



House of Commons
Public Accounts Committee

National Offender Management Service: Maintenance of the prison estate in England and Wales

Fifty-first Report of Session 2008–09

*Report, together with formal minutes, oral and
written evidence*

*Ordered by the House of Commons
to be printed 15 July 2009*

HC 722
Published on 5 November 2009
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Public Accounts Committee

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Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

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Summary

The National Offender Management Service Executive Agency of the Ministry of Justice, formed in April 2008, is responsible for maintaining the 129 public sector prisons in England and Wales.

Maintaining the prison estate in England and Wales presents considerable challenges and, with continuing population pressures, it is difficult to move prisoners around to allow maintenance work to be carried out. Furthermore, the estate varies considerably in size, age and purpose. Nearly 50% of the 129 prisons in use were built before 1900.

In 2007–08, the National Offender Management Service spent around £320 million maintaining the prison estate, down from £330 million in 2005–06. We are pleased to note that it has obtained good value for money from this expenditure, with prisons kept sufficiently well to maintain physical security, ensure prisoner and staff safety, and maintain prison capacity, despite a rising prisoner population.

However, there is plenty of scope for the National Offender Management Service to improve its performance and its longer term management of the estate. The National Offender Management Service does not have a clear idea how much it is spending in total on maintenance, or how it is performing as an organisation. Basic information on how well prisons are carrying out maintenance tasks is not being produced locally, or collected and analysed centrally. Nor is it being used to drive up performance. The National Offender Management Service promised us improvements in its performance and cost data, which should help it identify efficiency savings.

The National Offender Management Service needs to improve the way it manages its assets and gain a better understanding of whole life costs and, therefore, when it is most cost effective to switch from maintaining an asset to replacing it. There are also gaps in the way the National Offender Management Service manages its external contractors and its knowledge of how contractors are performing. The Service does not enforce standardisation of parts where it could, and handovers from external contractors to local maintenance teams were not working as effectively as they should have been and were characterised by poor information on ongoing maintenance requirements. Lastly, the Service should consider developing cell availability as an overall measure of its success in maintaining the estate.

On the basis of a Report by the Comptroller and Auditor General,¹ we examined the National Offender Management Service on its management processes, its understanding of whole life costs, and the way it works with external contractors.

¹ C&AG's Report, *National Offender Management Service: Maintenance of the prison estate in England and Wales*, HC (2008–09) 300

Conclusions and recommendations

1. **NOMS has secured good value for money maintaining the prison estate in the face of the challenges of ageing properties, high turnover of prisoners in some establishments and continuing population pressures.** To maintain physical security, secure prisoner and staff safety, and maximise prison capacity, all against the backdrop of a rising prisoner population, as well as make improvements in the estate, NOMS should develop better insight into its long-term maintenance needs.
2. **NOMS does not have the performance and expenditure data it needs to assess maintenance performance in prisons and across Areas, and to manage its assets more effectively.** Prisons are supposed to produce performance data through the NOMS Service Delivery Agreement framework, yet only half of the data asked for by the National Audit Office was provided. NOMS should ensure that the data necessary for effective management is produced by staff when required and on a consistent basis across the Service.
3. **NOMS does not analyse, either at Area level or centrally, the performance and cost data relating to its estates in order to gain an overall view of organisational performance.** NOMS should collate all performance and cost data and use it to analyse performance across the prison estate, with the aim of driving up performance, reducing costs and identifying and disseminating best practice. They could also use this data to benchmark the different structures used in Areas to identify the best performing model.
4. **The existing Key Performance Target for prison maintenance staff gives no indication of real achievement because it automatically generates 100% performance since uncompleted tasks are not included.** NOMS has committed to developing new targets for its maintenance staff in order to incentivise performance, and identify best practice and poor performance. The new target for local maintenance staff should include uncompleted tasks, so that it gives a clearer impression of how prisons are coping with their maintenance workload. At the same time, NOMS should consider using the percentage of cells available for use at any given time as a way of improving performance.
5. **NOMS' lack of knowledge of the causes of reactive maintenance work undermines its preventative work.** A particularly stark example is the wide disparity in the estimates of vandalism in prisons produced by staff in the centre, Areas and individual prisons. NOMS has committed to rolling out the new national Planet FM system as soon as possible and training all staff to use it. Once sufficient data is available, NOMS should use it to identify the main causes of maintenance work, and develop preventative maintenance programmes to respond to them in the long term.

6. **NOMS does not analyse whole life costs systematically to help it decide when it is most cost effective to patch, refurbish, or replace prison wings, plants and facilities.** NOMS should implement systematic processes for considering whole life costs when making purchasing decisions. The full review of assets NOMS is carrying out will help by giving it up to date information about the current condition of the prison estate.
7. **NOMS has developed standard specifications for parts and materials used in prisons, but has not included them as requirements when offering maintenance work out for tender.** As a result, contractors have used a diverse mix of parts, which can be difficult and expensive to acquire both in individual prisons and across the estate. Where possible, NOMS should increase the standardisation of parts and materials in order to reduce costs through achieving economies of scale, with due regard to reducing whole life costs and without standardising on a poor, inefficient or obsolete design.
8. **Prison maintenance staff are not always consulted or made aware of their maintenance responsibilities for new capacity when external contractors hand over new or refurbished prison wings, plants and facilities.** NOMS should make sure that the new checklist system for contractors is being used consistently and use the information emerging to improve handovers.

