

Unlocking the prison estate

Modernising the prison system in England and Wales

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ideas with impact

With 81,547 offenders, the prison system is stretched to breaking point.¹ But this is not a new phenomenon: the prison system as a whole has been overcrowded in every year since 1994.²

Significant increases in spending have failed to address the increase in the prison population. Investment in the prison service has increased substantially: spending on prisons has grown in real terms by 36% since 1997.³ And, as the latest figures from the Ministry of Justice illustrate, the demand for new prison places will continue over the next five years.⁴ The estimated remaining life of the average prison is just 26 years.⁵

The Estate Review 2000 recognised the inherent problems of continuing to use prison stock that was beyond its useful life and which ought to have been decommissioned and replaced. But, because of the expected steep rise in population, it concluded that the only viable option was to continue to expand the estate.⁶ The following year the Government published a review by Lord (Patrick) Carter that assessed the role of the private sector in the Prison Service.⁷ That report acknowledged that "a large part of the prison estate is worn out, poorly located, expensive to operate and unable to provide adequate regimes".⁸ The analysis suggested that the prison estate provided unsatisfactory conditions for both prisoners and staff.⁹

This research note suggests a way forward: by unlocking the value in the prison estate the Government could generate sufficient funds to construct modern prisons that are fit for purpose and offer a greater number of prison places. The National Asset Register undervalues the prison estate. This capital, released by selling a number of prison sites to property developers, could be used in two ways. The first option would create sixteen hundred new places. The second option would rebuild five of the worst prisons in England and Wales for £196 million and increase capacity by over a thousand.

These proposals are not simply concerned with reducing building costs. As well as modernising the prison estate, the most comprehensive prison building program for a century would allow for radical redesign of the criminal justice infrastructure in England and Wales. Could the best designers move away from the bureaucratic tendency towards the "super prison"? More, smaller units may provide better opportunities for re-settlement and reduce the extensive amount of travel between prisons. Building courts 'attached' to prisons would reduce delays and inefficiencies.

Most importantly, prisons created specifically to provide the best training and the most effective rehabilitation would be an important step towards reducing the cost of re-offending. The Social Exclusion Unit concluded that re-offending by ex-prisoners costs society at least £11 billion per year: ex-prisoners are responsible for about one in five of all recorded crimes.¹⁰

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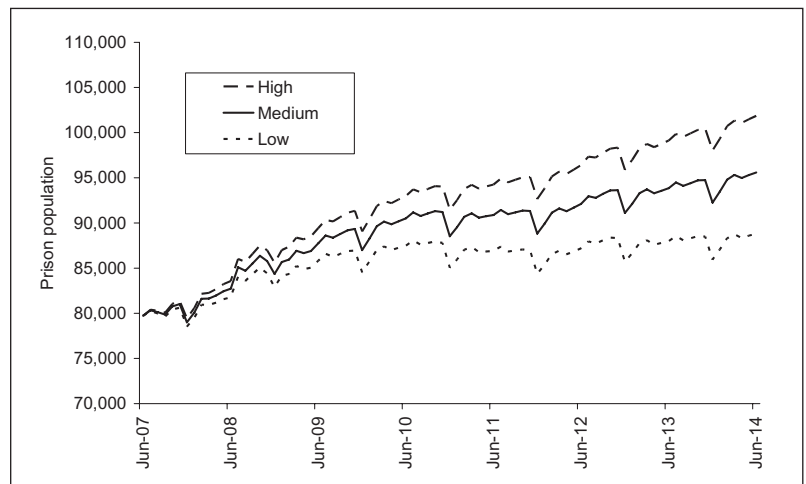
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Population projections 2008—2014

In 1997, the prison population was 61,470.¹¹ The number of prisoners in England and Wales has increased by over 20,540 over the last decade.¹² This increase has had a significant impact on overcrowding: at the end of January 2006, nearly two-thirds (92 of the 143) of prisons in England and Wales were overcrowded.¹³ By the end of June 2014 the demand for prison spaces is projected to increase to between 88,800 and 101,900.¹⁴

‘Sentencing behaviour’ (i.e. custody rates and determinate custodial sentence lengths) is the dominant driver behind the observed growth in the prison population. Custody rates and average custodial sentence lengths for indictable offences “increased between 1997 and 2004, climbing from 22.6% and 15.7 months to 25.3% and 16.1 months respectively”.¹⁵

Fig 1. Projected Prison Population



“Over the same period, the numbers of offenders sentenced for indictable offences remained relatively constant, fluctuating between 317,530 and 340,304 per year.”¹⁶

