

# **JUSTICE COMMITTEE**

Tuesday 27 November 2007

Session 3

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## JUSTICE COMMITTEE 11<sup>th</sup> Meeting 2007, Session 3

### CONVENER

\*Bill Aitken (Glasgow) (Con)

### DEPUTY CONVENER

\*Bill Butler (Glasgow Anniesland) (Lab)

### COMMITTEE MEMBERS

\*Cathie Craigie (Cumbernauld and Kilsyth) (Lab)  
\*Nigel Don (North East Scotland) (SNP)  
\*Paul Martin (Glasgow Springburn) (Lab)  
\*Stuart McMillan (West of Scotland) (SNP)  
\*Margaret Smith (Edinburgh West) (LD)  
\*John Wilson (Central Scotland) (SNP)

### COMMITTEE SUBSTITUTES

Aileen Campbell (South of Scotland) (SNP)  
Marlyn Glen (North East Scotland) (Lab)  
John Lamont (Roxburgh and Berwickshire) (Con)  
Mike Pringle (Edinburgh South) (LD)

\*attended

### THE FOLLOWING ALSO ATTENDED:

Pauline McNeill (Glasgow Kelvin) (Lab)

### THE FOLLOWING GAVE EVIDENCE:

Mike Ewart (Scottish Prison Service)  
Joe Grant (Scottish Police Federation)  
Professor Arthur Midwinter  
Willie Pretswell (Scottish Prison Service)

### CLERK TO THE COMMITTEE

Douglas Wands

### SENIOR ASSISTANT CLERK

Anne Peat

### ASSISTANT CLERK

Euan Donald

### LOCATION

Committee Room 6



## Scottish Parliament

### Justice Committee

*Tuesday 27 November 2007*

[THE CONVENER *opened the meeting at 10:15*]

### Subordinate Legislation

#### District Courts and Justices of the Peace (Scotland) Order 2007 (SSI 2007/480)

**The Convener (Bill Aitken):** Good morning, ladies and gentlemen, and welcome to the meeting. As usual, I remind everyone to switch off their mobile phones. I welcome Pauline McNeill, who is joining us to spectate and possibly to contribute to some of this morning's business.

Agenda item 1 is consideration of a piece of subordinate legislation. Members have a copy of the order, with a cover note, from which it can be noted that the Subordinate Legislation Committee has drawn the order to our attention on the ground that an explanation of an issue was sought from and provided by the Scottish Government with which the Subordinate Legislation Committee was satisfied. I see that members have no comments so, although I have reservations about the order—which were dealt with in the Parliament—can I assume that we are content with the order?

**Members indicated agreement.**

## Budget Process 2008-09

10:16

**The Convener:** Item 2 is continued scrutiny of the budget. I welcome the first panel of witnesses for today. Joe Grant, the general secretary of the Scottish Police Federation, is here for the second time in about three weeks—he is very welcome. With him is Professor Arthur Midwinter, who is perhaps here as a gamekeeper turned poacher, or the other way round, and who is a financial consultant to the Scottish Police Federation. I thank Mr Grant for the Scottish Police Federation's written submission. We will move straight to questions.

**Margaret Smith (Edinburgh West) (LD):** The Government has indicated that, by 2011, a total of 1,000 additional police officers will be available in our communities and that that will be achieved through recruitment, retention and redeployment. Given the figures in the spending review and the comment in the SPF submission—which David Strang also made last week—that retaining existing officers does not add to police numbers but simply reduces recruitment, and given that, when Mr Grant was last before us, he said that a great deal of civilianisation has already taken place, what scope is there for increasing police capacity through each of those three methods?

**Joe Grant (Scottish Police Federation):** If your search is to identify exact numbers, I will have great difficulty with that. However, I will put the question in the context of our understanding. Before and after the elections, the Scottish Police Federation thought that the 1,000-police-officer promise was for 1,000 new extra officers. In other words, we believed that one new recruit would be employed for every police officer who retired and 1,000 new and additional officers would also be employed. That has since changed and it has now been indicated that the additional officers will come through recruitment, retention and redeployment, with 500 coming through recruitment. That is probably the simplest part for us to understand and deliver, where sufficient financing exists. The Association of Chief Police Officers in Scotland has identified a figure of £30,000 per recruit.

However, the pinch comes with the retention and redeployment methods. According to ACPOS figures and our estimates, it costs about £45,000 to retain an officer, so when we compare that to the £30,000 that is required for a new recruit, the pinch starts to become evident. That view is supported by Ian Latimer, the former president of ACPOS, who stated only last week that, because of those costs, his preference is recruitment rather than retention. Chief officers, and indeed the

committee, will have to decide at what cost they wish to retain officers' additional skills, experience and knowledge. We estimate that it costs £15,000 per head. That is a difficult issue.

The situation with redeployment is unclear. I know that a capacity project is being undertaken by Government, and that those involved will meet early in December. However, until we hear, and indeed suggest, what elements might be used to free up officer time and make time-releasing savings, we cannot put a figure on it. By and large, officers have already been moved out of office jobs. There are very few officers who could have that title attached to their roles at this moment.

**Margaret Smith:** I want to pick up on a couple of the things that you have said. I have been searching to identify the right number within the figure of 500—I am referring to retention and redeployment. It feels at the moment as if it would be easier to find the holy grail. I keep asking various people questions, but I keep getting back either nothing or nonsense—I am not talking about you there, Mr Grant.

You mentioned a cost of £15,000 per head. I believe that that is the extra cost.

**Joe Grant:** It costs £30,000 to recruit an officer and an average of £45,000 to retain an officer.

**Margaret Smith:** The key thing when it comes to getting extra numbers of police officers, which we all want to see is that retaining an experienced officer does not in itself increase the numbers.

**Joe Grant:** It does not.

**Margaret Smith:** It simply means retaining a particular type of experience.

The Cabinet Secretary for Justice said:

"the 30-plus scheme is clearly not working."—[*Official Report, Justice Committee*, 13 November 2007; c 307.]

He suggested that we will need a new scheme, even if we try to retain people. When I questioned him a few weeks ago, I tried to get from him some idea of a timetable for introducing a new scheme. I asked what steps would be required before such a scheme could be put in place. I suggested to him that discussions with organisations such as yours would be central to that. What are your organisation's thoughts about the 30-plus scheme as it stands? How long would it take to introduce an acceptable new scheme?

**Joe Grant:** My response about the 30-plus scheme will be quite long and detailed. Hopefully, it will also be informative. I will come later to the last elements of your question about the mechanics of how we can make changes to make the scheme more attractive.

It is true that there has been confusion about this matter and about how it fits into other arrangements. The best way to describe the

situation is to use the example of a constable—I think that it is constables who are being sought. Anyone who joined after April 2006 has to serve for 35 years before they are eligible for a full pension, but the vast majority of serving officers joined before that date and have their pension based on 30 years' service. They may remain in service until they are 60.

Let us assume that an officer joined the service at the age of 20. At 50, having given 30 years of service, she or he may retire on a full pension, which is two thirds of the final salary. A constable's salary, at the top, is almost £33,000—it is just £15 off it. The pension that is payable in that case is £21,990. Forgive the level of detail.

However, instead of taking two thirds of their salary, the vast majority of officers choose to commute a lump sum, which is roughly two and a half times the final salary—about £82,500, in this case. Once that is done, the annual payable pension reduces to £16,500. In other words, the officer takes half their salary plus the lump sum of £82,500. Historically the majority of officers retired at 30 years' service and the majority still do so, but it is open to officers to stay on until they are 60—the retirement age was 55 until recently. In the scenario that I described, the officer who joined when he was 20 and reaches 30 years' service when he is 50 can stay on until he is 60, when his pension will be calculated on the basis of 40 years' service.

The 30-plus scheme started in 2004. It is designed for officers who want to stay on beyond 30 years but get access to the lump-sum element of their pension—the £82,500. In simple terms, the officer continues to receive the same salary and will be entitled to salary increases; the lump sum is paid and then forgotten about; and the officer's annual payable pension will be calculated on the basis of their salary when they retire. Members will probably be grateful if I do not go into other, technical arrangements to do with aspects of the pension. Suffice it to say that the scheme is complex and officers are advised to seek independent professional financial advice before they join.

There has not been huge take-up of the scheme. That is partly to do with recent resistance from forces, as a result of budgetary pressures, and partly to do with the scheme's attractiveness.

On the mechanics of how the 30-plus scheme could be amended and made more attractive, the scheme is part of the pay and conditions of police officers and is therefore subject to the United Kingdom Police Negotiating Board. It would be technically possible to provide a separate scheme or an additional element to the current scheme for Scotland, although whether agreement would be reached at the PNB remains to be seen. The other

element is HM Revenue and Customs. We understand that a review of the scheme will be undertaken in 2008 and that it is likely that nobody will be allowed to join it from 2010—that is our understanding of the scheme's probable lifespan in the UK police service. Therefore, it might be particularly challenging to make the scheme more attractive, because it might be rolling towards the end of its life.

**The Convener:** The situation might be even worse. Let us assume that an officer does not take the commutation and retires on about £22,000. I would have thought that a retired police officer would be sought after in the employment market and might be able to pick up a job that paid £18,000 without breaking sweat.

**Joe Grant:** Yes, indeed.

**The Convener:** Therefore, the retired officer would have an income of £40,000, as opposed to £33,000 if they stayed on in the force, where they might sometimes put themselves at considerable risk.

**Joe Grant:** I have no research on what officers do when they retire, but what you say resonates and your figures are accurate.

**John Wilson (Central Scotland) (SNP):** Are you saying that, currently, a retired officer who has picked up their full pension, which is based on their salary at retirement, can take up full-time employment in the general jobs market?

**Joe Grant:** Yes, clearly.

**John Wilson:** Thank you. I just wanted to clarify that.

**The Convener:** I think that we have exhausted the issue and can move on.

**Bill Butler (Glasgow Anniesland) (Lab):** If I asked the witnesses to count the number of police officers who are available in our communities, how would they distinguish between officers who are available and officers who are not?

**Joe Grant:** Your question brings us back to definitions. The committee has heard that there are difficulties to do with terms that we use. The terms trip off our tongues, but their definitions are often not well formed in our heads—far less agreed on. For me and the vast majority of police officers, those who are out in the communities or who are ready to respond immediately to issues, crimes, occurrences and events in communities—those who are immediately available—are those who are working in and with communities.