1 Performance management of the prison estate

1. The National Offender Management Service Executive Agency (NOMS) is responsible for maintaining 129 prisons across 12 Areas in England and Wales.² NOMS was formed in April 2008, from parts of the National Offender Management Service headquarters, HM Prison Service and the National Probation Service.³ In 2007–08, NOMS spent around £320 million maintaining the prison estate, down from £330 million in 2005–06.⁴ We are pleased to note that NOMS has obtained good value for money from this expenditure, with prisons kept sufficiently well to maintain physical security, prisoner and staff safety and prisoner capacity, despite a rising prisoner population (73,000 in 2007–08, up from 68,000 in 2005–06) and high turnover in some establishments.⁵ Now that all of the estate functions—increasing capacity, maintenance and the building of new prisons—are amalgamated into one function under the new Agency, there is scope to improve performance and increase efficiency. We welcome the Accounting Officer’s assurance that he can now do a much better job.⁶

2. This improved performance has, however, been achieved despite inadequate performance management systems. The National Audit Office found it difficult to establish exactly how much had been spent on maintenance in prisons, as funds for such work come from a variety of sources that NOMS does not aggregate to produce total estimates.⁷ The lack of such expenditure data makes it difficult to benchmark costs and compare how prisons are performing. NOMS told us that roughly £320 million of investment in maintenance, for an estate valued at £5 billion, is on the low side, and accepted that it needs better information on how much is spent maintaining the prison estate.⁸ The review of assets currently underway, and the new national Planet FM system that is being rolled out, should provide NOMS with more information on what is happening across the estate and allow it to identify efficiency savings.⁹

3. There are large gaps in the data collected by Areas to monitor progress against their Service Delivery Agreements. Examples of the data recorded include the cost of maintenance per square metre, the number of repairs per prisoner and the percentage of repairs completed on time.¹⁰ This is basic information that prisons should produce on whether certain maintenance jobs have been completed and whether they were completed on time.¹¹ In some Areas, however, the percentage of data sets completed is as low as a

2 C&AG’s Report, para 1.9

3 C&AG’s Report, para 1.5

4 C&AG’s Report, para 1.12, Figure 4

5 C&AG’s Report, paras 18, 2.3, Figure 4

6 Q 4

7 C&AG’s Report, para 4.8

8 Q 25

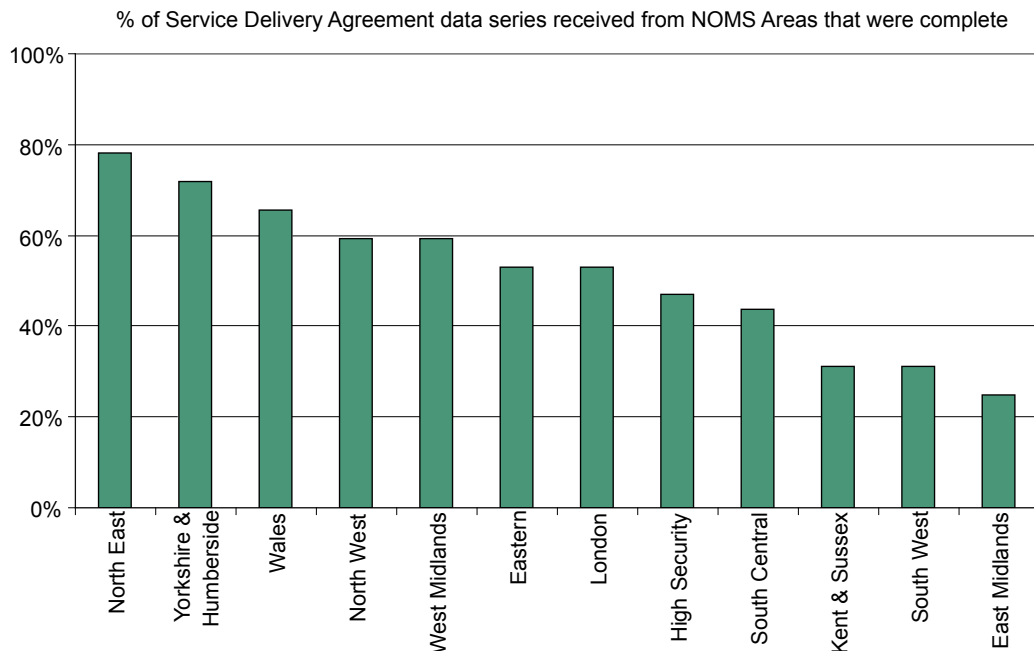
9 Q 7

10 C&AG’s Report, Figure 9

11 Q 8

quarter (**Figure 1**).¹² Collecting and using such data effectively is crucial to improving the performance of works staff, and NOMS told us that it plans to communicate to staff the importance of collecting it.¹³

Figure 1: Performance collecting data by Area



Source: C&AG's Report, Figure 11

4. The Service Delivery Agreement framework should provide an effective base for monitoring the performance of prison maintenance staff.¹⁴ NOMS has, however, not been monitoring this information centrally, but has instead left it to regional management to monitor.¹⁵ While local maintenance staff carry out repairs and maintain prison capacity effectively, comprehensive performance information is needed to help management of any large organisations make sensible decisions about priorities.¹⁶ Collecting together all the performance information NOMS have, and using it to analyse performance across the prison estate, would help drive performance improvements and help reduce costs by identifying good practices that can be rolled out nationally.