A number of other factors have also contributed to the growth in the prison population over the past decade. These include:

- “greater numbers of offenders recalled to prison for breaking the conditions of their licence, reflecting legislative changes in 1998 and 2003;
- increased use of indeterminate sentences following the introduction of Indeterminate sentences for Public Protection (IPPs) in April 2005;
- the introduction of Suspended Sentence Orders in April 2005 for which offenders in breach can be taken into custody; and
- inflation in the time certain types of offender remain in prison (particularly in recent years) as the use of Home Detention Curfew for the early release of offenders has diminished and the parole rate has fallen.”¹⁷

A snapshot of the prison estate: 2007

According to the National Asset Register, the value of the prison estate is £4,891,000,000.¹⁸ The prison estate consists of 141 Prisons,¹⁹ stretching over 3,574,165 sq meters.²⁰ The 2006/7 annual running cost of all prisons is £1,936 million.²¹ The 2006/7 costs per prisoner and per place are £33,165 and £30,939 respectively.²² In 2005/6 the average annual cost per place was £32,888.²³ The performance of prisons varies considerably. There are a group of prisons which are unfit for purpose or that are “experiencing significant problems meeting targets and are experiencing major operational problems”.²⁴

Prisons in England and Wales are divided into several categories. Prison categories are classified by the level of risk posed by offenders through either escape or danger to other prisoners, themselves, or staff. Category A and Dispersal prisons house the most high-risk prisoners. Category B and C prisons are secure, closed prisons. Open and semi-open prisons are used for ‘low-risk’ prisoners, usually prior to release. Local prisons deal with offenders sent direct from the court either when remanded in custody before trial or after conviction. Young Offender Institutions are facilities run by the Prison Service to accommodate 15 to 21-year-old offenders.

Nearly a third of all prisons were built during the 19th century or earlier.²⁵ As the 2001 Carter review noted, “age is not itself an indicator of quality but it is generally a predictor of higher running costs and poorer facilities...the Victorian prisons generally suffer the highest levels of overcrowding and inadequate regime provision”.²⁶ The majority of the estate has come into prisons use since the Second World War. These buildings are often former military facilities or large houses situated in rural areas far from prisoners’ homes. These types of prison are both expensive to maintain and provide a poor environment for rehabilitation due to unsuitable designs. Prisons built in the 1960s and 1970s are often even less suitable because of poor design and building work.²⁷

Unlocking the prison estate: methodology

This research is based on the assumption that a large amount of capital is locked up in the prison estate. By selling off certain prisons to developers, the Government could generate significant funds which could be used to modernise the prison estate with no loss of capacity. In order to test this idea, the research team created a list of prisons in England and Wales and collected data on their type, population, capacity, cost per place, cost per prisoner, site area, and land value.

Rebuild cost

The total rebuild cost for each prison was calculated by multiplying this figure by the average 2006/7 population of that prison. The rebuild cost per place was determined by combining the reconstruction cost per place and the land cost per place. After seeking advice from industry leaders and experts, the research team based their calculations on construction rebuild costs of £100,000 - £125,000 per prison place. This range of capital costs has been quoted by the Prison Service Construction Unit and secondary sources.²⁸ The midpoint of this range (£112,500 per place) is higher than the figure of £110,000 recently quoted by Jack Straw.²⁹ Evidence suggests that the private sector has lower build costs than those quoted.³⁰

In order to calculate land cost per place, the research team obtained figures from the Valuation Office Agency³¹ and calculated the land cost per place by region and by land type. Acknowledging that these costs are subject to a series of assumptions (described below and on following pages) the research team created a range of rebuild costs per place. (The 'low' rebuild cost per place assumed a construction cost figure of £100,000 per place and the cost of industrial land in each region; the 'high' rebuild cost assumed a construction cost figure of £125,000 per place and the cost of bulk residential land in each region.)