10:30

**Bill Butler:** Who are not?

**Joe Grant:** Those whose role or function means that they are unable to respond immediately. The

difficulty with that definition is that there are occasions such as derailments when everyone drops everything and rushes out. Although we are particularly good at dealing with those major incidents, the true test is whether a police officer can attend Mrs McGlumpher in her street when he is needed.

**Bill Butler:** So immediacy is the main criterion in ordinary circumstances, on a day-to-day basis, if emergencies are excluded. The police who are available are those whom we might characterise as community bobbies, as well as those who are out there, perhaps in cars, and who are able to respond fairly immediately.

**Joe Grant:** Indeed. Those officers are very visible, but criminal investigation department officers—local drug squads and so on—might also be doing targeted patrols or surveillance. They are there and active, albeit unseen, in the community. Hopefully, the effects of their presence will be felt at some point, but they will not be visible to the vast majority of people. The further we extend that thinking, the less clear the situation is.

**Bill Butler:** I do not know whether you can tell us this, but what percentage of officers are available—whether they are community bobbies, CID, or officers who are otherwise able to provide an immediate response—as opposed to those who are in the background, gathering information or whatever? Can you break that down for us?

**Joe Grant:** I cannot break that down beyond the information that we have provided. We drew on a Her Majesty's inspectorate of constabulary report of some years ago—although it is not historical—and we focused on front-line, operational officers. We did not look beyond that information to establish what the other officers who were not contained in those figures were doing. We did not establish separate percentages for those activities. I can only ask you to look back at the information that we provided and, indeed, at what many saw as the shocking figure of only 7.5 per cent of police being on our streets in Scotland at any one time.

**Paul Martin (Glasgow Springburn) (Lab):** In connection with the Government's commitment to delivering 1,000 extra police officers, I refer you to the section of the spending review that mentions "improved retention", which goes back to the issue that we discussed earlier. How many officers who are due to retire will be pounding the beat?

**Joe Grant:** It is a truism that, as police officers reach the end of their service, there is a far higher likelihood that they will not be doing 24/7, as we all call it. Given their age, the stage of their careers and their experience, they are used in functions beyond that. That is a truism; I am sure that there are many exceptions, but that is the general picture.

**Paul Martin:** We have talked about increased recruitment and the redeployment of officers, and the Government talks about "improved retention" in order to provide the 1,000 additional police officers that the public want to see in their communities, but very few of those officers who are due for retirement will be out there with the public. We will not be retaining those officers to pound the beat; they will be retained for something else.

**Joe Grant:** If, for example, there was some ideological change with the 30-plus scheme that meant that it applied only to officers who were front facing and who engaged with the public, that would have to be taken into account in all the discussions that I was talking about earlier. However, those individuals might not have been in one of those posts during the last couple of years of their service and would then have to get their heads round going back out into the cut and thrust of patrolling. That is the hardest challenge of the lot. Doing that would involve more than simply changing the 30-plus scheme; it would involve changing the money and, perhaps, the status that would be involved. Further, many officers who have served for 30 years but who stay on until they are 55 understand that their career advancement and development are over; that issue would have to be overcome as well.

**Paul Martin:** So, although the Government's ambition is to retain a lot of officers, you are saying that the number of officers who will be retained after they have served their 30 years will not be great. Would you say that that number would be in single figures or double figures rather than being a greater number?

**The Convener:** Could you give us a percentage figure?

**Joe Grant:** I do not have evidence about that beyond an anecdotal level, and I am quite sure that you do not want that.

The Government's aim is challenging for the variety of reasons that I have mentioned, the last of which—the issue of personal choice—is not the least. However, everything that we are talking about comes back to my earlier point, which is that retention does not add numbers.

**Nigel Don (North East Scotland) (SNP):** Although I follow the logic of what Paul Martin is saying, I wonder whether we are missing the fact that, if you are able to retain a backroom officer who can continue doing that job for another couple of years, you are allowing an officer who is on the beat to stay out there for another couple of years because they do not have to transfer to the backroom job that would, otherwise, have become vacant.

**Joe Grant:** There is sense in that point, but retaining that person does nothing to add

resources to the service—there is no additional number of police officers in the circumstance that you describe.

**Nigel Don:** Unless you are working under circumstances in which the number of recruits—regardless of whether you call them new recruits—remains the same. Surely, if you are recruiting a certain average number over a period of time, anyone whom you can retain adds to the numbers for the time in which they are there.

**Joe Grant:** Arguably, it could give you a slight increase over a short period of time. However, it would do that only for the lifetime of the 30-plus scheme and while officers wish to remain in the scheme which, as we have discussed, is not attractive for many officers. Also, police forces may decide that they do not want to retain officers in the scheme, which is happening just now in at least one force in Scotland.

**Nigel Don:** I understand what you are saying about the lifetime of the 30-plus scheme but, assuming that it can be replaced—although I am not going to go into the detail of how that might be possible—can you suggest how long those officers who have opted for the 30-plus scheme stay in it? On average, how many years are we talking about? Is it one year, two years, five years?

**Joe Grant:** The difficulty is that the scheme has been operating only since 2004. It is still novel and has not been overwhelmed with numbers applying for it. For example, I think that four people have recently applied for the scheme in Fife.

**Paul Martin:** I would like to clarify something in connection with Nigel Don's question. As stated in the budget document, the Government has made a commitment to

"make an additional 1,000 police officers available in our communities".

It does not say in the document that the officers will be available in control rooms, or to carry out CID work—it specifically says "in our communities". Are we clear on the point that improved retention will not significantly increase the number of due-for-retirement police officers we will see walking the streets of Springburn, Cumbernauld or Anniesland?

**Joe Grant:** I am content to agree with that.

**Margaret Smith:** In my previous question, I asked you what scope you thought there was for delivering an additional 1,000 officers, given the figures in the spending review. The Government has allocated £54 million for the 1,000 officers. I appreciate that your submission says that you do not think that there is as much detail available at the moment as you would like but, given what you have, will you and Professor Midwinter give us some thoughts on that?



**Joe Grant:** It is helpful of you to identify any questions that require more than an O-grade in arithmetic to answer and which can go to Professor Midwinter. I will pause and let him in.

**Professor Arthur Midwinter:** One of the great disappointments of the new budget document, in the revised format, is the reduction in the number of budget lines—there are significantly fewer than there have been in previous years. Since its inception, there has been an attempt to involve the Parliament further in the budget process rather than to engage in the kind of rubber-stamping exercise that goes on at Westminster. In the past four or five years, there has been a significant expansion of the information that is available to members of the Parliament.

Two of the budget lines that matter most to you are the grant-aided expenditure line and the police capital grant line, neither of which appear in the document, in contrast to last year. That reduces the transparency, but also—and this is important in the context of a minority Administration—reduces the choice that is available to you in trying to move amendments. You can move amendments, or make recommendations for change, only within the portfolio chapter of the budget document. Transparency and choice have been reduced for you and it is difficult for people such as me to say precisely what those figures mean when we do not have a GAE total.

In terms of the moneys that are provided, I have gone to some lengths in my report to make clear that the figure for the extra money is £22.5 million, not £54 million—£54 million is the total from rolling up the three years together. The important thing for you, with regard to how much money will be available for policing in the annual budget, is the last figure: £22.5 million. In 2010-11, the Government will provide an additional £22.5 million over that year for recruitment. If the ACPOS figure of £30,000 per recruit is correct, or in the ball park, that means that, in the final year, it would be possible to recruit the 500 quite easily, because it would cost only £15 million. It is unclear from the document whether that additional money is only for the recruitment of officers, as it just says that the Government will make

“an additional 1,000 police officers available”

and that

“as part of that, we will invest.”

There are other pressures on the police budget—for example, the growth in pension costs—so I am concerned that the committee, in scrutinising the budget, still cannot get clear advice even from me as to what is involved in the use of the £22.5 million. The initial figure that was given in the Scottish National Party manifesto was £78 million for 1,000 new officers. At that time, the

Convention of Scottish Local Authorities put out an estimate of £90 million, which I can only assume means that it was assuming that the 1,000 officers would be recruited in year 1, for each of the three years. We have never had a clear explanation of the assumptions that underpin those figures, but the amounts would not be high enough to cover the cost of recruiting 1,000 new officers. Is that helpful?

10:45

**Margaret Smith:** Yes. Are you saying that if any of the £54 million over three years was used to deal with issues around retirement, it would raise a question mark over the ability to recruit even 500 officers?

**Professor Midwinter:** Yes. Last year, the police pensions element of the budget rose by £15 million—the figures are starting to rise. Interestingly, there is a post-war effect that has an impact every 30 years. Police recruitment bulged after the war, and 30 years on, in 1975, it bulged again as officers retired at the end of their 30 years service. That happened again in 2005.

The figures show continual growth for the pensions element of the budget last year, this year and next year. It grew by £15 million last year, and Association of Chief Police Officers in Scotland figures suggest that it will be £22 million more next year and a further £16 million the year after, before it starts to fall in 2010-11, as the number of new retirees falls again. The figure increases by £38 million over the two years, but there is no mention anywhere in the budget document of how that will be funded. My worry is that the £22.5 million is also expected to take account of the retirement costs. Until you get the GAE, you will not be able to reach a sensible judgment about the figures.

**Margaret Smith:** On the basis of conjecture, bearing in mind that I got only my O-grade arithmetic and not my higher maths, if that £22.5 million was also to cover pensions, would the recruitment figures that we have been given be achievable?

**Professor Midwinter:** If £22.5 million was the total growth in the police budget, the chief constables would be under pressure to manage their budgets. I envisage that they would be able to recruit the 500 officers, but they would not be able to meet the pension costs. However, by law they must meet the pension costs, so that would put the squeeze back on the number of officers. In classic fashion, they would probably delay recruiting officers in order to make the budget add up at the end of the year. If someone leaves and you take your time to replace them, you can save some money over the year. That is a time-

honoured way of making a budget balance. The £22.5 million would not be enough to meet both the additional costs of the 500 officers and the pension costs that we expect on the basis of the submissions.

**Pauline McNeill (Glasgow Kelvin) (Lab):** You said that the GAE line is the most important line to scrutinise in the budget. You suggest that while the committee can make amendments, it will be difficult for it to do so. As far as you know, when will the GAE detail be available?

**Joe Grant:** I can answer that only with reference to the letter that I received from the Scottish Government, which indicates that announcements will be made in mid-December. I am not in possession of further information that might clarify that.

**Professor Midwinter:** In past years, the GAE lines for police, education, social work, roads and so on have always been in the budget document.