5. Local prison maintenance staff have a Key Performance Target (KPT) for completing planned maintenance tasks assigned to them. The National Audit Office found that prisons reported near total achievement of this target, and on closer examination found that prisons were able to do this because uncompleted maintenance tasks were not included in the calculations.¹⁷ Excluding maintenance tasks that have not been completed from a target for the completion of maintenance tasks gives no indication of performance. NOMS assured us it will introduce a target that will drive performance better. It also noted that the

¹² C&AG's Report, paras 4.9–4.10, Figure 11

¹³ Qq 2, 12

¹⁴ C&AG's Report, para 4.2

¹⁵ Qq 6, 9

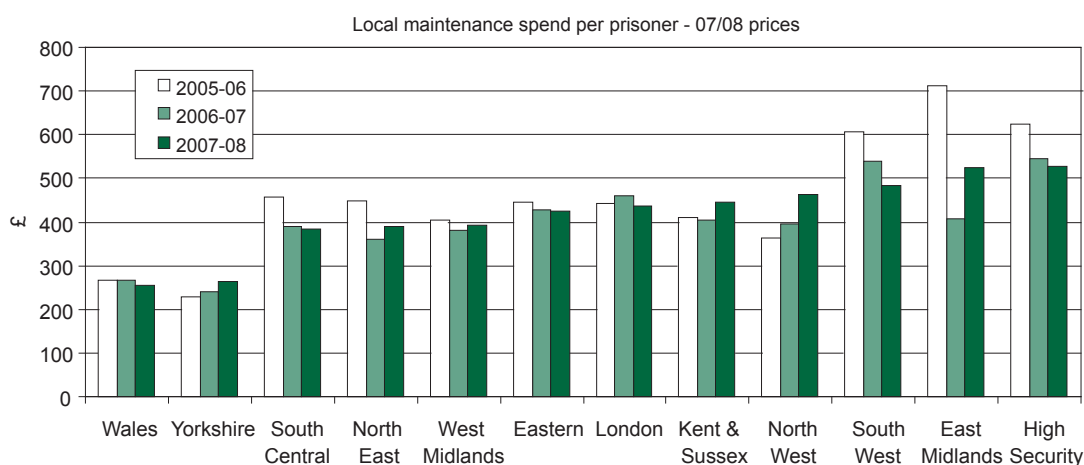
¹⁶ Q 10

¹⁷ C&AG's Report, para 4.3

aim is to have prisons in continuous use and it should consider using an organisation-wide target to have a proportion of its cells available for use at any given time.¹⁸

6. Maintenance staff interviewed by the National Audit Office reported that over half of their day-to-day work was caused by vandalism.¹⁹ This contradicts data held centrally, with estimates produced through Service Delivery Agreements and the NOMS Incident Reporting System of 3.9% and 0.5% of repairs respectively being due to vandalism.²⁰ The Committee considers that such disparity of estimates is indicative of the general lack of adequate information on the main causes of maintenance work in the prison estate, which hinders preventative action to mitigate them. NOMS told us that levels of vandalism were higher in young offender establishments than across the adult prison estate, but accepted that staff are not completing the specific fields which describe the causes of maintenance tasks on Planet FM (the database used to record all identified maintenance tasks). NOMS assured the committee it would seek to increase staff compliance in recording information. The new national Planet FM system that NOMS is currently rolling out across England and Wales will allow it to produce national estimates of vandalism across the prison estate.²¹

Figure 2: Variations in the amount spent in each region on maintenance



Source: C&AG's Report, Figure 8

7. The 12 NOMS Areas across England and Wales have different structures for carrying out maintenance in prisons. There is wide variation in spending on local maintenance across Areas (**Figure 2**).²² There are some obvious explanations for the differences in performance. For example, the High Security Area spends more on maintaining security systems.²³ Overall though, NOMS has a limited idea on what is happening in different regions.²⁴ This is in part due to the information gaps outlined above, but there is also a specific issue highlighted in the Comptroller and Auditor General's report that Areas

18 Q 15

19 C&AG's Report, para 2.12

20 C&AG's Report, para 2.12, Figure 15

21 Q 1

22 C&AG's Report, para 2.7, Figure 8

23 Q 19

24 Qq 9, 19

produce performance data using different methods and definitions, which makes it difficult to carry out any meaningful benchmarking of performance.²⁵

25 C&AG's Report, para 4.4

2 Improving asset management

8. The prison estate in England and Wales presents unique maintenance challenges.²⁶ It is difficult to move large numbers of prisoners to allow maintenance work to be carried out.²⁷ The challenge is increased further by the fact that the estate varies considerably in size, age and purpose. For example, the National Audit Office reports that nearly 50% of the 129 prisons in use were originally opened in, or prior to, the 19th century, with the oldest building in use dating back to the 12th century.²⁸

9. In such a varied estate, NOMS has to make daily decisions about how best to keep prison assets operating. There are complex tradeoffs involved. For example, managers have to decide whether a boiler should be given a low cost patch job immediately, prior to replacing it with an expensive new boiler later when it finally wears out, or refurbish the boiler now for a higher immediate fee, but lower life time cost.²⁹

10. When planning major maintenance projects, NOMS considers their likely economic and maintenance requirement, but does not have plans for maintaining individual assets over their economic life. NOMS does not have a systematic process for analysing whole life costs to help it decide when to patch, refurbish, or replace prison estate and facilities.³⁰ NOMS, therefore, has a limited understanding of when it is cost effective to switch from ongoing maintenance to replacement or refurbishment.³¹ NOMS told us that the full review of assets it is carrying out should help in this regard, by giving it up to date information about the current condition of the prison estate.³²

11. NOMS contracts out major maintenance tasks to private firms, and has developed standard specifications for the parts and materials used in prisons that can be included as requirements when inviting tenders. However, NOMS has to date not routinely included them in contracts.³³ This has led to an already varied prison estate using a wide range of parts and materials, usually in the same prison. For example, HMP and Young Offenders Institute Holloway had four wings refurbished, and in each wing the lamps and plumbing were different.³⁴ This creates extra work for maintenance staff in identifying what specific part is required before a job can be carried out, and some of these parts can be hard to acquire. NOMS told us that there is potential for delivering savings though increasing the degree of standardisation of parts and materials used across the prison estate, although this

26 Qq 35, 38

27 Q 3

28 C&AG's Report, para 1.10

29 C&AG's Report, para 2.11

30 Q 30

31 C&AG's Report, para 2.11

32 Qq 11–12

33 C&AG's Report, para 3.9

34 C&AG's Report, para 3.11

potential must be investigated carefully: for example, there may be little benefit to be gained from standardising on an older design that costs more to maintain.³⁵

