

Future Prisons

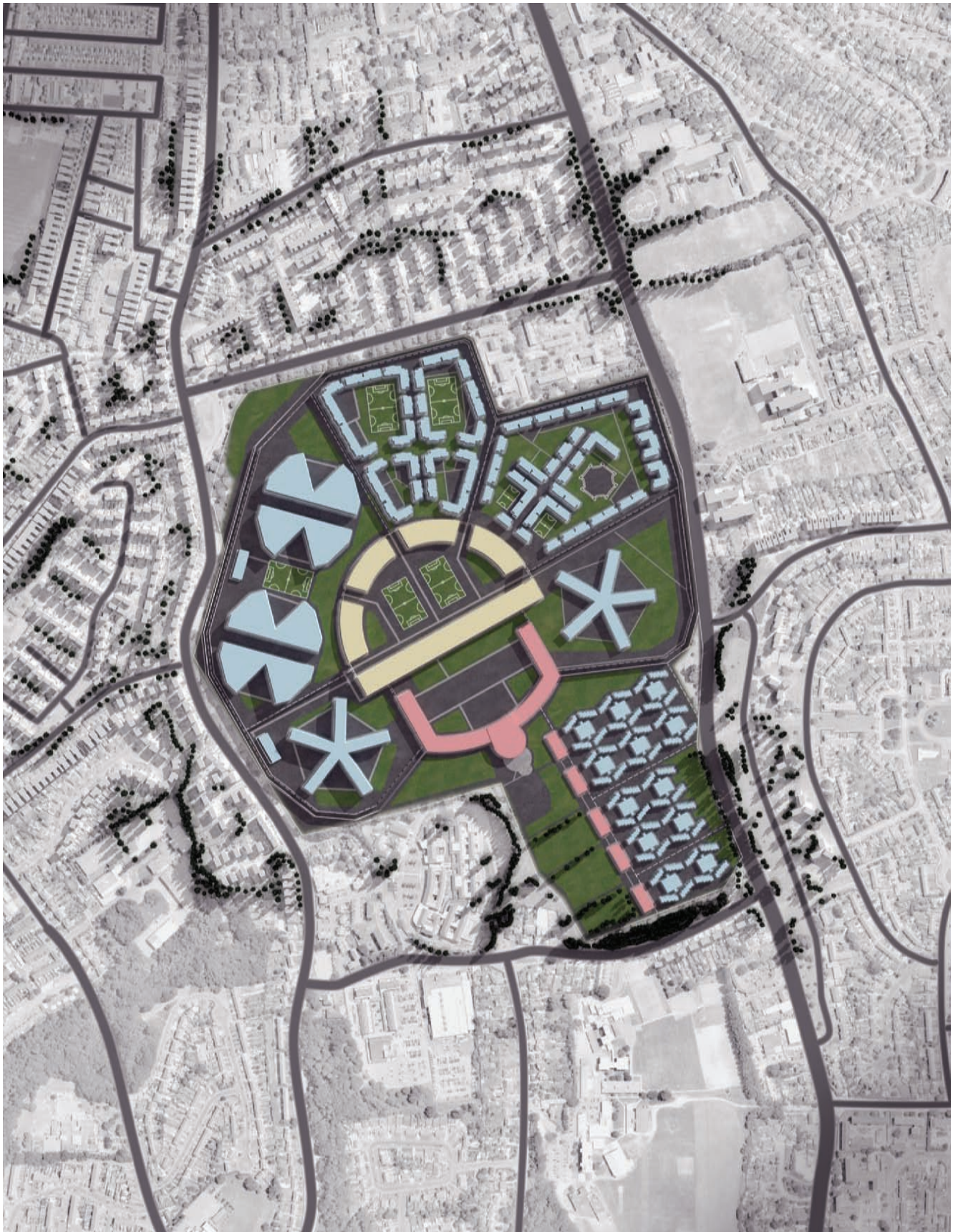


A radical plan to reform
the prison estate

Kevin Lockyer

Edited by Max Chambers





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Executive Summary

How can one prison cost £108,000 per place to run, when another establishment, performing exactly the same functions, costs just £26,000 per place? Why do some prisoners serve their sentence in damp Victorian dungeons hundreds of miles from their homes, when others can take advantage of modern facilities properly geared towards reducing reoffending?

In this paper, we will demonstrate that these kinds of variations are widespread across the prison estate – driven by structural deficiencies in a system that is skewed towards older, inefficient and hard-to-maintain establishments that are often in the wrong places. We argue that, as a result, the current prison estate is unjustifiably expensive and not fit for purpose in the 21st century.

We outline a blueprint for a radical and ambitious transformation of the prison estate which, if adopted, would deliver year-on-year savings of more than £600m a year – equivalent to around 20% of the prison service's annual running costs, or around 9% of the Ministry of Justice's entire budget. Our plan would also lead to a wide range of other significant economic and social benefits.

The context

The Ministry of Justice has already committed to deliver savings of around £2 billion (24% of total departmental spending) by 2014/15. It has now signed up to another 8–10% cut in 2015/2016 as part of this year's Spending Review. Fiscal consolidation is creating financial pressures on this department that are acute, unprecedented and inevitably very challenging. Difficult decisions on legal aid, controversial reforms to probation and structural reforms to the court system are already being enacted to grasp the nettle. But significant savings from the prison system have so far proven difficult to achieve because of the largely fixed nature of many of the operational costs, or the long time taken for prison competitions to begin to deliver tangible cost reductions.

Of course, Ministers could try to cut prison numbers and simply close down many establishments. But artificially cutting numbers is not the right way to reduce the prison population or protect the public – and, as former Justice Secretary Ken Clarke's doomed 2011 plan for allowing prisoners a 50% discount on their sentence for pleading guilty proved, it is also a politically toxic and inadvisable shortcut.

As the new Justice Secretary has indicated, the right question for policymakers is not how to arbitrarily reduce the number of people going to prison, but rather, *how to reduce the cost per place*. It is to this challenge that this paper, authored by an experienced former Prison Governor and Deputy Director at the Ministry of Justice, responds.

Busting a myth

Our new analysis of prison performance demonstrates, for the first time, that the key determinant of the decency, safety and effectiveness of a prison is not its size, but its age. Newer prisons perform better than older prisons, regardless of size. When comparing establishments with the same functions, reoffending levels, respect between staff and prisoners, decency, quality of life and safety measures are all higher for newer prisons than for older ones.

For a long time, it has been assumed, without evidence, that smaller prisons outperform larger ones. But size is irrelevant. When it comes to prisons, we prove that, contrary to popular myth, small is not good and big is not bad. This is a potentially game-changing contention – and one which offers exciting opportunities for reform.

Our proposals

This report outlines a plan to close more than 30 existing old prisons and replace them with 10–12 new ‘Hub Prisons’.

Hub Prisons would be large establishments of between 2,500–3,000 places. They would be designed to be operated as a number of semi-autonomous units sharing a common site and set of services; provide operational flexibility to respond to changes in the size and profile of the prison population; be built on brownfield sites, helping to drive wider community and social benefits; and be located strategically to enable good connection with main transport routes and to hold more prisoners as close to home as possible.

They would be constructed using cutting-edge architecture, with technologies such as biometric security systems provided as standard, have important resettlement capabilities (e.g. halfway-houses) built into the design, make available

resources to the wider community and share sites (e.g. courts) with other parts of the criminal justice system.

“When it comes to prisons, contrary to popular myth, small is not good and big is not bad. This is a potentially game-changing contention”

We propose various options for financing the building of new prisons, including through public sector borrowing, private finance (PF2) or

through development financing. Regardless of the option chosen, we estimate that in operational costs alone, this plan would save more than £600m per year on completion. Over the life of a 25 year repayment period, and assuming a ten year mobilisation and transition period, this would amount to roughly £10 billion in savings. The construction costs for the new establishments would pale in significance.

Hub Prisons in practice

We have focused on London and the South West region to illustrate the kind of changes to the estate we need. For example, in London, we are recommending the closure of HMP Brixton, HMP Feltham, HMP Holloway, HMP Pentonville, HMP Wandsworth and HMP Wormwood Scrubs. We then propose the construction of three 2,500 place prisons within the M25, on brownfield sites, to provide: 500 places for women, to replace Holloway; 1,000 places for young adults to replace the young offender capacity at Feltham; and 6,000

places to replace the adult male capacity lost by the proposed closures and provide additional space to reduce movement of prisoners from London to other regions.

The politics of Hub Prisons

We recognise that some of the proposals in this paper will be controversial – at least at first. In 2007, the then Labour government was forced to abandon plans to build three ‘Titan’ prisons of 2,500 places each. Vociferous opposition came from the penal reform lobby as well as the Conservatives and Liberal Democrats. In large part, the opposition was driven by principled objection to a large expansion of the prison estate. But the Titans were also proposed without any evidence of effectiveness, and certainly without addressing the understandable concerns that were raised about the prospect of building big, new prisons.

Our proposals are very different. While theoretically the government could decide to use a portion of the savings to increase overall prison capacity, we are simply suggesting the replacement of existing sites (‘new-for-old’) rather than a mass expansion of the prison estate.

More importantly, our new proposals systematically examine the objections to larger prisons, as well as the statistical data. In contrast to Titans, our conceptual designs and proposed features for Hub Prisons are specifically intended to address concerns around the challenges of large prisons, as well as utilise the latest in design and build technologies.

We do not want large, monolithic penal warehouses. Our vision is for new modern prisons containing a range of flexible accommodation settings, with shared facilities located in a central hub. Prison design has moved on from the architectural norms established during the Victorian era. Today, prison design can be predicated on a more modern approach, with relatively small, self-contained, housing units and plenty of open spaces. Such a design model has been available to prison designers for the last 20 years or so, and is seen (for example) at HMP Wood Hill. But such a hub-based, campus-style approach has been considered expensive in terms of the staff required for it to run securely and safely.

But our proposal, with its use of innovative technology, makes a Hub Prison approach affordable. So we envisage a prison with a range of accommodation types, with more traditional radial style houseblocks for remand prisons and assessment and induction purposes, but with smaller living units for longer sentenced prisoners. This would, amongst other things, allow prisoners to progress through their sentence in one prison, with living accommodation reflecting the stage of the sentence and the purpose of that part of the prison.

Making it happen

We are confident that the proposals outlined in this paper are feasible and achievable. We also believe they are urgent. The proposals set out in this paper offer a blueprint for a once in a generation re-structure of the prison estate. It is an opportunity to radically re-shape our prison estate around purpose-built facilities, which are in the right place and capable of delivering better outcomes.

Policy Exchange does not under-estimate the scale of the change we are proposing. We are clear that this would be an ambitious, transformational programme of change. But the potential gains are on a similarly significant

scale: a prison estate with substantially lower running costs; a far greater scale of savings than can be achieved within the constraints of the current physical environment; prisons which offer decent, modern conditions across the estate; and prisons which are fit for purpose and designed to deliver the outcomes expected in the 21st century, not constrained by the design paradigms of the Victorian era.

We therefore recommend the government undertakes the following steps:

- **A strategic review of the prison estate**, to identify prisoner flows (from court to prison and of longer sentenced prisoners from local to training prisons) and scope for rationalisation; to assess the value for money case of potential closures (for example by reference to maintenance and other cost burdens); and to identify likely scale of new capacity to be brought on through new large prisons;
- **Define closure criteria**, based on cost, strategic location, fitness for purpose and prison role;
- **Undertake site search for potential brownfield sites**, matching potential sites to centres of population generating demand for prison places. Potential sites should be brownfield, accessible by public and road transport, close to major population centres and sufficiently large to incorporate shared community facilities;
- **Develop potential technological solutions** in collaboration with the market. Although we firmly believe that the provision of new large prisons should be a competitive process, with innovation driven by the market, we also think that there is real value in developing (in conjunction with potential providers) baseline expectations for the role of technology, and potentially for other critical design factors. This is partly about creating an element of co-design, but also a means of ensuring effective minimum design standards are built in at the pre-procurement stage;
- **Undertake affordability assessment and select financing approach**. We have set out three potential options for funding a re-configuration of the prison estate. The underlying economic case is clear: the approach we recommend will deliver huge running costs reductions. The MoJ, with the Treasury, should undertake a detailed affordability assessment for the selected funding method or methods;
- **Formulate a procurement plan**, over the next 10 years (for example), to finance, develop, build and operate the new large prisons, providing the market with certainty around the development plan and transparency on the timeline and dynamics of the estate re-fresh; and
- **Develop a transition plan**, bringing together a proposed closure programme and a plan for the operational deployment of the new large prisons.

