

JUSTICE 1 COMMITTEE AND JUSTICE 2 COMMITTEE (JOINT MEETING)

Wednesday 26 October 2005

Session 2

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JUSTICE 1 COMMITTEE

† 32nd Meeting 2005, Session 2

CONVENER

*Pauline McNeill (Glasgow Kelvin) (Lab)

DEPUTY CONVENER

*Stewart Stevenson (Banff and Buchan) (SNP)

COMMITTEE MEMBERS

*Marlyn Glen (North East Scotland) (Lab)
Mr Bruce McFee (West of Scotland) (SNP)
*Margaret Mitchell (Central Scotland) (Con)
*Mrs Mary Mulligan (Linlithgow) (Lab)
Mike Pringle (Edinburgh South) (LD)

COMMITTEE SUBSTITUTES

Brian Adam (Aberdeen North) (SNP)
Karen Gillon (Clydesdale) (Lab)
Miss Annabel Goldie (West of Scotland) (Con)
Mr Jim Wallace (Orkney) (LD)

*attended

JUSTICE 2 COMMITTEE

26th Meeting 2005, Session 2

CONVENER

*Miss Annabel Goldie (West of Scotland) (Con)

DEPUTY CONVENER

*Bill Butler (Glasgow Anniesland) (Lab)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
Colin Fox (Lothians) (SSP)
Maureen Macmillan (Highlands and Islands) (Lab)
*Mr Stewart Maxwell (West of Scotland) (SNP)
Jeremy Purvis (Tweeddale, Ettrick and Lauderdale) (LD)

COMMITTEE SUBSTITUTES

Ms Rosemary Byrne (South of Scotland) (SSP)
Cathie Craigie (Cumbernauld and Kilsyth) (Lab)
Kenny MacAskill (Lothians) (SNP)
Margaret Mitchell (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Margo MacDonald (Lothians) (Ind)

THE FOLLOWING GAVE EVIDENCE:

Tom Buchan (Association of Scottish Police Superintendents)
Tony Cameron (Scottish Prison Service)
Doug Cross (Association of Chief Police Officers in Scotland)
Joe Grant (Scottish Police Federation)
Willie Pretswell (Scottish Prison Service)

CLERK TO THE COMMITTEE

Callum Thomson

SENIOR ASSISTANT CLERK

Douglas Wands

ASSISTANT CLERK

Lewis McNaughton

LOCATION

Committee Room 2

† 31st Meeting 2005, Session 2—held in private.

CLERK TO THE COMMITTEE

Gillian Baxendine

Tracey Hawe

SENIOR ASSISTANT CLERK

Anne Peat

ASSISTANT CLERK

Steven Tallach

Scottish Parliament

Justice 1 Committee and Justice 2 Committee (Joint Meeting)

Wednesday 26 October 2005

[THE CONVENER *opened the meeting at 10:44*]

Items in Private

The Convener (Pauline McNeill): I welcome members to this joint meeting of the Justice 1 Committee and the Justice 2 Committee to scrutinise the budget process. It would be helpful if members would switch off phones and things that buzz. I have received apologies from Mike Pringle, Jeremy Purvis, Colin Fox, Maureen Macmillan and, belatedly, Bruce McFee. We are joined today by Margo MacDonald, whom I welcome to the meeting.

Item 1 is to ask the committees whether they agree to take in private item 3, which is to discuss what we want to put in our report. I also ask members whether they agree to meet in private at future meetings for the same reason.

Members *indicated agreement.*

Budget Process 2006-07

10:45

The Convener: I welcome our panel of witnesses: Doug Cross, who is the secretary to the finance standing committee at the Association of Chief Police Officers in Scotland; Tom Buchan, who is the president of the Association of Scottish Police Superintendents; and Joe Grant, who has recently been appointed as the general secretary of the Scottish Police Federation—I congratulate him on his appointment. We will go straight to questions.

Mrs Mary Mulligan (Linlithgow) (Lab): I start the questioning by considering the number of police available within the service at the moment. The witnesses will be aware that expenditure had been made available in recognition of the number of police who are likely to reach retirement age over the next few years, up to 2009-10. Has the recruitment exercise begun to address that issue? Is it on schedule? Will it deliver the number of police required to continue to address the present and future workload?

Doug Cross (Association of Chief Police Officers in Scotland): The first peak in the number of retirements was in 2005-06, and there is sufficient funding to cover those who retire in this financial year. The next two years will be easier on the service. The next peak comes in 2009-10, as a result of a significant increase in the number of officers that took place 30 years ago. The purpose behind the bid that was put in last year, which was partly met by the Executive in the budget, was to allow us to accelerate the recruitment of officers before 2009-10. The settlement that we received will allow us to recruit 60 additional officers in 2006-07 and a further 60 in 2007-08, giving us 120 additional officers with some form of training before those retirements take place in 2009-10. That will partly address the issue of recruitment—it will be a significant help.

Not all the police officers who are eligible to retire will do so, so the combination of those who choose to stay on and the additional police officers will assist. However, it should be noted that there will be a significant difference between the experience of those whom we manage to recruit over the next couple of years and those who leave the service with 30-plus years' experience.

Mrs Mulligan: I will come back to the issue of experience with regard to training.

Are the two lots of 60 officers in addition to the number that you would normally recruit? Will that address some of the needs that are created when officers leave at the other end?

Doug Cross: Yes, they are in addition to the number that we would normally recruit. As I said, that will partly assist.

Mrs Mulligan: How successful have you been in recruiting such numbers? We are aware that—fortunately—employment is at a good level at the moment, so you are in competition with many other industries. Have you had any problems with recruitment?

Is the training of the new recruits sufficiently well funded to enable officers to come into the service offering a good contribution? I recognise that, as you say, many of those who will be leaving have a great deal of experience that it will be difficult to fill in for.

Doug Cross: We have not started the process with regard to the additional officers yet; that will start next year. We are not experiencing any difficulty in attracting recruits but, as you can imagine, ensuring that we get the right people into the job is a long process. We have had some experience of that process during the past year, when we had the first of the retirement peaks. We do not anticipate that attracting an additional 60 recruits in each of the next two years will be problematic. However, as you suggest, training will be a challenge for the Scottish Police College at Tulliallan. My understanding is that it has put in a bid for additional resources to allow it to meet that challenge. There is quite considerable throughput at the college; it is a busy place at the best of times. I am sure that it will cope with the additional officers, but doing so will be a challenge.

Mrs Mulligan: You say that a bid has been made for additional resources, part of which will be for trainers. Will there be sufficient people available to fulfil that role?

Tom Buchan (Association of Scottish Police Superintendents): There will be sufficient people at the college. The difficulty will come when we try to let the trainees accrue operational experience during their probationary period. Understandably, given the numbers that we expect in 2009-10, the service will have difficulty enabling officers to accrue in the best possible way that supervised experience under the tutelage of experienced officers.

Mrs Mulligan: You said that you do not expect to experience any difficulties with recruitment. Is that the case across Scotland?

Doug Cross: No areas have been experiencing any particular difficulties. The situation seems to be good across Scotland. The police service is still a sought-after profession, although it is a difficult one.

Mr Stewart Maxwell (West of Scotland) (SNP): You know the number of people who will be

eligible to retire over the period and I assume that you can estimate fairly accurately how many will actually retire. Can you confirm whether the 120 additional officers who will be recruited in the next two years will match that figure?

Doug Cross: The number who will be eligible to retire will be significantly in excess of 120. However, as you suggest, experience tells us that not all of those who are eligible to retire will do so. A number of factors come into play, such as individuals' circumstances and the economic climate. It is difficult to predict the numbers with any degree of certainty but we know that a significant number of officers will choose to stay on. That will certainly help to plug the experience gap that will arise when the retiring officers finally go.

Mr Maxwell: To be absolutely clear, is it your expectation that you will have roughly 120 additional vacancies?

Doug Cross: No, from the additional resources, we will have an additional 120 officers who will plug the vacancies as they arise. Around 300 officers will be eligible to retire in 2009-10.

Bill Butler (Glasgow Anniesland) (Lab): Obviously, you will be aware that target 1 for the Justice Department in the draft budget document for 2006-07 is

"To continue to increase the police clear-up rate for serious violent crime."

The document goes on to say:

"Desired level of improvement to be discussed with police forces."

What discussions have taken place between the Executive and police forces since the target was first published in last year's draft budget? What level of improvement has been agreed, and does that level of improvement vary among police forces?

Tom Buchan: I take it that you are talking about target 1, which is to seek an increase in the clear-up rate. I am not aware of any consultation that has taken place with our association on that. We are somewhat disappointed that that target has been chosen. We know for certain that much of the work that we have done and the measures that will be put in place over the coming period will lead to an increase in the number of known reports of violent crime. A significant percentage of that increase will be people who, by the very nature of how we learn that they were victims, are uncooperative. By that, I mean that we are looking to put in place a protocol with the health service whereby it would notify us about incidents in a way that it was unable to do before and which would give the victim a degree of anonymity. For example, the health service could indicate the

postcode at which a male was found and what sort of condition he was in.

We know from experience and from consultation with accident and emergency departments in various hospitals that a significant number of people attend those departments with injuries sustained in such incidents. We will be informed about them, although by their very nature those are cases in which the person does not wish to co-operate. De facto, that will lead to an increase in the number of indirectly reported serious violent crimes, but the victims will not want to help us in any way.

Bill Butler: That is helpful. Are you saying that no discussion took place between the Executive and police forces about the target?

Tom Buchan: Other than our response to the committees, the answer to that question is yes, as far as our association is concerned.

Bill Butler: Does Joe Grant have anything to add?

Joe Grant (Scottish Police Federation): Likewise, we have had no such discussion with the Executive. You refer to discussion with forces—such discussion is most likely to take place with ACPOS. However, I have a view on the matter, which is that we are looking at the process from the wrong perspective. Our objective should be to harness resources for crime reduction rather than crime clear-up. Far greater benefits can be achieved for our communities and other stakeholders through crime reduction. The stakeholders that would benefit include the national health service, which provides treatment; the police service, which conducts investigations; the Procurator Fiscal Service, which carries out prosecutions; the courts administration—a reduction in crime would affect trials, sheriff courts and lawyers; the Scottish Prison Service; and social work departments. They all have an interest in ensuring not only that we clear up crimes but that we reduce crime in the first place so that we do not have to go through the process.

Bill Butler: We all agree that a reduction in crime is vital, but the Executive's published target was on the clear-up rate for serious violent crime. Are the witnesses telling the committees that no discussions have taken place between the Executive and their organisations on increasing the clear-up rate for serious violent crime?

Tom Buchan: The first notification that we had that we would be invited to comment on the issue was when we got the letter inviting us to come to the committees. From my perspective, it is highly likely that we might see a decrease in what Joe Grant referred to as the clear-up, or detection, rate because we fully expect that there will be an increase, not only in the area that was mentioned

but in other areas involving known crimes of a seriously violent nature. It would be foolish of us to come to the committees with a guesstimate, simply to give you a target that we think can be achieved. I am not convinced that we can say to the committees that there is likely to be an increase in the clear-up rate. Indeed, there may well be a decrease; that much we may expect.

