

health care staff) to prisoners at Buckley Hall on 16 October 1996 was 1:3.36 compared with 1:2.61 at other category C prisons (answers to parliamentary questions placed in the House of Commons Library, 29 October 1996.)

• Prisons minister Ann Widdecombe visited Buckley Hall in September. She once again refused Rochdale MP Liz Lynne's call for a public inquiry into the prison's management but said that the "prison needs to get its assault figures down" and that "too many drugs are getting in, but that is not unique to this prison." She was satisfied with security arrangements but admitted that there had been "a slight blip".

• Group 4 has been granted £7,000 by the government's Drugs Challenge Fund to provide counselling services at Buckley Hall.

MORE COMPARATIVE COSTS

The Home Office Economics Unit has updated the work carried out by Coopers & Lybrand on comparative costs of three of the four existing privately managed prisons (see **Prison Report** 36). The figures for 1995/96 show that the cost difference between private and publicly managed prisons has narrowed, although at Doncaster and Blakenhurst the assault rates were still higher than their public sector comparators.

• Speaking at the recent Board of Visitors Annual Conference, Richard Tilt said that a review of costs found that the purchase of utilities was more expensive in the privately run prisons but that staff costs were around £5,000 per person per annum lower.

QUANTUM

The Prisons Board is due to make a decision on 6 December 1996 on the future of Project Quantum (see **Prison Report** 36) and the number of Prison Service jobs to be transferred to the private sector.

• Consultants Coopers & Lybrand, Pannell Kerr Foster and Moores Rowland have been awarded contracts to advise the Prison Service on the range of PFI projects from inception to contract award and on the contracting out of services generally. Services include health care, construction, building maintenance and energy schemes, catering, prison industries and farms, staff housing and information technology.

SECURE TRAINING CENTRES

According to Group 4, one of the reasons its bids for the first two secure training centre contracts were successful (see **Prison Report** 36) was because a competitor's financing arrangements fell through at the last stage of the tendering process.

HOME AFFAIRS COMMITTEE

The inquiry into the management of the Prison Service has continued after the summer recess

(see **Prison Report** 35). In October, members of the Committee visited Buckley Hall and Doncaster, and both the Prison Governors Association (PGA) and Prison Officers Association (POA) submitted evidence to the inquiry.

The PGA found it "regrettable" that the proportion of private prisons is being "continuously increased by stealth rather than overt policy." Describing the Private Finance Initiative as a means of "purchasing prisons on hire purchase...resulting in long term debts being accumulated", the PGA also called on the House of Commons Public Accounts Committee to "look closely at all existing private prisons to ensure that the public is receiving value for money."

- The National Audit Office is currently examining the PFI contracts for Bridgend and Fazakerley prisons. Its report is expected during the first quarter of 1997.

CHURCH'S CONCERNS

In a new publication, the Board for Social Responsibility of the Church of England states: "it is legitimate for the Churches to voice their concerns about the policy of privatisation at the 'deep' end of the system ..." It adds that there are "profound doubts about the whole policy" and calls on the Church "to keep at the forefront of public debate the need to raise standards and increase accountability throughout the prison system. Privatisation of prison management was introduced as an experiment. It would not be unreasonable therefore ... to call for an independent evaluation of that experiment, with a full public debate of the findings, before any further privatisation is contemplated."

Private Sector Involvement in Prisons, Church House Publishing, Church House, Great Smith Street, SW1P 3NZ. Price £2.95.

CCA's WOMEN

In October 1996, Corrections Corporation of America signed a contract with the state of Nevada to build and run a multi-security prison for 500 women prisoners. Completion of the prison is scheduled for September 1997 and it will be CCA's third women's prison (two in the US, one in Australia). The prison, located in Las Vegas, is the state of Nevada's first private prison.

- A contract signed on 18 October 1996 with the state of Mississippi for a medium security prison which will ultimately hold 1000 prisoners, means that CCA has contracts for 37,905 beds (existing or planned) in 56 facilities in the US, Puerto Rico, Australia and the UK.

NO FREE SPEECH

A court in California has ruled that employees of private prison operators do not have the same constitutional rights to free speech that local or state government employees enjoy.

NO FREE JAIL EITHER

While some corrections authorities (and prison companies) have started charging prisoners for their health care, prisoners to be housed in tents in Lake County, Florida are to be charged \$1 per meal.

OPENING IN VICTORIA

Australasian Correctional Management (ACM, owned by Wackenhut) is to open Victoria's second private prison, the 600 place medium/minimum security Fulham Correctional Centre, in early 1997. ACM also runs Queensland's Arthur Gorrie Remand and Reception Centre and the Junee Correctional Centre in New South Wales.

- In August, Corrections Corporation of Australia's Manager and Assistant Manager Operations and General Manager at the new Metropolitan Women's Correctional Centre (see **Prison Report** 36) were granted exemption from Victoria's Control of Weapons Act 1990. They are now authorised to use tear gas if necessary.

- Victoria's police force has invited tenders for the provision of custodial services for people in police custody at the Melbourne Custody Centre and four police jails. The contract being offered is for three years from July 1997.

CONQUERING SOUTH AUSTRALIA

Group 4 has won a contract to manage all in-court security and the transportation of all adult and young offenders in South Australia. From December 1996, the company will serve four agencies: Correctional Services; Police; Family and Community Services and the Courts Administration Authority. The company already manages the state's Mt Gambier prison.

PRISON PRIVATISATION REPORT INTERNATIONAL

Since the last issue of **Prison Report**, issues 4 and 5 of PRT's new bulletin have been published. Some back issues are still available so you can subscribe from issue 1. Rates: Individuals £25 per ten issue subscription; public sector/voluntary organisations £50, corporate sector £100.