**The Convener:** You have already made that point. I remind committee members that we will have the opportunity to question the Cabinet Secretary for Justice next week, and we may well pursue that line of questioning.

**Stuart McMillan (West of Scotland) (SNP):** Professor Midwinter's report concludes that expenditure on policing in Scotland is the lowest in the UK—it is 20 per cent lower than in England and 13 per cent lower than in Wales. What would it cost to achieve parity with England or Wales?

**Professor Midwinter:** Obviously, the funding would have to be increased, which is the converse of what you have just quoted.

I was asked to examine this issue because the federation was concerned that Barnett was not being applied properly. However, the fact is that Barnett has been properly applied—it is, after all, a block grant. The federation was puzzled. It knew that, even when the significantly higher spend in the London area was taken out of the equation, funding was still 13 per cent less than that for England and Wales. Indeed, according to the earliest figures that we have, the situation goes back to the 1970s.

Although most public services in Scotland have had what the media often calls a Barnett advantage—suggesting that spending in Scotland has been significantly higher than elsewhere in the UK—that has never been the case with the police. I did not know that until I was asked to carry out this work. Spend fluctuates between 5 per cent above and below the UK average, but the figure is nothing like the 20 per cent-plus above the UK average that other public services have received over the years. I would have thought that conditions that add to the cost of provision and

lead to higher expenditure on health and education in Scotland, such as the higher level of poverty and the sparsity of population—30 per cent of our population lives in rural areas—would also apply to the police. Frankly, I was astonished to find that we spend less than Wales on policing.

**Stuart McMillan:** You said that the situation goes back to the 1970s.

**Professor Midwinter:** And perhaps beyond. It was only in the 1970s that the Treasury started to issue comparative data.

**Stuart McMillan:** If that is the case, is it right to assume that Government policy since then has not considered policing in Scotland to be a priority compared with other public services?

**Professor Midwinter:** I define a priority in budgetary terms as a service that receives a bigger share of increased spend or additional funding compared with other services. The figures suggest that that has not been the case for the police for the past 30 years. Barnett leaves the choice of priorities to the Administration. Post-devolution, the police, like every other service, have benefited from real-terms growth in funding. However, although funding over those years has grown by an average of 28 per cent, funding for the police has increased by only 18 per cent, which does not suggest that it is a priority. In the end, though, determining priorities is a judgment for politicians.

**Stuart McMillan:** What has the additional funding in England and Wales brought to their police forces?

**Professor Midwinter:** According to the figures that I have seen, it has led to more police community support officers, of which we have very few in Scotland, and much higher levels of expenditure on information technology and capital. Indeed, the fact that spending on capital in Scotland is already lower than that in the rest of the UK is another reason to worry about de-ring fencing the police capital grant in the local government funding block.

**The Convener:** Paul Martin will explore efficiency savings.

**Paul Martin:** What are your views on the Government's 2 per cent target for cash-releasing efficiency savings?

**Joe Grant:** Again, Arthur Midwinter will pick up on any financial details that the committee might require.

There will be huge pressure on the service to increase the original cash savings target of £4 million to £22 million on the back of the phenomenal efficiency savings that we have achieved over the past three years, particularly

given what we can actually make savings on. We have already discussed increases in staff costs, which it appears will be funded. Pension costs, which are also fixed requirements, are rising and will continue to rise over the next three years. I have no idea how you make efficiency savings given those fixed costs—it is impossible. Efficiency savings of £22 million are being sought from a smaller pot. We believe that quality of service would be compromised. It is a major difficulty.

You might have seen the Scottish Government's response to our questions on efficiency savings. We were advised that the police service is being treated in exactly the same way as other public services. However, as we heard in the answer to Stuart McMillan's question, we have not been treated in the same way in relation to funding. We argue that an exceptional case should be made for the police service. Staff costs and pensions should be excluded from the common practice of seeking efficiency savings throughout budget heads. That would remove the immediate pressure on the chief officers who deliver the services.

**Paul Martin:** Can you give us specific examples of ways in which the public would lose out? Would police overtime costs be affected, or city centre policing, or areas that sometimes require additional resources, such as work on antisocial behaviour?

**Joe Grant:** I will give two examples. On overtime, it would be difficult to make more than the substantial savings that were made last year—savings of £1.4 million were reported. Overtime gives chief constables, commanders, inspectors and sergeants flexibility, not to dole out additional money to police officers but to address seasonal fluctuations, such as Christmas patrols or additional patrols for antisocial behaviour during the firework period. It would be nice if that period was only a couple of days, but it lasts for weeks. Flexibility is required if we are to meet public expectation. There are examples in relation to Edinburgh city centre, where overtime has been used on top of the already flexible and variable shift arrangements to reduce the problems with the night-time economy.

The value of overtime is that it allows flexibility. Would we prefer a commitment to provide sufficient resources to the police in Scotland so that we did not need overtime at all? Absolutely. If anybody was willing to give such a commitment today, that would be great. Overtime is used sparingly and well by commanders, inspectors and chief constables.

The other area of great difficulty is our capital grant, which Arthur Midwinter mentioned. A challenge already exists, and any reduction in the capital grant would present a further challenge. I have an example from Paul Martin's area. In

Strathclyde last weekend, a prisoner had to be moved from Bellshill. Officers had to check for cell capacity across the country, heading further and further west, and ultimately the prisoner was housed in Clydebank, because there was no cell capacity in the intermediate areas. Police vehicles in Strathclyde and other areas have to circle police offices with prisoners waiting for a space. That is a result of insufficient capital funding to increase the volume and quality of prisoner-handling areas.

It is difficult to make efficiency savings in such areas, which are already challenged.

**Cathie Craigie (Cumbernauld and Kilsyth (Lab):** At the end of your submission, you state:

"the Federation would express concern over the proposal to end ring-fencing of Police Capital Grant."

You gave a few examples, but the paragraph on the capital grant in your submission is short. What do you fear will happen to the funding if it is not ring fenced?

**Joe Grant:** Arthur Midwinter will go into the technical or non-ideological points. For us, the matter is a microcosm of where we find ourselves now. I refer to Arthur Midwinter's report, which we supplied to the committee. There is an expectation that the Barnett money is shared and that we have a lead, but the reality is far from that. There was no transparency until we shone a light on the matter.

If capital grant is de-ring fenced—again, I will use the example of the Strathclyde region, as it is a handy-sized area with 12 local authorities in it—will the chief officer have to bid to each of the local authorities for his capital grant? Will each of those 12 authorities have the opportunity to do something different with the capital grant? We do not see that as securing the future of policing in Scotland; we see it as a risk or a danger to the capital allocation of resources for policing in Scotland.

It would be helpful if Arthur Midwinter commented on other issues.

11:00

**Professor Midwinter:** The theory of de-ring fencing is that it gives local authorities greater autonomy within the total cake. Like the fire service grant, the police grant is complicated because of the joint boards. In effect, the 12 local authorities in the Strathclyde region will be given a police element of their budget, which, under the proposal, they will be free to spend on whatever service they wish. In my view, for administrative reasons, it would make more sense to retain the ring fencing of that grant and make the allocations directly to the police boards from the centre rather than cause uncertainty, which is what the proposal will bring.

If I may, I would like to follow up Joe Grant's point about efficiency savings. ACPOS compiles an annual efficiency report. We must be clear about what efficiency savings are: they are about altering the input output ratio. One of the first paragraphs in the ACPOS report states that there is no single measure of output for the police, so we must rely on proxies. I was deeply sceptical about the previous Administration's 1 per cent efficiency savings target being deliverable, and Audit Scotland has made it clear that the service has not been able to demonstrate genuine efficiency savings. There have been savings, but it is dubious whether they have altered the input output ratio, as there were no output baselines to begin with.

My concern in this particular case is as follows. Police officers' salaries account for roughly 50 per cent of the budget. To make an efficiency gain, the same service must be provided at less cost. I cannot see how that can be done through police officer numbers. If police officer numbers are reduced, is the same service provided? Furthermore, the numbers would be reduced only to be increased again, as there is a target to increase the number of police officers by 500. No gains can be made at all on the pension funds. I argue that overtime is not necessarily an efficiency gain—it is cutting a service if overtime is needed in order to deliver the service. The whole area needs to be rethought. I encourage you to question the minister on such issues.

**Cathie Craigie:** That was going to be my next point. The budget says that the Scottish Government wants to increase police numbers by recruitment, retention and redeployment. I am no economist, but in my opinion the letter to Joe Grant from the police and community safety directorate seems to contradict that. The Government cannot have it both ways. The third paragraph of the letter states that the efficiency targets are going to affect all police expenditure, including the costs of staff and pensions. How can efficiency savings be made there when the figures from Joe Grant told us how much more expensive it is to train a police officer than to retain one? How will police forces be able to make the efficiency savings and, at the same time, produce 1,000 additional police officers by 2011 using the combination of measures that the Government has suggested?

**Professor Midwinter:** With difficulty.

**Cathie Craigie:** Is it achievable?

**Professor Midwinter:** No, it is not achievable. Police forces cannot make efficiency savings on large chunks of their budgets.

When the minister came before the committee previously, he said that the police had a good

record on making efficiency savings. However, last time around, only £4 million of efficiency savings were cash savings; the bulk were time-releasing savings and were about getting more from the existing resources rather than cutting the use of resources. Is that clear? Why they were called time-releasing savings is a mystery to me. Tom McCabe was never able to explain that while he was the Minister for Finance and Public Service Reform.

In this case, if the police have to save 2 per cent of the total budget, they will have to save it on the 30 per cent of the budget that they can cut, which is the budget for support staff costs, supplies and services, and police transport. That works out as savings of about 7 per cent of that element each year, therefore there is absolutely no chance that the police will achieve the much higher target—£22 million in cash savings is a big leap from £4 million. I was sceptical about the figure of 1 per cent, but I am even more sceptical about the figure of 2 per cent—in particular, I am sceptical that we will be able to demonstrate that the savings are genuine efficiencies, rather than just saving money.

**Cathie Craigie:** I am almost speechless, because you would imagine that the police and community safety directorate would know what it was talking about when it responded to a letter from the general secretary of the Scottish Police Federation. However, its response seems to contradict what is in the budget.