Bill Butler: I hear that loud and clear, but what surprises me—I suppose that it also surprises other members—is that the Executive has not initiated a discussion with your organisations to consider a target that it has set. We should perhaps take up that matter in writing with the Executive. There are follow-up questions that I could have asked you, but that would be inappropriate when those discussions have not taken place.

Margo MacDonald (Lothians) (Ind): If chief constables or senior officers have had discussions with the Executive, would not it be logical that the witnesses would have discussions with them before having discussions with the Executive?

11:00

Tom Buchan: All that I can say is that we had no notification of, or consultation on, the target until we received the letter—dated 3 October, I think—that asked us to prepare for the Parliament's justice committees an estimate of what we might be able to achieve. That was the first time that our association was notified of the target. We were not consulted on the selection of the target, but we honestly believe that we could have been helpful in the process. As Joe Grant said, we would much rather focus on crime reduction than on increasing crime clear-up rates, as that would bring benefits. Indeed, that is what we are working on with our violence reduction units. I have probably said enough on that.

Bill Butler: It strikes me that I should seek clarification both for the record and so that I am clear in my own mind. You said that there was no formal contact whatever between ACPOS and the Executive on the target—we heard that loud and clear—but was there any informal contact at any level between ACPOS and the Executive?

Doug Cross: Yes, the target has been discussed at ACPOS level. The drive towards reducing serious violent crime features in the ACPOS document "Policing Priorities for Scotland 2003-2006", so there will have been discussion between ACPOS and the Executive on reducing serious violent crime.

Bill Butler: At what level did that discussion take place? If I may say so, your answers seem slightly contradictory.

Doug Cross: I think that Tom Buchan was referring to consultation between the Executive and his association.

Bill Butler: Can you perhaps help the committees by outlining for us what discussions have taken place, at what level those discussions took place, what level of improvement was agreed at the level that the discussions took place and what progress has been made in achieving the agreed level of improvement? Perhaps the point at which progress might be made has not yet been reached, but will you respond to the first three parts of my question?

Doug Cross: I cannot give you all that information because it does not sit within the ACPOS finance business area, for which I am secretary.

Bill Butler: Can you help the committees by explaining who could give us that information?

Doug Cross: The ACPOS secretariat office should be able to provide information about what discussions took place.

Bill Butler: I am grateful for that answer.

Convener, it might be helpful if the committees could get that information—it is unfortunate that we cannot get it today—in written form at least, in time for our discussion of our comments on the various issues, including that target.

Doug Cross: We can provide that information in writing.

The Convener: That will be helpful.

As we have no further questions on that topic, Marlyn Glen will ask about another issue.

Marlyn Glen (North East Scotland) (Lab): My questions are on the proposed efficiency savings. In September 2004, the Minister for Justice announced the creation of a police business benefits unit, which was intended to

“seek out savings in back-office functions such as IT and payroll, and advise forces on how best to cut red-tape and squeeze best value out of their procedures.”

What savings has the BBU identified so far?

Doug Cross: The business benefits unit has been working closely not only with the ACPOS finance standing committee but with force staff who are involved with best value. In the past year or so, the BBU has assisted the finance standing committee to undertake a number of studies on how the eight forces can introduce better collaboration on fleet management. That work has moved on apace, as we are now starting to consider opportunities for collaboration with other partners in the emergency services on fleet management.

We have also looked at payroll management and procurement. On payroll, we have determined that there will be opportunities for at least a couple of large forces—not all eight forces at this stage—to work together on a common payroll service as and when their current payroll systems require replacement. That work will be taken forward.

With regard to procurement, some significant work has been done in relation to the purchase of terminals for the new Airwave system. That has produced significant savings of about £6 million. We are also currently in discussions regarding a framework agreement for the purchase of uniforms across Scotland.

Another area that we are looking at, or will be looking at in the near future, is the area of information technology, which you mentioned. We are looking at ways in which we can collaborate to get better prices for the IT equipment and associated software that we purchase. We are looking to see what scope there is for a common desktop, so that we can produce some efficiency savings in that area.

The business benefits unit has been heavily involved in those areas of work, and it ties in with the work of the finance standing committee.

Marlyn Glen: You seem to be concentrating on cash savings, rather than on time-releasing savings.

Doug Cross: The savings in those particular areas of work have been cash savings. On efficiency savings, the recently published targets for cash efficiency savings start in this financial year and go over the next two financial years. That is a new concept for us. Although we have been able to demonstrate and evidence cash-flow savings in the past couple of years through the production of our best-value annual report, the targets and the protocols behind them are new territory for us.

We have been working closely with our colleagues south of the border who have had such targets in place for a bit longer than us, to try to develop some good practice in relation to efficiency targets and savings. There is not a whole lot of information out there in terms of guidance as to how the process will work. By tying in with the practice of our colleagues in England and Wales and our local authority colleagues, we are starting to develop ways of monitoring efficiency savings in the eight forces in Scotland that will enable us to present that information to the Executive. Preparatory work has taken place over the past few months, since the targets were announced.

Marlyn Glen: So that is very much on-going work.

Doug Cross: Yes. The best-value annual report that we have produced for the past couple of years highlights both cash and non-cash savings. The report for 2004-05 is due to be published in the next few weeks. It is going to the finance standing committee tomorrow for sign-off and will be sent out to the Executive's police division to demonstrate what we have been doing in the past financial year. We will base the efficiency savings targets that we need to meet of £10 million in 2005-06 on that report.

Joe Grant: As Mr Cross says, the targets have just been announced, which is an issue of contention between us and the Executive. Once again, there was no consultation or involvement of the police service in those targets being arrived at. That is a fundamental flaw in the process. It is also an anomaly that no guidance was issued at the same time on how police forces and services throughout Scotland are to report on the efficiency savings. Both those areas give me and our members concerns that the focus is away from the constables, the sergeants, the inspectors and the chief inspectors who are at the coalface of service delivery, and that the emphasis is on the cost of providing the services rather than on the basic element of providing policing services locally for our communities.

Marlyn Glen: To help us to consider the budget with some clarity, I ask the witnesses to guide me through the issue. Do the savings that we are talking about form part of the police efficiency savings that are set out in the technical notes for the Scottish Executive's efficient government plan?

Doug Cross: We have a target of £4 million in cash savings for the three-year period. The recently announced target for efficiency savings is for £10 million in 2005-06, rising to £35 million in 2006-07 and £50 million in 2007-08. That is the work that we are preparing for.

Marlyn Glen: So the savings that you talked about are part of that process, not over and above it.

Doug Cross: They form part of it. Before being asked to make savings, ACPOS pulled together the work that goes on in each of the forces on best value and continuous improvement. The report that we will produce in the next couple of weeks will identify that we have a combination of cash and non-cash savings in the region of about £15 million, although the figure is augmented by the fact that we have about £4 million of savings as a result of Airwave handset procurement, which is a one-off saving. The underlying savings are about £11 million, which is a combination of cash and non-cash savings.

Now that we have the targets, we are trying to formalise the process to ensure that we have effective monitoring procedures in place that will allow us to report how we are faring against them.

Jackie Baillie (Dumbarton) (Lab): Could I just clarify who is talking to whom, which is a recurring theme? I assume that, irrespective of whether we are talking about efficiency targets, cash-releasing savings, time-releasing savings or targets that set the service's objectives, the Executive has spoken to ACPOS on the matter.

Doug Cross: Do you mean on the efficiency targets?

Jackie Baillie: Yes.

Doug Cross: We are aware of the cash-flow savings targets, which have been published for some time, but we are not aware of the basis of the targets for the efficiency savings, which were published just a couple of months ago.

Jackie Baillie: So there was no discussion with chief constables.

Doug Cross: Not in relation to those savings.

Jackie Baillie: Are you saying that there was no discussion about the overall envelope of the savings as well as no discussion about where the savings would come from, which are two slightly different matters?

Doug Cross: There was discussion about the fact that the Executive would seek efficiency savings from all its services, including the police. We knew that there would be a requirement for savings that could be significant, but there was no discussion about the details and where the savings would come from.

Jackie Baillie: Would it be fair to say that the detail of where the savings come from is more properly a matter for the police than for the Executive? I assume that you want a degree of control over where you make the efficiency savings.

Doug Cross: Now that we have received the target, we are turning our attention to how we will achieve it and demonstrate that we have done so. However, in developing a strategy for delivering the savings, it would be useful to know where the targets of £10 million, £35 million and £50 million come from and what their basis is. Another aspect on which we are still uncertain is that, in addition to the cash and non-cash savings, it has been declared that a saving is to be made in relation to procurement throughout local authorities. We are not sure whether we have to contribute to that, too. We have asked for clarification on that, but we have not yet received it.

The Convener: I will take a belt-and-braces approach on the issue and follow on from Jackie

Baillie's question. You say that when the technical efficiency notes for the efficient government programme were published, you had no knowledge of what would be in them.

Doug Cross: We picked up the information about the savings from the website.

The Convener: That is clear. Bill Butler has suggested that we clarify the matter. According to the technical notes, the accountable officer is the chief of the Justice Department.

11:15

Miss Annabel Goldie (West of Scotland) (Con): The committees are aware of the fairly widespread publicity this morning that ACPOS is looking for more money, principally to cover the consequences of dealing with anti-terrorist measures and antisocial behaviour orders. To clarify where all that comes from, I ask Mr Cross whether that desire has been intimated to the Justice 1 Committee or the Justice 2 Committee.

Doug Cross: No. We discussed with the Executive's police division counter-terrorism measures, which are a fairly significant issue given recent events. The ACPOS portfolio holder who has responsibility for counter-terrorism measures has discussed with the police division and his colleagues down south the counter-terrorism strategy. It is clear from those discussions that, if we are to have a co-ordinated counter-terrorism strategy throughout the United Kingdom, additional funding will be required.

Miss Goldie: I want to be absolutely clear about the matter. I accept that unless discussions take place with your counterparts down south, it is difficult to know what is required or what may lie ahead and therefore to quantify the money that is required. Has ACPOS discussed with the Scottish Executive a projected additional resource requirement?

Doug Cross: ACPOS has been in discussion with the police division to identify the requirement. Work continues to determine that amount.

Miss Goldie: That relates to the anti-terrorism obligations.

Doug Cross: Yes.

Miss Goldie: What about ASBOs? I understand that the request for more money embraces the additional workload for ASBOs. Have your organisations formally intimated the requirement to the justice committees or the Scottish Executive?

Tom Buchan: The Association of Scottish Police Superintendents has frequently called on and made a plea to the Executive to recognise that introducing new legislation has an impact on resources. That was done at our conference and

in our recent call for a review of policing, which resulted from our feeling that the Executive affords scant regard to the fact that when new legislation is put on the statute book, some impact on resources is inevitable.

Our association welcomed the antisocial behaviour legislation, but we recognised that it would have an impact on resources. In the area of my force—Strathclyde police—in excess of 50 full-time equivalent officers work on nothing other than ASBO-related matters. That is a significant number of officers and the figure does not take full account of the number of police support staff who are engaged, through disclosure and such matters, in working with ASBO units. The committees will appreciate that that relates to just one force area.

Miss Goldie: I thank the chief superintendent for that helpful answer.