12. NOMS has recently taken on responsibility for both planning and running the prison estate, which had previously been separated between different agencies.³⁶ This should put it in a better position to improve the handovers of new assets from external contractors to prison maintenance teams, which have not been proceeding smoothly. Local maintenance teams have taken over responsibility for maintenance without adequate information on, for example, required frequency of servicing and the availability of spare parts.³⁷ NOMS has devised a comprehensive checklist for contractors to fill out to ensure that local maintenance staff have the information they need to allow them to effectively maintain new assets, and assured us that they will be routinely completed for each handover.³⁸

13. NOMS contracts out all major maintenance projects with a value greater than £150,000.³⁹ With such large sums of money involved, NOMS should manage contractors closely and be in a position to determine whether performance is acceptable or not.⁴⁰ This is not always the case. For the vast majority of major maintenance projects NOMS is unable to evaluate whether they have under-spent or over-spent against their original estimates. In 2008, NOMS made it a compulsory requirement that in the Major Projects Database it uses to record major maintenance projects, both the original business case cost and the final cost of major projects must be reported, to allow evaluation of performance. Yet of 78 projects started in 2008, only four had a recorded business case cost.⁴¹ NOMS assured us they will tackle this deficiency.⁴²

14. NOMS accepted that there were problems with the handover of I wing at HMP Stoke Heath in 2008.⁴³ The wing was handed over to prison staff in a state requiring immediate remedial maintenance work be carried out due to a number of defects, including internal pipe leaks, cracked doors and misaligned, rust-stained external metal wall cladding.⁴⁴ NOMS should check the quality of work carried out before receipt of major projects, so that the manufacturer can be made to rectify any problems. NOMS accepted that this handover was not carried out in the correct way. It was a new design bought as part of a campaign to increase capacity quickly, but it did not live up to the manufacturer's description.⁴⁵ NOMS told us with the day-to-day management of prisons and design functions now joined up, such situations should be avoided in future.⁴⁶

35 Qq 16, 29

36 Q 4

37 C&AG's Report, paras 2.23–2.26

38 Q 5

39 C&AG's Report, para 1.16

40 Qq 24–25

41 C&AG's Report, para 4.13

42 Q 26

43 Qq 30, 37

44 C&AG's Report, para 2.25

45 Q 37

46 Qq 30, 37

15. NOMS has not established the costs of the external contractors delivering maintenance at HMP Brixton.⁴⁷ NOMS told us that there was no doubt that the contractors could provide information on how much they are spending, and assured us that it intends to keep better records of how much it spends on maintenance.⁴⁸ Contracting out is a useful tool. In this case, the Brixton contract helped overcome the difficulties NOMS experienced carrying out the work in house, as it found it nearly impossible to recruit and retain staff in London.⁴⁹ NOMS should, however, still evaluate costs of contracts and seek to benchmark contractor performance, to ensure it is getting value for money.

47 Qq 17, 24–25

48 Qq 17, 25

49 Q 17

Formal Minutes

Wednesday 15 July 2009

Members present:

Mr Edward Leigh, in the Chair

Keith Hill

Mr Don Touhig

Mr Austin Mitchell

Draft Report (*National Offender Management Service: Maintenance of the Prison Estate in England and Wales*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 15 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Fifty-first Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134

[Adjourned till Wednesday 14 October at 3.30 pm

Witness

Wednesday 17 June 2009

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Mr Phil Wheatley, Director General, National Offender Management Service,
Ministry of Justice

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Oral evidence

Taken before the Committee of Public Accounts on Wednesday 17 June 2009

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Ian Davidson

Keith Hill

Mr Amyas Morse, Comptroller and Auditor General, **Mr Martin Sinclair**, Assistant Auditor General and **Aileen Murphie**, Director, National Audit Office, were in attendance.

Ms Paula Diggle, Treasury Officer of Accounts, HM Treasury, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL NATIONAL OFFENDER MANAGEMENT SERVICE: MAINTENANCE OF THE PRISON ESTATE IN ENGLAND AND WALES (HC 300)

Witness: **Mr Phil Wheatley**, Director General, National Offender Management Service, Ministry of Justice, gave evidence.

Q1 Chairman: Good afternoon and welcome to the Committee of Public Accounts where today we are considering the Comptroller and Auditor General's Report on the National Offender Management Service: Maintenance of the prison estate in England and Wales. We welcome back to our Committee Phil Wheatley, who is well-known to us and we to him, the Director General of the National Offender Management Service in the Ministry of Justice. It is always a pleasure to have you here, Mr Wheatley. I should say right at the beginning that the general conclusion of this Report—it is a good Report—is that your Agency has obtained good value for money. We do not necessarily always say that to you but congratulations. I should also welcome a delegation from the Iraqi Parliament; I had a very useful session with them this morning where we explained a lot of our work, and the time that they are spending in London is of huge importance because they are trying to build up contacts with the Iraqi National Audit Office which actually, historically, has an extremely good record, so the work which they are undertaking in these three or four days in London is very important. They are going to be spending a short time with us this afternoon; we welcome our friends from Iraq, you are very welcome, thank you for coming. Mr Wheatley, can I perhaps ask you to start by looking at the problem of vandalism which is dealt with at paragraph 2.12 of the Comptroller's Report. What surprised me about this paragraph is that apparently in the centre you think that vandalism accounts for about 4% of the damage but actually when our team from the National Audit Office went around, in terms of how much maintenance is caused by vandalism and other disturbances, they saw that as about 50% to 75% of the work. Why do you not apparently know what is going on locally about vandalism? I would have thought it is fairly key.