1

Introduction

No-one, if they had the choice and the metaphorical blank sheet of paper, would design the prison estate in England and Wales in its current form. It has grown piecemeal over the last 150 years and comprises purpose built facilities from the age of the Victorian penitentiary, former military bases, country houses, poorly built facilities from the 1960s and 70s, as well as a number of recent additions. As a consequence of this evolution, it is hardly surprising that the resulting estate is:

- **Expensive:** for example, the cost per place for a category C prison place ranges from £108,000 per year at HMP Kennet to £26,000 at Wayland;¹
- **Operationally hard to manage:** for example, HMP Holloway is poorly designed and unsuitable for managing a large population of often vulnerable women prisoners. In 2010, HM Inspectorate of Prisons concluded that the establishment was unsafe, largely as a result of design issues: “Many women reported feeling unsafe, principally because of the design of the prison.”;²
- **Made up of facilities which are in the wrong place:** for example, the South West of England has more prison places than it needs to serve the local population. As a consequence, large numbers of prisons in isolated, rural, prisons such as HMP Erlestoke and HMP Guys Marsh, are from London and the South East. Prisons such as Dartmoor and HMP Northumberland are so relatively isolated as to make travel to them by visitors and others extremely difficult and, at times, impossible; and
- **Not well suited to achieving rehabilitative outcomes:** for example, HMP Bristol, which occupies a cramped city centre site in the city, has insufficient space to provide activity for, at best, half of its population and, of the work activity it does provide, 40% of the activity was judged in 2010 by HM Chief Inspector of Prisons to be “menial” and offered no meaningful qualifications.³

At the same time, the Ministry of Justice (MoJ) and the National Offender Management Service (NOMS) face a challenging task of reducing expenditure in line with the 2010 Spending Review. Over the spending review period, the total resource DEL for the Ministry is planned to reduce from £8.3bn in 2010/11 to £7bn in 2014/15.⁴ Indeed, the Ministry of Justice has just signed up to a further cut of between 8% and 10% in 2015/16 as part of the Spending Review.

For the National Offender Management Service, there is a requirement to deliver a savings target of £210m in 2013/14, including a commitment to achieving £190m in savings from the prison estate.

1 Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

2 HM Chief Inspector of Prisons: Report on a full unannounced inspection of HMP Holloway 15–23 April 2010

3 HM Chief Inspector of Prisons: Report on an announced inspection of HMP Bristol 4–8 January 2010

4 HM Treasury: Spending Review 2010

This paper seeks to set out a radical future for the prison estate which meets two primary objectives:

- Making the prison estate more structurally efficient and dealing with the underlying drivers of inefficiency in the current estate; and
- Providing the right type of prison establishments in the right places and maximising their ability to deliver good outcomes, in particular reductions in re-offending rates.

In mapping this future, this paper considers:

- Options for restructuring the prison estate which would deliver better outcomes and to drive improved efficiency, in particular by looking afresh at radical options for refreshing the prison estate through a properly focused “new for old” strategy;
- What a restructured prison estate might look like and the benefits it would deliver; and
- What type of estate would deliver the best outcomes for young people in custody and for women.

2

The Context

The pressure on the Ministry of Justice budget is intense, requiring a reduction of more than £2bn a year by 2014/15 – a reduction of 24% in real terms. For the National Offender Management Service, this has translated into savings targets as follows:

- 2013/14: £274m
- 2014/15: £145m

This is in addition to savings of around £475m in the first two years of the current spending review period (2010/11 and 2011/12): in total, a reduction of around 25% against the spending review baseline.⁵

Against this background, NOMS continues to be burdened by a largely old, inefficient and expensive prison estate, which is a significant drag on its ability to reduce unit costs and to drive efficiency in order to meet the public spending demands.

The age profile of the estate remains skewed towards older, less efficient and high maintenance establishments. Around a quarter of prison capacity is in prisons that are Victorian, or older. Most of these are the traditional large, city-centre local prisons, such as Wandsworth, Wormwood Scrubs and Brixton. Another quarter of the estate is comprised of facilities constructed in the 1960s and 1970s, often to poor standards and designs and with poor materials.

Costs remain high, driven for example by the maintenance requirements of an aging estate.

Unit costs across the prison estate remain highly variable, driven by design variations (which lead to difficulties in applying standard staffing models), difficulties in achieving scale economies and other factors related to the piecemeal nature in which the estate has developed. For example, excluding private sector prisons (for which direct cost per place comparisons are difficult because of the basis on which they are financed), the following table illustrates the raw variation on cost per place between prisons with ostensibly similar functions:⁶

“Around a quarter of prison capacity is in prisons which are Victorian, or older”

⁵ National Offender Management Service: Business Plan 2013–14

⁶ Source: Ministry of Justice – National Offender Management Service Annual Report and Accounts 2010–11, Management Information Addendum

Table 1: Cost per place, public sector local prisons⁷

| Establishment | Certified normal accommodation | Overall resource expenditure | Cost per place | Percentage variation from family mean |
|--------------------|--------------------------------|------------------------------|----------------|---------------------------------------|
| Bedford | 322 | £15,221,587 | £47,272 | +4% |
| Belmarsh | 800 | £51,650,162 | £64,563 | +43% |
| Bristol | 424 | £19,523,462 | £45,857 | +1% |
| Brixton | 562 | £26,394,910 | £49,802 | +10% |
| Bullingdon | 879 | £31,592,364 | £35,941 | -21% |
| Cardiff | 553 | £26,998,941 | £48,735 | +8% |
| Chelmsford | 554 | £23,105,535 | £41,707 | -8% |
| Dorchester | 146 | £9,137,060 | £56,344 | +25% |
| Durham | 606 | £28,511,439 | £47,049 | +4% |
| Exeter | 322 | £16,190,210 | £50,163 | +11% |
| Highdown | 999 | £31,984,641 | £32,017 | -29% |
| Holme House | 1,034 | £33,590,630 | £32,486 | -28% |
| Hull | 723 | £28,612,154 | £39,574 | -13% |
| Leeds | 829 | £33,661,904 | £40,642 | -10% |
| Leicester | 210 | £11,875,651 | £56,551 | +25% |
| Lewes | 623 | £21,806,988 | £34,970 | -23% |
| Lincoln | 437 | £20,086,339 | £46,694 | +3% |
| Liverpool | 1,187 | £36,385,472 | £30,653 | -32% |
| Manchester | 965 | £47,944,648 | £49,684 | +10% |
| Norwich | 625 | £22,786,918 | £36,517 | -19% |
| Nottingham | 703 | £32,088,559 | £44,383 | -2% |
| Pentonville | 914 | £37,730,624 | £41,239 | -9% |
| Preston | 453 | £23,747,146 | £52,211 | +15% |
| Swansea | 248 | £15,729,058 | £63,424 | +40% |
| Wandsworth | 1,107 | £45,959,234 | £41,724 | -8% |
| Winchester | 499 | £19,649,148 | £39,377 | -13% |
| Woodhill | 661 | £42,934,654 | £64,954 | +44% |
| Wormwood Scrubs | 1,176 | £38,096,075 | £32,395 | -28% |
| Family mean | | | £45,247 | |

National Offender Management Service plans

In response to these pressures, the National Offender Management Service has embarked on a programme to further reduce prison unit costs by:

- Benchmarking public sector prison regime delivery against standard cost models derived from the public sector proposals from the most recent prison completion process (PCP2). This will entail, amongst other things, running cost reductions by the standardisation of public sector prison regimes –

⁷ Excluding prisons announced for closure on by Secretary of State for Justice

potentially reducing the time prisoners spend unlocked on non-productive activities – and the consequent reduction in staff numbers; and

- Competition for the provision of facilities management services and “through the gate” resettlement activities in all public sector prisons.

One of the consequences of this approach is that “core custodial services” (an as-yet undefined term) will remain in the public sector. In justifying a fundamental shift away from whole-prison competition as the mechanism to drive service improvement and efficiency in the prison estate, the government argues that cost-reduction through benchmarking will drive £450m in efficiencies over the next six years.⁸ In contrast, a series of competitions for the management of whole prisons would take longer to deliver equivalent efficiencies.

While we support the steps the government has taken to close down expensive and inefficient prisons,⁹ we do not think that this programme of closures goes far, or fast enough. And the government’s new approach to competition, which cements the public sector in place as default provider of core custodial services, is likely to have other detrimental effects, in particular:

- Whole prison competition has driven significant cost reductions. Costs for the first six months’ of the operation of HMP Birmingham by G4S, following a competition for its management, suggest cost reductions of at least £4m a year in direct expenditure (around 12.5%) and around £16m in total resource expenditure;¹⁰ and

Table 2: Savings produced at HMP Birmingham

| Establishment | Direct costs (6 months) | Direct cost per place | Total resource costs | Total resource cost per place |
|----------------|----------------------------|--------------------------|-------------------------|----------------------------------|
| Birmingham | £16,181,124 | £29,103 | £23,527,720 | £42,316 |
| G4S Birmingham | £14,200,230 | £25,686 | £15,387,907 | £27,835 |

- Closing off one of the most important sources of innovation in the delivery of prison services. Both directly and indirectly, competition for the management of whole prisons has been a significant spur for innovation. Private sector providers have been able to develop new working practices, to bring new technologies and to develop new partnerships with voluntary sector providers.

We believe that the cost pressures faced by NOMS require a more radical approach, one which enables the prison estate to be restructured to design in efficient operational delivery. The current circumstances provide a burning platform for a new and strategic approach to restructuring the estate, with new multi-purpose prisons offering the opportunity to:

- Reduce costs, by closing a greater number of old and inefficient establishments;
- Improve outcomes, by building the estate around prisons which are fit for purpose and designed with reducing re-offending as a fundamental aim; and

⁸ National Offender Management Service: Business Plan 2013–14

⁹ The government announced the closure six smaller, older and more expensive prisons, and parts of three others in January 2013. The prisons affected are HMPs Bullwood Hall, Canterbury, Gloucester, Kingston, Shepton Mallet and Shrewsbury, with some accommodation at HMPs Chelmsford, Hull and Isle of Wight also closing.

¹⁰ Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

- Realise the significant value in the current prison estate to reinvest in new, more efficient, prisons.

In comparison to the narrower approach NOMS is currently taking, it is this report's contention that a more fundamental redesign of the prison estate will, in the longer term, deliver much greater savings, without losing the wider benefits of competition, and free NOMS from the burden of a prison estate which, in large part, is not fit for purpose.

3

Prisons for the Future

The government should approach the re-structuring of the prison estate with real vision and ambition. A vision based on:

- Replacing old, expensive to maintain, poorly located and ill-equipped prisons, with a new estate, with establishments located close to population centres driving demand for places;
- Replacing the current estate, with its patchwork quilt of establishments of varying ages and suitability for purpose with a smaller number of large, multi-purpose prisons, built to the most efficient building standards and designed to reduce running costs while maximising impact;
- A new-for-old strategy, using proceeds from the disposal of current high value city-centre sites to help to fund fit for purpose prisons for the future; and
- A flexible estate, consisting of large, multi-purpose prisons with the flexibility to adapt their role as the profile of the prison population changes and in response to demand.

Our proposals would deliver a prison system that is:

- **More efficient** – with lower running costs, driven by reductions in maintenance spending, the intelligent use of technology and scale economies;
- **More flexible** – better able to respond to changes in the prison population
- **More effective** – by ensuring that the estate is designed from the ground up to achieve better reducing re-offending outcomes;
- **Operationally more effective** – by reducing movement around the estate; and
- **Better for prisoners and families** – by ensuring that prisoners are kept closer to main centres of population and close to key transport links, making access more straightforward.