We are all a bit in the dark, because the first that we knew of the request was the publicity this morning. For the benefit of the committees, which are undertaking the budget process, do you have figures? Does Mr Cross have a projection of the financial imposition on police forces to deal with anti-terrorist measures?

Doug Cross: No. ACPOS is developing that.

Miss Goldie: So we have no figure.

Doug Cross: Discussions have taken place with the police division about the requirement down south, but that does not mean that that will be mirrored in Scotland, because a significant part of the requirement there centres on the city of London. We know that the figure down south runs to a few hundred million. If we are to provide a counter-terrorism strategy at our ports and so on that is consistent with that of England and Wales, resource will be required. The figures are being worked up as the threat levels are being assessed.

Miss Goldie: At the moment, you cannot quantify any projected estimate.

Doug Cross: I cannot quantify the requirement today.

The Convener: Is this the issue that you wanted to ask about, Margo?

Margo MacDonald: Yes. I am interested in the whole subject. I was going to say at the start that I have written to the minister.

The Convener: I will call you to speak now.

Margo MacDonald: Thank you. I wrote to the minister before recess and I await a reply. One of my reasons for writing was my concern that the new Terrorism Bill will have a direct operational effect on the prioritising of resources in Scotland.

We have heard this morning that figures have been set for recruitment to fill the posts of people who will retire. We have also heard about financial and time savings. Were those figures arrived at before or after you were aware of the requirements that the Terrorism Bill would place on you?

Tom Buchan: That is a good question and I am not sure of the answer. We always have to have our finger on the pulse over significant changes that might come our way because of new legislation. As you rightly point out, legislative changes might well impact on the service and its resources, but that is difficult to predict. Although we know that there will be changes almost immediately, we will have to wait and see.

Margo MacDonald: When the Prime Minister told the House of Commons that he was determined that the new bill would go through, he said that the police had asked for it. Does that include the police in Scotland? As you have said, the impact on operational requirements will be different here. Did you ask for the bill?

Doug Cross: I think that the Prime Minister's reference to the police would more likely be to the discussions that he would have had with the Association of Chief Police Officers in England and Wales. He would not have had any direct discussions in Scotland.

Margo MacDonald: No, but I would have assumed that you would ask the Minister for Justice here. Is nobody bothering?

Tom Buchan: We mention in our paper that an enhanced demand for resources will be generated by recent changes in terrorism measures. However, that has not been quantified because it is difficult to do so at this stage. As you rightly say, there might be a change in the legislation. It would be foolish to think that we are not engaged and that there has not been an increased deployment in resources for terrorism measures since the London incidents.

Margo MacDonald: Because of devolved competencies, the police here are answerable through various routes to the Scottish Parliament. Is there any conflict of interests because of the requirements that are being placed on the police for training? I know that additional training will be required because of the new anti-terrorism measures, even before the Terrorism Bill is enacted. There are also training and implementation requirements as a result of the Scottish Government's measures against vandalism and general lawlessness at community level.

Tom Buchan: You rightly raise the question of priorities. As you would expect, when there is a risk at national level, resources have to be found

to address that risk; meanwhile, at the local end, the most important piece of the legislation that the Executive has passed was that on ASBOs. There is a tension over the deployment of resources, an issue that has been the subject of some research down south. We have to deploy our resources in line with the priorities determined by the chiefs of police. Obviously, terrorism measures are pretty high up on the agenda, which will clearly have an impact on other resources.

The Convener: The answer to the question that Annabel Goldie posed would be that you have not yet quantified the resources required. I presume that, at some point—once you have had a chance to see the impact of the new terrorism legislation—you would enter into discussions with the Executive if you thought that additional resources were required.

Tom Buchan: All it takes is a change in threat level. That will impact on the deployment of resources, as would a change in the legislation. To a certain extent—

The Convener: I am just trying to clarify that when it becomes clearer what the implications on Scottish police forces could be—

Tom Buchan: The situation could change dramatically.

The Convener: At that point, you would begin to formulate a view as to whether you required additional resources.

Doug Cross: Yes. That would be addressed at that time.

Miss Goldie: I return to the question of where more money is required, particularly in relation to ASBOs. You have indicated, Chief Superintendent Buchan, that your association has frequently made known to the Executive the anticipated need for more money to fund, resource and deal with the practical consequences of ASBOs. Do we have a figure for that? Has anyone managed to quantify the requirement? You said that, in your area, 50 officers are currently deployed on ASBOs. That sounds to me like a significant allocation of personnel. Does ACPOS or the ASPs have any round figure for what you think will be required?

Tom Buchan: It is not so much what will be required as what is being spent. It would be helpful, when legislation is enacted, for consideration to such financial requirements to be given. We seldom see that, if ever—I think that the Police, Public Order and Criminal Justice (Scotland) Bill may be the first time that I have seen it happen. Every piece of legislation that is enacted will have an impact on resources to some extent, but we are never engaged in consultation or asked what we think the impact will be. We can take a retrospective approach and say what we

estimate ASBO enforcement is costing the service in terms of cash for resources deployed.

Miss Goldie: Is that a quantifiable figure? Could it be made available to the committees?

Tom Buchan: Yes, if there was a request for such information. We would have to determine the number of officers involved. You will appreciate that the number would be expressed as full-time equivalent, because only part of the work of some people will relate to ASBOs. There are also dedicated officers who work in liaison with local authorities; the costs of their deployment can be costed.

Miss Goldie: That would be helpful. The committees are trying to consider the current implications of the budget for your organisations and for police officers. In a moment, I will come to the subject of savings. It is difficult to get a handle on where savings will come from if you are already struggling to cope with the demands of funding new obligations. Could we ask for information on that, convener?

The Convener: That would only be fair. You went public on the subject this morning before coming to the meeting.

Tom Buchan: It was not me.

The Convener: Somebody did, anyway. You need to be clear with the committees on your views about what additional resources might be needed. I presume that you cannot know what the implications of the Antisocial Behaviour etc (Scotland) Act 2004 will be until the act has been in operation for a certain period. Would it be fair to say that?

Margo MacDonald: Convener—

The Convener: Could we hear a reply to that question first, please?

Margo MacDonald: Sorry.

Doug Cross: That is correct. Currently, the impact of ASBOs is being absorbed within police budgets. The work on that is continuing. As Chief Superintendent Buchan says, significant resources are being deployed on ASBOs in his area. As he has also pointed out, all the significant new legislation that comes through will have an impact. As far as priorities are concerned, requirements can be absorbed, but they will have an impact on the rest of service delivery.

Your point is correct. We would need to have sufficient time to be able to put a cost on such activities. The information is not always available, particularly in relation to new legislation—we do not always know what the costs are until the new measures are up and running. We would need the opportunity to come back and state what the costs

in question have turned out to be. The point is well made.

Margo MacDonald: Chief Superintendent Buchan said that, if the level of threat from terrorism was raised, that would have a dramatic impact on budgeting, presumably at a local, operational level. I do not imagine that the same level of information will exist for the increased use of resources with regard to new operational requirements under the Terrorism Bill as might be the case for antisocial behaviour deployment. I mention that in passing because, presumably, the committees will need to have some way of evaluating that expenditure. I suspect that, for security reasons, the same level of information will not be readily available, although I may be completely wrong about that.

11:30

The Convener: I think that, in relation to that question and Annabel Goldie's questions, our witnesses have said—they may correct me if I am wrong—that they cannot quantify yet what additional resources are required for anti-terrorism measures but that, when the information is available, they will indicate their views to the Executive. They are saying that they are short of resources. We have asked for more information on the additional resources that are required so that we can comment, as we are scrutinising the budget process. Is that a fair summary?

Tom Buchan: That is a fair summary. We have to go with what we know at the time. The point that Ms MacDonald referred to was that things could change dramatically tomorrow if there were one or more terrorist incidents in Scotland. We need only look at what happened to the Metropolitan police. We have to consider the current threat level and take cognisance of any new legislation that impacts on Scotland, but it is less easy to make any safe predictions, because things could change dramatically. When you compare that with the impact of antisocial behaviour legislation, which is reflective—looking back at what we have done—you will appreciate that one is significantly more difficult than t'other.

The Convener: Your additional point, that threat levels can increase regardless of whether there is additional legislation, is noted. Increased threat levels have increased resource implications—the committees will take that into consideration when they produce their report.

Miss Goldie: Reference has been made to the Scottish Executive's efficient government technical efficiency notes, which identified two areas for efficiency savings in relation to the police: cash savings and time-releasing savings. Mr Cross, I was struck by your saying that you were not aware

of how those efficiencies were computed; you simply picked them up from the web. I am slightly startled to hear that. I do not understand how potential areas for efficiencies can be meaningfully identified without a full discussion with our police forces. Are you saying that, other than the cash-flow element, which was discussed, the rest was really just handed to you as targets that our police forces were to meet?

Doug Cross: There was some discussion about a requirement for efficiency savings to be made and about the fact that the figure might be significant, although not in relation to the targets of £10 million, £35 million and £50 million.

Miss Goldie: Where do those figures come from? Could I have produced figures just as good by pulling them out of the air?

Doug Cross: I do not know where those targets come from. It may well be that those figures have been considered in conjunction with the best-value annual reports that we have published and shared with the Executive. The figures may be a view on what might be achievable on the basis of those reports.

Miss Goldie: You do not know—they might have been a restatement of those reports. Projected cash savings are £4 million for this year and £6 million and £8 million for the ensuing years. We have heard your assurance, in response to Mary Mulligan, that the police business benefits unit will contribute to that by making back-office function more efficient, but what other specific efficiencies will produce those figures?

Doug Cross: By way of an example, the work that we undertook in 2004-05, which will be contained in the best-value annual report, identifies both cash and non-cash savings through all the categories under the efficient government banner. Of the £15 million savings that we identified last year, £6.5 million came from better procurement. As I explained earlier, a big chunk of that is wholly related to Airwave, which will not be repeated. However, a further £2 million of procurement savings have been generated by forces through better purchasing. If that continues, it can be realised into cash-flow savings.

We have made improvements in internal organisation and management, we have found better ways of doing things and we have reduced bureaucracy. Last year, that generated savings of about £3 million over the eight forces. Investment in the workforce has improved through a consideration of better, more efficient ways of working throughout the force.

Miss Goldie: I know that colleagues want to question you specifically on time-releasing efficiency gains.

Doug Cross: Right. Procurement is one aspect of cash flow, but there has also been a lot of work on managing and trying to reduce absence levels in the forces. Significant improvements have been made in some forces. Of course, such improvements mean that there will be cashable savings because they reduce the need for overtime.

Miss Goldie: I have a brief final question. Will the efficiency savings have an impact on front-line services? What is the priority in the reallocation of cash savings? Members of the panel might have different views on that matter, but perhaps Chief Superintendent Buchan will want to say something first.

Tom Buchan: I would have preferred you to have started with Mr Cross.

Miss Goldie: I thought that you would have preferred that, but I am asking you.

Tom Buchan: The bottom line is that we need every penny that accrues from savings. There is a recognition that things can be done better, and the service has demonstrated that. There is still much to be done to make things better and to be smarter. There is much to be done on single-point-of-entry data recording and mobile data, for example—indeed, there is a raft of things that we must do to improve the processes in which we engage, some of which can be lengthy.

Miss Goldie: Will those have an impact on front-line services?