**Professor Midwinter:** You might say that, but I could not possibly comment.

**The Convener:** That is uncharacteristically diplomatic, if I may say so.

**John Wilson:** I return to the scenario that Mr Grant painted earlier of police cars circling police stations with prisoners, which reminds me of Heathrow airport and all the aeroplanes waiting to land. It is a worrying situation. Mr Grant gave the example of a prisoner who, I assume, was arrested in Bellshill and finally put in a cell in Clydebank. That was a vast waste of manpower and other resources—it took a police car off the streets that could otherwise have been patrolling. How frequently does that scenario arise?

**Joe Grant:** I do not know about the frequency, but I know the provenance of the examples—the one about the prisoner who was taken from Bellshill to Clydebank was reported to me last week and it had occurred the previous week. The one about police vehicles doing the Heathrow stack with prisoners occurred the prior weekend and was reported as a fairly frequent occurrence, at least in the Strathclyde area.

**The Convener:** We could pursue that question with advantage next week.

**Stuart McMillan:** On de-ring fencing the police capital grant, the SPF submission states:

“such a change reduces transparency and accountability for public funds.”

When I first read that, I thought that it was an indirect attack on local councils and the policy of giving them extra responsibility. The issue has been touched on and I accept what has been said. However, do you accept that the de-ring fencing of funds is positive, in that local authorities will work more closely and better with police forces?

**Joe Grant:** I do not see it as a positive; I see it as a grave risk to the presence and stability of the current police capital grant. We understand that the national Government has competing priorities and difficult questions to consider, as do local authorities. However, we have a sense that each time difficult questions are put to local or national Government, pressures come to bear. On the back of the Midwinter report, the police once again say that we will lose out in those circumstances and that it will not be obvious to us that we are losing out until it has already happened.

**Cathie Craigie:** Your concern about the removal of ring fencing is that the 12 authorities in the Strathclyde area will have a say. Would you have the same concern if we still had the unitary authority, Strathclyde Regional Council, which had responsibility for policing?

**Joe Grant:** Our concerns are based on the current context. They are added to by the fact that no explanation has been given of why the fire capital grant has not been dealt with in the same way. That just adds to the sense of mystery and results in a heightened sense of concern.

**Professor Midwinter:** It is obvious that de-ring fencing is well sought after by councils, because the effect is that councils receive a much larger block of money that they are free to spend.

Governments have always used specific grants for a very good purpose—the development of new services. Money has been earmarked and ring fenced for five, six or seven years, until the service has been developed, after which the money has been paid into the block. That facility would be lost under the arrangement that we are discussing.

The police service has always been nationally driven. Given its statutory context and the operational autonomy of chief constables, the service's position is different from that of most local authority services. It would be administratively much simpler to allocate money directly to boards, instead of requiring them to haggle. Local authorities will be under pressure, even when they receive their block grants. We should not assume that ministers will stop treating moneys as if they are ring-fenced grants. Only last

weekend, the Cabinet Secretary for Education and Lifelong Learning announced that she had increased the school estate fund—a de-ring-fenced grant—to £117 million next year. The pressure will still be on authorities to deliver the money, because given how the Government operates there will still be hypothetical allocation of funds. The issue needs much more thought than it has been given up to now.

**Pauline McNeill:** I am trying to understand different factors in the budget. I think that my questions will be straightforward.

Are the allocations of £13.5 million in 2008-09, £18 million in 2009-10 and £22.5 million in 2010-11 ring fenced in the police budget for the recruitment of additional officers?

**Professor Midwinter:** No. The sums are added to the police grant. The police grant is central Government's share of the total funding for police, which is the GAE, and includes contributions from local tax and the revenue support grant. The total amount—the block police grant—is for the chief constable to deploy according to his notion of operational priorities. The situation is similar to the example that I gave about the education budget. The Government has announced that it has made money available to recruit officers, but in practice the chief constable can allocate the money in any way that he chooses.

The chief constable has no way out of paying pension costs, from which we can infer that if pension costs are not properly reflected in the total settlement there will be pressure on all other parts of the budget. The money is not ring fenced—it has been earmarked by the minister, but ultimately it is a matter for the chief constable and the police board.

**Pauline McNeill:** On pensions, you said that there would be an extra £22 million in 2008-09 and £16 million in 2009-10. What about the third year?

**Professor Midwinter:** The figure comes down to £15 million in the third year. When Joe Grant asked me to do this work, I thought that it would be helpful to start from this year's GAE, build in the 2.7 per cent inflation assumption that is in the spending review and add in the cost of pensions—as predicted by ACPOS—and additional spend. I have provided a benchmark figure, so that when the GAE comes out you will be able to ascertain whether the figures stack up. That is why I get to that higher figure of more than £1.2 billion at the end of the process. I have added 2.7 per cent for inflation each year, plus costs of pensions, plus costs of extra officers.

**Pauline McNeill:** Thank you. Am I right in thinking that, unlike in previous years, cash savings of £22.5 million are required over the three years?

**Professor Midwinter:** No, the figure is £22 million in each year.

**Pauline McNeill:** In each year?

**Professor Midwinter:** Yes. We are talking about efficiency savings of 2 per cent a year.

**The Convener:** It is not an aggregate—

**Professor Midwinter:** The savings must be made each year. Savings must be made this year and the budget line must be reduced; 2 per cent savings must be made again next year and the budget line must be reduced again; and another 2 per cent must be made in the third year. By then, we will be in year 6 of efficiency savings. From my work on Treasury figures for the whole of the UK, I know that nobody has ever made more than 1 per cent efficiency savings in British Government over more than two to three years, so I am very worried about the figures.

**The Convener:** If there are no further questions, I thank our first panel of witnesses. I suspend the meeting briefly to allow a changeover of witnesses.

11:15

*Meeting suspended.*

11:23

*On resuming—*

**The Convener:** The second panel of witnesses comprises Mike Ewart, chief executive of the Scottish Prison Service, and Willie Pretswell, the Scottish Prison Service director of finance and business services. Thank you very much for your written submission, gentlemen. We will move straight to questions.

**Bill Butler:** Good morning, gentlemen. Your submission states that the draft budget

“provides a satisfactory level of funding”

for the capital programme for 2008-09. What is your view on the budget that is available for the two years following that?

**Mike Ewart (Scottish Prison Service):** The finance that has been made available is satisfactory across the spending review period. It gives us the basis for developing the estate to satisfy the requirements that the cabinet secretary has placed on us with his announcements about HMP Bishopbriggs and the replacement prison in the north-east.

**Bill Butler:** The budget for capital expenditure increases year on year. It is £110.4 million in 2008-09, and rises to £126.8 million in 2010-11. For the record, can you provide the committee with more detail on how the capital budget will be used to improve and expand the prison estate?

**Mike Ewart:** Plans have been announced to develop a new prison at Bishopbriggs as a replacement for Low Moss prison. As the committee knows, that is now to be procured as a privately designed and built, but publicly operated prison. Similarly, there will be a development in the north-east to replace Aberdeen and Peterhead prisons; ministers have announced that it will be in the Peterhead area.

It is difficult to give you the detailed allocation of resource across the spending review period because we have not yet issued the new tender for Bishopbriggs and we do not have a site identified for the replacement prison in the north-east. To give you a detailed breakdown of how we intend to proceed with the timetable at this stage would be straightforwardly silly.

**Bill Butler:** I would not want you to be silly, Mr Ewart. Are you confident that you will be able to fulfil the envisaged programme?

**Mike Ewart:** Yes, I am confident of that. As the plans develop, I hope that we will be in a position to set out a revised estates vision for the prison service and to give some idea of how we could develop the rest of estate, not just those parts where we have announced major new developments.

**The Convener:** Gentlemen, I should have mentioned that, if some of the questions that we ask relate to figures that you do not have available today, do not be inhibited in saying so; you can write to us with them.

**Paul Martin:** To go back to the proposed new publicly operated prison at Bishopbriggs, surely the cabinet secretary included something in his forecast for that prison in particular. He must have had discussions with you. There must have been some dialogue in which he forecast a figure for the new prison at Bishopbriggs.

**Mike Ewart:** Yes, of course; we have had discussions and we have notional figures so that we can proceed. However, until we have actually gone through the tendering process, the uncertainties in the market are such that I could not give you definite figures, which was the reason for my response to Mr Butler.

**Paul Martin:** The spending review document refers to capital investment in the estate. Are there no figures in that document? There are some references to prisons. Are you not able to give us a notional figure for the new prison at Bishopbriggs?

**Mike Ewart:** If it would be helpful to the committee, we could give you outline figures of the notional costs that we envisage for a prison of that size. However, I repeat that I cannot give you a detailed breakdown of how we would use the

money over time, because of the uncertainties that I have outlined.

**Paul Martin:** Could you give us those notional figures now? Is that possible?

**Mike Ewart:** I am not sure that I can.

**Willie Pretswell (Scottish Prison Service):** Perhaps I could help. We can say with relative certainty at the moment that most of the first-year expenditure in next year's budget will be consumed by completing the four development prisons that we have been rebuilding for the past few years. Those are Edinburgh prison, Glenochil prison, HM Prison and Young Offenders Institution Polmont and Perth prison. We are in the final stages of that; the contracts have been awarded, and most of the first-year budget will be consumed by those four development prisons.

While we are doing that, we will be setting up the procurement process for the new prisons at Bishopbriggs and in the north-east. We cannot be certain about when those will commence, but spending on the projects will commence during years 2 and 3. For a 700-place prison, we estimate the capital construction costs to be around £100 million. However, there is a lot of movement in the construction market at the moment, and high inflation—which some commentators have put at 6 to 10 per cent—so the figure is very indicative at this point. Once the tender process is under way, we hope to have a contract price by the end of 2008 and to start the construction. At the moment, we are saying that an indicative amount is around £100 million.

11:30

**Paul Martin:** Are you happy, at some stage, to provide a notional figure in writing to the committee, so that we have some idea of what those capital projects cost? The Government has been explicit in committing to them in principle, and at some stage we should receive some information. Can you provide that? We should have that information before we write our budget report and the Parliament passes a budget bill.

**Willie Pretswell:** The indicative figure that I am giving for a 700-place prison is realistic—it is based on our experience of the recent award of contract for Addiewell prison, which opens later in 2008, and of the developments that we are carrying out on the public sector estate. We feel that £100 million is a good figure for budget planning purposes at this point.

**Paul Martin:** We are meeting in a building that was publicly procured, indicative figures for which were between £10 million and £40 million. Do you appreciate that we have a responsibility to get from you, prior to the budget being passed, a figure that is a bit more than indicative for the

prisons to which the Government has committed? When will we receive that? I appreciate that you have to go through the procurement process, but I do not envisage that you would follow that process without some idea of what you would expect at the end of it.