Mr Wheatley: To a certain extent the mismatch perplexes me because the computer system on which works teams should record what they do, which is

Planet FM, requires them to enter what the reason for the damage is, and we are relying on the information that they enter. Therefore the answer must be that they are not entering it accurately or in speaking to those who have visited, auditing, they have given an impressionistic and not entirely accurate view. The truth probably lies somewhere between the two actually. I would like to know more about levels of vandalism though I can tell you that it is very high in young offender establishments and the comment relates particularly to Stoke Heath with the under-18 group in particular, and the 16 to 21 group—the way in which they treat accommodation is much worse than grown-up prisoners who are much more sensible about the way in which they behave. We know we have a vandalism problem in the young offender estate; there is a greater problem there. As we roll out the new computer system which is a national computer system rather than a series of regional databases, we are going to make sure that we can then look at the information nationally and we can also police rather more the way in which our staff record. Like you, I think we should have more accurate information.

Q2 Chairman: Again on this subject of more accurate information, if you look at figure 11 which you can find on page 27—again I found this quite surprising, this is the percentage of completed Service Delivery Agreement (SDA) data—it can be very low in the East Midlands, my own area, where it is down to 20%. How can you make the most effective decisions on maintaining the prisons, Mr Wheatley, when you seem to lack information on the performance of expenditure? Is this not rather key; what is going on?

Mr Wheatley: Again, I do not disagree. It is quite interesting because if you relate the various tables that there are, one of the areas that looks as though it spends rather higher than you would expect is the

East Midlands, and I suspect that East Midlands, one of the lowest recorders of information, probably has some way to go to be a sharper outfit, and I am quite conscious that that is something we need to address. Certainly on the information on these tables there is some correlation. What has happened in practical terms is that as we have rolled out SDAs, rather than as in the old days where the governors had their own works teams who were under their direct control. Once governors have got an SDA because the system works and because they are getting things repaired they have not been interrogating the SDA information and thinking we are now running an effective contract. We need to get the message out to those operating the prisons that that is the best way of getting real delivery out of works staff. Again, we need to drive improvement on that, so this has very helpfully highlighted an area where we can use information to do better, most of which becomes more available because we have better IT systems heading our way.

Q3 Chairman: How can you manage the maintenance if you seem to have very little ability—understandably I suppose—to move prisoners? We read in paragraph 9 on page 5: “The primary reason for delaying major maintenance projects is population pressures, which limit the space available to move prisoners out of wings requiring refurbishment to alternative prison accommodation.” When I was reading it earlier I said “Why is it a problem? It is a silly question but why can you not work around it?” They said, “Well of course you cannot have tools lying around and things.” Obviously if I asked a silly question that is the obvious answer, but this is fairly basic, is it not?
Mr Wheatley: We do work round it and this is one where we do exactly know what we are doing as we balance various pressures. We know where we have got our major refurbishment tasks and we often have a choice—you can close a wing and do a complete refurbishment; it is cheaper to do it that way because you do not have prisoners and you do not have the problems that come with having to control the tools separately because there are prisoners alongside and provide escorts. But if the consequence of taking a wing out of use is that we go out into police cells, then that is obviously very expensive and has to enter the business case. So we look at what is the pressure on the estate at the moment, can we afford to take this accommodation out of use, do we have to because it is the only way of doing this particular refurbishment or piece of work, in which case we have to and we get on with it, or should we contract to do it in a more convoluted way, doing it alongside the prisoners, which we do only where that appears to be the best business case once we take account of the risk of being in expensive police cells. We are genuinely making finely balanced judgments and I think getting that right.

Q4 Chairman: Okay. I want to ask about handovers which are mentioned at paragraph 2.23 on page 21, “Handing over refurbished and new buildings to prison maintenance teams”. It says here: “We found

there had been examples of limited handover arrangements prior to the new procedures.” What is going on here?

Mr Wheatley: There are two things happening. One is that the period that this is looking at, lots of the planning and the delivery has been done in a period where in prison terms—if I can use a rail analogy—we had separated the track from the trains, so if you had been speaking to me prior to the new NOMS Agency I would have been running prisons and I would not have been involved in the decisions about the major investment programme. That would have been done by the owners who were the old NOMS system, not an agency; now those two things have been brought together and we can do a much better job. Thinking through the effect of new accommodation, how we are going to operate it and how we are going to hand it over we have devised a sensible checklist approach that is comprehensive which we are now policing to make sure that happens because we do need to make sure that handover is done properly.

Q5 Chairman: If you were coming back in two years’ time, what evidence would we expect to see on this issue of handovers?

Mr Wheatley: You would expect to see a completed checklist with the people when you spoke to them not saying “We just filled out the checklist and it did not do a blind bit of good” but saying “Actually that enabled us to resolve some of the outstanding problems and we did not take it over until we had got this sorted.”

Q6 Chairman: But you seem to have quite limited information on what is going on in the regions. Let us look for instance on page 8, paragraph 20(g): “The Agency should develop robust key performance targets for planned and reactive maintenance, capable of determining real differences in practice and performance across Areas.” What worries me is do you have enough information on what is going on on the ground to enable you to come back in two years’ time and tell us what you are doing?

Mr Wheatley: We are acquiring the information. The most important thing that we have under way is a proper review of our assets—that is our buildings and some of our plant, because plant and buildings operate together obviously—in which we are much clearer about what we have got, what state it is in, so that we can make sure that we are targeting maintenance in a way that matches real need. I am very conscious that I have now got ownership of the assets—previously I was just the man that was running them—that I want to know what is out there and before a rail gives way under a train, as it were, I want to know that there is a weak rail there and what are we doing about it. That is a big piece of work which we have under way and initiated a number of months ago, with a new director in charge of not only the building but also the maintenance of the buildings with a good track record in running big

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building maintenance programmes. He will then have the information to enable us to target our effort better.

Q7 Chairman: My last question before I hand over to Mr Bacon, I said right at the beginning that you delivered good value for money but are there any further efficiency savings that could be made?