Tom Buchan: There could be savings and improvements. Some of our processes require a significant amount of time—Mr Grant is perhaps better able to speak about that. It can take six to eight hours to deal with a domestic violence incident, much of which will be taken up with paperwork. We recognise that if processes are reduced and the time that it takes to deal with such incidents is cut down to three hours, not only will there be cash savings as a result of officers spending only half of their time dealing with such incidents, but the process will be much smarter and more efficient. We are working hard on such things. Savings can be accrued and we can make processes smarter and better.

Miss Goldie: What is your priority for reallocated savings?

Tom Buchan: Speaking as an operational commander, I would say that the public like to see police officers. Therefore, money that is saved should go towards augmenting what is at the front and towards the police's interface with the public. I have not yet been to a meeting at which I have been told that the trouble is that there are too many police officers on the streets. We know that the public want more police officers.

Miss Goldie: So the money should go on more officers.

Tom Buchan: We should augment the number of police officers.

Joe Grant: Our concern is that, like work pressures, financial pressures are heavier than air and will float down to the street. We are concerned that such pressures will affect service delivery. We have a concern—which is not baseless, as we have seen it in other services—that the delivery of the service is costed on an officer turning up at someone's door within a reasonable time of 15 or 20 minutes and then doing what needs to be done. There could be a hand on somebody's shoulder or a report of a crime could be made and there could be subsequent investigation and reporting on the individual in question. We are concerned that such services may be reduced if financial pressures are further increased. As we have stated, it is clear that we are already under quite a bit of pressure from additional elements that were not previously costed. That concern is not baseless, but I do not know whether it has been fully realised.

Doug Cross: There may be different priorities, but we all want to see improvement in the service and a better focus on front-line policing. That might mean increased police resources or making more police officer time available for front-line duties and freeing up other work that they do, but I think that all three associations want to improve the front-line visibility and efficiency of the service.

Mr Maxwell: We have covered the targets for time-releasing efficiencies of £10 million, £35 million and £50 million over the next three years. It was said that £3 million was saved last year as a result of management efficiencies and so on. You clearly said that you were not involved in negotiations on those figures, but have you thought about them in depth now that they have been issued? Are there specific time efficiencies that will contribute towards the savings?

Doug Cross: Yes. Our finance committee has begun to turn its thoughts to how we might achieve such efficiencies; after all, we are in the first year of this three-year period of efficiency savings. If we continue some of our previous work, we might be able to achieve the first target, which is not far from the level of efficiency savings that we have already achieved.

If we are to achieve the more significant savings that are required next year and the year after, we will have to improve the technology and systems and reduce the amount of bureaucracy. We are considering a combination of elements. We must improve occupational health provision as best we can to reduce the number of lost officer days. Investing in technology and IT to reduce bureaucracy and to make things more efficient for

officers will also play a part. Moreover, we have to think about whether we can generate substantial efficiency savings by building on the business benefits of the Airwave system, which some forces are delivering this financial year, and by considering the opportunities that are afforded by the use of mobile data. We are also trying to improve joint working arrangements with our local authority partners and other emergency services and have already started discussions with the Crown Office and the courts on various practices. After all, reducing the amount of time that officers spend in court will certainly make a difference to Mr Grant and his members and go a long way towards achieving some efficiency savings.

Some elements such as IT might require upfront investment but, in response to your question, I point out that we have started to think about how to achieve these efficiencies. However, some of that work is at a pretty early stage.

Mr Maxwell: You said that, although you are in the first year of this period of efficiency savings, you have only just turned your thoughts to these matters. However, the lead-in time for technology can be fairly long. How will investment in technology over the next two to three years allow you to achieve the time-releasing efficiency savings to meet targets of the magnitude of £35 million and £50 million?

Doug Cross: Technology on its own will not allow us to meet those targets; it is only one element of a package of measures that we are taking to achieve the savings. I expect that the 2006-07 target of £35 million and the 2007-08 target of £50 million will be achieved from the existing areas that I have mentioned and from new elements such as the use of mobile data.

Margaret Mitchell (Central Scotland) (Con): Are you considering making time-releasing efficiency savings through the civilianisation of certain posts that are currently filled by police officers?

Doug Cross: Each force is carrying out an on-going review of the police officer posts that could be civilianised and the posts that require specific police duties. Indeed, all forces have done a significant amount of work on the matter. However, we could consider not only civilianising some posts but outsourcing custody work. That would release significant efficiency savings into the police service and allow us to put the officers in those posts on operational duties. Investment might be required, but civilianisation will form part of the overall strategy of securing time-releasing savings.

Margaret Mitchell: With regard to IT, would it be possible to employ civilians instead of police officers to input data?

Doug Cross: Some forces have carried out a considerable amount of work on what we call data input bureaux. Instead of police officers having to come back to the station to input all the information on a crime into the crime system, they telephone it to data input bureau staff, who input it into the system instead. That takes place in a number of forces already, but there is probably scope for further work on that. In general, we could examine the areas in which support staff could be deployed to undertake some of the admin tasks at less cost.

11:45

Margaret Mitchell: Given what you have said, if any police officers are freed up as a result of the time-releasing initiatives, will you be able to pick priorities or will you merely have to provide extra manpower to meet the need that has been generated by new legislation? You have already mentioned the fact that the implementation of ASBOs has required one police force alone to deploy 50 extra police officers. If you generate extra police manpower, will you be able to set priorities or will it be a case of firefighting?

Joe Grant: It is the view of the federation that releasing officers in that way will leave us at a standstill, because there has been no real growth in police budgets for quite a number of years. Part of the Executive's brief was that we would be able to use the efficiency savings, but we will not be able to use them to achieve growth; they will simply enable us to continue to do what we are doing at the moment. I do not think that that is good enough for the public and it certainly does not feel right to those officers who are carrying out the work.

Margaret Mitchell: It seems that you are saying that the time-releasing initiatives will not allow you to prioritise. Is that correct?

Joe Grant: Yes.

Tom Buchan: I think that Mr Cross mentioned Airwave. I am sure that members will be aware that we have modernised our area control rooms and telephony systems. In some territorial divisions in Strathclyde, that has resulted in a 30 per cent increase in the number of calls received. Regrettably, that tells us that, historically, 30 per cent of people were not getting through at peak times. If a 99 per cent success rate is achieved for people being answered the first time that they call in, that will produce a consequential increase in workload, even though some of the calls may be duplications. It is estimated that in some divisions in Strathclyde the number of calls taken has gone up by 25 per cent to 30 per cent. That is significant.

The reason why I mention that is that it

reinforces the point that Mr Grant made. That increase in business is not a consequence of new legislation; it is just a result of our doing better something that we did not do terribly well before. There is a price to be paid for such improvements. We must best manage our resources to meet the extra demand that is generated. To minimise the number of people contacting us who require an officer to go out to them immediately, we need to have a professional call-handling unit. Inevitably, that will be resourced by taking officers off the street, so there is a double whammy. It is a question of achieving balance and fighting hard to stand still.

Margaret Mitchell: How do you envisage that the Executive and the Parliament will be notified of any savings that are achieved? I am aware that we have mentioned that in the context of the business benefits unit and the backroom services, and you referred to the best-value review. How do you propose that the monitoring and measurement will be reported back?

Doug Cross: As I have said, there is not a great deal of guidance on what will be required of us. We have started discussions with our colleagues down south, who have been doing such work for a bit longer than we have. ACPOS has decided that its finance committee should play the lead role in monitoring the savings. We have started by considering how we will allocate the savings across the forces and what targets each force should have. Progress on that will be monitored quarterly by the finance committee and the information will be fed up to ACPOS. The business benefits unit will be involved, too. Each quarter, we will be in a position to give some information on our progress on achieving those targets.

Margaret Mitchell: Have baseline data been identified for every police force?

Doug Cross: We are in the process of doing that. The figures—which are relatively new to us—are efficiency savings only for the service as a whole. It is clear that the only way to achieve those savings is to break them down into targets for individual forces. Having said that, we are conscious that although there will be a target for forces, national initiatives will generate savings that will help to reduce the amount that each force has to contribute, which will make things easier for forces and should not impact on their service-delivery targets.

Margaret Mitchell: Do you envisage that the finance committee will have dialogue with the Executive or will most of the information be in the best-value annual report—or will both happen?

Doug Cross: A report will be produced at the end of the year, but we will have dialogue with the Executive throughout the year and we will be able

to provide information. We do not know what we will be asked to do and we are not entirely sure what audit or inspection regime will be put in place. We are still to receive that information. We anticipate that the monitoring will take place internally in ACPOS and that we will report to the Executive as and when required.

Margaret Mitchell: It seems that you are prepared to engage meaningfully with the Executive, but you did not have the courtesy of engagement from the Executive at the beginning of the process, which we have noted.

The Convener: We agreed earlier that we will pursue elements of what the witnesses said. I will take brief, final questions, the first of which is from Jackie Baillie.

Jackie Baillie: Forgive me for asking this, but I want to get absolute clarity. We could debate whether there has been a percentage increase in police budgets; I do not have the figures with me to contest what you are saying. On the basis of what you have said, is it fair to say that you address efficiency anyway as part of your best-value audits?

Doug Cross: Yes.

Jackie Baillie: Secondly, if you released internally the £10 million, £35 million and £50 million savings, would you spend them on front-line policing?

Doug Cross: Yes. We have to address efficiency, because we do not always get the total amount that we think we require to police, so we need to put in place efficiencies to bridge the gap. In considering the debate about cashable or non-cashable efficiency targets, it is important to recognise that there is a shortfall and there are pressures from new legislation. It is imperative that savings that are generated are kept for the benefit of the police service rather than going elsewhere.

Jackie Baillie: Sure. My understanding of time-releasing savings is that you keep them and control how they are allocated, so that is not in question. It is not as if the police are losing money; it is a question of how you reallocate it. You achieved £15 million efficiency savings in 2004-05, which I consider a big deal, from backroom functions. Were those savings reallocated in their entirety to front-line policing?

Doug Cross: Well, £4 million of the saving was from Airwave. That one-off procurement saving assisted the forces' capital programmes. The saving was a combination of cash and time-releasing savings. The time-releasing savings were generated by forces and will have been used to meet the pressures in each force.

Jackie Baillie: So we do not know how they were reallocated.

Doug Cross: There is no way of tracking that. We have not had to monitor the savings in the way that we might have to monitor savings against the new efficiency targets that have been put in place.

Jackie Baillie: Excellent. Thank you.

Margo MacDonald: Are the cash-releasing efficiency savings reallocated in the entire police service in Scotland? If so, who decides the priority of allocation to forces? I ask that, because when Professor Arbutnott decided how to divide up the cash for the health service—a similar thing—it was determined that more cash would go to where people were sicker. Will more cash come to Lothian and Borders police because more work is undertaken here that the other forces do not have to bother about?

The Convener: I should really rule that question out of order.

Doug Cross: The time-releasing savings to which we refer have been gained from individual forces' achievement of efficiency savings and best-value continuous improvement. The savings are made in the individual forces; there is no overview in the reallocation of the savings. Savings that are identified in a force will be used for the benefit of that force.

Margo MacDonald: What about cash savings?