Rejuvenating the prison estate

It has been acknowledged for some time that “a large part of the prison estate is worn out, poorly located, expensive to operate and unable to provide adequate regimes” as Lord Carter put it in 2001.¹¹

Six years later, again reviewing the size and configuration of the prison estate, Lord Carter concluded “the ageing estate presents HM Prison Service with a number of value for money and operational issues... there is an urgent and growing backlog of maintenance work needed to maintain and upgrade the

11 Carter, P: A Review of PFI and Market Testing in the Prison Service, HMSO, London, January 2001

existing public sector prison estate. The balance sheet figure for the existing HM Prison Service building assets is approximately £5bn, with a maintenance backlog of £1.127bn.”¹² Current annual maintenance costs are approximately £184m.¹³

The current estate is old, with high maintenance costs and operating costs driven by inefficient and old-fashioned design, and largely in the wrong place.

Costs

Even with the current NOMS approach to reducing costs, which consists of measures to standardise regimes across the estate and to reduce staffing levels accordingly, the ability of NOMS to reduce staffing costs is hampered by the design limitations of many prisons. The cost per place, and per prisoner, variation across just the category C estate (illustrated with outturn costs for 2011/12) illustrates the variation by establishment starkly.¹⁴

Table 3: Cost per place and per prisoner variation across just the category C estate

| Establishment name | Certified normal accommodation | Overall resource expenditure | Cost per place | Percentage variation from mean |
|------------------------------|--------------------------------|------------------------------|----------------|--------------------------------|
| Blantyre House | 122 | £4,181,500 | £34,275 | -1 |
| Blundeston | 481 | £16,269,921 | £33,825 | -2 |
| Buckley Hall | 408 | £13,500,425 | £33,062 | -4 |
| Bullwood Hall | 220 | £8,609,973 | £39,107 | +13 |
| Bure | 503 | £16,137,516 | £32,083 | -7 |
| Canterbury | 195 | £10,731,118 | £55,031 | +59 |
| Channings Wood | 698 | £20,941,471 | £30,002 | -13 |
| Coldingley | 494 | £17,795,402 | £36,035 | +4 |
| Dartmoor | 639 | £18,495,955 | £28,938 | -16 |
| Erlestoke and Shepton Mallet | 649 | £21,963,316 | £33,842 | -2 |
| Everthorpe | 603 | £17,934,653 | £29,742 | -14 |
| Featherstone | 671 | £20,311,681 | £30,271 | -12 |
| Guys Marsh | 520 | £15,867,390 | £30,514 | -12 |
| Haverigg | 622 | £18,883,658 | £30,360 | -12 |
| Highpoint | 1,303 | £35,586,219 | £27,307 | -21 |
| Huntercombe | 370 | £15,100,616 | £40,776 | +18 |
| Kennet | 175 | £18,948,391 | £108,277 | +213 |
| Kingston | 199 | £8,168,625 | £41,048 | +19 |
| Kirklevington Grange | 283 | £7,952,671 | £28,101 | -19 |
| Lindholme | 1,043 | £28,867,246 | £27,668 | -20 |
| Littlehey | 1,143 | £32,114,171 | £28,096 | -19 |
| Maidstone | 565 | £16,789,968 | £29,717 | -14 |
| Moorland | 1,103 | £33,035,784 | £29,960 | -13 |
| Mount (The) | 747 | £22,291,763 | £29,842 | -14 |

12 Lord Carter's Review of Prisons: Securing the Future – Proposals for the efficient and sustainable use of custody in England and Wales, December 2007

13 Written Ministerial Statement: Prison Capacity Management – 10 January 2013

14 Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

| Establishment name | Certified normal accommodation | Overall resource expenditure | Cost per place | Percentage variation from mean |
|--------------------|--------------------------------|------------------------------|----------------|--------------------------------|
| Northumberland | 1,353 | £43,713,291 | £32,306 | -19 |
| Onley | 718 | £21,167,106 | £29,481 | -15 |
| Ranby | 893 | £29,136,562 | £32,628 | -6 |
| Risley | 1,050 | £28,551,974 | £27,192 | -21 |
| Shrewsbury | 183 | £11,047,092 | £60,477 | +75 |
| Stafford | 741 | £20,087,852 | £27,109 | -22 |
| Stocken | 889 | £25,062,431 | £28,202 | -18 |
| Stoke Heath | 634 | £22,158,282 | £34,950 | +1 |
| Swinfen Hall | 604 | £20,048,523 | £33,193 | -4 |
| Usk | 351 | £13,579,483 | £38,734 | +12 |
| Verne (The) | 572 | £15,882,737 | £27,767 | -20 |
| Wayland | 958 | £25,261,363 | £26,380 | -24 |
| Wealstun | 810 | £26,268,310 | £32,430 | -6 |
| Wellingborough | 638 | £17,098,740 | £26,801 | -23 |
| Whetton | 779 | £23,829,695 | £30,590 | -12 |
| Wolds | 320 | £10,562,572 | £33,008 | -5 |
| Wymott | 1,109 | £32,094,769 | £28,932 | -16 |
| Family mean | | | £34,587 | |

Location

There is a significant imbalance between the distribution of prison places and geographical need. This imbalance has been exacerbated by the need, over the last 10 years, to increase capacity with great speed. As a result, additional houseblocks have been built opportunistically, in prisons where there was sufficient space, limiting the ability of NOMS to respond to geographical variations in need. For example, additional capacity was built at HMYOI Portland in Dorset, which was inevitably filled by prisoners from London and the home counties.

The imbalance between supply and demand is illustrated in London and the South West.

Table 4: Pressures on London prisons

| Name of prison | Sentenced | Remand | Non criminal (immigration detainees and civil prisoners) | Category A | Category B | Category C | Category D | Unsentenced/uncategorised/blank |
|-----------------|-----------|--------|--|------------|------------|------------|------------|---------------------------------|
| Belmarsh | 364 | 376 | 9 | 72 | 89 | 135 | 8 | 440 |
| Brixton | 699 | <5 | 5 | <5 | <5 | 531 | 145 | 27 |
| Pentonville | 794 | 418 | 50 | <5 | 59 | 559 | 12 | 629 |
| Wandsworth | 616 | 461 | 141 | <5 | 64 | 398 | 37 | 718 |
| Wormwood Scrubs | 702 | 485 | 53 | <5 | 16 | 715 | 10 | 491 |

In London, in 2007, there was a shortfall of places of around 9,400.¹⁵ The vast bulk of prison places in London are in local prisons (which hold remand prisoners and serve the local courts), with the exception of Brixton, that was designed as a local prison but which now operates in a stop-gap role to hold sentenced category C prisoners.

As a result, significant numbers of sentenced prisoners from London are held in prisons across England. A sample of movements from two London prisons, Wandsworth and Wormwood Scrubs, illustrates this.¹⁶

During the week commencing 4 June 2012, the following sentenced prisoners were transferred from Wandsworth:

Table 5: Movements from HMP Wandsworth 4–11 June 2012

| Destination prison | Numbers | Distance travelled (miles) |
|--------------------|---------|----------------------------|
| Wayland | 6 | 102 |
| Hollesley Bay | 1 | 110 |
| The Verne | 6 | 136 |
| Bullwood Hall | 2 | 50 |
| Highpoint | 6 | 75 |

And from Wormwood Scrubs in the same week:

Table 6: Movements from HMP Wormwood Scrubs 4–11 June 2012

| Destination prison | Numbers | Distance travelled (miles) |
|--------------------|---------|----------------------------|
| Wellingborough | 6 | 76 |
| The Mount | 6 | 40 |

All of the prisoners concerned were sentenced at London courts and it can be reasonably assumed that all would return at some point to London addresses and, for those sentenced to longer than 12 months, be subject to supervision by London Probation Trust.

In addition to the obvious dislocation from offender management procedures, this volume of moves incurs significant cost. The current contracts for prisoner escort services – which cover around 800,000 prisoner movements per year, from police stations to court, from courts to prisons and vice versa and between prisons – pay the providers under a payment mechanism that reflects the volume of prisoners moved and the distance travelled. The more prisoners moved, and the further they are moved, the greater the price paid by NOMS.

In the South West, the opposite situation exists, with more capacity than is necessary to meet demand from courts in the region. NOMS has always managed this imbalance in supply of, and demand for, places by moving sentenced prisoners around the estate. As a result, large numbers of prisoners from London

¹⁵ Lord Carter's Review of Prisons: Securing the Future – Proposals for the efficient and sustainable use of custody in England and Wales, December 2007, p20

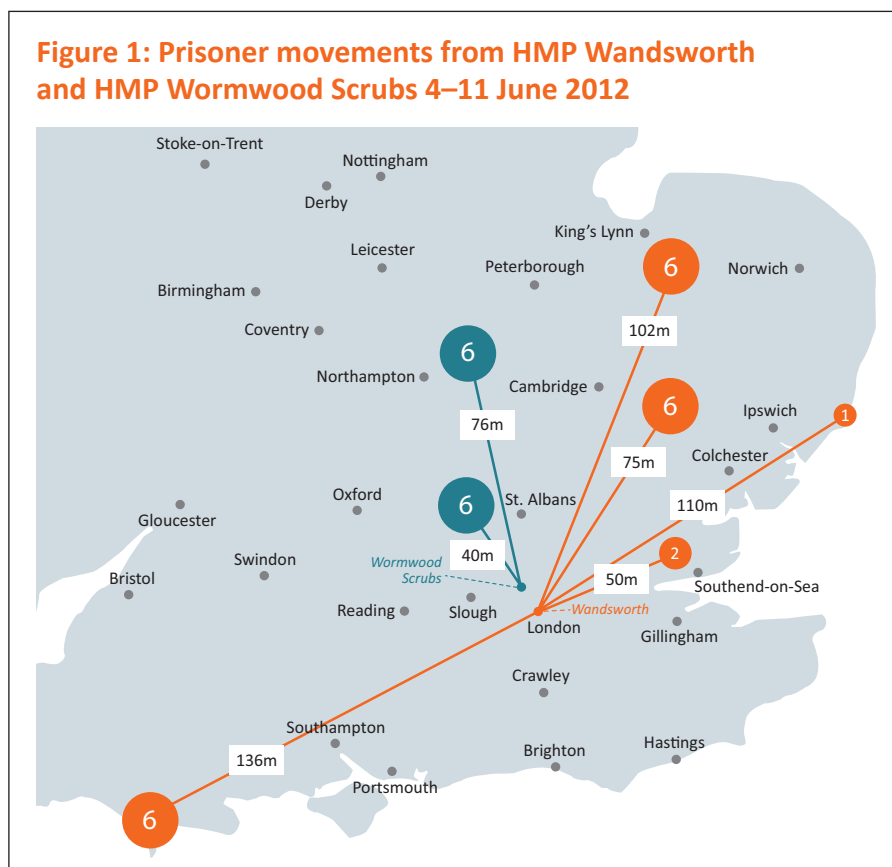
¹⁶ Information provided under FOI Act

are moved to prisons in the south west: young adults to Portland and sentenced adults to prisons such as Erlestoke in rural Wiltshire. Although these movements are necessary in order to make best use of the available estate, they have consequences. In particular:

- They increase costs. The greater the number of prisoner movements, and the further prisoners travel, the more NOMS pays escort contractors;
- They dislocate prisoners from potentially supportive family ties and make effective offender management and resettlement almost impossible. For example, the journey from central London to Portland is at least three hours by public transport; and
- They compromise efforts to reduce re-offending. Movement between prisons in order to make best use of capacity can disrupt the delivery of programmes, lead to duplication in assessment and make effective end-to-end sentence management almost impossible.

The case for restructuring the estate, to better balance supply and demand, is overwhelmingly strong.

Figure 1: Prisoner movements from HMP Wandsworth and HMP Wormwood Scrubs 4–11 June 2012



A new type of prison

The Justice Secretary has announced “feasibility work on what would be Britain’s biggest prison as part of a major programme of updating Britain’s prison estate. The new prison could hold more than 2,000 prisoners – around a quarter more

than the largest current facility. The new facility is likely to be in London, the North West or North Wales.”¹⁷

We urge the government to go further and plan a new network of large, multi-purpose prisons to replace the current tired and poorly located estate, which we believe would be:

- More efficient
- Deliver better outcomes
- Reduce the volume of prisoner movements and keep prisoners closer to their homes

Big does not necessarily mean bad

The arguments against large prisons have been based on a misreading of the best evidence and, more often than not, are derived from an objection to expanding the overall size of the prison estate.