**Willie Pretswell:** Yes, we have some idea of what to expect. The prison service has an excellent record in delivering major capital programmes. We have been spending about £75 million per annum, and Audit Scotland recently examined our performance and confirmed that we have an excellent record in delivering to budget and on time.

**Paul Martin:** In connection with the decision not to go ahead with the public-private partnership plan for Bishopbriggs, will you give us some idea of the difference between the new budget that you would have to commit to, and what the budget would have been if we had continued with the PPP project?

**Mike Ewart:** We could not give you a set of figures for the difference between the cost of a public prison at Bishopbriggs and that of a private one in the kind of detail that you want, because the competition never actually took place—tenders were never received in competition between the public and the private sector. As the instruction that we received from the Cabinet Secretary for Justice makes clear, we know from previous experience of privately provided prisons that there is a significant cost difference in operation between them and public sector prisons. We have been instructed to close that gap when we take on public operation of the new prison at Bishopbriggs.

**Paul Martin:** When you entered into the process of a public-private partnership, there must have been some indication and analysis carried out. I understand that that plan was at quite an advanced stage and going through a bridging-the-gap process—you must surely have had some idea of what the cost would have been?

**Willie Pretswell:** The decision to go ahead with the new prison at Addiewell, and the new prison at Bishopbriggs—which has now switched to public sector operation—was taken as a result of the estates review in 2002. Ministers made a decision at that time to proceed with two new prisons, and for one of them to be run as a private-sector-only competition, which turned out to be Addiewell. The second one was to involve a competition between the public and the private sector—that turned out to be Bishopbriggs, and the prison service took those plans forward. The business case and the relative costs for that were all published at the time in an Executive consultation document, with PricewaterhouseCoopers contributing the financial analysis that showed the gap between the public and the private sector at that point.

Since then, as you may have seen from the rest of the documentation that has been provided, the Scottish Prison Service public sector operation has delivered significant efficiency savings. We believe that the gap between us and the private sector has been closing but we have not had the opportunity through competition to determine by how much it has closed. At this point, we can only speculate on what the difference might be.

**Paul Martin:** I have two final questions. First, there will obviously have been documentation on the costs of the public-private partnership process. You will understand that, as we are considering the budget, we must be clear about the difference that you mentioned. We want to be able to say what the indicative costs would have been if we had continued with the public-private partnership and what they are now that the Government has decided to go ahead with the public process. Are you saying that we cannot have the information and that you have not sought to gather it?

**Mike Ewart:** We can certainly provide the committee with the information available and with the analysis done at the time of the estates review, but we cannot give you the outcome figures for a competition that has not happened. Unfortunately, until we go to the market, receive tenders and have the final negotiation, we do not know the outcome. However, we can give you the picture as it was when the original decision was taken.

**Paul Martin:** That relates to my second final question. I referred to the Parliament building, which was built through a public procurement process. It was publicly funded, and it followed the same process as the building of the prison. Is there an issue with the risk attached to that? As the public sector, you, solely, have to deal with the risk. The difference with a public-private partnership is that the risk is dealt with by the private company. Have you considered the potential risk attached to the project and the impact that that could have on the budget and future considerations?

**Mike Ewart:** There is obviously some risk attached to any procurement, but there is a big difference between the procurement of a new prison and the procurement that was necessarily gone through for a building that was largely being designed as it was procured. The level of risk is significantly less in the case of the prison.

**Paul Martin:** But you do not have any figures on the potential risk for public sector design, build and operate.

**Willie Pretswell:** The PPP approach includes a building contract within the wider PPP contract, which typically includes a 25-year operating concession period after the building is available. On the question that I think that you are asking—

on the risk associated with a building contract—we will seek to transfer to the private sector through the new procurement process many of the risks that are transferred to it on the construction element of the PPP. With our successful experience of the estate development programme in the prison service in the past few years, we would be confident of transferring the majority of the risks to the eventual construction partner that we engage. That includes the design risk, time delays and quality risks. We could package that up into a contract—and we have a record of doing that.

**Paul Martin:** Somebody might quote you on that at a later stage.

**Nigel Don:** I noted Mr Pretswell's comment about inflation in the construction industry—it was not the first time that I have heard it. I understand that you do not have the numbers and that it is all speculation, but is there a case for moving capital expenditure forward on the basis that money is cheaper than late procurement because construction costs rise faster than the interest rates?

**Mike Ewart:** Whatever the theoretical advantage of moving the investment forward more quickly, we need to manage the investment effectively. We would face a greater risk from that than from inflation if we were to anticipate development.

**Nigel Don:** So, as an organisation, you have a limited procurement, process management and project management capability.

**Mike Ewart:** Yes, necessarily.

**Nigel Don:** Do you regard procurement of prisons as something that could sensibly be done by external project managers? In other words, could you outsource the management process that we are talking about?

**Mike Ewart:** In theory, we could. In practice, we outsource quite a lot of the detailed operation of the procurement process by bringing on board consultants and partners to work with us. However, we need to ensure that our capability is properly utilised and that we deal straightforwardly with the uncertainties that exist in the process of trying to acquire sites—for example, in the north-east.

**Nigel Don:** We might come back to that.

**The Convener:** Margaret Smith has a question on the north-east.

**Margaret Smith:** Good morning, gentlemen. The need to replace the prison in Aberdeen with a bigger local prison for short-term and remand prisoners is understandable. However, given that Peterhead prison is a national resource for



accommodating sex offenders, why does its replacement have to be in the north-east?

**Mike Ewart:** You need to address that question to the Administration rather than to us. It was a commitment by the incoming Administration to put a replacement prison in the north-east.

**Margaret Smith:** Okay. I take you back to the work that is done on dealing with sex offenders at Peterhead and the more general issue around that. Has your organisation considered whether there is an argument for spreading around the country the types of accommodation, treatment and programmes that are provided at Peterhead, rather than their simply being in Peterhead?

**Mike Ewart:** There is certainly debate—in relation not just to sex offenders but to offenders in general—about the placement of offenders around the country and the balance between national provision and what the current language calls community-facing prisons. That debate is live not only in the prison service but between the service and the community justice authorities, for whom it is a key part of their agenda. The idea of moving towards having more community-facing prisons in future was the subject of a recent partnership conference between the SPS, community justice authorities and others.

It is not a simple matter, obviously. Having national specialisms for particular and particularly difficult groups of offenders is an important part of what we do. We keep expertise together so that services are effective. We also have to be sure that we provide the right accommodation to manage the relatively small but significant number of particularly dangerous and violent offenders whom we have to handle. There will always be a tension between the need for a national facility and the desirability of accommodating people, at least for part of their sentence, closer to the communities from which they come.

11:45

**Margaret Smith:** That is fair enough. After the committee visited the women's prison at Cornton Vale, we discussed the need to strike the right balance between having a national asset and having community-facing prisons. In relation to rehabilitation, community-facing prisons have potential advantages.

If there is still a genuine debate about how best to rehabilitate and reintegrate people and whether in certain circumstances it is best to retain a national facility, are you content with the new Administration's decision to go ahead with a new prison in the north-east that will accommodate sex offenders instead of considering the arguments raised in that debate and thinking about the need, say, to build such a facility in the lowlands as well

as in the north-east? After all, the people in question will ultimately go back to their own communities.

**Mike Ewart:** The Government has committed to building a prison in the north-east to replace those at Aberdeen and Peterhead, but it has not stated that it intends it to have exactly the same function as the prison at Peterhead. If the proposed prison has the same life as Peterhead, it will still be there in a century and a half, and I am sure that its role will change over time. Of course, that set of issues will arise in the current debate. We do not have a fixed view about how we will use the replacement prison at Peterhead, but I am confident that as a result of the broader discussion we will move towards giving it a more general function than making it purely a national centre for sex offenders.

**Nigel Don:** Are you, as I would expect, saying that, essentially, a prison is a prison? Surely it depends on the services developed not in the main building but in the portakabins around it—if you will forgive the analogy—whether it becomes a specialist sex offenders unit, a specialist women's facility or whatever. Is that the basic flexibility in the notion that a prison is simply a prison?

**Mike Ewart:** I am sure that if committee members have visited a variety of prisons around the country they will have been struck by how different they are. Some, for example, have developed as highly specialised units that deal with particular groups of offenders. However, in principle, there is no reason why that expertise cannot be shared more widely. After all, there are operational considerations about what might be the desirable size of a facility for a particular group of offenders and how the accommodation in an establishment might be used, given the need to keep certain offenders, particularly sex offenders, apart from others.

**Nigel Don:** What I think you said is that, in principle, a prison is a prison but, in practice, they are all different. We endorse that view. Perhaps the general statement that "A prison is a prison" is not fair in practice, and I would not want to lumber you with it if, indeed, you are telling us that they are—and will remain—all different and have certain specialist functions.

**Mike Ewart:** At the moment, they are different, especially if they have specialised functions. However, whether such specialisation will remain in place nationally is currently the subject of a lively and interesting debate.

**Margaret Smith:** Are there any cost advantages in combining the various functions of a local prison such as Aberdeen with the more specialised approach taken at Peterhead?

**Mike Ewart:** As far as reducing operational expenditure and making operations more efficient are concerned, any major advantage will come from redeveloping building types and moving from plainly inadequate 19<sup>th</sup> century accommodation which, because of factors such as sightlines and movement around the building, requires very heavy levels of supervision. Clearly, with regard to building types, we need to alter the range of comparisons between what happens at Barlinnie, for example, and what is now possible at Saughton prison in Edinburgh, while retaining the essential principle of both.

That is more significant than bringing different groups of offenders together. As I said in response to Mr Don's question, obvious issues arise when different groups are brought together. For example, there may have to be separated accommodation within a single complex. That would plainly be the case if young offenders, women, male remand and male convicted prisoners were kept in the same facility. That might be a cost consideration that we would have to take into account.

**Margaret Smith:** You said that you are not yet in a position to identify the site for the new prison in the north-east. Can you indicate where you are in the process? How long will it take and what might the timetable be? Is the current budget adequate?

**Mike Ewart:** I will ask Willie Pretswell to answer that question, since he has just started the process of talking to potential providers.

**Willie Pretswell:** As instructed by the minister, we have started to consider the options on the existing site at Peterhead, where we obviously have a live prison. We will also examine alternative sites in the Peterhead area that might be available and suitable. Early next year, we will identify the best site and commence the appropriate procurement process.