Doug Cross: Likewise, no cash savings target was in place for 2004-05.

Margo MacDonald: So the savings are not moved around.

Doug Cross: Not in the figures to which we refer, which are for 2004-05—before the targets were put in place.

Margo MacDonald: I have a wee doubt about that, but I will leave it to the committees to clear up.

The Convener: It occurs to me that one of the areas of savings was the Reliance contract, whereby police officers were meant to be freed up. Can you identify what savings have been made in that regard? If you cannot do so today, can we get that information?

Doug Cross: Yes. I would not like to give a figure today. I have a rough idea, but I could provide you with a figure from each force, which would be more accurate.

The Convener: That would be helpful. There are no further questions. I thank all three witnesses for their evidence, which I am sure we will put to good use.

I have had a request for a brief comfort break. We will reconvene at 12 o'clock.

11:56

Meeting suspended.

12:04

On resuming—

The Convener: Our final witnesses this morning are from the Scottish Prison Service. Members will know Tony Cameron, the chief executive, as he has been before us many times before. Willie Pretswell is the director of finance and business services. We have approximately one hour for questions.

Bill Butler: In the draft budget 2006-07, under the justice portfolio's second objective of "Reducing re-offending", target 5 is

"a 2% reduction in reconviction rates in all types of sentence by March 2008".

What contribution is the Scottish Prison Service expected to make to achieving that target?

Tony Cameron (Scottish Prison Service): There is no direct read-across from that Executive target to the key performance indicators that the Parliament has approved for the SPS. However, over the past few years, we have concentrated on our key mission as part of the criminal justice system, which is to keep in secure custody those committed by the courts. That is what we will continue to do. Obviously, people are unlikely to reoffend during the period in which they are committed, although if someone creates a lack of order in a prison, that would be a criminal offence. We aim to keep people in conditions that are safe and secure for other prisoners and our staff.

We have a role in two aspects of care. One bit of evidence from a number of countries is that prisoners, as a class, do not do well. They tend to suffer multiple deprivation, not least in relation to health care—the drug abuse problems are well known. Therefore, one of our main aims is to increase the health care that we give to prisoners. Secondly, we have the opportunity to try to ensure that people leave prison slightly less likely to reoffend and, if possible, slightly more employable than they were when they went in.

Bill Butler: That is rehabilitation, in other words. How do specific rehabilitation programmes in prisons seek to address offending behaviour and reduce or minimise the potential for reoffending?

Tony Cameron: I will deal with your question in terms of the most potent influences on offending, the first of which is age. As people get older, they tend to reoffend less, although there is not much that anyone can do about the progress of time. Another factor is having a home. When someone is in prison, they have a home but, when they leave, they might not. If they do not have a home,

they are more likely to reoffend. We seek to do a lot to join up seamlessly with partners in the community to ensure that people do not fall down a hole in the grid. Another factor is employability, or at least the ability to do something useful that gets you up in the morning. Education is probably the most important thing in that regard, rather than specific programmes. In recent years, we have increased our education hours by about 50 per cent because the reading ages of many of the prisoners are not high and the three Rs are not well embedded. You cannot be trained to do a job if you cannot read and write. Many of the people who are in prison did not go to school often and so have a huge learning deficit.

Although one should not stress too much the extent to which these can make a difference, there are what we might call psychology-based programmes that seek to alter behaviour in various ways. Some help people to cope with things and others change the way in which they think about crime. We have increased the amount of both of those types of programmes. We have accredited programmes, which are ones that experts from a number of countries regard as being quite useful. However, if you give the wrong sort of programme to the wrong person, you can make them worse rather than better.

The other programmes are what we call approved activities. For example, they can be on drug awareness or coping skills to try to enable people to live a more independent life. We have increased both types of programme massively. We delivered about 871 approved activities in 2001-02; in 2004-05, we delivered 2,304, which is a huge step change in what we are putting in.

Bill Butler: The committees would acknowledge and welcome that step change in the number of programmes and in the number of learning hours, which have increased by 50 per cent. Do you or Mr Pretswell believe that sufficient resources are devoted to such programmes to allow the progress that you have outlined to continue and perhaps grow, and thus, one hopes, to reduce reconviction rates by reducing reoffending?

Tony Cameron: A balance must always be struck in running a complex organisation, particularly one that runs a set of societies that are separated from general society. We have found from our long experience that overadherence to one measure tends to result in neglect of others. Everybody would like more of everything, but the important point in any rigorous budget process is to prioritise and ensure that the taxpayer gets the best aggregate deal for the total amount of money. I can say that the budget for the SPS for 2006-07, which is what we are commenting on, is satisfactory to allow for the potential prisoner population in that year and to achieve our key

performance indicator targets, which include, among others, the ones that we have been speaking about, which I would loosely call those on opportunities and care.

Bill Butler: So, while achieving a correct balance between the multiplicity of priorities with which you must deal, there are sufficient resources to allow for real consolidation and progress in the elements that we have been talking about.

Tony Cameron: Not just consolidation, but progress.

Bill Butler: By consolidation, I did not mean just standing still, but a situation in which you can grow and progress from the point that you are at.

Tony Cameron: Yes. For example, in the financial year that we are halfway through, our aim is to deliver, under the opportunity agenda for prisoners, 1.3 million hours of offender development. We have started counting the number of hours because some programmes last weeks and hours and others last only a few days. Previously, we counted each programme as one, which did not seem sensible.

Bill Butler: How much of an increase will that constitute?

Tony Cameron: I cannot tell you what the number of hours was in the past, but our target is a significant increase in activity this year compared with activity last year.

Bill Butler: Is it possible to give the committees that information—

Tony Cameron: I cannot do that sum off the top of my head.

Bill Butler: Not off the top of your head, but if you could give that information in writing, that would be helpful.

Tony Cameron: Yes. There is no difficulty with that.

With the care element of the agenda, we hope to mirror the sort of care that a prisoner could get in the community if he were not a prisoner. That is difficult to do in a secure prison setting, but we do not believe that a prisoner, just because he is a prisoner, should be denied the sort of health care and other care to which he would be entitled otherwise. The fact is that the people with whom we deal do not often avail themselves of such care when they are in the community, but in prison it is brought to them and they avail themselves of it.

Bill Butler: Are you satisfied that you are moving towards that aim?

Tony Cameron: The health service rightly has a lot more money than we have, but we try to

maintain and, if possible, improve the relative standard of our care. In so far as one can judge, at present the degree of general health care that we give is equivalent to the care that people receive in the community. However, we should bear in mind the fact that we do not have a cross-section of the community: 95 per cent of our prisoners are male; they tend to be young men; and two thirds of prisoners who come into prison test positive for illegal drugs. Those are not the average figures in the community. There are special challenges in health and general care. We hope also to address a number of special issues to do with women prisoners in Cornton Vale.

12:15

Stewart Stevenson (Banff and Buchan) (SNP): I raise a technical point with Mr Cameron. I understand that the 2 per cent reduction in reconviction rates that you mentioned relates to individuals being reconvicted. Do you have a sense—I suspect that it cannot be much more than that—of the contribution that you make to the reduction in the number of crimes as distinct from the number of people who reoffend? Both aspects make a clear contribution. Some people will never offend again because of the success of your programmes and other interventions, and others will reduce their offending. Will you give us a sense of that balance?

Tony Cameron: You are quite right on the last point: serious sex offenders rarely offend again; they have one of the lowest reoffending rates. One would not think that to listen to the media, but that is the case.

Stewart Stevenson: I think that you are talking about reconviction rates. Is that a fair comment?

Tony Cameron: Absolutely, although the same would apply to charges.

We provided a seven-page submission to assist the committees. We are aware that there is not much time before the conclusion of the budgetary process, but we were invited on 24 October to make any key points on the budget and the efficient government initiative, so we have set down the points that we feel will help the committees to respond in a useful way to the Finance Committee. I draw the committees' attention to the graph in annex C to our submission, which is relevant to Stewart Stevenson's question. The information in the graph is based on published sources. It tracks over the past 50 years the progress of crime as reported to the police per 1,000 of population and the progress of the prison population per 100,000 of population. The reason for the difference is to get it all on the same page—one could not do so otherwise.

The interpretation of the graph is difficult. It is not easy to say that more imprisonment reduces crime. If that were the case, the system did not work for 40 years. Over the past 20-odd years, we have seen a significant reduction in crime from its peak in 1990, but the increase in the prison population has continued. The number of people who are brought to justice in the courts has not increased, but sentence length for a given set of crimes has increased. We are not sure what that is doing to the reduction of reoffending. If one postulates that more imprisonment has helped, it is difficult to see why it did not help in the previous 40 years. If one does not think that it helps, we have not got much better at doing things all of a sudden.

Admittedly, we have done a great deal more in the past 10 years on the opportunity agenda, about which I spoke to Bill Butler, but I would be a brave man if I were to claim that the reduction in crime is as a result of that—as practitioners, we simply do not believe that to be the case. Something else is happening in the community to help to reduce crime, and reducing it certainly is.

I am sorry that I do not have an easy answer to that interesting question.

Margaret Mitchell: I want to probe more into the employability, education and three Rs programmes. Whom are such programmes directed at? The Justice 1 Committee is particularly interested in knowing whether such programmes are directed at short-term prisoners. Is there a possibility of having mandatory testing to identify literacy and numeracy problems early on and of directing people with such problems, even those serving short-term sentences, into the education programmes that you highlighted as receiving more money and attention?

Tony Cameron: The answer depends on whether you are talking about what we call education or what I am now taught to call skills acquisition—my colleagues tell me that I must use that phrase now. We tend to provide that for everyone, whether they are in for life or for a short term, although that does not include those who are in overnight.

A large number of people come to prison for very short terms and there is not much that we can do with them at all, apart from to patch them up medically, as they may be with us for only a few days—and many of them are not with us, quite, because they are still suffering withdrawal symptoms. Taking the definition of a short term as being under four years—four years is the legal breakpoint—we try to make education available to everyone.

When it comes to programmes to address offending behaviour, especially the expensive

programmes, we have tended to concentrate on long-term, serious offenders. We have to concentrate our resources somewhere and our judgment has been that addressing our best efforts to the long-term population is likely to give the best pay-off. That is partly because we can be pretty sure that they will complete the programme—if they want to—and will not be released before the end of it. Nevertheless, we are now trying to get arrangements whereby someone can continue a programme in the community or start a programme in the community and continue it in prison.

Margaret Mitchell: That is helpful, but it goes quite against the Justice 1 Committee's finding that, even for prisoners who serve a short term of six weeks or less, identifying problems and providing help and support may well improve their employability prospects and, hence, the prospect of their not being reconvicted and not reoffending.

Tony Cameron: The figures are not robust, but international evidence shows that, for short-term prisoners, incarceration increases the likelihood of reoffending. If someone is likely to reoffend, that tendency is increased by the mere fact of their incarceration. All the problems that they had before are still there, but some of them have been multiplied by their incarceration because the dislocations that I talked about earlier are all accentuated by that. I am not arguing that sentencers should not have that option but, as a society, we should not kid ourselves that short-term incarceration is likely, of itself, to reduce reoffending rates. All things being equal, it will have a tendency to increase reoffending rates.