Mr Wheatley: My view is that there always are further efficiency savings. If I sat here and said that this is now perfect or once we have done the latest round of things it will be perfect, I would be deluding myself and you. The basis of working out what is the best way to use our money does depend on having a better view of our assets, not just the things we happen to know about because we know the estate quite well, it is a bit unsystematic. Using the new computer system when we roll it out nationally—we are not there yet but when it is available nationally—it will give us much better information about what is happening in the estate and we should be able to do a sharper job.

Chairman: Thank you very much. Richard Bacon.

Q8 Mr Bacon: I would like to return to figure 11 where the Chairman started (page 27) because I did not only find it quite shocking but also very surprising. This is the “Percentage of complete Service Delivery Agreement data received from Prison Service Areas, as a percentage of data requested” so for the East Midlands down at the bottom it looks like about 24% was received of what was requested and therefore 76% or so of what was requested was not delivered, possibly because they had not got it or possibly because they were busy with other things, but the average is around—if you look at Eastern and London in the middle—the 50% mark, so roughly half the time they are not able to meet the request. But this is reasonably basic information on what the money is being spent on for basics, is it not? That is what it boils down to.

Mr Wheatley: What I think it would supply—and I have not looked at the raw data—is it tells you at what rate they were meant to complete certain jobs and did they complete them within this timescale so it is the whole of the performance data that the works will supply to governors, and we have moved away in the main from just having local works services to the governor in charge having regional works services working to an SLA.

Q9 Mr Bacon: Yes.

Mr Wheatley: We have not been monitoring that at the centre, that has been for the regional management to monitor, and what in practice has happened is that if the system is visibly working—nobody is complaining, everything works okay, your repairs are obviously done promptly—people are not looking to the letter of the new contract. They should have been doing that, I am not defending it, but I think that is what has happened. It does not imply it is not happening.

Q10 Mr Bacon: But nonetheless to run any large organisation you need management information and management information is always one of the problems in any large organisation, public or private sector, because you cannot make sensible decisions without it and you cannot make sensible decisions without priorities. You and I know that in the years ahead under governments of whatever complexion, the need for priorities is going to assume a new potency.

Mr Wheatley: Yes, I am with that.

Q11 Mr Bacon: Yet without this information you are hindered in the decisions you can take.

Mr Wheatley: I do not think this is the key information we need to take those decisions; we also do not have the information we need to take the key decisions which is the asset register, to know what we have got and what its state is is the absolute key information. This would not have come out of this process—we have identified that that is a major lack of information, to take just the sort of prioritised decisions you speak about.

Q12 Mr Bacon: Are you saying that you do have the asset record centrally now?

Mr Wheatley: I am saying we are developing an asset record centrally; you do not do it instantly, a point we have sometimes made before, this requires detailed work in establishments, we are using consultants to do it—it is the sort of work you probably should use consultants for with care—and we will develop and maintain an asset register against which we will prioritise all our maintenance. That is the bit that we did not have; this information, which tells me whether the works department in the East Midlands is really turning up on time to do repairs, to do the maintenance, is less important to the centre. I still think they should have been recording it.

Q13 Mr Bacon: Whether people turn up on time or not can be useful. We met with our chief constable recently and he said that with these transponders in every police vehicle they can tell when people are parked up at Dunkin’ Donut. The police officers do not necessarily like it so even at the local level it can be—

Mr Wheatley: I have often thought transponders inside quite a number of staff I can think of would be a very good idea.

Q14 Mr Bacon: In some of your prisoners probably as well and then you would know whether they had escaped.

Mr Wheatley: That would be useful, yes. I am not proposing it you understand.

Q15 Mr Bacon: You mentioned the service level agreements and your answer is sort of given in paragraph 4.2 where it says “In only one of the eight prisons visited . . . was the Service Delivery Agreement being actively used by the Governor . . .” It goes on in the paragraph below to talk about the performance target and it points out that in almost

all prisons there was a near-total achievement of the target, but in practice this was because tasks that had been issued to a member of the maintenance team were only recorded in the return. The key sentence is the following one: "Planned maintenance tasks that had not yet been issued to a member of the team, and therefore were not scheduled to be carried out were not included in the data return." The following sentence is what I can only describe as a piece of glorious National Audit Office understatement. It says: "Excluding maintenance tasks that have not been completed when compiling data towards a maintenance target for the completion of tasks gives a poor indication of real performance." It does, does it not?

Mr Wheatley: It gives no indication of real performance. I am not even remotely trying to defend that. We at one stage—because I was involved in doing it—were trying to make sure that the pre-planned maintenance that took place actually took place. Trying to drive pre-planned maintenance rather than reactive attention to things that have gone wrong—because obviously that is one of the major ways in which you make sure that things do not go wrong, so you oil things on time and inspect them regularly enough—there are bits in the report that confirm that that is going on, to the extent that sometimes people go and look at things that you can only see, but you do a visual inspection and discover that they are still there. People are therefore trying to do the pre-planned maintenance. This particular target was designed to try and help that, and recording it that way simply does not help. I find this a very useful and helpful piece of feedback from the NAO and I will make sure we have a better target, thank you very much, because we are trying to drive pre-planned maintenance so that we do not have people who sit around until it breaks and then enjoy the fun of repairing it, I want them to maintain our assets so that they do not break down. We have to have prisons that are in continuous use.

Q16 Mr Bacon: In part 3 of the Report there is a section on standardising parts and materials used in maintenance and, plainly, although with old buildings there will be a need for variation, in the standard of new modular buildings or even relatively new modular buildings you can try to do the same task and there are presumably potential savings to be had if you can standardise materials, fixtures and fittings. What potential do you think there is for savings in that area?