Region	Low estimate for cost/place	Median estimate for cost/place	High estimate for cost/place
Yorkshire and the Humber	£103,205	£125,250	£137,750
West Midlands	£102,840	£124,250	£136,750
Wales	£101,180	£125,100	£137,600
South West	£103,585	£125,950	£138,450
South East	£107,495	£131,650	£144,150
North West and Merseyside	£102,350	£122,750	£135,250
North East	£100,835	£125,450	£137,950
London	£111,425	£147,450	£159,950
Eastern	£105,595	£133,500	£146,000
East Midlands	£102,250	£123,450	£135,950

Sales value

Our hypothesis was that the National Asset Register was undervaluing the prison estate. In order to test this we consulted leading property and prison developers and used a standard methodology to value prison sites. (Figures used to determine the site value for each prison were the site area quoted in the National Asset Register, a redevelopment ratio of 2.5 to 1 and values of between £350—£600 per ft² (or £3,767 to £6,458 per m²). In order to model affordable housing and typical planning agreements with Local Authorities we assumed a 25% reduction in the total redevelopment area. These calculations gave total site values. The sales value of these sites was estimated as between 33% and 50% of the site value; the research team used the lower of these two values.) Our figures suggest that National Asset Register does indeed undervalue the prison estate.

Using these figures it is possible to calculate the capital that would be generated by selling and rebuilding each prison using the difference between the redevelopment value and the prison rebuild cost. We assume no increase in capacity due to better design in these calculations but by rebuilding prisons from scratch, innovative designers could create additional space.³²

Worked illustration: Kirkham Prison

Prison value

- Prison site area = 48,241m²
- Total redevelopment area = 48,241 x 2.5 x 25% reduction = 90,452m²
- Site value = 90,452 x £3,767 = £341m
- Sale value of site = £341m x 33% = £112m

Rebuild cost

- Average population: 469
- Construction cost per place: £112,500
- Land cost (North West region): £205/m²
- Average m²/prisoner place: 50
- Land cost/prisoner = £205 x 50 = £10,250
- Total rebuild cost per place = £112,500 + £10,250 = £122,750
- Cost to rebuild prison = £122,750 x 469 = £58m

Notes: Prison estate value figure does not include tangible assets under £1m. The National Offender Management Service (NOMS) prison list does not match Government asset register. Figures assume that National Asset Register values of prisons are correct. Cost per place is the direct resource expenditure divided by the certified normal accommodation. Cost per prisoner is direct resource expenditure divided by total average population. Costs relating to re-role from female to male establishments are included. The 2005/6 figure includes the element of headquarters overheads, but excludes the cost of capital on all Prison Service land and buildings, plus the cost of depreciation on buildings. These indirect costs are held by the National Offender Management Service. Certified normal and average population figures are lower than NOMS monthly figures. Breakdown of prison estate by category does not include private prisons. Prisons that have been built but are not operational are not included in figures. Average population is used because it reflects the current capacity of the prisons and takes into account levels of overcrowding. For figures used in the worked example construction and land cost are median estimates. Values and costs are rounded to the nearest £1m. The average m²/prisoner place is an average of prison area/average population across all prisons based on NOMS Annual Report 2006/7. Average sales value and redevelopment ratio provided by independent property developers. Rebuild costs do not include decant costs, staff reallocation costs or design fees. Prison values assume site owner and Local Planning Authority (LPA) have produced site brief and that site development is for residential not commercial use. This figure also assumes minimal costs for decontamination of land. These figures exclude staffing and general running costs. Rebuild costs are stated in real terms. Assumes comparable land values for prisons sold and those rebuilt; that there are no restrictions on type of prisons that are re-built; that prison estate land is freehold and that planning permission for rebuilds is granted. Average sales value weighted by region. Section 106 of the Town and Country Planning Act 1990 allows a LPA to enter into a legally-binding agreement or planning obligation, with a land developer over a related issue. This obligation is sometimes referred to as a 'Section 106 agreement'. Assume no increase in capacity from improved design of the rebuilt prisons. Figures are rounded to the nearest whole number. Rebuilding costs vary because of wide ranges of the land value in different regions and the varying security requirements of different types of prison.

Unlocking the prison estate: option 1

Option 1: Using the revenue generated from ten prisons to create additional capacity

The research team used the difference between the sales value and the rebuild cost of all prisons in England and Wales in order to identify prisons that would 'release' most capital through sale to developers. From this list of prisons, the research team removed the newer or highly specialised prisons and prisons built on land not owned by the Government (e.g. Church of England, The Queen). These prisons include Belmarsh, Holloway, Wormwood Scrubs, Feltham and Woodhill.