Margaret Mitchell: That is certainly not what I was saying. I was saying that, when someone is incarcerated, you should use the opportunity to identify the problems and to try to work towards—

Tony Cameron: True. We can try to ameliorate the situation, but not only is what we are doing not improving the situation; it has already got worse. We must try to reduce the deficit.

Margaret Mitchell: One other thing that I want to ask about is absence cover. Do you have sufficient resources for the provision of absence cover when warders are off and the programmes are potentially affected? More than once, we have visited a prison and found that the skills programme—the work programme—was not going on because someone was off sick.

Tony Cameron: The answer is—as for all front-line services—not 100 per cent. However, the position has been dramatically improved in the past year and a half since we negotiated a useful contract for the transportation of prisoners for the police and ourselves. The genesis of that development was a discussion between me and

the then Minister for Justice, Jim Wallace, about having to take people off supervision—it is not just a matter of their being sick—and close down education so that they could take prisoners to court or wherever. That happens very little now, as there is a dedicated service. If a prison governor were with me, he would say what a dramatic improvement that contract has made to the smooth running of prisons, because they can count on staff being there and not being pulled off supervision at short notice. That has been the biggest single benefit within the prison service that I have seen for quite a number of years in that regard.

Generally, our resources are sufficient for the number of prisoners, which is projected to rise still further. We expect the number of prisoners to be higher in 2006-07 than it was last year.

The Convener: We need to move on. Let us turn to the new prisons and the implications of the current situation at Low Moss. My first question is whether the capital for that prison has been ring fenced. In other words, will the delay in the process affect the building of the second prison in the west of Scotland?

Tony Cameron: We are in the development phase for two new prisons. In the second of the two new prisons, we are at the planning stage of the process. Both of the prisons are being procured under classical procurement systems, which the SPS has well developed—we are among the leaders in such systems. The capital and current expenditure are not separately identified. We are buying a prison service for, let us say, 25 years—for a quarter of a century. We are not ring fencing capital expenditure or current expenditure. Despite the unfortunate delay in the planning process, the financial question should not be a problem for us; the problem that we are facing is a planning problem.

The Convener: So, if the planning issue is resolved, the SPS would be in a position to move ahead with the building.

Tony Cameron: Yes, we can go ahead. If the council decision had gone the way that council officials had recommended it to go, we would have done so by now. We have appealed under planning law and that appeal is now in process.

The Convener: My real interest in the matter is that I want to see the second prison having the real chance of being a public sector bid. I am not sure whether that is your view. I will start my next set of questions by asking whether there is a real prospect of a public sector bid for Low Moss prison.

Tony Cameron: The answer is yes. We have set up a dedicated team that operates out of an office in Livingston, away from the SPS. The SPS

has given the team its own budget. It has the complete discretion to act as if it were a bidder—indeed, that is how it must act. The team is quite separate from other parts of the SPS and must operate in that environment.

The team has acquired a potential partner in the venture. Nobody is suggesting that the public sector would build the prison; a builder would be needed for that. We have given the team every assistance: I have said that it can have whatever assistance it needs in terms of money and we have put some of our best people into it. The team also has good consultants that we are happy to pay for. No suggestion can be made that we are in any way making it more difficult, or especially difficult, for our team to bid.

We must also not favour the team unnaturally so that it gets into a privileged position. The taxpayer must get the best deal and European rules are clear about equal treatment. We are proceeding with the second prison, Low Moss, on the assumption that we will get planning permission on appeal, as we hope we will do. We also hope that we will be able to move on to a similar procurement exercise to the one in which we are currently involved, but with the addition of what could be called an in-house bid.

The Convener: So, there will be competition.

Tony Cameron: Yes. There will be competition anyway because there is, of course, no lack of competition in the market; several providers are out there.

The Convener: Is that the only way of doing it? Is there no way that you could have just put together a team and measured value for money?

Tony Cameron: No.

The Convener: There was no option to do that.

Tony Cameron: It does not result in an optimal result for the taxpayer. The way in which taxpayers know that they have the best deal is to give the—

The Convener: But that is the question. What is the best deal for the taxpayer? Is the question simply one of the bottom line or do other factors have to be taken into account? The public might take the view that, although they want value for money, they prefer the prison to be run in the public sector. The public might think that the value-for-money question is a more rounded one.

Tony Cameron: The value-for-money question is a straight Treasury definition. That is not a difficulty. The convener is alluding to something and I understand the reason for doing so. Some people do not want to buy just a prison service; they want to buy something else as well—they want to buy the public sector running it. That is a

separate issue and there may be an associated cost.

In a transparent competition, we set out in detail for everybody who might be interested what we want to buy. In other words, we provide the output specification that we want. Then we judge the various competitors. How a successful bidder manages the inputs is entirely a matter for them. If at that stage the public decide that they want to buy something else that is not best value for money in buying prison services, they are perfectly entitled to do so, but they are not then buying a prison service; in effect, they are giving a subsidy to the public sector, because it would not have won the bid in competition, and the taxpayer must pay more for that. I could not justify that in terms of buying prison services on behalf of the taxpayer, because I would not just be buying any prison service; I would be buying it more expensively. Those who want to justify that expense can do so, but I am not allowed to do that.

As with the first competition, which is live just now, we are buying a service, which means that we specify exactly what we want before we know who the contractor will be. Everybody is then starting from a transparent position. In many areas, that has been found to be the best way to find out what the market price is.

12:30

The Convener: So it is the lowest price. You are saying that the rule is that whoever submits the lowest price wins the bid.

Tony Cameron: Price is not the only factor; there is also performance. This contract lasts for a quarter of a century. That is why we are taking such care over it, as we did with the Kilmarnock one. We want to get the contract right, so an immense amount of work has been done by my colleague Willie Pretswell and his team to ensure that the taxpayer gets the best value. That is not just about price, which is about economy; effectiveness is also important. We want to ensure that the partner with whom we go into partnership for a quarter of a century will do the right things. That is very important.

The Convener: At the end of the day, who would select the bid?

Tony Cameron: We have already selected the preferred bidder for the first contract; it is United Kingdom Detention Services. We announced that recently, but I cannot remember how recently. *[Interruption.]* I am informed that it was announced on 26 August. UKDS runs a number of prisons and it is the preferred bidder. We are currently in—

The Convener: That is for Addiewell. For—

Tony Cameron: That is for Addiewell. We do

not know yet for Low Moss. We have not got to the position of knowing what the field is. We will go through a similar process, separating out first the specification procurement terms. We will then get expressions of interest, but I will not go into the detail of the talks.

The Convener: But a panel of SPS officials will consider the bids that come in.

Tony Cameron: There will also be consultants, because it is a highly complex financial deal. The difference in the second case—we have yet to engage with the industry on this—is that an in-house bid cannot just go to the Royal Bank of Scotland, for example, and get a bunch of cash; it is funded by the SPS. That raises financing issues that, in the case of an alternative bidder, would be for the banks. There is Treasury guidance on how to do all that, but it has not been done before for prisons.

The Convener: I hear what you are saying, but I will finish on this point. In the past, you have stated your view about the balance between the public and the private sector, which you think should be about 70:30.

Tony Cameron: I do not have a view on what the balance should be. I just observed that we are not competitive at the moment and that that is moving in the direction of our losing our monopoly.

The Convener: You have said that. Am I wrong? You have previously indicated the view that the balance should be roughly 70:30. So that is not your view.

Tony Cameron: No, I do not think so. If two new prisons plus Kilmarnock were to be successful, then the answer to that question might be 70:30. However, I am expressing no personal view as a public servant.

The Convener: So you would be committed to a public sector bid, or are you taking no view on that?

Tony Cameron: I have put an almost unlimited budget at the disposal of some of my best people so that they can give it our best shot. We cannot do more than that. We have put our budget up to £2 million just for the consultants and other work that is needed. That has had to be found from SPS savings. We are prepared to do that, so that nobody can say that we have not given it our best shot. However, I do not have a view about the balance between private and public. The Executive's policy is that that does not matter.

The Convener: It would reassure me if the chief executive of the SPS would at least commit himself to saying that the second prison should be run by the public sector, if there is value for money. I do not see why you could not say that.

Tony Cameron: Because I have to think what signal just a simple statement like that would send out to competitors. They would read that as favouring a particular competitor and that is a very dangerous business. It would not be in the taxpayer's interest for us to do that, as that tends to result in a bad deal. I have to be careful about treating all of the bidders equally, including ourselves.

The Convener: I will leave the issue there, but I point out that the public sector did not get a chance to bid for the Addiewell prison. There seems to be a bit of a contradiction. You are saying that, if there is to be a bidding situation, there have to be even terms, but we did not have even terms for the first bidding situation. There was no prospect of a public sector bid for that prison.

Tony Cameron: We were simply not geared up. Given the timescale that we were working to, there was no possibility of our mounting a credible bid, nor do we have the resources to mount two bids. We are simply not big enough for that. Other competitors are. They are huge, independent companies—some of them are multinationals—and they can afford to put together a bid.

The question is a live one in relation to the Low Moss bid but, at the moment, we are in the appeal stage of the planning process, which is interesting.

Stewart Stevenson: I want to ask a couple of financial questions that relate to the generality of the situation rather than the specifics of Addiewell.

The theme that is coming through is to do with the writing of a 25-year contract. In France, they separate the physical buildings from the delivery of the services in the buildings. Have you thought about whether that idea has value? Secondly, they use contracts that are typically between seven and 10 years.

In relation to staffing, rather than the buildings, what financial value do you place on the flexibility that is gained by the public sector running a prison in terms of the ability to respond to the significant degree of unpredictability in the prison population? That can rise or fall, depending on changing policy, in a way that none of us can predict with certainty. Is there a cash value on the flexibility associated with public sector staffing, as compared with the lock-in on a 25-year contract with an outside contractor?

Tony Cameron: There are several questions there, none of which relates to the budget for 2006-07, which is what we are discussing. The questions that you ask deal with circumstances outwith that period. I must point out that the debate about the two new prisons relates to matters that are outwith the period that we are concerned with.

Stewart Stevenson: I accept that; it is self-evidently true. Nonetheless, the issue affects the revenue stream. For example, the contract for Kilmarnock prison was signed sometime in or around 1998. Therefore, it is a matter of relevance.

Tony Cameron: I am aware of the French model and of models that are used in other countries. At the time of the estates review, we got consultants to consider what has been called the hybrid option. The indicative costs that were produced by that analysis suggested that, over the 25-year period, it would not be much cheaper than full-blown public sector procurement would be and that, because of the novelty in the market that has been established in the United Kingdom, there would not be a time advantage—the time from commencement to opening would be about the same as it would be with direct procurement. The route that we have taken gives a significant saving in relation to both those items.

We are discussing the difference between two approaches to two prisons but it would be an unbalanced debate if I did not mention that we are in the process of spending the better part of £100 million of capital on each one of four key sites—Edinburgh, Polmont, Glenochil and Perth—in order to produce modern facilities in the public sector. Therefore, it is not just a question of the private or the public sector; it is a mix. The investment going into the public sector at the moment is vastly greater than that which is going into the private sector. We are spending capital of £1.5 million a week on our own estate, concentrating on those four sites. That will provide huge efficiency gains for the public sector, which is a great thing because it is investment in the facilities that our own people work in. I am delighted by that.