Mr Wheatley: There is potential for delivering savings and we are very keen at the moment to make sure that as we plan new buildings we are thinking about whole life costs, and the concept of thinking about whole life costs—not just thinking what does it cost to build today—seems to me to be at the centre of taking really good business decisions. We should get low whole life costs if we are using good standardised systems and equipment and that should help us to reduce costs. We have to be careful because what you can do which would be a folly and it is why there is not a simple answer—is to standardise on something, and I use radiators in my

own mind as something that is easy to understand, so you always buy this radiator. Actually, as new and better radiators come out that have much better performance and distribute heat better, because you have standardised on that you keep on buying the old ones which actually have been superseded, so you have to be careful that in standardising you do not actually drive bad business decisions. The real thing is to say let us look at whole life costs and where standardisation gives you low whole life costs that is what you should go for. There is an affordability issue here because the amount of capital that is available at the beginning determines what is possible, but say we are able to put in unbreakable sinks, that means the vandalism is much less common. The unbreakable sinks are more expensive—they are made out of a resin rather than porcelain—but if you are putting them in a vandal-prone establishment it may make much better sense to fit the unbreakable ones which, over a period of ten years, pay for themselves several times over. We just need to be thinking that way.

Q17 Mr Bacon: I am tempted to make a flippant remark about unbreakable mobile phones for Downing Street but I will not go there. Could I ask you about Brixton because there is a very specific local issue here in paragraph 3.3, where it talks about the contracting out of the maintenance function to Carillion. The sentence that worries me is the last one where it says "The Prison Service and HM Prison Brixton have not established fully the costs of contracting out the maintenance works." One would have hoped with a competitive tender you would know what they said they were going to charge and then the monitoring would have enabled you to know what they had charged, what it had actually cost. Why is there so little information about this?

Mr Wheatley: There is no doubt that Brixton can tell us what they are paying for maintenance and we can dig that out of our records; I do not think that is the issue. There is an issue about whether it would be cheaper and better than providing it on-site and the practical issue of Brixton—I was involved in some of the decision-making at Brixton—is that we were finding it nearly impossible to recruit and retain the skilled staff we needed to maintain Brixton in a period when the economy in London appeared to be fairly hot—it is not so at the moment—and putting all the effort into recruiting fresh staff every time somebody went off to work on a building site for yet more money was taking an awful lot of staff time, so in a way what we have done is we have passed that risk onto the contractor and that has meant that the management of Brixton have been able to concentrate on running the prison, which is itself a fairly challenging activity. That was the primary reason for contracting out on that site and it has solved that problem. It is a particularly difficult site to recruit for, to do with the housing around it, transport issues and things like that.

Q18 Mr Bacon: Can you tell us about service-focused maintenance because that is supposed to provide an element of flexibility? If you use all the flexibility that is potentially available, have you done an assessment of how much money you could save?
Mr Wheatley: No is the straightforward answer to that; I could not tell you what that approach will save overall. It is a much better approach to maintenance and as we move towards much more focused maintenance, which is one of the efficiencies we can get, we will make savings. I am going to have to work hard for savings over the next few years across both prisons and probation because I expect that the public expenditure situation will be very tight indeed.

Q19 Mr Bacon: You may, because of management information, not yet be in a position to answer this question but if you were able to redistribute the historic elements of the local maintenance funds according to genuine need, do you think you would save money?

Mr Wheatley: If you look across the table there are some outliers either side and then in the middle they more or less clump together. I can do something about the outliers and I can explain the high security prison—it has not turned up in the analysis that the NAO did and I understand why all the facts were not looked at, but on looking in more detail at that it looks as though the cost of maintaining the electronic alarms and additional locking that goes with a high security prison probably drives the slightly higher costs in the high security prison. I cannot explain the other outlier which is East Midlands—we have already spoken about that. Wales is particularly low cost; there are some advantages in Wales in that it has three prisons that are fairly near together and the travel times between them are very easy, so doing regional work is easier than it is in some of the regions. We may be able to replicate that or they may be particularly well-invested in prisons with low maintenance costs.

Chairman: Thank you, Mr Wheatley. Ian Davidson.

Q20 Mr Davidson: Can I ask about prison maintenance work teams? The Report indicates that many people in them have been there for a long time and many of them are working beyond the normal retirement age. What processes have you got in place to actually make sure that you have a workforce for the future?

Mr Wheatley: The answer to that is as we get vacancies we recruit, and in most parts of the country we have been able to successfully recruit. We are also trying to make sure that as we move to a new pay system—which is one of the things we have to do over the next couple of years—in which we make sure that all our pay is equal pay-proof—it relates to the job evaluation system—but we have built into that the chance to make market adjustments so that we can take account of genuine difficulties in recruiting hard to recruit grades, which was particularly true at one point of the electricians and those with electronic skills in particular to deal with our electronic alarm systems. We are therefore

adjusting our pay system in a way that allows us to put market supplements in. In most parts of the country we can recruit and just at the moment, frankly, with the building trade in the state it is in, I can recruit with ease, and of course I am not forcing out staff who want to stay beyond what would have been the retirement age because actually age discrimination says I should not. I do not dislike people who are over 60, I have been in that state myself for some time . . .

Q21 Mr Davidson: Why are so many of these staff staying with you then, given that there is a market for this sort of staff?

Mr Wheatley: There is something vaguely addictive about prison work actually.

Q22 Mr Davidson: I wondered about that. Is it an exceptionally soft number—well-paid, short hours, long holidays?

Mr Wheatley: The advantages of having, in building work, long term employment and not moving from site to site are very real and are probably really so for those who are old enough to have children and families and who do not want to move around between cities, which very often you do in the building trade. That does mean a slightly older workforce like this sort of work. Actually it is interesting, it is endlessly varied—one day you may be maintaining one bit of the prison, one day another bit, it is not boring. People do get an addiction to trying to make the thing work and I am quite interested that the Report says people took a real pride in maintaining their prison. That is what I see as well, it is very good.