We are not sure about the timetable, because we will need planning permission—whether the new prison is on the existing site at Peterhead or on a new site. Our experience of getting planning permission at Bishopbriggs on the Low Moss site indicates that the process could be quick or it could be very slow if we have to go through an inquiry. So it is difficult to give you a definitive timescale for the construction of the new prison, but we are trying to take the work forward as rapidly as possible, because Peterhead prison contains the worst accommodation in the prison estate. There is still a part of it in which the cells do not have proper toilet facilities. We are trying to change that as rapidly as possible.

**Pauline McNeill:** I have some questions on Peterhead prison's role in relation to sex

offenders. Am I right in thinking that the SPS runs STOP, which is a specialist programme for sex offenders, at the prison?

**Mike Ewart:** Yes.

**Pauline McNeill:** Does any other prison run the STOP programme?

**Mike Ewart:** A version of STOP, called rolling STOP, is run at a number of other facilities.

**Pauline McNeill:** And there are sex offenders in other prisons.

**Mike Ewart:** Yes.

**Pauline McNeill:** Are you saying that the SPS has no view on whether Peterhead should continue to take the bulk of sex offenders on the STOP programme?

**Mike Ewart:** The SPS has had a declared view in the past that it would be desirable to move away from Peterhead as a location. The Government's clear view is that the north-east is an appropriate area in which to maintain a prison. We will therefore proceed with finding a site and establishing a prison there. Whether that is the best place to maintain a specialist facility for sex offenders is an open question. As I said in response to Ms Smith, this is very much a live debate, not only about how we operate with sex offenders—

**Pauline McNeill:** Are you waiting for the Government to make its position clear? Has the SPS's view until now been that Peterhead prison should be a centre for sex offenders?

**Mike Ewart:** The SPS has developed a number of national specialist facilities—Peterhead was one such facility.

**Pauline McNeill:** I am trying to pin you down regarding your view. The SPS's view, until now, has been that it is appropriate to have Peterhead prison, for example, as the place where you specialise in certain types of offenders. Would it be fair to say that you are waiting to find out the Government's view on whether that should remain the case?

**Mike Ewart:** No. I am sorry if I have given the impression that I am waiting for the Government to take a view. The Government took a view on the location of the prison, not on its status as a specialist establishment for sex offenders. However, I am reluctant to be pinned down to a particular view about the desirability of having single-purpose national facilities in the future. That is not because I am waiting for the Government to take a view on that, but because it is a live debate among a range of people, especially the community justice authorities that were established only recently; their purpose is to inform Government, through the national board on

offender management, on a desirable way of managing offenders in the future. That would include the question whether there should be more or fewer specialist facilities.

That was a long way round to wriggle off the hook that you were trying to put me on.

**Pauline McNeill:** I understand. Thank you.

**The Convener:** You did your best.

**Margaret Smith:** On the basis of the information in your written submission about prisoner population projections and new accommodation, will our prisons be more or less crowded over each of the next three years?

**Mike Ewart:** The honest answer is that I wish that I knew. On the basis of the population projections that we have made and the estimates that we have for the timing of new accommodation coming on stream—they are reasonably solid, given that we know where we are with the development in Addiewell—there should be some alleviation of the current level of overcrowding over that time. However, history has taught us that the projection of population is not an exact science and that the populations of prisons throughout western Europe tend, unfortunately, to grow. Given the projections that we have and the timescale in which we expect Addiewell to come on stream, we should be better off than we are. Nevertheless, I am not going to bet the farm on it.

**Stuart McMillan:** Good morning, gentlemen. You say that things will be better when Addiewell comes on stream. Do you think that, when Bishopbriggs opens in 2011, for the average prisoner population the capacity will fall—in terms of the average prisoner population within the prison estate at that particular time?

**Mike Ewart:** I am sorry, but I am not sure that I follow you.

**Stuart McMillan:** Using your projections, do you expect the prisoner population over an annual period to fall below the design capacity in the prison estate?

**Mike Ewart:** If we can manage the development in that kind of timescale, and against the projections that we have, we would hope to be in a position, towards the end of the period, to think about the possibility of redeveloping other parts of the estate. The obvious considerations in the longer term are whether we can do anything about overcrowding and the state of the accommodation at Barlinnie, which would be a major task for us to take on. If we can find additional space in the rest of the estate, we might be able to do something about what is, after Peterhead, the most obviously pressing case for redevelopment in the prison service estate.

**Stuart McMillan:** When we came to the committee this morning, we were given a wee summary document regarding today's announcement by the cabinet secretary on community penalties. It says that the courts still send more than 14,000 people a year to prison for sentences of six months or less. It also says that those are not 14,000 individuals, but that the same offenders are often caught in a cycle of reoffending. If those 14,000 people or a percentage of them were not sent to prison but were given community service, would that have an immediate effect, or a better effect in a shorter time, on overcrowding in the prison estate?

12:00

**Mike Ewart:** Given the nature of the prisoner population that the proposals would affect, the effect would be on short-term overcrowding and on churn in a prison. Reducing that churn would have two advantages for the Prison Service. First, a disproportionate amount of activity is required simply to manage receptions and liberations of people who may be in prison for only a matter of days. Secondly, the opportunity exists to release resource that can be used to work with prisoners who are in our care for the longer term and for whom the evidence shows that we might have some hope of providing constructive rehabilitative work, thereby working towards the objective that we all share of reducing offending overall.

**Stuart McMillan:** Would what I suggested have the benefit of reducing the number of prisoners in the prison estate?

**Mike Ewart:** Yes—it would reduce the number of people and, most important, the number of repeat receptions. As I said, the effect on prison operations is not just from the impact of having somebody in a cell for a few nights but from the work that is involved in reception, admission and liberation.

**Stuart McMillan:** Even if we managed to bring the average prisoner population within design capacity—whether the current capacity or that in 2011 when Bishopbriggs and Addiewell are available—the population might still be greater than capacity at times. Given that, would building bigger prisons—instead of prisons with a capacity of 700, such as Bishopbriggs—be of benefit? In that way, we could build in potential for greater capacity in the future.

**Mike Ewart:** There is a range of arguments about the desirable size for a prison, and views about the desirable size are different around the world. I visited a federal prison in Coleman in northern Florida, which had more prisoners on one campus than we have in all the establishments in Scotland. I thought that it was too big—it was a

deeply scary place. Even a place that takes 700 is big. At the other end of the spectrum, a country such as Norway has one jail that has only 12 prisoners. People there believe that rehabilitative work can be done only with relatively small numbers.

For practical purposes, the view has been taken in the Prison Service that a capacity of between 500 and 700 is good, operationally and financially. A larger establishment—Barlinnie is the obvious example—presents a series of difficulties, which are not all to do with the simple fact that the accommodation is not fit for purpose.

**The Convener:** Will you remind us how many prisoners are in Barlinnie at the moment?

**Mike Ewart:** About 1,300.

**Margaret Smith:** I will ask about a point of fact. In your submission, the table on the average prisoner population contains estimated figures for home detention curfew that remain static for four years. Why is that the case? Does more scope exist to increase the use of home detention curfew and take the strain off prisons?

**Mike Ewart:** It would be helpful to expand HDC somewhat. We have about 320 people on home detention curfew already. As my predecessor was wont to say, that is the equivalent of a medium-sized jail, only the people are at home instead. That is obviously an important safety valve for the numbers with which we have to deal.

The reason why the projections are relatively flat is that, under the legislation, the range of prisoners to whom home detention curfew can be applied is relatively restricted. On top of those restrictions, there are risk management procedures to ensure that only people for whom HDC would be an appropriate provision are released on it. It is possible that the scope of the current legislation could be expanded, but I would be presuming upon an announcement that might be made shortly if I said any more.

**The Convener:** That announcement was, in fact, made this morning but too late to be circulated to the committee.

**Mike Ewart:** If my information is correct, convener, it has been notified to you in advance but will be made soon.

**The Convener:** It will be copied to the committee at the earliest possible moment.

**Nigel Don:** Mr Ewart, you commented on the significant amount of effort that goes into receptions and liberations. Could you give me some ballpark figures for the percentage of your custodial officers' time that is taken up with that kind of work, on the basis that the balance of time is spent looking after prisoners?

**Mike Ewart:** Could I come back to you on that? I will need to take advice to get you a reasonably accurate figure.

**Nigel Don:** Thank you.

**Cathie Craigie:** I am not privy in any detail to what announcements have been made, so I will continue on the theme of the current plans for new prison places. Assuming that changes in sentencing practice and in reoffending rates do not lead to a significant downturn in the prison population, when should we start talking about the size of the prison estate?

**Mike Ewart:** The first question that I would want us to ask is: how many people do we want to lock up? The proportion of our population that we have in prison in Scotland is already one of the highest in western Europe on the most basic measures. I think that only Spain and Portugal look higher. However, one of my colleagues was at a Council of Europe conference on prisons at which it was clear that every other jurisdiction has in its prisons a significant number of foreign nationals, largely as a result of immigration from eastern Europe in particular. I spoke at a sheriffs conference yesterday, and an Austrian judge who was there told me that the foreign national population in Austria's prisons is about 30 per cent. In England and Wales, it is something of the order of 13 per cent, whereas in Scotland it is about 2 per cent or rather less. That is due to a number of factors, but largely to the relatively small size of our immigrant population.

If we net off that factor in other European countries, we find that Scotland is significantly in the lead in the league table of nations that lock up their own people. Therefore, rather than consider developing the prison estate to take more people, I would want us to concentrate our attention on whether we could do something other than increase the numbers of our fellow countrymen whom we lock up. That applies in particular to those whom we lock up for short sentences. We know that prison does them no good—in fact, it is doing them harm, because it impacts severely on their employment prospects, their prospects of maintaining family and other relationships and their prospects of maintaining a stable home. When he was Home Secretary, Douglas Hurd put it pithily when he said that, for too many people, prison was an expensive way of making bad people worse.

**Cathie Craigie:** The answer to your question about how many people we want to lock up is that we should lock up people who are a danger to society. That is what the people whom I represent want us to do. Are you saying that our current plans for prison building should meet our needs in the foreseeable future?

**Mike Ewart:** I hope so. A comparison of the overall number of people who are locked up in Scotland with the number who are locked up elsewhere in Europe suggests that our prison estate could be smaller. I must be one of the few officials who come before a committee such as this to say that they would like to have a smaller business.