That brings me to a question. If you postulated a world in which the total prison population was managed by a series of contractors of the sort that we have in Kilmarnock and will have in Addiewell, the question of what we do with fluctuations in demand would become a different question from that which we face at the moment. At the moment, the fluctuations in demand are mostly upwards. We deal with that by something that is called overcrowding. In the contractual world, it is not so easy to overcrowd, although contracts could be constructed quite easily that would allow that. Indeed, one probably would do something like that; however, we are nowhere near taking that step—we are talking about a very small proportion.

One of the charts attached to the paper that we have given you shows the projections for the prison population. We are about to do another projection next month, which may show a different

line. However, as a former worker in an economic statistics unit, I would not expect the direction of the line to be much different from a year ago, when it was going upwards. We are dealing with a slowly rising demand for prison places and, by a mix of our own building, a fast-track open prison building at Cornton Vale and more substantial, secure building in the four prisons that I have mentioned, we are trying not only to keep pace with that demand, but to improve the conditions under which prisoners live and my staff work.

It is neither one nor the other. I do not think that we are anywhere near a world in which one would have to think of contracts that gave variable numbers; however, I know of some that exist and are in operation.

Stewart Stevenson: I hope that, in the interests of time, you can answer this question briefly. The private contractors will create a single-purpose company that contains the risks associated with the contract within the boundaries of that company. That will have an effect on the interest rates for borrowing that they can get from banks. Typically, such a rate would be 8 to 10 per cent for core finance and 12 to 15 per cent for mezzanine finance. What financial rates of interest is the public sector bid likely to have relative to those of the private sector, given the fact that the risk associated with “lending” to the Prison Service is substantially less than the risk associated with lending to a single-purpose company?

Tony Cameron: Before we get to the bidding situation for Low Moss—which I think is what you are referring to—we will need to make clear to all parties who might be interested in such a competition what the rules of engagement are, one of which is financing costs. There are various ways of doing that. We have asked our financial consultants to give some thought to the matter, as has the Treasury. There is no single answer. We need to make it clear that there is no particular favour given to one route or the other; if there was, that would effectively determine the outcome.

Stewart Stevenson: It is not about favours; it is simply that there is a different package of risk and a difference in where the risk is carried between the two models. However, perhaps that is for another occasion.

The Convener: We will stop the discussion there.

Tony Cameron: I agree with you entirely about that.

Stewart Stevenson: That is sufficient.

The Convener: Perhaps those questions can be taken up further in another—

Tony Cameron: They are all beyond the period that we are dealing with, but they are important questions.

Stewart Stevenson: I accept that.

The Convener: It is just that we get so few opportunities to ask questions that we sometimes flex the boundaries a wee bit.

12:45

Mrs Mulligan: Given my local interest in the matter, I want to ask three brief questions about Addiewell prison.

Mr Cameron, in your submission, you say that a preferred bidder has been identified and that negotiations are on-going. What is the timescale for those negotiations? When they are completed, what will be the expected timescale for building the new prison?

Secondly, what issues have to be finalised in the negotiations? I appreciate that your comments on this matter might be limited, but can you provide an outline of the issues that need to be discussed before the contract can be awarded?

Finally, what will happen if you cannot negotiate a contract with the preferred bidder? Where will we go from there?

Tony Cameron: On your last question, we think that what you have suggested is unlikely to happen. However, we have thought about it. If nothing works and the negotiations with our preferred bidder fail completely, we can go to another bidder. Pursuing such an option carries certain risks but, as you would expect, we have not left ourselves without any alternatives.

Over the past few years, we have been able to reduce our cost per prisoner place and significantly improve our performance by being very careful in detailed negotiations about how much information other parties—in this case, the preferred bidder—get from us. After all, we have to engage in a certain amount of very difficult negotiation on financial and other issues. At the moment, the preferred bidder is seeking detailed planning permission. People think that planning permission comes in one chunk—I must confess that, years ago, I thought the same—but we have secured outline planning permission from the council. If one cannot get outline planning permission for a site, no deals can be made and one is wasting one's time. The preferred bidder is, as we speak, engaged in the process of getting the design past the planning committee. I cannot give you a precise timetable, because it all depends on the bidder securing detailed planning permission.

At the same time, negotiations are under way that we hope will lead to the successful signing of a contract with the preferred bidder. We have not yet reached that point. Although we have named the bidder that we want to deal with, the deal is done only when the signature is on the paper. We are well used to this process, because we carry out a lot of contracting; this contract might well be big, but we have successfully carried out a similar project before. In the process of negotiation, we want to ensure that the preferred bidder understands what has to be provided and where the risks lie. As Stewart Stevenson pointed out, it is also up to the bidder to ensure that the appropriate financial backing is in place. As we must be satisfied that those arrangements are all correct and that we will not be left without backing, we have set out various complicated financial constructs that relate to banks or financiers to protect the taxpayer from various kinds of default. All those technical matters are being dealt with in parallel with the detailed planning application.

Willie Pretswell, who is in charge of our side of things, may want to add something.

Willie Pretswell (Scottish Prison Service): I think that you have covered most of the points. We awarded preferred bidder status to United Kingdom Detention Services in late August. The contracts for such projects are typically very complex. Although the consortiums are led by UKDS, a number of partner organisations—the builders, the funders and so on—are involved and we are having almost daily negotiations with them on all aspects of the contract. Given the magnitude of the investment, such an approach is very important.

We are making good progress, although it is difficult to give an end date. However, the detailed planning application that West Lothian Council will consider shortly will be an element in determining the timetable. I am not quite sure when West Lothian will consider the application; early December will be the earliest opportunity. Therefore, the contract signature will come some time after that, assuming that we can conclude a satisfactory agreement with UKDS. We are trying to do the work as quickly as possible, but not to the extent of setting a false deadline that would cause us problems in securing a good deal for the taxpayer.

Mrs Mulligan: In your plans for the future to address the problem of overcrowding, which you identified earlier, do you have an idea of when you want the prison at Addiewell to come on stream?

Tony Cameron: Yes. However, revealing that information immediately hands something to the other side of the negotiation. If someone says, "We have to have it by X," the price goes up. We have some ideas, but I do not want to get hung up

on that hook: we have to live with this for 25 years, and we want a proper deal. That is why we are being coy, to be blunt. I do not want UKDS to say, "Oh, well, if you have to have it." If we identify and pass a certain date, the pressure is on us; I want the pressure to be on the other side.

Willie Pretswell: There are two sides to the matter. Of course, we could do with having the places as soon as possible; that is part of the negotiation with the company. However, with such a contract, we also seek certainty on delivery for planning purposes, for example, and there will be financial consequences if the company cannot give us that certainty. From its perspective, there is a balance to be struck between early delivery and certainty. That is an important feature of any major construction contract, as members will know from experience in Scotland and elsewhere. It is particularly important for us in planning the modernisation of the prison estate.

We have a massive investment programme under way: in the past few weeks, we have invested in £128 million-worth of new contracts. We are having to co-ordinate the commencement and completion of all those contracts, which invariably involves moving prisoners around the estate. Therefore, having certainty is just as important for us as having early delivery. Slippage makes a difference, and that is important from the contractor's point of view.

We are seeking to have the contract delivered as soon as possible, but the date will be decided by the final contract.

The Convener: We need to move on to a different topic.

Jackie Baillie: I turn the witnesses' attention to the Robert Napier case and possible future compensation claims. I would like to be absolutely clear about the figures. The budgetary provision that was made in 2003-04 was £26 million, which rose in the following year to £44 million. The contingent liability was £136 million, but that has dropped substantially to £24 million.

What factors were taken into account in arriving at the revised figures for the budget provision and the contingent liability?

Tony Cameron: The court delivered its judgment in the case involving Mr Napier around 20 April. That was after the end of the financial year, but before our accounts had been finalised. There was a great deal of uncertainty at that point, and for some time after, about who might be in a similar situation to Mr Napier. All we had was the single case of a remand prisoner who had to share a Victorian cell that was built for one person and in which he had to slop out. He also had eczema, which the judge regarded as having been

exacerbated by his stay in prison. He was awarded £2,000 for the infringement of his rights.

It is a matter of refining information about who thinks that they were in a similar situation and of determining whether a court would be likely to award similar sums. We have been going through an intuitive process. We have about a thousand live cases of persons—some who are still in prison and some who have been released—who have said that they experienced similar conditions. Some of them may be right; some of them may be wrong; and some people who might not have stuck up their hand yet may still do so.

The basic consideration is how many people were slopping out and doubling up and were ill, had something wrong with them or had some damage done to them. We have been refining that information. We started out with a potential contingent liability of lots, because one just does not know. We can refine our assessment, judging that some people are more likely than others to have to be considered, so we increased the sum from £26 million, a figure of which we were more sure, to about £44 million. Of course, doing that means that the contingent liability comes down because we were not so bothered about other cases that we think we can fight.

Since then, we have offered to use an alternative dispute resolution procedure and a classic approach. We hope that that will help. The legal costs are very high: there are both transaction costs and court costs. We are anxious for people who have a legitimate claim, which is judged to be so by a set of independent medics and others, to be paid a reasonable sum based on that judgment. We have also agreed in court over the past few days with certain people's agents that there are about eight cases that seem to represent test cases of certain combinations of circumstances. Rather than deal with 900 cases, those test cases should be taken through the system.

I have a further point about alternative dispute resolution. The Scottish Parliament and Audit Scotland wrote to me, praising the system. We were very pleased about that. However, going down that route will depend on the availability of legal aid. If Willie Pretswell and I had some dispute and were thinking about going to court, we would normally each have to pay our costs; either we would win and our costs would be paid, or we would lose and we would pay our own costs. In this case, prisoners, being indigent, are funded by the Scottish Legal Aid Board, whose view is crucial in determining whether the lawyers who represent the prisoners are likely to give their claim support. We are still uncertain about that.

Jackie Baillie: I have two brief follow-up questions, and I would be grateful for brief

answers—as would the convener, I suspect. You mentioned eight test cases. Are those outwith the scope of the envelope of cases that you have already assessed? Could they open the way to new claims? Is what we have been presented with the absolute worst-case scenario?

Tony Cameron: It is not a worst-case scenario; it is our best judgment based on what we think auditors will agree has been our prudent view. The sum does not indicate the full value. As we stated in our written submission, the extent of the claims that we think are likely to arise with respect to our 2005-06 accounts—the year that we are in—has still to be determined. There are still some values to be ascertained, so this is not the end of the story. As far as we can see now, the totality lies in a combination of the contingent liability and the provision that we think we need.

Jackie Baillie: Could you confirm how many people have been through the alternative dispute mechanism so far?

Willie Pretswell: We have not settled any cases in that way. Some cases have been considered, but none has been determined using that process yet.

The Convener: As that issue concerns the budget, we would like to be kept up to date when there is something more significant to report.

Tony Cameron: We hope that the ADR option will be taken up. From the budgetary and transactional costs points of view, there would be big public benefits to that approach. However, that depends on people with different views on the matter.

The Convener: We acknowledge that.

Miss Goldie: The technical notes identify cash baseline reductions for the Scottish Prison Service of £7 million for next year and of £10 million for the year after. Those will involve staffing and structural changes, together with investment in the creation of a fit-for-purpose prison estate. I just need a simple yes or no to this question. Do those figures follow from discussions between the SPS and the Scottish Executive?