In 2008, the then government proposed an ambitious programme to expand the capacity of the prison estate by building up to three 2,500 bed multi-purpose prisons, or Titans as they were christened.¹⁸ The proposal followed recommendations in Lord Carter of Coles’ review of the future size and shape of the prison estate, published at the end of 2007.¹⁹

The intention was to develop prisons which would:

- provide up to 2,500 places, typically comprising five units of approximately 500 offenders, each potentially holding different segments of the prison population;
- aim to provide effective regimes, with satisfactory opportunities for purposeful activities, such as education, employment and training;
- be based on cost effective designs that deliver unit cost savings in both construction and operation, and be located as close as possible to the regions where the demand for prison places outweighed the supply;
- offer a reduced cost to the tax-payer, through built-in efficiencies, better use of technology, shared services, and enabling closures of old and inefficient parts of the prison estate;
- be co-located with a court, in order to reduce time and cost for prisoner escorts and reduce the security risk; and
- provide opportunity to incentivise modernisation of working practices and stimulate a competitive market through a large-scale building programme.

The response to the government’s consultation was overwhelmingly negative and the proposal was quietly dropped in 2009, in favour of building five 1,500 bed prisons – the only one of which ultimately to reach construction became HMP Oakwood.

The general themes in the opposition to the Titan proposals are summarised well, for example, in the Prison Reform Trust’s response to the government consultation.²⁰ They were, in essence, that large prisons were less effective in delivering safe and constructive regimes than smaller establishments. In particular:

¹⁷ Ministry of Justice press release, 10 January 2013

¹⁸ Ministry of Justice: Titan Prisons Consultation Paper, June 2008

¹⁹ Lord Carter’s Review of Prisons: Securing the Future – Proposals for the efficient and sustainable use of custody in England and Wales, December 2007

²⁰ Prison Reform Trust: Titan Prisons – A Gigantic Mistake, 2008

- Drawing on reports from the Prisons Inspectorate, respondents to the consultation argued that large prisons perform less well and, in particular, that large local prisons cause the Inspectorate the most concern;²¹
- Respondents argued that large prisons would provide fewer opportunities for good rehabilitative outcomes and activity which reduces the risks of reoffending;
- Respondents were concerned that large prisons would foster the development of corrosive gang cultures and be significantly more difficult to police, largely as a result of cost-savings being driven by reduced staff numbers;
- Prisoners may be held in prisons a long way from home if smaller, local, prisons were to close in order to finance the Titans; and
- Underpinning these objections was frequently a principled objection to expansion of the prison estate and strong arguments for the use of alternatives to reduce the size of the prison population rather than to build in order to anticipate future growth.

These objections to the Titan proposals are, of course, directly relevant to the proposals in this paper. But, in general, they were based on:

- Misreading of the available evidence
- Worst case assumptions about operational delivery
- Unnecessarily pessimistic conclusions on closeness to home.

The real evidence on the effectiveness of large prisons

The problem for the objectors to the Titan prisons is that their arguments around effectiveness generally conflate the impact of age and the limitations of design with the impact of the size of a prison.

For example, the Prison Inspectorate's report on an inspection of HMP Wandsworth in 2011 found that "the treatment and conditions of simply too many prisoners at Wandsworth was demeaning, unsafe and fell below what could be classed as decent."²²

Wandsworth, with a capacity of around 1,600 places, is one of the largest prisons in the current estate, but the Inspectorate focused on staff and management culture, focus and direction, rather than size, as being the key factors in determining outcomes for prisoners. Wandsworth is large, but it is also overcrowded (with a certified normal accommodation around 500 places fewer than its operating capacity), old and on a cramped site which is difficult to adapt.

Wandsworth is a difficult prison to manage and outcomes for prisoners, as assessed by the Inspectorate, are mixed. But it is a difficult prison because of its age and its unsuitability to the tasks now being asked of it, not because of its size.

The **Prison Ratings System (PRS)** was established in 2009 in order to provide a single performance measurement framework for public and private sector prisons. The PRS distils a wide variety of uniform key performance indicators into four "domains" focused on aspects of prison performance: public protection; decency; reducing reoffending; and resource management and operational effectiveness. Prisons are scored for individual domains and the overarching PRS performance band on an ascending quality scale of 1 (Overall performance is of serious concern) to 4 (Exceptional performance). The PRS data, published

21 Prison Reform Trust, page 5

22 HM Chief Inspector of Prisons: Report on an unannounced full follow-up inspection of HMP Wandsworth, 2011

in 2012, provides a useful tool to assess the relative impact on performance of size and prison age. It is helpful, in particular, because the rating process not only takes account of hard performance outcomes, but also includes Inspection outcomes and assessments of the quality of life in the prison (MQPL – Measuring the Quality of Prison Life).²³

Prisons are grouped for the purposes of the PRS into broadly similar comparator groups. We have looked at performance across three comparator groups to assess whether the size of the establishment is a significant driver of performance and outcomes for prisoners. These groups are:

Table 7: Group 1A – large city male local prisons

| Prison | Original construction date |
|-----------------|----------------------------|
| Birmingham | 1849 |
| Brixton | 1820 |
| Cardiff | 1832 |
| Durham | 1819 |
| Hull | 1870 |
| Leeds | 1847 |
| Liverpool | 1855 |
| Pentonville | 1842 |
| Preston | 1840 |
| Wandsworth | 1851 |
| Wormwood Scrubs | 1891 |

Table 8: Group 3 – other local, modern buildings

| Prison | Original construction date |
|---------------------|---|
| Bullingdon | 1992 |
| High Down | 1992 |
| Holme House | 1992 |
| Nottingham | Original buildings 1890, but all living accommodation rebuilt in 2010 |
| Dovegate | 2001 |
| Forest Bank | 2000 |
| Peterborough (male) | 2005 |

Table 9: Group 4 – other local and YO, modern buildings

| Prison | Original construction date |
|-----------|----------------------------|
| Altcourse | 1997 |
| Doncaster | 1994 |
| Parc | 1997 |

²³ Ministry of Justice: PRS: Prison Rating System – Technical Note, 2012

For each group, we have compared performance for the seven prisons in comparator group 1A with operational capacities of more than 1,000 places with the seven largest prisons in comparator groups 3 and 4.

For each of prison, we have compared a number of key dimensions of performance. These are:

- **Overall PRS banding.** A measure of the overall performance of the establishment, based on aggregated performance across four domains – Public Protection, Reducing Reoffending, Decency and Resource Management and Operational Effectiveness. The bandings are defined as follows:
 - Rating 4 = Exceptional Performance
 - Rating 3 = Meeting Majority of Targets
 - Rating 2 = Overall Performance is of Concern
 - Rating 1 = Overall Performance is of Serious Concern;
- **Reducing re-offending.** An aggregate measure, reflecting delivery of rehabilitative programmes, effectiveness of resettlement and other factors;
- **Decency.** Reflects HMIP assessment of respect and decency and MQPL assessments;
- **HMIP Respect.** A measure of HMIP conclusions on the treatment of prisoners; and
- **Safety.** There are three PRS measures of safety: MQPL survey results, HMIP assessment and performance against relevant performance measures such as assault rates. We have taken the lowest score in each case to give a baseline measure of decency.

This analysis shows:

- Newer prisons, of comparable size, are more likely to be in the highest performing PRS band (band 4) – with three out of seven in Groups 3 and 4 in band 4, compared to one in Group 1A;
- The difference in performance in terms of reducing re-offending between the two groups is very small, with newer prisons marginally better – with prisons in Groups 3 and 4 averaged a reducing re-offending score of 3.2, compared to 3.1 in Group 1A;
- Newer prisons, of comparable size, are likely to outperform older establishments on the decency dimension (which incorporates KPIs on the quality, safety and decency of conditions and prisoner experience) – with an average decency score of 2.9 in Groups 3 and 4, compared to 2.7 in Group 1A;
- Newer prisons are less likely to score at the lowest level, and more likely to score at the highest, against the Inspectorate’s measure of respect;²⁴ and
- Newer prisons tend to score significantly better against measures of safety than do older establishments.

This analysis points to the conclusion that age is a stronger determinant of performance outcome, and of the quality of prison life, than size alone. If it were size alone, one might not expect to observe the significant performance differential between prisons of similar size, but different age.

We also compared the performance of large modern prisons, those on comparator Group 1A, with smaller local prisons – those in comparator Group 2:

24 All inspection reports include a summary of an establishment’s performance against the model of a healthy prison. The four criteria of a healthy prison are:

Safety prisoners, even the most vulnerable, are held safely

Respect prisoners are treated with respect for their human dignity

Purposeful activity prisoners are able, and expected, to engage in activity that is likely to benefit them

Resettlement prisoners are prepared for their release into the community and helped to reduce the likelihood of reoffending

Table 10: PRS Comparator Group 1A – large local prisons, old buildings, op cap more than 1,000

| Prison | Operational capacity | PRS band | Reducing re-offending score | Decency | HMIP respect | Safety |
|-----------------|----------------------|----------|-----------------------------|---------|--------------|--------|
| Wandsworth | 1,665 | 3 | 3 | 2.5 | 1 | 1 |
| Birmingham | 1,450 | 3 | 3.1 | 2.4 | 2 | 3 |
| Wormwood Scrubs | 1,279 | 3 | 3 | 2.7 | 3 | 3 |
| Pentonville | 1,250 | 3 | 3.1 | 2.5 | 3 | 2 |
| Liverpool | 1,184 | 3 | 2.8 | 2.6 | 3 | 1 |
| Hull | 1,044 | 4 | 3.3 | 3.1 | 3 | 3 |
| Durham | 1,017 | 3 | 3.1 | 2.9 | 3 | 2 |

Table 11: PRS Comparator Groups 3 and 4 – large local prisons, new buildings, op cap over 1,000

| Prison | Operational capacity | PRS band | Reducing re-offending score | Decency | HMIP respect | Safety |
|-------------|----------------------|----------|-----------------------------|---------|--------------|--------|
| Forest Bank | 1,364 | 4 | 3.5 | 2.8 | 3 | 2 |
| Altcourse | 1,324 | 4 | 3.2 | 3.1 | 3 | 3 |
| Holme House | 1,212 | 3 | 3.1 | 2.9 | 3 | 3 |
| Parc | 1,200 | 4 | 3.1 | 2.7 | 2 | 3 |
| Doncaster | 1,145 | 3 | 3.3 | 2.8 | 3 | 3 |
| Bullingdon | 1,114 | 3 | 3.1 | 2.9 | 3 | 3 |
| High Down | 1,103 | 3 | 3.1 | 2.9 | 3 | 3 |

Table 12: PRS Comparator Groups 2 – smaller local prisons

| Prison | Operational capacity | PRS band | Reducing re-offending score | Decency | HMIP respect | Safety |
|------------|----------------------|----------|-----------------------------|---------|--------------|--------|
| Bedford | 506 | 3 | 3.1 | 2.9 | 3 | 3 |
| Bristol | 614 | 3 | 3 | 3 | 3 | 3 |
| Chelmsford | 578 | 3 | 3.1 | 3 | 4 | 3 |
| Dorchester | 252 | 3 | 2.8 | 3.3 | 3 | 3 |
| Exeter | 533 | 3 | 2.7 | 2.4 | 3 | 2 |
| Leicester | 392 | 4 | 3.3 | 3 | 3 | 3 |
| Lewes | 723 | 3 | 3.3 | 3.1 | 3 | 3 |
| Lincoln | 738 | 3 | 3.1 | 2.5 | 3 | 2 |
| Norwich | 767 | 3 | 2.8 | 2.7 | 2 | 3 |
| Swansea | 445 | 3 | 3.1 | 3.3 | 3 | 4 |
| Winchester | 706 | 3 | 3.1 | 2.3 | 2 | 3 |

Using the same performance measures, we found that:

- Newer large prisons are more likely than smaller prisons of the same type to be in the highest performance band (band 4);
- Newer large prisons perform slightly better on reducing re-offending outcomes, with an average PRS score of 3.2, compared to 3 in the smaller prison group; and
- Larger newer prisons are as decent and as safe as local prisons around half their size.