**The Convener:** To some extent, that is an argument for another day. We are dealing with the budget.

**Paul Martin:** In a similar evidence-taking session on the estates review, I questioned Tony Cameron, your predecessor, on the lack of facilities to deal with prisoners prior to their liberation. I made the same points that you have made—I asked why we were focusing on the prison estate and not looking at the same time at issues related to prisoner liberation. Tony Cameron assured me that the SPS was making provision in that area. However, the prisoners to whom I spoke then said that little was done to assist their reintroduction to communities that they had left some time previously. Prisoners to whom I speak now make the same point. It is all very well to say that prison works—some people require prison—but the problem is the lack of procedures that are put in place prior to liberation. What has the SPS done in the past six years to tackle the issue?

**Mike Ewart:** That is not a fair analysis. My point was that, with relatively short sentences—less than six months is a useful statistical indicator, although no more than that—the effect of prison on individuals is unlikely to be positive, because there is not enough time to apply any of the programmes that might assist them to deal with the issues that they face. The very fact of being sent to prison breaks up family connections, damages employment prospects and damages people's prospects of maintaining stable accommodation.

The member asked what we can do when people are being prepared for release to mend some of the broken linkages. The Scottish Prison Service goes to considerable lengths to provide people with the opportunity when they are in prison to develop skills that may make them more employable than they would otherwise be. Efforts are made to create effective linkages with housing and social services across the country. The link centre at Saughton prison, which is a good example of those efforts, needs to be replicated elsewhere.

I am by no means suggesting that we have got the system entirely right. Community justice authorities say that they have difficulty maintaining links when prisoners are dispersed around the country. That relates back to our earlier discussion

of the tension between the need to provide a national prison service and the need to maintain links with local accommodation.

12:15

**Cathie Craigie:** Capital expenditure in the Prison Service budget is set to increase in real terms over the period of the spending review. However, the same is not true of current expenditure. In your paper, you say the extent by which current expenditure will fall over the next three years. The number of people that the Prison Service has to deal with is increasing. How will your budget cope with a larger prison estate and a larger prison population when your revenue expenditure is falling?

**Mike Ewart:** I think that "revenue expenditure" was the phrase that you used in your earlier session with colleagues from the Prison Service. It presents challenges. From our analysis so far, those challenges will be manageable, but they will not be easy.

My difficulty with your question is similar to the difficulty that I had earlier with some of the questions on the capital budget. I am afraid that I cannot tell you precisely what we will do to be able to live within our means. As we say in our paper, the budget-setting process this year has been held up for a variety of reasons. We have not yet begun negotiations with our trade union partners about our plans and about the kind of efficiencies that we will have to bring in. However, we are reasonably confident that we will be able to get there, on the global sums.

**Cathie Craigie:** Why are you confident? Can you give us some examples, so that we can give pointers to other public service agencies? During the previous session, we heard that no Government department in the UK has ever achieved more than just over 1 per cent efficiency savings, but you are being asked to carry forward the efficiency savings from the previous review period as well as the £8.6 million for this period. How will you do that?

**Mike Ewart:** The best thing that I can do is invite Willie Pretswell to give you some details on what we have achieved in the past. As I say, we have not yet opened negotiations with our trade union partners. However, we have a clear set of instructions, which was included with our submission to the committee. We had a direction from the cabinet secretary to reduce operational costs or to begin to close the apparent gap between ourselves and private sector operators.

Willie, can I pass you a difficult question?

**Willie Pretswell:** An area that we cover in our submission is the progress that we have made

over the past couple of years. We were given a target by the Government of generating cash-releasing savings of £7 million last year and £10 million this year. You will see from the note that we provided that we are very much on target to achieve those figures. Perhaps we have gone against the trend elsewhere in being able to achieve them.

The reason why we have been able to achieve our targets has probably been the culture that we have had in the Prison Service for a good number of years now. Management and the trade unions have worked together to identify modern ways of working so that we gain the efficiencies that are associated with those. A key way of motivating our colleagues was through our chief executive's commitment that any savings would be reinvested in the public sector prison estate. That is what we have been doing. We have been accelerating the modernisation of the prison estate.

As Mike Ewart said earlier, there is a big advantage in moving the organisation from an antiquated estate—those of you who have visited various establishments will know how unfit for purpose they are—to modern, custom-built facilities that are efficiently designed and suit the modern-day Prison Service. Working with the trade unions, we have been able to build in the efficiency savings. Before we have awarded any contracts, we have reached agreements with our staff's trade unions on what the efficiency savings will be when the facilities open. Many of the efficiency savings that we have generated have come naturally through the modernisation of the estate. If we have had an advantage over other Government departments, it has been that. Identifying and implementing efficiency savings in partnership is part of the culture of the way in which we work with the trade unions.

**Cathie Craigie:** I am still not clear about the implications. Is the ratio between Prison Service staff and prisoners going to change? Are we investing less in other parts of the service? Some of my colleagues might want to speak about rehabilitation. I need to get a picture of where those savings might be found.

**Mike Ewart:** As Willie Pretswell has said, it is important to bear in mind the advantage that we have had through the development of the estate. With the significant capital investment that has been made available to us, we will continue to have that advantage. That allows us to move from what are recognised by the trade union side and management as the unnecessarily restrictive work practices that are brought about by the need to work within antiquated accommodation, where, merely for operational and security reasons—such as the poor sightlines or the difficulty in controlling the movement of prisoners around the facility—

more people are required to man a particular area. We find that we can reduce the staff prisoner ratio in the modern accommodation for purely custodial work. In the past, that has allowed us to release cash into the business in order to invest in the estate. It has also allowed us to move operational expenditure from purely custodial work into rehabilitative work and programme work.

**John Wilson:** I want to come back to prisoner numbers, and to follow up Cathie Craigie's point on whom we expect to imprison—that is, people who are a danger to society. How many prisoners would be better served by some other form of provision? The image that I took away from the visit to Barlinnie, where a number of prisoners have mental health difficulties or other difficulties, is that prison is not the best way to treat such individuals and that taking them out of the system like that is basically a safety valve. Do you have any idea how many people would be better served by provision other than prison?

**Mike Ewart:** The Prison Service's position in the criminal justice system is fairly simple but rather blunt, in that we have no control over the demand for our services. If somebody comes from the court with a valid warrant, we must take them. It is not for us to judge the wisdom of the court's decision in making that disposal; we simply make arrangements to accommodate those people who arrive. I do not have a figure for the number of people in Scottish prisons who have mental disorders or personality disorders of various kinds. Anecdotally, I would say that that number is high and has been rising. Some research was done in England and Wales, from which we could probably extrapolate an equivalent figure. If I may, I will come back to you with that piece of evidence.

**John Wilson:** If you are going to do that, could you also come back with some figures on how much it is costing to provide services within prison for that category of prisoner?

**Mike Ewart:** May I take the 18<sup>th</sup> amendment and say, "I'll see what I can do"?

**The Convener:** A refreshingly honest reply.

**Nigel Don:** I want to move on, working on the basis that you have the number of prisoners that you have. Dr Andrew McLellan's recent report, which I am sure you know inside out, states:

"A useful working day for a prisoner could make such a difference. It could teach good habits of punctuality and self-discipline. It could be a training opportunity to develop a skill to help with employment on release. It could transform the self-respect of prisoners".

I could go on. Our observation is that the chief inspector is right and that not very much is done in that respect. I presume that you could do such work, which is why I was slightly surprised to hear you say that the budget was adequate. If we took

the statement in the report to the limit, surely the budget is in no way adequate. You could in a sense be using free labour—although that is not the point—and using time productively for prisoners' benefit as well as other people's benefit. Will you comment on that suggestion?

**Mike Ewart:** You invite me to revise our statement that the budget is satisfactory and say, rather, that we could spend a whole lot more. Of course we could spend more, but there is little point making such a plea. You point out that Andrew McLellan's report sets out clearly the difficulty that we face, through overcrowding, of not being able to provide an adequate regime. However, I do not want to take refuge in saying that it is just overcrowding that means that there is not a productive regime for more prisoners than we are currently providing for. We ought to be able to do better. In response to not just Andrew McLellan's prompting but the wishes of us all in the service, we will be seeking to do better. If we had more resources, I am sure that we could do better still, but I am not here to tell you that we need a whole lot more money; I am here to tell you, as best I can, how we can manage with what we have.

**Nigel Don:** In successive annual reports, Dr McLellan has identified four issues regarding food. His report states:

"Prisoners eat unhealthy food before they come into prison."

He also identifies internal issues about how food is transported. However, the statement that struck me was:

"The budget for food has not changed since 1996."

I am not inviting you to say that that statement is wrong, because I trust that, in its context, it must be right. However, it sounds extraordinary and it does not sound like it would help. Will you comment on that statement and its implications for you?

**Mike Ewart:** That statement reveals that it is possible to do a lot more, particularly when there is investment in new plant and new accommodation, to provide food that is not just adequate but well received by prisoners. We conduct an annual survey of prisoners' views. Some of the most important things that prisoners look for are quality, quantity and relative temperature of food. One of the big issues is not just the nature of the food provided but the fact that moving it around from a centralised prison kitchen to accommodation meant that, in the past, people got cold food. A particular complaint was that where chips are being moved around in a trolley and are kept warm by a bain-marie, they get soggy. It may sound like a low-level complaint, but it can be the source of very real difficulty.

The quality of food is an issue that is very much live on the agenda of the Prison Service board. We have sought to improve the quality of food and to make healthy options available. Persuading our particular clientele to take those options is yet another challenge, but you do not want to hear me whinge about our difficulties any more.

**The Convener:** I remind members and witnesses that we are dealing with the budget.

12:30

**Margaret Smith:** I take issue with something that you said—not, you will be happy to hear, whether it is okay to eat soggy chips. In response to Nigel Don's question about whether the budget is adequate, you said that although you could do more if you had greater resources, there was no point in making that plea to us. I paraphrase, but I hope that that is the gist of what you said. You said that you are here to tell us not that you need more money but that you can manage within the budget.

With respect, I do not think that that is necessarily what you are here to do. If I was the cabinet secretary, I might expect you to tell me that you can manage within the budget, but we are a different beast. Our job is to find out whether the budget is adequate. Your written submission tells us that it is okay, but from your oral evidence this morning, in so many ways, we can see yet again that there are gaps in the service. Anecdotally, we all know that to be the case, and we want those gaps to be filled. For example, we talked about the rehabilitation of prisoners and the education and training that can be done with them. You made a point about the link centre.