Tony Cameron: The figures do not, but the technical note that members have in front of them does. We wrote that, largely.

13:00

Miss Goldie: Were the figures the subject of agreement with the SPS and did you contribute to the quantification of them?

Tony Cameron: No. The figures were given to us by the Scottish Executive Finance and Central Services Department. However, as we said in our submission to the committees, we are comfortable

with the figures and we think that we can deliver them in co-operation with our trade union partners under our partnership agreement. Our partners know about the figures.

Miss Goldie: In agreeing to the sums that have been identified, were the assumptions that you made regarding the size of the prison population those that are in your submission, which are 6,900 for 2005-06 and 7,000 for 2006-07?

Tony Cameron: Yes, although the figures are subject to any revisions that we make when the statisticians complete their work next month. We are due a new revision.

Miss Goldie: But you do not expect material variation in the figures.

Tony Cameron: No. The figures will be in the same ballpark, I think.

Miss Goldie: In relation to the staffing and structural changes, has agreement been reached with your trade union partners?

Tony Cameron: Agreement has been reached on the need for savings and for a structural and organisational review, on which our partners are represented and which is on-going. In the past few years, we have successfully ensured that all our contracts are delivered on time and to budget—which has not happened by accident—and we have reduced our real-terms cost per prisoner place while improving our output by between 5 and 6 per cent in the past six years. We have a good track record of delivery. The combination of 5 per cent annual efficiency savings and the structural and organisational review will enable us to meet the targets and key performance indicators. Our baseline is postulated on the basis that we will achieve the savings.

Miss Goldie: So you are comfortable that the objectives will be attained.

Tony Cameron: Yes, I am.

Miss Goldie: Will the general baseline reductions confront you with pressures in relation to the services that you provide at present?

Tony Cameron: What do you mean by baseline?

Miss Goldie: I am talking about the cuts that you are facing, which are £7 million for next year and £10 million for the year after that. Will that confront the SPS with pressure in relation to the delivery of any services?

Tony Cameron: It will indeed—and so it should. In any robust process for the disbursement of public money among needy recipients, all of whose claims are important, there is a necessary squeeze.

Miss Goldie: For the benefit of the committees, can we keep this simple? Do you anticipate the pressure being so acute that you will have to terminate services?

Tony Cameron: We will not have to terminate services that we would not otherwise have terminated. I always consider what we can do better, cheaper or more slickly, but I have no sense at all that we will stop doing what is desirable.

Miss Goldie: I return to two issues to which you referred—the education support that is necessary to improve employability, and drugs rehabilitation. Do you anticipate having to cut or restrict such services?

Tony Cameron: No. When I last appeared before the Justice 2 Committee, I stated that we had identified about £2 million of new money from within our efficiencies in order to play our full part in relation to the Management of Offenders etc (Scotland) Bill.

Miss Goldie: I have a brief final question on Low Moss. You said at the beginning that, because of the procurement structure in the financial model, there is no ring fencing of capital, which we understand. However, is it not the case that, for as long as the project is delayed and the SPS cannot go out to tender and commit to a specific financier and contractor, there is a risk that costs will continue to rise, in that when you finally get to the point of procuring the service, it will be dearer than it would have been earlier?

Tony Cameron: That is possible if the figure rose faster than general inflation. We have to cope with general inflation. The SPS has had a flatline budget in real terms for some years, which is why we are trying to make efficiencies to provide an improved service with fewer taxpayer resources. I do not envisage the sort of delay to which you refer being a significant feature in relation to a 25-year contract, with some big numbers involved.

Miss Goldie: I assume that the worst scenario for you is that your appeal against the refusal of planning permission fails. What would you do if that happened?

Tony Cameron: We are not contemplating that scenario, but it is at least a theoretical possibility. We will have to think hard about what alternatives are open to us should that unfortunate eventuality occur. A significant point is that we already have a prison on site, although it is not very satisfactory. It is not as though there would be no prison.

The Convener: The final subject is the Reliance contract. Jackie Baillie has a few questions.

Jackie Baillie: You mentioned your very successful prisoner escort contract—I hope that I have captured your words correctly. I have

witnessed the service in Dunbartonshire and at Cornton Vale and have been duly impressed. Is the performance of Reliance in line with the terms of its contract?

Tony Cameron: Broadly, yes. The performance of Reliance is what we expected. The day-to-day performance does not always meet the ideal contractual commitment, but in broad terms the service is being provided pretty well. Most chief constables, whom I meet frequently, extol the virtues of the service and say how wonderful it is. Despite the difficulties that we had at the beginning, the service is doing what everybody hoped that it would do. It has released police on to the front line, we have made a saving and, as I said, there are benefits to the prison operation.

Jackie Baillie: We can certainly all see an improvement. I will pursue the issue of benefits from a saving. Can you tell me what the average monthly payment to Reliance has been for escort duties since February 2005? If you are not able to do so now, you can give the information to the committees in writing.

Tony Cameron: The information is on our website, but I do not have it to hand. I think that the figure is about £1.5 million.

Willie Pretswell: The figures that are published monthly on our website currently go up to July. From April to July, the average monthly payment was about £1.7 million.

Jackie Baillie: That is higher than the £1.5 million per month that was projected. That is my understanding of the position.

Willie Pretswell: The only figure that was projected was a simple statement of the contract value at the point when the contract was awarded. That figure was based on the annual value of the contract. Any contract that runs for a period beyond one year has a form of indexation built into it. That is part of the contract and it is an automatic process. There is a formula in the Reliance contract for that, so we would expect the figure to be inflated.

In addition, as we would expect with something that is variable in volume such as prisoner escorts, there is a mechanism in the contract to determine the price for the level of business. The figures on the website show that over time the volume has increased. Typically, prisoner movements have been up to about 13,000 a month, which is probably higher than was originally anticipated.

Those are the two elements, but all the contractual payments have been as provided for in the contract.

Jackie Baillie: I am interested in the overall envelope that you describe, which I understood to be £126 million, excluding VAT, over seven years. Is that right? Am I working with the right figures?

Willie Pretswell: The figure is based on today's money at the date that it was announced, as against indexation, and it depends on volume assumptions. But yes, that is roughly right.

Jackie Baillie: That is helpful. The concern is that through the use of the contract the figure may exceed that sum. If that is the case, what would that do to the £20 million of cash savings that you noted as a consequence of the award of the contract?

Tony Cameron: Nothing necessarily. As the volume of movements increased, we and the police would have had increased costs, from which we are now insulated, so we would have to redo the calculation. The calculation was done at a point in time but, without the contract, to deal with 13,000 movements we would now be taking more officers off shift and the police would be taking more people offline to transport prisoners than they would have done the previous year. The volume increase would have impacted on the eight police forces and on us, but it now impacts on Reliance.

Jackie Baillie: You have a contract that you may exceed the cost of—for the very legitimate reasons that you have described—and you have a cash saving that was estimated as being £20 million. Is it not the case that that saving will not be realised? We are not talking about potential savings in the future, but a cash saving that you identified.

Willie Pretswell: The contract is for seven years and the time for judging will be at the end of those seven years. As you would expect, there is a possibility that there will be reduced payments to Reliance if the contract volumes fall.

Jackie Baillie: Okay. So you are basically saying that we should wait and see.

Willie Pretswell: I think so. We will pay for the volume of escorts that is required by the criminal justice system over the life of the contract, which the contract provides for. The savings estimate is based on a particular level for modelling purposes but, as Tony Cameron said, there will be higher police and SPS costs if the volume of escorts increases.

Jackie Baillie: I know, but that was not my question.

Willie Pretswell: That would have been built into the contract.

Jackie Baillie: So the bottom line is that the trend is increasing, but we cannot project what that might mean and therefore we cannot be sure whether £20 million will be saved.

Willie Pretswell: The figure could be more or less than that.

The Convener: Surely that must be met. I know that you cannot talk about the police service's accounting, but the difficulties that were involved in the early part of the contract in having police officers alongside must have cost more money. I do not know what showed up on the SPS side, but how can there be more savings if the early part of the contract cost more?

Willie Pretswell: As I said, there is provision in the contract for the figure to be adjusted downwards if the number of escorts goes down. Other criminal justice system initiatives are on their way or have been proposed, such as tagging and home detention curfews, which may have an effect on the number of movements that Reliance is asked to conduct over the seven-year contract.

The Convener: But the savings in question are ones that would have been made anyway. If things had gone as smoothly as you wanted them to go and the problems in the early stages did not occur, that would not have cost you as much money. Police officers would have been pulled from court earlier than they have been, for example. If everything had gone smoothly and the new tagging provisions kicked in, the savings would be on top of the other savings. Therefore, there must be a loss somewhere.

Willie Pretswell: Not necessarily. The volume of movements could go down for other reasons.

The Convener: But they would anyway.

Tony Cameron: If a television and conference vision system such as that in Barlinnie were installed in every prison and court so that it would be extremely rare, as it is in Belfast and in other countries—

The Convener: That was going to happen anyway.

Tony Cameron: Not every court and prison has such a system at the moment.

The Convener: Provisions were passed in 2004.

Tony Cameron: Not every prison has such a system. If there was much more widespread use of vision systems in courts—which there may be in due course—and prisoners were not moved from prisons, volumes would decrease in absolute terms. As a result, the payment to Reliance would go down and there would be a real saving. One could attribute that saving to the introduction of televisions if one wanted to do so. I agree that one cannot take the saving twice, but the fact is that there would be a real saving.

Jackie Baillie: I do not want to prolong the discussion and I suspect that you might need to write to the committees to convince me about what you are saying. You described the trend in the

number of movements so far as being upwards, which accounts for why you are spending more per month and over the course of the year. You are talking about time-releasing savings, which are accounted for separately. When the contract was awarded, there was to be a £20 million cash saving. From your responses, I am not convinced that what you are describing will happen to that cash saving if there are more movements under the contract. You have already accounted for time-releasing savings, but I am interested in the cash saving.

Tony Cameron: All that we are saying is that the cash saving might be £20 million, less than £20 million or more than £20 million over the seven-year contract. We do not know what the volume of escorts over the contract's life will be. The payment may be more. However, if a calculation is made at the end of the contract, what the costs would have been for the police and us to undertake that volume of work would have to be worked out and the difference might be more or less than £20 million.

The Convener: I hear the way in which you are presenting this and the committees may accept your evidence that you might achieve the savings, but I believe that some of the time-releasing savings, which Jackie Baillie talked about, would have happened anyway.

Tony Cameron: We are describing the formal way of assessing whether we have made cash-releasing savings. It is possible to alter the basis of the assumptions on which the £20 million estimate was made. One would not necessarily get a sum that was greater than £20 million, however.

The Convener: So you say. That ends our questioning. I thank Tony Cameron for the useful hour or so that he and Willie Pretswell have spent with us. It has been very valuable and we have covered some interesting topics. Both committees would like to be kept updated on some of the issues, as and when there is something significant to report.

Tony Cameron: Both committees?

The Convener: Anything that is sent to the clerks will be circulated to both committees.

13:16

Meeting continued in private until 13:17.

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