This analysis shows that, for key outcome measures and for key determinants of the quality of prison life, the most important factor is not prison size, but the age of the establishment. The argument, therefore, that large prisons are, by their nature, somehow less likely to be safe and decent, or to perform effectively, simply does not stand up to any kind of rigorous analysis.

Similarly, there is no evidence to suggest that large prisons are not capable of delivering rehabilitative outcomes to at least as good a standard as smaller comparators. The PRS shows, for example, that Forest Bank's performance on reducing reoffending is better than any comparable prison, better than any other local prison and is, in fact, bettered only by a handful of specialist prisons across the whole of the prison estate. Modern prisons, designed to meet clearly specified needs, are more likely to achieve positive outcomes; more likely to reduce the risk of reoffending; and are more likely to provide sufficient regime activity to ensure that prisoners are not sat idle in their cells for long periods.

This leaves the issue of closeness to home. Our proposals to restructure the prison estate are designed to bring prisoners closer to home. We want to end the inefficient and potentially damaging movement of prisoners to prisons which are often relatively isolated, poorly accessible (in particular by public transport) and in many cases a long way from prisoners' home areas. We want new prisons which are closer to main areas of population and well-connected by good transport links. Not isolated rural prisons, of whatever size, which are hard for families, offender managers and others to reach.

The arguments against large prisons are summarised neatly by Andrew Coyle:

*"If we are serious about the ambition to "reduce re-offending", that is, to rehabilitate prisoners, then they should be held in relatively small prisons, located as close as possible to the support structures on which they will depend after they are released, and which their families can visit by public transport."*²⁵

But these criticisms do not reflect the reality of the situation:

- The evidence from the NOMS performance data does not support the contention that smaller prisons are better at reducing re-offending;
- The current estate may hold prisoners in smaller prisons, but those smaller prisons are often a considerable distance from community and family support structures and often difficult or impossible to reach by public transport; and
- Even if the evidence supported the contention that smaller prisons were more effective or more decent, an alternative estate comprising many small establishments, located closer to population centres would be prohibitively expensive.

²⁵ Andrew Coyle (2008): Taking God's name in vain: Carter mark 3, Criminal Justice Matters, 71:1, 20–21

But we will show that it is possible to restructure the prison estate to deliver significant cost savings, to locate more prisoners closer to their homes and to improve outcomes by building fit for purpose establishments, with the right facilities to achieve reductions in re-offending.

Table 13: Summary of arguments against large prisons

| Argument | Reality |
|---|---|
| Large prisons perform less well than smaller prisons | The evidence does not support such a conclusion. Examination of reported performance information shows unequivocally that new, large, prisons perform equally as well as smaller direct comparators, and on some measures of performance they are better. |
| Large prisons are unsafe and less decent than smaller prisons | The evidence does not support such a conclusion. Examination of reported performance information, which reflects amongst other things, the independent judgement of the Prisons Inspectorate, New, large prisons are no less safe than smaller comparators and treat prisoners no less well. |
| Large prisons inevitably mean prisoners will be held further from their homes | This objection is predicated on the assumption that large prisons would be built in remote locations. Our proposals, in contrast, are based on building on brownfield sites, close to population centres and with good transport access. |
| Large prisons will inevitably be “human warehouses” | This objection assumes that the government would want to commission “human warehouses”. Our vision is of prisons designed, from the ground up, to achieve better outcomes in terms of resettlement and reduced reoffending. With the right incentives for providers, for example, through Payment by Results approaches, there is no reason for large prisons to be anything other than positive and active institutions. |

The case for future prisons

We think that the building blocks for a re-structured prison estate should be large, multi-purpose prisons, which make the best use of technology to maximise efficiency and to secure dynamic security. These prisons should:

- Have a capacity of between 2,500 and 3,000, in order to provide significant scale economies through the rationalisation of management, operational support and back office functions;
- Secure reductions in running costs through the use of innovative approaches to security;
- Be designed to be operated as a number of semi-autonomous units sharing a common site;
- Provide operational flexibility to respond to changes in the size and profile of the prison population;
- Be built on brownfield sites, helping to drive wider community and social benefits; and
- Be located strategically to enable good connection with main transport routes and to hold more prisoners as close to home as possible.

Economies of scale

Larger prisons reduce the size of operational overheads, allowing management, back office and support functions to be combined. The benefits of these scale economies are clearly illustrated in the case of HMP Oakwood, a 1,600 place category C prison. Oakwood operates at an average cost per place of £13,200,²⁶ compared to an average direct operational cost per place for all category C prisons of £21,561 and a total cost per place (including corporate overheads) of £31,339.²⁷

In the public sector, the “clustering” of establishments on the Isle of Wight (Albany, Parkhurst and Camp Hill), at Hewell (Blakenhurst, Hewell Grange and Brockhill) and Sheppey (Swaleside, Elmley and Standford Hill) have similarly driven significant savings in operational and management overheads, with (for example) annual savings of at least £1.1m realised at HMP Isle of Wight.

We know that larger prisons are, per place, less expensive to run than smaller prisons. The data shows this very clearly. An analysis of the data in table 1 above, shows that size is the major determinant of prison cost. If the category A prisons (Belmarsh, Manchester and Woodhill) are excluded,²⁸ 72% of the variation in costs across this family of prisons can be explained by size. In other words, all other things being equal, large prisons are significantly less expensive per place than smaller prisons, even under the current public sector operating models.

Use of technology

New prisons should employ proven technology to further reduce running costs, both in terms of direct staff supervision and back office administration.

Technological solutions are available now which would enable:

- Effective movement and access control within a prison, cutting down on routine staff escorting of prisoners;
- For movement and access control to be flexed in response to changes in the risk profile of the population and to be tailored to individual prisoners; and
- Prisoner “self-service” for many of the routine transactional relationships with the prison authorities, such as booking visits, making menu choices, booking medical appointments and so on.

Moving prisoners around a prison is a staff-intensive and expensive business. In most prisons, movement of prisoners *en masse* to and from accommodation units and classrooms and other activities absorbs significant numbers of staff, at least four times a day (movement to activities after breakfast, returning to living accommodation at lunch time, moving back to activities in the afternoon and returning to living units at tea time).

These mass movements of prisoners require staff to supervise the routes to activities, to count prisoners leaving accommodation units and those arriving at activity centres. Further staff time is then taken up reconciling prisoner totals in each area with the numbers leaving each of the accommodation units. Not infrequently, the numbers do not tally and several “roll checks” might be required finally to reconcile the numbers.

Individual *ad hoc* prisoner movements usually require a prison officer escort, to unlock and re-lock security doors and gates, and require staff to be available or to drop other tasks to supervise the movement.

26 Written Ministerial Statement: Prison Capacity Management – 10 January 2013

27 Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

28 Category A prisons are more expensive per place as a result of the extra security requirements for high security prisoners

When they are not supervising prisoner movement, another significant slice of prison officer time is taken up dealing with day-to-day prisoner enquires – seeking information about visits bookings, checking the availability of routine information about the prison regime, dealing with queries relating to orders for goods from the prison shop and so on.

The use of technology to provide an effective security envelope, and to digitise many of the day-to-day transactions between prisoners and the prison authorities, can all but eliminate the need for staff to act as turnkeys and drive significant efficiencies as well as freeing staff to undertake richer and more rewarding prisoner-facing roles.

At the heart of a modern prison, we envisage the deployment of a range of tried and tested technologies to provide secure, well-controlled, environments. These include, in particular:

Prisoner location monitoring through the use of active RFID (Radio Frequency Identification) tagging technology, allowing prisoner movement and location to be centrally tracked and recorded

Entry and movement control through the use of biometric identification systems, replacing traditional mechanically locked security gates and doors with biometrically controlled access control systems, which may be configured to allow entry by staff and/or prisoners or restricted to particular individuals. Access may also, for example, be limited to specific times of the day.

Table 14: Benefits of new technology for prison operations

| Technology application | Operating model | Benefits |
|--|---|---|
| Use of biometric identification and tagging technology for movement and access control | Traditional prison security gates and doors replaced by biometrically activated controlled access control systems. Fingerprint readers control door or turnstile locking systems. Active RFID tags, worn on the wrist or ankle, enable prisoner location to be tracked and monitored. Pressure sensors indicate remotely if a tag is removed. | Routine internal prisoner movement can be facilitated without the need for staff escorts. |
| Flexible security configuration | At an individual level, an integrated security system can be configured to allow access to specific areas for individual prisoners for particular purposes. For example, access might be enabled (with biometric control) during a specific time window to facilitate a medical or similar appointment outside of the prisoner's living unit. More generally, the use of "soft" security measures of this type would enable closer, or less intrusive, control of access and movement in line with changing uses of the same facility. | Enables secure unescorted movement of individual prisoners. Enables establishment, or parts of it, to be reconfigured at little cost to reflect changes in security or control profile of population. |
| Prisoner "self-service" | In-cell technology – a touchscreen "thin-client" terminal would enable prisoners to undertake many of the transactional tasks which currently absorb a lot of staff time – booking visits, ordering items from the institution shop, making applications to see medical staff and so on. | Fewer routine tasks requiring either operational or administrative staff input. |

New prisons, built to scale, offer the opportunity to build in this kind of technology and fully to realise its potential. Private sector prison providers are beginning to offer integrated technology platforms for new-build prisons in other jurisdictions and we think that the case for adopting a similar approach in England and Wales is compelling.

Prison culture

The quality of the interaction between prisoners and staff is central to the prevailing culture of an establishment and can set the tone for the way in which programmes and interventions are provided. The culture of a prison is the product of the quality of relationships: between managers and staff, between staff and prisoners and so on. As the then Chief Inspector of Prisons concluded in 2009:

“where the right kind of behaviours are encouraged and the wrong kind of behaviours are picked up pretty quickly, where the right kind of things are rewarded, where managers really know what is going on in the prison and are prepared to deal with it.”²⁹

Prison managers need to be well-sighted on the reality of what is happening in their prison and there need to be taut lines of leadership and management down to frontline operational level. These principles apply whatever the size of the prison and are not simply qualities which apply only in small establishments.

In order to help to develop the right kind of positive culture, we envisage new large prisons consisting of individual units of 500–600 places, with each unit capable of holding (if necessary) different cohorts of prisoners. These units would share common infrastructure and regime facilities. Each unit might have a dedicated staff group, and a clear management structure, ensuring both appropriate engagement between staff and prisoners and a clear line of sight from senior management down to the landings. There need be no difference, in terms of culture, engagement between prisoners and staff and management grip, between the units comprising a large prison and individual 500 bed institutions.

Operational flexibility

NOMS’ ability to achieve optimum utilisation of the current prison estate is impeded by a number of structural rigidities in its current configuration. The patchwork quilt nature of the estate means that many prisons are limited as to the use they may be put and the type of prisoner which may be accommodated there. Open prisons, for example, may only be used for “prisoners who present a low risk; can reasonably be trusted in open conditions and for whom open conditions are appropriate.”³⁰ As a result, a distinction is made between the total capacity of the estate and that which is “useable”:

Useable operational capacity of the estate is the sum of the total operational capacity of the prison estate less 2,000 places. This is known as the operating margin and reflects the constraints imposed by the need to provide separate accommodation for different classes of prisoner i.e. by sex, age, security category, conviction status, single cell risk assessment and also due to geographical distribution.³¹

29 Justice Select Committee (2009) – Role of the Prison Officer HC361, p43

30 Ministry of Justice – PSI40/2011: Categorisation and Recategorisation Of Adult Male Prisoners

31 House of Commons Library – Prison Population Statistics, 2012

Our proposal for large multi-purpose prisons would help to unlock some of these structural rigidities and enable the size of the prison estate to be flexed more easily in response to changes in the prison population.

We envisage individual units within a large prison which:

- Are built to a common security standard, meaning that they can be used more flexibly, with technology-driven security used to provide closer or less-intrusive control as required;
- Can be mothballed, or brought back into use, relatively quickly to match changes in the size of the prison population; and
- Can be used for a variety of types of prisoner, much more easily than re-rolling whole prisons (i.e. changing the function of an establishment).