Do you wait to be told by the Government how much money you have been allocated in the budget, or do you do what the universities seem to have done? They worked out what they thought they needed not to stand still but to remain competitive and to continue moving forward. Did you make a pitch to the Scottish Government, saying, "This is what we need in an ideal world," or did you wait to be told, "This is what you will get" and say, "Okay, we'll make do with that"?

I am a little disconcerted. I do not think that it is your job to come here and say, "Whatever we've been given, we'll manage within it." Your job is to come here and tell us whether the budget is adequate and provides what you, as the chief executive of the prison service, think is necessary to deliver the best possible service. That is my reading of the position, anyway.

**Mike Ewart:** It is important to remember that we are in a slightly different position from some of the other witnesses from whom you will take evidence, in that we are not external to the Government. We are civil servants. We are part of the Government.

We make the case strongly for what we think we need and we are in negotiation with the Government fairly regularly about that, not just in the context of the spending review but throughout the course of normal business.

The reason I said that I am not here to tell you that the settlement is inadequate is that it is not inadequate; it is satisfactory and we can manage within it. I could give you a shopping list of things that I would ideally like to be able to do, but that would not be an appropriate thing for me to do as a civil servant. I need to do that privately, in advice to the minister.

**The Convener:** We have to respect that.

**Margaret Smith:** You say that you continually make the case for what you need. Having made the case for what you need, did you get everything you asked for?

**Mike Ewart:** I would have to repeat the last bit of my previous answer.

**The Convener:** We must move on.

I turn to the parliamentary question—which was asked, coincidentally, by Nigel Don—on the Somerville judgment. In the event that the cabinet secretary does not prevail upon the UK Government to consider the retrospective aspect, how much might the judgment cost the SPS?

**Mike Ewart:** We have an estimate in the accounts to cover the costs. I ask Willie Pretswell to give us the numbers.

**Willie Pretswell:** Based on current legal advice and our understanding of the position, we do not believe that the judgment will impact on the budget for 2008-09 and beyond. The reason is that, under resource accounting, we provided for the anticipated expenditure that is associated with the judgment in the previous annual accounts. In effect, we provided for the expenditure that we will incur in future, and it is scored as public expenditure. The cash will flow out in later periods, but we have scored it, so it will not impact on the 2008-09 budget.

**The Convener:** We can but wait and see what developments there will be in intergovernmental negotiations.

**Willie Pretswell:** Yes.

**The Convener:** Fine.

**John Wilson:** Good afternoon, gentlemen. Your submission refers to time-releasing savings from the prisoner escort contract, but according to a report, Professor Sheila Bird has

“claimed that the contract does not make projections for the costs of growing prisoner movements over the life of the contract.”

Last week, Professor Bird repeated claims that the estimated prisoner escort contract could be out by millions of pounds, and that the actual cost will be significantly higher than the original forecast. If that is the case, what provision has been made to meet any potential additional costs?

**Willie Pretswell:** I have seen the article in which Professor Bird is quoted, but we do not believe that it is an accurate statement of affairs. When a contract is awarded, the normal practice is to give a lifetime value for it. The contract in question was given a lifetime value of £126 million over a seven-year period at the baseline volumes. It is volume based and contains a facility that means that if traffic volumes go up or down, the monetary amount will change accordingly. The Auditor General for Scotland reported to Parliament on the matter and confirmed that the estimated saving of around £20 million against the volumes and the value of the contract were sound.

Since then, the volume of traffic associated with the court custody and prisoner escorting contract has increased, but the contract provided for that increase, and we have paid on that basis. However, the volume of traffic increased beyond the levels that we expected under the contract, so we negotiated a contract change with the provider, Reliance, which extended the volume bandings going upwards. The values associated with those bandings were reached on a similar basis as that on which the values at the lower level were reached. Value for money was therefore protected in the contract.

From my brief reading of Professor Bird's statement, she seems to suggest that the value for money assessment was unsound. I do not think that that is correct because, obviously, if there are higher volumes of traffic, the police and prison staff will dedicate more resources to dealing with those volumes, so the value for money equation will extend to those volumes. Perhaps Professor Bird is mistaken.

**John Wilson:** So you still think that the delivery of the service will come within the projected budget that was set aside?

**Willie Pretswell:** Yes. That is within our budget provision. We will fund it within that provision.

**John Wilson:** The Scottish Government has announced a target of 2 per cent a year for cash-releasing efficiency savings. Your submission says that the Scottish Prison Service's budget has been “reduced by some £8.6m per annum in anticipation of such cash-releasing savings being achieved.”

How do you plan to meet that target if prisoner numbers are, according to your submission, still projected to grow?



**Mike Ewart:** As I said earlier, I cannot give you detailed plans for meeting the challenge that we face in achieving further savings because we have not begun our negotiations with prison managers or with our trade union partners, but our experience clearly indicates that by opening up new accommodation, in particular, we can achieve efficiencies in operation. In addition, there are undoubtedly opportunities for us to pursue further efficiencies in areas such as procurement and other parts of the business. We will look for every possible opportunity to make savings. On the basis of our experience, we are reasonably confident that we will be able to meet that challenge in a way that will not impact on the quality of service.

**Paul Martin:** I have a quick question on new accommodation. My understanding is that the cost of the PPP project at Addiewell will be £21,000 per prisoner per year, whereas with public procurement the cost would be £15,000 more—it would be more than £35,000 per prisoner per year. Is it not the case that there will be a difference between the operating costs of a publicly procured prison and one that is procured through the PPP process?

**Mike Ewart:** That is precisely the challenge that the cabinet secretary has presented us with when we come to operate HMP Bishopbriggs—he has directed us to reduce that apparent gap.

**Paul Martin:** You mentioned making savings through new accommodation, but it is clear that the use of the public procurement process will mean that your operating costs will be significantly higher. How do you expect to achieve savings through new accommodation?

**Mike Ewart:** We will have to find ways of reducing our operating costs to make them closer to those of the private sector. The gap will never be entirely made up because some of the difference is accounted for by accrued pension rights, which are a burden on us that would not necessarily fall on a new operator. Nevertheless, we will have to manage that area and, through discussion with our trade union partners, find more efficient ways of operating that achieve the same result using less manpower.

**Paul Martin:** I want to pursue the point, because it is important. You said that you hoped that the new accommodation would result in savings, but now you are saying that you will try to achieve savings. You have contradicted your previous statement, which was quite clear. You have said that you will look at the opportunities for efficiencies that are provided by the new accommodation, but if the new accommodation is to be provided through a process of public procurement that front loads the costs, in the sense that it is clear that, at Addiewell, public

procurement would result in an additional cost per prisoner per year of £15,000, you have absolutely no chance of making savings.

**Mike Ewart:** The savings that we must make must be made against the current budget—they are not savings that we must make on top of the gap between the costs of public and private sector procurement routes.

**Paul Martin:** Yes, but you said that the new accommodation would allow savings to be made.

**Mike Ewart:** Yes. Our experience in bringing on stream new accommodation in the development prisons is that we can make such savings.

**Paul Martin:** Yes, but the prisons to which you refer have not been publicly procured.

**Mike Ewart:** Yes, they have been.

**Paul Martin:** Some of the new accommodation has been publicly procured, but not all of it.

**Mike Ewart:** I see where the difference between us has arisen. I apologise—I had not appreciated the distinction that you were drawing. I was referring to the new accommodation that we have procured in the development prisons in the public estate. I was not referring to the PPP prisons; I was not making such a comparison.

**The Convener:** Confusion.

**Margaret Smith:** What assessment have you made of the cost of different educational and offending behaviour programmes in prisons? What is the cost of such programmes across the prison service? In real terms, will that cost increase or decrease over the next three years?

**Mike Ewart:** I do not have with me the detailed costings of particular programmes, but I will find the figures that you need and, if I may, add them to the list of things that I have promised to provide the committee with.

12:45

**Margaret Smith:** Does the SPS look at the cost of different types of programme with a view to establishing which offer best value for money?

**Mike Ewart:** Yes—

**Margaret Smith:** Is it clear which programmes offer best value for money? Does the SPS use that information when it makes decisions on which programmes should be rolled out across the country?

**Mike Ewart:** Yes, we do. The evidence is not as clear-cut as one would ideally like—it never is in this, or any other, business—so the decision remains qualitative. In some cases, we just need to try something new to see what happens. I can provide a summary of the evaluation of programmes if that will be helpful.

**Margaret Smith:** That will be helpful, thank you.

**Cathie Craigie:** According to SPS figures, nearly half the prisoners who are released return to custody within two years. Can you comment—if not, perhaps you can add this to your list—on how many people this has had an effect? Has there been a reduction in the level of reoffending? Has expenditure on that programme been cost-effective?

**Mike Ewart:** I am sorry, but I need to clarify the question. Is the question whether, in the cohort of prisoners who do not subsequently return to prison, we can identify what impact a programme had on them while they were in prison?

**Cathie Craigie:** The figures suggest that, after two years, nearly 50 per cent of released prisoners are back behind prison doors. Of that 50 per cent, how many previously participated in courses? Do we have an evaluation of whether such courses have been effective and an efficient use of the service's time and resources?

**Mike Ewart:** I am not sure that I could find that precise information, but I think that the evaluation of the effectiveness of programmes that I referred to in my response to Margaret Smith might go some way towards answering that question.

**The Convener:** Are there any other questions?

**Stuart McMillan:** I want to return to the procurement issue. It has come back to me that, when I met members of my local chamber of commerce last night and they saw that I was wearing a 2014 Commonwealth games badge, they raised concerns that the games—and the London Olympics—might take tradespeople away from other projects to focus on building stadia and the like. Is that also a concern for the SPS, bearing in mind that the Bishopbriggs prison is to be completed by 2011?

**Mike Ewart:** As Willie Pretswell said, a range of pressures affect the construction industry and might have an impact on costs and, in particular, the availability of labour. Certain skilled trades would no doubt be high up that list. That is part of the uncertainty that we need to manage at the moment. I can really say no more than that.

**Stuart McMillan:** People admitted last night that more than 70 per cent of the facilities for the Commonwealth games are already in place, but the London Olympics is a different kettle of fish.

**Mike Ewart:** Yes, that is a different matter.

**The Convener:** As there are no other questions, I thank Mr Ewart and Mr Pretswell for giving their evidence. We look forward to hearing from them on the few matters that are outstanding.

As agreed earlier, the committee will now move into private session.

12:49

*Meeting continued in private until 13:06.*

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