Name	Description	Region	National Asset Register Value (£m)	Policy Exchange Value (£m)	% difference between NAR and PX Value	Estimated rebuild cost	Value of prison less rebuild cost (£m)	Estimated number of additional places
Kirkham Prison	Male open	North West	£32.96	£112.45	241%	£58	£55	447
Long Lartin Prison	Male dispersal	West Midlands	£49.39	£87.38	77%	£54	£33	268
Hollesley Bay Prison	Male open	Eastern	£35.13	£72.92	108%	£38	£35	262
Aylesbury Prison	Male closed youth offender	South East	£46.39	£79.10	71%	£58	£21	161
Shepton Mallet	Category C	South West	£15.50	£43.59	181%	£23	£20	160
Portland Prison	Male closed youth offender	South West	£25.26	£83.26	230%	£64	£19	153
Wetherby Prison	Male juvenile	Yorkshire & Humberside	£28.60	£51.73	81%	£43	£9	70
Latchmere House	Semi-open	London	£17.30	£37.76	118%	£28	£9	63
Parkhurst Prison	Category B	South East	£38.27	£73.60	92%	£67	£7	53
Kingston (Portsmouth)	Category B	South East	£17.28	£31.66	83%	£25	£6	47
							£215	1,684

By selling and rebuilding these prisons the Prison Service will have generated £215 million, which could be used to expand prison capacity. This revenue could be used to build an additional 1,684 places in order to ease overcrowding. (This is the total number of additional prison places above the 2006/7 average population figures of these ten prisons.)³³

Unlocking the prison estate: option 2

Option 2: Rebuilding five prisons urgently requiring redevelopment for £196 million

In 2001, Lord Carter argued that “too many of our prisons are old, costly and unsuitable for modern needs”.³³ We estimate that rebuilding five prisons that are in the worst condition and are not fit for purpose would cost £196 million. (The five prisons that require redevelopment were identified by a former Governor of Brixton Prison and senior members of the Prison Reform Trust.)

All of these prisons are currently operating above capacity, holding 1,200 more prisoners than they were designed to hold. In other words, these prisons would be rebuilt at the average population level rather than certified normal accommodation (CNA) level. Given that this scenario is based upon 2006/7 average population figures this would create over a thousand additional places for £196 million.

Revenue generated by the sale of the previous ten prisons described in option one (£215million) *could* be used to subsidise building those prisons in the worst condition. As such our figures suggest that Government could rebuild these prisons at no overall cost.

Name	Description	Region	Value of prison less rebuild cost (£m)
Brixton Prison	Male local	London	-£31
Wandsworth Prison	Male local	London	-£35
Leeds Prison	Male local	Yorkshire & Humberside	-£56
Liverpool Prison	Male local	North West	-£63
Pentonville Prison	Male local	London	-£11
Total:			-£196

Prison overcrowding impedes the ability of correctional facilities to rehabilitate and treat prisoners; it has also been identified as the cause of inmate ill health, misconduct, and post-release recidivism.

By failing to keep available prison places on a par with inmate numbers, the prison service has seen a rise in recidivism. The ‘modern’ penal system has a poor record in reducing re-offending: 67.4% of all prisoners are reconvicted within two years of being released.³⁴ (The figure is even worse for young offenders: men aged 18-21 have a recidivism rate of 78.4%.)³⁵

Policy Exchange agrees with Lord Carter: “prison accommodation should be of the right type in the right location. Prisoners should be held as close as possible to their home to facilitate visiting and reintegration into the community. Local and remand prisons need to be close to the courts they serve”.³⁶ But, unlike the 2001 review, we do not recommend the construction of ‘super’ prisons. New places should be built in smaller, local prisons.

To begin to cut the reoffending rate the Government must modernise the prison estate. And as the conservative calculations in this research notes shows, there are cost effective ways to build prisons that would lower reoffending rates.

Previous research

Crime and Justice is one of Policy Exchange's key areas of research.

Over the past four years Policy Exchange has been leading the debate on police reform through several influential publications. *Going Local* examined how putting forces under the control of locally elected representatives fosters efficiency. Acknowledging increased public demand for a voice in establishing policing priorities, the publication posited that police forces require an accountability mechanism, linking them directly to mayors and council leaders. This view has recently acquired a high degree of acceptance.

Manifesto for the Met provided a critique of the Metropolitan police, highlighting its apparent inability to make significant impact on crime in London. *Size isn't Everything* argued that the Government should abandon plans for police force mergers, given that amalgamation has a negative impact on accountability structures and draws resources away from neighbourhoods towards the centre.

In June 2007 Policy Exchange argued that the quality and efficiency of local policing would be improved through greater delegation of budgetary and human resources control, as well as an overhaul of the performance measurement regime. We emphasised the importance of a full and successful implementation of the Neighbourhood Policing Initiative, and the subsequent need for flexible, mixed economy teams to support the programme.

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Endnotes

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