Such an approach would deliver an estate which able to run closer to capacity, by reducing the size of the operating margin; which is significantly more flexible as to the way in which individual units are able to be used; and which lends itself to more responsive changes in capacity, in the margins, as the prison population changes.

Our approach would also provide an excellent fit with the government's plans to introduce a network of resettlement prisons as part of its proposals to transform rehabilitation.³² The government's plans for taking rehabilitation

services to the market will be reflected in the creation of a network of resettlement prisons serving each of the proposed Contract Package Areas of the competition. These prisons are planned to operate as follows:

“Our proposal for large multi-purpose prisons would help to unlock some of these structural rigidities”

- All offenders entering custody will be received into one of the designated resettlement prisons. The contracted provider will conduct an assessment of the resettlement needs of offenders due for release from a resettlement prison;
- The vast majority of all adult male prisoners will be released from one of their home area's resettlement prisons having spent a minimum of three months there prior to release;
- Offenders serving short sentences will, in most cases, remain in one of their contract package area's resettlement prisons for the duration of their sentence. Contracted providers will use the assessment of resettlement needs to engage with them both in custody and then upon release into their home area; and
- Offenders serving longer sentences are likely to be transferred to longer term prison accommodation until they are approaching the final three months of their time in custody when they will be returned to one of their home area's designated resettlement prisons. Back in a resettlement prison, contracted providers responsible for resettlement in the home contract package area, will again engage with these offenders continuing to provide services through release into the community.³³

We envisage the proposed network of new large prisons supporting the government's plans in at least three ways:

³² Ministry of Justice, 2013 – Transforming Rehabilitation: A Strategy for Reform

³³ Ministry of Justice, 2013 – Transforming Rehabilitation: A Strategy for Reform, p36

- By providing more strategically located capacity for short-sentenced prisoners and those serving longer sentences returning to their home areas. New large prisons located closer to main population centres would be better able to meet the government's requirements;
- New large prisons will be fit for purpose and, in contrast to the old local prison estate, be designed to meet the resettlement needs of short-sentenced and resettlement prisoners; and
- By providing scope, on larger brownfield sites, for the co-location of open resettlement prisons, as a key element in the effective management of longer-sentence prisoners.

Hub prisons

We do not want large, monolithic penal warehouses. Our vision is for new modern prisons containing a range of flexible accommodation settings, with shared facilities located in a central hub. Prison design has moved on from the architectural norms established during the Victorian era. Today, prison design can be predicated on a more modern approach, with relatively small, self-contained, housing units and plenty of open spaces. Such a design model has been available to prison designers for the last 20 years or so, and is seen (for example) at HMP Wood Hill. But such a hub-based, campus-style approach has been considered expensive in terms of the staff required for it run securely and safely.

But our proposal, with its use of innovative technology, makes a Hub Prison approach affordable. So we envisage a prison with a range of accommodation types, with more traditional radial style houseblocks for remand prisons and assessment and induction purposes, but with smaller living units for longer sentenced prisoners. This would, amongst other things, allow prisoners to progress through their sentence in one prison, with living accommodation reflecting the stage of the sentence and the purpose of that part of the prison.

Brownfield sites

We want to see new prisons as a driver for the regeneration of brownfield sites and as important contributors to economic growth. We also want to see new prisons providing wider community benefits and real connectivity with community services, whether statutory or otherwise.

A study conducted for the Ministry of Justice in 2009 estimated the economic impact of the construction and operation of a 1,500 place prison.³⁴ The study was based on four case study prisons in England. These were used to model and calculate the impact on: the local labour, capital and goods and service markets. The impact, shown in the table below for the region and district within which the prison is located, are undeniably positive.

The study identified five key mechanisms by which a prison would benefit the local economy once it has been constructed:

- direct impacts resulting from residents gaining employment at the prison and the salaries generated by that employment;
- indirect impacts that result from purchases within local goods and service markets;
- induced impacts that arise in the local area by prison employees and visitors spending locally which in turn supports local jobs;

34 Ministry of Justice, 2009
– Economic Impact of a 1,500
Place Prison

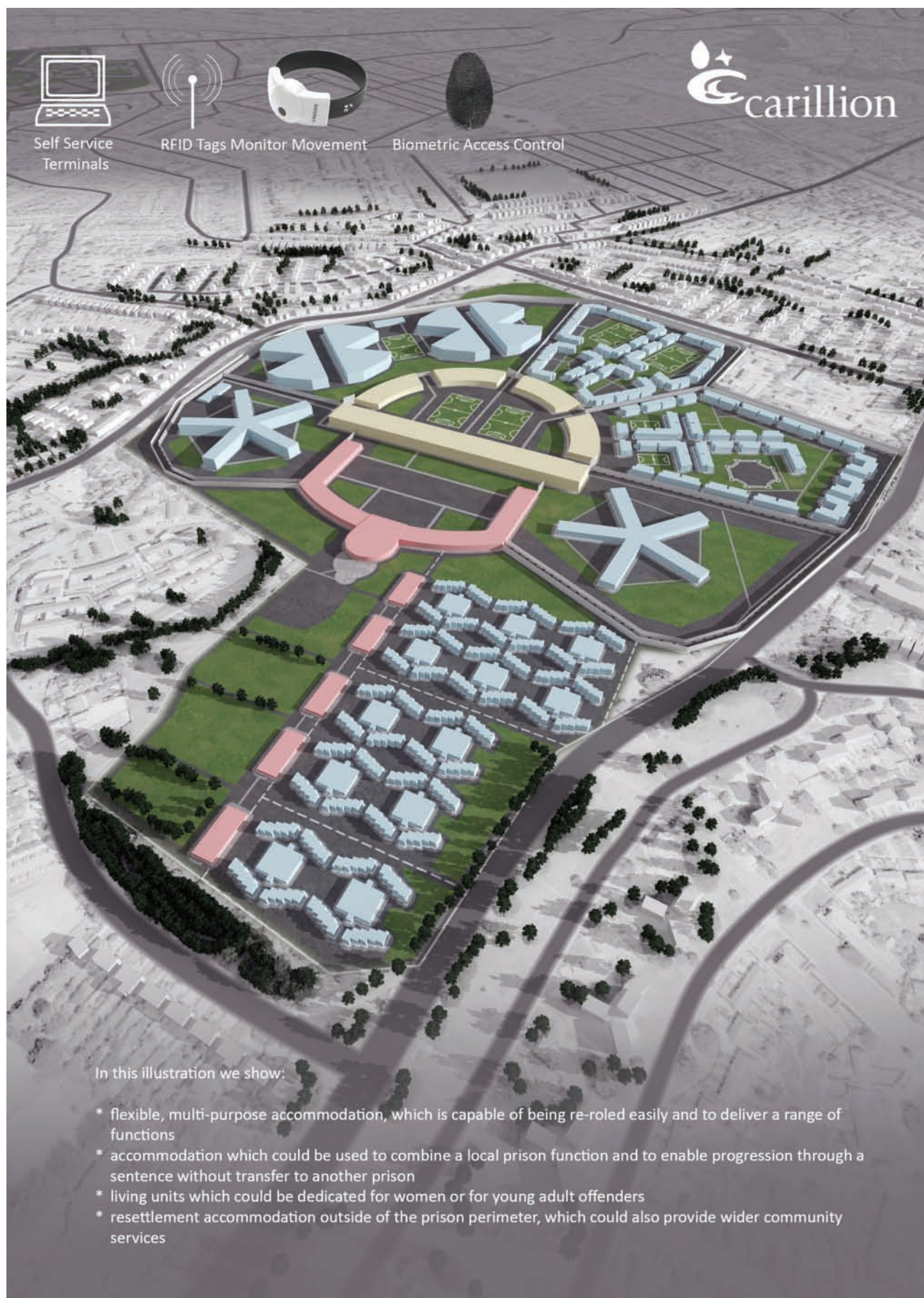


Table 15: The economic impact of prison construction and operation

| Total spend (£) | Region | District |
|---|--------------|------------|
| Direct new large prison staff salaries | 15,106,600 | 8,157,600 |
| Indirect new large prison purchasing | 9,900,000 | 1,867,800 |
| Induced staff spending | 11,213,700 | 6,810,500 |
| Second round multipliers | 10,556,900 | 867,800 |
| Total spend | 46,777,200 | 17,703,700 |
| Total jobs supported (no.) | Region | District |
| Direct new large prison staff | 819 | 819 |
| Indirect new large prison purchasing | 170 | 40 |
| Induced staff/visitor spending | 60 | 57 |
| Second round multipliers | 116 | 10 |
| Total jobs | 1,165 | 926 |
| Total jobs filled by district residents | 537 | 537 |

- second round multiplier impacts which are the effects of consequent rounds of spending as a result of additional jobs and incomes derived from the initial injection in the local economy; and
- other qualitative employment impacts such as stable, diverse and long-term incomes and jobs.

In summary, the MoJ estimated that a new-build 1,500 place prison would benefit the local economy, after construction, to the tune of:

- £17.7 million in annual revenue to the local economy;
- 926 jobs split between 819 directly at the prison and the balance in ancillary activities; and
- a regional impact of £46.8 million a year and 1,165 jobs.

The potential, therefore, for new large prisons to help to drive economic regeneration is significant. Given this, and a focus on building on brownfield sites, evidence suggests that most planning authorities would be receptive to plans for large prison construction, on the right type of site.³⁵ We do not, therefore, see planning as a significant potential obstacle to the developments we propose.

Furthermore, we envisage new large prisons that deliver significant benefits to the wider community. In particular, we want to see prisons that:

- Provide community assets on a shared site, for example by the provision of dual-use buildings, which could be used as a (say) a community centre as well as a resource for the prison;
- Share resources with the wider community, for example by using innovative design and security approaches to enable community access to potential valued facilities: for example, allowing access to the prison gym for community

³⁵ Information provided to the author

groups in the evening. Careful location of such facilities, within the secure perimeter but separated from prisoner living accommodation, would make such community sharing possible;

- Positively integrated into local communities, providing reciprocal community benefits, such as greater opportunities for public volunteering and peer mentoring to take place, thereby developing positive community role models.
- Share sites with other public service facilities, such as police stations and courts; and
- Have important resettlement capability built in to the design, for example by the provision of hostel-type accommodation for released prisoners and the provision of social housing, which might be used to provide move-on accommodation for prisoners who would otherwise be released with no fixed abode.

There is no shortage of potential brownfield sites, whether available from commercial vendors or through public sector disposal of property holdings.

In addition, brownfield locations, close to major population centres, would facilitate the use of Release on Temporary Licence (ROTL) as an important element in the resettlement of prisoners. The wider roll-out of GPS based tagging technology in the community would further enhance the ability of prisons to use ROTL as a means to assist prisoners engage with the labour market and improve resettlement outcomes.

4

Location

New large prisons should be located close to major population centres and be well connected, in particular by public transport. In practice, this might mean significant reconfiguration of the estate. We illustrate what this might mean in reality in the south west and in London.

South West

Total operational capacity – 5,869³⁶

Total sentenced population – 5,080³⁷

Total remand population – 522³⁸

Total resource expenditure – £184.3m³⁹

36 As at 22 February 2013 – source MoJ

37 As at 22 February – source MoJ FoI request

38 As at 22 February – source MoJ FoI request

39 Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

Table 16: Prisons in the South West – capacity, population and cost

| Name of prison | Operational capacity | Sentenced | Remand | Non criminal (immigration detainees and civil prisoners) | Cat. A | Cat. B | Cat. C | Cat. D | Unsentenced/ uncategorised/ blank | Cost per place | Family average | Family best |
|----------------|----------------------|-----------|--------|--|--------|--------|--------|--------|-----------------------------------|----------------|----------------|-------------|
| Bristol | 614 | 342 | 245 | <5 | <5 | 41 | 251 | 14 | 271 | £45,857 | £41,732 | £27,835 |
| Channings Wood | 731 | 714 | <5 | <5 | <5 | <5 | 599 | 39 | 77 | £30,002 | £31,339 | £26,801 |
| Dartmoor | 653 | 649 | <5 | <5 | <5 | <5 | 584 | 35 | 32 | £28,938 | £31,339 | £26,801 |
| Dorchester | 252 | 179 | 67 | <5 | <5 | <5 | 122 | <5 | 112 | £56,344 | £41,732 | £27,835 |
| Eastwood Park | 362 | 208 | 102 | <5 | <5 | <5 | <5 | <5 | 163 | £39,753 | £45,514 | £37,517 |
| Erlestoke | 494 | 484 | <5 | <5 | <5 | <5 | 400 | 38 | 47 | £33,842 | £31,339 | £26,801 |
| Exeter | 533 | 305 | 210 | <5 | <5 | 31 | 233 | 8 | 233 | £50,163 | £41,732 | £27,835 |
| Guys Marsh | 578 | 587 | <5 | <5 | <5 | <5 | 376 | 22 | 172 | £30,514 | £31,339 | £26,801 |
| Leyhill | 527 | 518 | <5 | <5 | <5 | <5 | <5 | 510 | 9 | £26,943 | £31,339 | £21,242 |
| Portland | 530 | 513 | <5 | 5 | <5 | <5 | 220 | 10 | 13 | £39,568 | £41,936 | £29,801 |
| Verne | 595 | 601 | <5 | <5 | <5 | <5 | 516 | 57 | 28 | £27,787 | £31,339 | £26,801 |

We have considered how the prison estate in the South West might be restructured in order to provide:

- a level of capacity which better reflects regional demand (assuming that movement of prisoners, in particular from London, are reduced as a consequences of potential changes set out below);
- new build prisons to replace old, poorly placed and unsuitable establishments;
- a balanced estate to meet the needs of the population in the region; and
- better located prisons, to improve accessibility for visitors and ensure prisoners can still be transported efficiently for court hearings.

The South West is a large region. A restructured estate would need to be able to continue to provide remand facilities to magistrates' courts from Truro to Bournemouth, and as far north as Gloucester, and to be able to produce prisoners for trials at the Crown Court in similarly dispersed settings.

This could be achieved as follows:

- Closure of Dorchester prison and the transfer of its remand function to Winchester;
- Closure of Bristol prison and the construction of a new 3,000 place prison south of the city, close to the M5 corridor and accessible by rail and public transport; and
- Retention of Exeter prison in order to serve to serve Devon and Cornwall courts.

For the sentenced population in the South West, assuming that a significant proportion (if not all) of the prisoners currently from London and the home counties were to stay closer to home in new large prisons built as part of this programme, we think that it would also be possible to close Portland, the Verne, Dartmoor, Guys Marsh and Erlestoke.

Eastwood Park would remain open to provide a womens' prison for the region, while Leyhill remained to provide an open, resettlement prison. A new prison, south of Bristol would provide up to 500 remand places and 2,500 sentenced places (with a proportion of the latter being devoted to young offenders from the region).

Even assuming an average cost per place for the new prison of £18,000 (that is more than 30% higher than Oakwood) the 3,000 places at the new Bristol prison would be considerably less expensive than those they replace at the closed prisons.

In summary, on the basis of our modelling we think that, in return for building a new, large, prison in the Bristol area, it would be possible to close the following prisons:

- Bristol
- Dartmoor
- Dorchester
- Erlestoke
- Guys Marsh
- Portland
- The Verne

The new estate in the South West would be slightly smaller, to reflect gains in capacity in London, would be predominantly fit for purpose, close to the major population centres and easily accessible. The restructured estate could look like this:

Table 17: A restructured prison estate for the South West

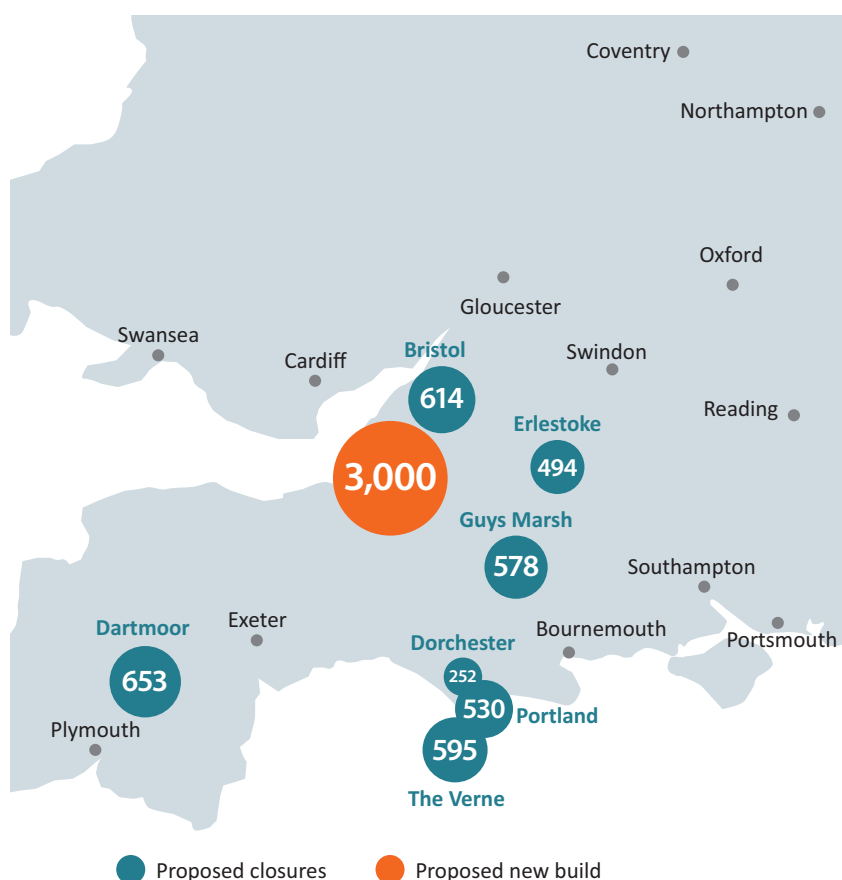
| Prison | Operational capacity | Cost per place | Annual cost |
|----------------|----------------------|----------------|-------------|
| New Bristol | 3,000 | £18,000 | £54,000,000 |
| Channings Wood | 731 | £30,002 | £20,941,471 |
| Eastwood Park | 362 | £39,753 | £13,748,083 |
| Exeter | 533 | £50,163 | £16,190,210 |
| Leyhill | 527 | £26,943 | £14,225,862 |

Total operation capacity – 5,153

Total resource expenditure (estimated) – £119.1m

Potential annual saving on prison costs (estimated) – £65.2m

Figure 2: Proposed closures and location of new Hub Prison in the South West region



This would represent a reduction in running costs of around 36%. Even allowing for a possible increase in escort costs as a result of the reconfigured estate, this illustrates the scale of savings which might be achievable by pursuing an ambitious programme of renewing the prison estate.

London

Total operational capacity – 10,255⁴⁰

Total sentenced population – 5,989⁴¹

Total remand population – 1,789⁴²

Total resource expenditure (excluding Thameside) – £347.4m⁴³

Table 18: Prisons in London – capacity, population and cost

| Name of prison | Operational capacity | Sentenced | Remand | Non criminal (immigration detainees and civil prisoners) | Cat. A | Cat. B | Cat. C | Cat. D | Unsentenced/ uncategorised/ blank | Cost per place | Family average | Family best |
|-----------------|----------------------|-----------|--------|--|--------|--------|--------|--------|-----------------------------------|----------------|----------------|-------------|
| Belmarsh | 910 | 364 | 376 | 9 | 72 | 89 | 135 | 8 | 440 | £64,563 | £41,732 | £27,835 |
| Brixton | 798 | 699 | <5 | 5 | <5 | <5 | 531 | 145 | 27 | £49,802 | £41,732 | £27,835 |
| Bronzefield | 465 | 323 | 138 | <5 | <5 | <5 | <5 | <5 | 142 | £54,094 | £45,514 | £37,517 |
| Feltham | 762 | 360 | 249 | 15 | <5 | <5 | <5 | <5 | 451 | £54,607 | £41,936 | £29,801 |
| High Down | 1,103 | 777 | 291 | 19 | <5 | 74 | 435 | 8 | 529 | £32,017 | £41,732 | £27,835 |
| Holloway | 501 | 373 | 92 | 9 | <5 | <5 | <5 | <5 | 174 | £45,972 | £45,514 | £37,517 |
| Isis | 622 | 509 | <5 | <5 | <5 | <5 | 135 | <5 | 20 | £43,271 | £41,936 | £29,801 |
| Pentonville | 1,250 | 794 | 418 | 50 | <5 | 59 | 559 | 12 | 629 | £41,239 | £41,732 | £27,835 |
| Thameside | 900 | 472 | 425 | <5 | <5 | 22 | 137 | 24 | 670 | N/A | N/A | N/A |
| Wansworth | 1,665 | 616 | 461 | 141 | <5 | 64 | 398 | 37 | 718 | £41,724 | £41,732 | £27,835 |
| Wormwood Scrubs | 1,279 | 702 | 485 | 53 | <5 | 16 | 715 | 10 | 491 | £32,395 | £41,732 | £27,835 |

We have also examined how a similar programme of estate renewal might work in London.

A number of options would be possible, we have chosen to illustrate the potential impact of the following:

- Closure of Brixton, Feltham, Holloway, Pentonville, Wandsworth and Wormwood Scrubs; and
- Construction of three 2,500 place prisons within the M25, on brownfield sites, to provide: 500 places for women, to replace Holloway; 1,000 places for young adults to replace the young offender capacity at Feltham; and 6,000 places to replace the adult male capacity lost by the proposed closures and provide additional space to reduce movement of prisoners from London to other regions.

40 As at 22 February 2013 – source MoJ

41 As at 22 February – source MoJ FoI request

42 As at 22 February – source MoJ FoI request

43 Ministry of Justice: NOMS Annual Report and Accounts 2011/12, Management Information Addendum

Table 19: London prison closures

| Prison | Operational capacity | Cost per place | Annual cost |
|-----------------|----------------------|----------------|---------------------|
| Brixton | 798 | £49,802 | £26,394,910 |
| Feltham | 762 | £54,607 | £41,610,851 |
| Holloway | 501 | £45,972 | £24,824,960 |
| Pentonville | 1,250 | £41,239 | £37,730,624 |
| Wandsworth | 1,665 | £41,724 | £45,959,234 |
| Wormwood Scrubs | 1,279 | £32,395 | £38,096,075 |
| Total | 6,255 | | £214,616,654 |

Assuming an average cost per place for the new prisons of £18,000, the new London estate might look like this:

Table 20: New London prisons

| Prison | Operational capacity | Cost per place | Annual cost |
|----------------------------------|----------------------|----------------|-------------|
| New London 1 (inc. women) | 2,500 | £18,000 | £45,000,000 |
| New London 2 (inc. young adults) | 2,500 | £18,000 | £45,000,000 |
| New London 3 | 2,500 | £18,000 | £45,000,000 |
| Belmarsh | 910 | £64,563 | £51,650,162 |
| Bronzefield | 465 | £54,094 | £28,507,533 |
| High Down | 1,103 | £32,017 | £31,984,641 |
| Isis | 622 | £43,271 | £20,683,508 |
| Thameside | 900 | N/A | N/A |

Total operational capacity – 11,500

Total resource expenditure (estimated and excluding Thameside) – £267.8m

Potential annual saving on prison costs (estimated) – £79.6m

For London, this represents a possible reduction in running costs of around 23%. Although our proposals would potentially shift the centre of gravity of the prison estate from central London to sites further from the city centre, any increase in prisoner escort costs is, we judge, likely to be marginal. Net running costs savings are, therefore, still likely to be greater than 20%.

What this might mean for the estate as a whole

We have not attempted to model the possible impact of our proposals on the whole of the prison estate. But the potential running costs savings which we think are possible in the south west and London illustrate the scale of the potential prize.

The total resource cost of the current prison estate was £2.99bn in 2011/12.⁴⁴ Even if it is only possible to replicate savings of comparable magnitude to those in London, that is around 20%, it still suggests that savings of around £600m a year are possible, based on 2011/12 outturn. And this level of saving is possible while delivering a prison estate that is more fit for purpose, better located in terms of accessibility and that helps to drive economic recovery in the areas where new prisons are built.

We recognise that to secure these savings requires a very substantial programme of prison closures and an equally large programme of new prison building. It may be necessary to close more than 30 old and inefficient prisons and build 10 or 12 new large prisons. But the prize is worth the scale of the endeavour, both in terms of improved efficiency and of providing a prison estate which is truly fit for the 21st century, rather than one which makes do and mends with an estate largely built in the 19th.

Our proposals need to be seen alongside current NOMS plans to deliver c£450m worth of efficiency savings from the current estate, by making more efficient use of staff and by benchmarking prison regimes. These plans will, no doubt, deliver cost reductions, but they will leave a prison estate which:

- still has a significant volume of old, unsuitable and poorly located establishments;
- still moves prisoners long distances, causing unnecessary dislocation from supportive relationships and from offender managers;
- continues to rely on outdated establishments, which are not able to meet the required reducing re-offending outcomes and which rely on accommodation which was built for a Victorian prison system; and
- relies on large Victorian local prisons, which all the evidence shows perform poorly and which provide poor conditions for prisoners.

Our proposals can drive greater efficiencies across the prison estate and, at the same time, deliver a prison estate which will be, in large part, fit for purpose and in the right place. There is a clear choice between squeezing further efficiencies out of a fundamentally inefficient estate and seeking to address the underlying structural problems and to create an estate which is fit for the future. We believe the second of these options is preferable, both in terms of the outcomes it delivers and for the cost savings it will offer the taxpayer.

Furthermore, under our proposals, around 50,000 places in an 80,000 place estate would continue to be provided by existing prisons, including the high security estate (so that the extra costs of security do not have to be built into the new prisons). So the full potential savings to the taxpayer would be:

- the £600m from our proposed new-for-old programme covering around 30,000 prison places; and
- the balance of the NOMS £450m efficiency savings from the remaining 50,000 places in the current estate.

44 Ministry of Justice: NOMS
Annual Report and Accounts
2011/12, Management
Information Addendum

5

Financing Hub Prisons

New build prisons are unavoidably capital intensive. At a construction cost per place of approximately £120,000, each new large prison will involve a capital outlay of around £270–320m. But the value for money case is strong. Our proposed programme of ten large prisons would require a capital outlay of some £3.75bn, to release recurring savings of around £600m per year. A payback period of seven years represents a good deal for the Exchequer.

There are a number of potential options for financing this capital cost, in particular:

- Public sector borrowing
- Private finance – PF2
- Private finance – development finance

Public sector borrowing

The most affordable option, year on year, would be to fund the capital development costs through public sector finance, as was done most recently for HMP Oakwood (1,605 places), with general taxation bearing the cost of servicing long term debt issued by government to fund the capital outlay involved.

UK government can currently issue 25-year debt at a cost of 3.38% [PWLB at 13 May 2013, EIP basis], rising to 4.16% for 50-year debt.

These rates are at near-historic lows.

Private finance – PF2

The Ministry of Justice has a long track record of successfully attracting private finance into new-build prison programmes, most recently for the construction of HMP Thameside, under a Private Finance Initiative contract let with Serco.

As our analysis clearly demonstrates, a ‘new for old’ programme, predicated on the replacement of old, inefficient prisons with new fit-for-purpose facilities, delivers very significant on-going revenue savings. Such a programme would, therefore, be well suited to the government’s revised private finance programme – PF2⁴⁵ – under which government makes on-going finance payments to a private finance provider once the new prison is open, and only when available.

PF2 also involves UK government co-investing in the project alongside private finance, and this will incur an investment outlay which the Ministry of Justice department would need to fund of up to £65m per prison, though one which would earn a return of around 10% (assuming a cost of £320m, gearing of 60% debt, 40% equity and that the Ministry of Justice has 49% share).

45 HM Treasury, 2012 –
A New Approach to Public
Private Partnerships

The operational risk profile of prisons has meant that the vast majority of private finance has to date come from banks, since they have the credit assessment capability to consider the operational risks involved. Indeed, the only project finance bond issue for a privately financed prison is ICA's Sarre and Papagos 2,500 place \$709m prison project in Mexico.

As this report makes abundantly clear, prisons have a potentially long useful economic life. A combination of regulatory and market changes that have occurred since the sub-prime crisis in 2008, has however led to a reduction in the number of banks willing to provide long-term lending to projects (i.e. in excess of 10 years). In addition, banks exercise prudent limits to their exposure on a single project. These vary, but rarely exceed £100m, which (assuming 60% gearing) would mean that each project require at least two lenders. Such club lending carries procurement risks, and accordingly, UK government policy, as expressed in PF2, is to favour non-bank sources of private finance.

Given the previous successful track record in the UK of privately-financed prisons, the larger project size and co-investment by UK government, a significant programme of 'new for old', carrying clear government commitment to see it through, would be an attractive investment proposition to non-bank finance using PF2.

Private finance – development funding

A number of government departments have sought to reshape their property estate by entering into multi-project arrangements, where existing assets are offered to help fund new-build development, with an equity share in a development vehicle formed to manage redevelopment of the property estate.

These have included national programmes for re-shaping government offices, such as STEPS and PRIME, regional regeneration programmes led by agencies such as English Partnerships as well as those promoted by local public sector landowners such as NHS Trusts and Local Authorities.

Where existing facilities are located on prime land, significant value can be achieved by a change of use. A 'new for old' programme could fit this profile.

Table 21: Summary of cost of finance

| Assumed funding split | Public borrowing | PF2 | Development finance |
|--------------------------|------------------|----------------|---------------------|
| Debt | 100% | 60% | 60% |
| Equity – public sector | 0% | 20% | 20% |
| Equity – private sector | 0% | 20% | 20% |
| Cost of debt | | | |
| Market rate | 3.4% | 3.4% | 3.4% |
| Project margin | | 2.5% | 4.0% |
| Term of debt | 25 years | 25 years | 5 years |
| Cost of equity | | 10% | 15% |
| Weighted cost of capital | 3.4% | 7.84% | 12% |
| Government investment | 100% of capital | 20% of capital | 0% of capital |

This approach does however mean that the new-build development is, from a financing perspective, linked to successful re-use of the old site, which can be subject to delays, whether from planning or the economic environment. Some programmes have addressed issue this by seeking guaranteed premia from bidders, but these typically involve a significant cut in the amount bidders are willing to pay, which may limit this option from a value for money perspective to certain trophy sites.

6

Young Offenders

We have considered whether the young offender estates, predominantly Young Offender Institutions holding young people aged under 18, should be included in our proposed approach.

We welcome the government's proposals for transforming youth custody and putting education more squarely at the heart of custodial provision for the under 18s.⁴⁶ It is absolutely right to seek a new way to tackle stubbornly high re-offending rates amongst the cohort of young people who receive custodial sentences. The current rates are clearly too high. Putting education at the heart of the way in which we work with young people in detention offers a better chance of driving re-offending rates down than the current model, which sees education as an add-on to a service which is primarily about detention.

The government's proposals offer a possibility to design a very different model of custody for young people – one which puts the provision of good quality, effective, educational opportunities at the heart of the approach.

The development of the proposed Secure College model could be achieved through a fundamentally different approach to the way in which detention facilities for young people are conceived. This could consist of:

- a new approach to youth custody, built around securing real educational attainment and, through this, the opening out of genuine opportunities for young offenders to engage in the job market and to realise their ambitions. We think that this is the key to reducing stubbornly high re-offending rates amongst young offenders; and
- a network of secure colleges which puts educational development at the centre of how we work with young offenders. We want the experience of custody to be driven by an ethos of learning and development, not education as a bolt on to a system which is primarily about detention.

Central to this should be the development of a network of fit for purpose, secure colleges. Designed, from the ground up, to deliver purposeful learning in a secure environment, rather than as a secure institution in which education might be delivered.

Simply to change the regime within the current institutions in the youth estate is both to miss an opportunity to do things differently and to invite future failure. Successful colleges, whether they are secure or not, need to be designed as effective learning environments, with the right facilities to reinforce the right approaches to learning and development. Attempting to retrofit an effective

⁴⁶ Ministry of Justice –
Transforming Youth Custody:
Putting Education at the Heart of
Detention, February 2013

curriculum to a facility designed first and foremost as a prison is bound to be second best. The existing YOI estate also comprises establishments which are too large and which separate young people, often by large distances, from constructive family and other relationships in their communities.

The government should use the opportunities created by restructuring the wider prison estate to also fundamentally reshape the estate for young people and aim to replace all or part of the current YOI estate with a series of purpose built institutions, on brownfield sites, close to the major population centres from which most young offenders originate. These could, where appropriate, be sited on the same footprint as a new, large, adult prison. But the common themes would be secure colleges which:

- use intelligent construction techniques to minimise maintenance and building-related running costs;
- rely on technology-driven security tools to deliver a safe, secure and learning-focused environment, without requiring large numbers of security staff;
- combine the experience of the best providers of secure accommodation, with the drive and focus of established learning and skills provision; and
- use urban brownfield sites, both to ensure the maintenance of family and community ties, but also to deliver reciprocal community benefits, for example by piggy-backing valuable community developments onto the secure college site.

7

Recommendations

The proposals set out in this paper offer a blueprint for a once in a generation re-structure of the prison estate. It is an opportunity to radically re-shape our prison estate around purpose-built facilities, which are in the right place and capable of delivering better outcomes.

Policy Exchange does not under-estimate the scale of the change we are proposing. We are very clear that this would be a hugely ambitious, transformational programme of change. But the potential gains are on a similar scale: a prison estate with substantially lower running costs; a far greater scale of savings than can be achieved within the constraints of the current physical environment; prisons which offer decent, modern conditions across the estate; and prisons which are fit for purpose and designed to deliver the outcomes expected in the 21st century, not constrained by the design paradigms of the Victorian era.

We therefore recommend the government undertakes the following steps:

- **A strategic review of the prison estate**, to identify prisoner flows (from court to prison and of longer sentenced prisoners from local to training prisons) and scope for rationalisation; to assess the value for money case of potential closures (for example by reference to maintenance and other cost burdens); and to identify likely scale of new capacity to be brought on through new large prisons;
- **Define closure criteria**, based on cost, strategic location, fitness for purpose and prison role;
- **Undertake site search** for potential brownfield sites, matching potential sites to centres of population generating demand for prison places. Potential sites should be brownfield, accessible by public and road transport, close to major population centres and sufficiently large to incorporate shared community facilities;
- **Develop potential technological solutions** in collaboration with the market. Although we firmly believe that the provision of new large prisons should be a competitive process, with innovation driven by the market, we also think that there is real value in developing (in conjunction with potential providers) baseline expectations for the role of technology, and potentially for other critical design factors. This is partly about creating an element of co-design, but also a means of ensuring effective minimum design standards are built in at the pre-procurement stage.

- **Undertake affordability assessment and select financing approach.** We have set out three potential options for funding a re-configuration of the prison estate. The underlying economic case is clear: the approach we recommend will deliver huge running costs reductions. The MoJ, with the Treasury, should undertake a detailed affordability assessment for the selected funding method or method;
- **Formulate a procurement plan,** over (say) the next 10 years, to finance, develop, build and operate the new large prisons, providing the market with certainty around the development plan and transparency on the timeline and dynamics of the estate re-fresh; and
- **Develop a transition plan,** bringing together a proposed closure programme and a plan for the operational deployment of the new large prisons.

How can one prison cost £108,000 per place to run, when another establishment, performing exactly the same functions, costs just £26,000 per place? Why do some prisoners serve their sentence in damp Victorian dungeons hundreds of miles from their homes, when others can take advantage of modern facilities properly geared towards reducing reoffending?

In this paper, we demonstrate that these kinds of variations are widespread across the prison estate – driven by structural deficiencies in a system that is skewed towards older, inefficient and hard-to-maintain establishments that are often in the wrong places. We argue that, as a result, the current prison estate is unjustifiably expensive and not fit for purpose in the 21st century.

We outline a plan to close more than 30 existing old prisons and replace them with 10–12 new Hub Prisons. These would be large, purpose-built establishments of between 2,500 and 3,000 places, able to house a number of different categories of prisoners at once, and built with new technologies, such as biometric security systems, hardwired into their design and operation.