Q23 Mr Davidson: Can I ask about the contracting out of the Brixton contract, and you mentioned why you have done that. I was slightly concerned that there was only a single tender for a contract—how did you know that was value for money?

Mr Wheatley: I never like single tenders for contracts and probably the reason why we only got a single tender is the difficulties of maintaining a prison and in fact solving the same problems that we have been trying to solve probably put a number of contractors off. We were glad to get a contractor who is delivering on site quite well, but we are speaking about a period when the economy was roaring ahead and the building trade in particular in London.

Q24 Mr Davidson: I see from the Report here that you have not evaluated or benchmarked performance and costs so how do you know that they are not robbing you blind?

Mr Wheatley: We have a contract with them now and we know the contract is working, and we will next address the issue of is this the best way to do it when the contract comes up for renewal. I cannot tell you offhand when that is, but it is a fixed contract as all these contracts are. We have market tested in the past prison maintenance to see whether it made sense to contract it out; the last time we market

tested it, it did not look as though it did, it did not look as though we would get a lower price from commercial bidders.

Q25 Mr Davidson: But if you do not evaluate and benchmark performance and costs how do you actually do this comparison then?

Mr Wheatley: It is only Brixton we have done this in. It is such an anomalous place I would not choose to do that, but we are going to have to address a number of things over the next few years and one of the things we will need constantly to keep an eye on is does our cost of maintenance, given the size of the estate we are running, look as though it does not make sense against any sort of ordinary benchmark? We have looked at what is the size of investment you might expect to be making in maintaining the estate, but the normal advice I have been given is that you might expect us to be putting rather more in than we are doing, and I am quite reassured to know that on a £5 billion value estate, with lots of complex buildings of different ages from castles through to ex-bomber bases and modern prisons, with the £330 million roughly a year that we are putting in we are maintaining that estate in a fit condition, in a way that looks as though it is giving value for money.

Q26 Mr Davidson: Can I just turn to paragraph 4.13 where it is talking about major maintenance projects where it says: "So for the majority of major maintenance projects the Agency is unable to evaluate whether or not they over- or under-spent against their original estimates." If you do not know whether or not you are over- or under-spending on these estimates how do you then control that contract?

Mr Wheatley: This has identified a deficiency in our information which we intend to tackle—this needs sorting and I am not saying this is a good position to be in, although the overall judgment looks as though we have done reasonably well across the period and we can improve in this area.

Q27 Mr Davidson: If the National Audit Office had not come along and examined this, would this just have gone on for ever?

Mr Wheatley: I do not think so but I could not prove that. The National Audit Office have certainly identified it and I regard the National Audit Office's visits, which I get regularly, as helpful in the main because we are all striving to use the country's money better. I do not regard them as unhelpful.

Q28 Mr Davidson: You can hardly say anything other than that really.

Mr Wheatley: We actually get on all right with them; there is very little that they produce in our area that has not genuinely helped us to operate better.

Q29 Mr Davidson: It is all for your own good I am quite sure but can I just turn then to the question that my colleague Mr Bacon touched on, and that is the question of standardising parts and materials and so on. Have you thought of doing longer term contracts over a period? Taking account of your point about

radiators and so on and so forth, you can nonetheless manage to put in updated equipment that is compatible as far as possible with what you have already.

Mr Wheatley: We think there is something to be gained out of standardising so I am not saying we should not standardise, but we think we need to be careful on what we standardise so we do the value for money equation carefully. There are two forms of major investment going on in the estate; there is new building—usually infill building, i.e. putting house blocks in existing establishments—and the majority of new prisons are PFI prisons, therefore during the period that they are operated their maintenance is the responsibility of their PFI owners. That is most of my new establishments. The infill building is a chance to put in standard stuff, but often stuff that will not be standard on site because you are building it alongside older buildings obviously enough. It may be standard across the estate and therefore you can save on a big contract but we would have to work out is that right. We have been trying to use standard designs and a regular team of contractors—in competition with each other, I hasten to add, I do not mean that we call up our best friends to do this work. The other approach is when we do major maintenance and that gives us an opportunity to take out old stuff and again put stuff in that is easier to maintain. We should be taking that opportunity and there will be opportunities to standardise, but we will have to watch that we do not ossify it so that you can do another NAO Report in three or four years time saying why are they buying these silly things because nobody else is.

Mr Davidson: Thank you, Chairman.

Chairman: Mr Bacon has a supplementary.

Q30 Mr Bacon: I want to follow on from Mr Davidson about the materials first and then I want to come on to "I" Wing at Stoke Heath. In reference to materials there is a quote in paragraph 2.24 from a member of the works team: "... sometimes you're not getting the quality of materials either that you need. You're getting a poor quality material ... you get taps that they're not really made for the job, because they're expensive to get the right ones, 'Oh well put that in and they will do'." Then another quote: "It's a poorer quality equipment or material ... because they're looking at pennies again." Anybody who has ever done up a property knows that the range of things you can get, literally from a tap upwards, is extraordinarily extensive and, plainly, one is looking for something that is value for money, robust, strong but not very, very expensive. Dealing with the people who are in charge of making the decisions literally about which tap to get are they alive enough to what you and I would understand to be a definition of value for money, which is about a combination, as I heard the chief executive of Waitrose saying on the radio the other day, of cost and quality. Do you think they are alive enough to that or are they coming under pressure from you or from people below you but still senior just to look at pennies, which is what it says here?

Mr Wheatley: Two things. Now we have brought together the prison buildings and running them we are probably better able to make that value judgment decision because it means that the people who run them have really got to feed into the people who are busy building them. The separation we had in the old structure was, with the benefit of hindsight, not as effective as the one we are currently using—that is obviously why we have been reorganising to get the advantages if they are genuinely there. I also know that we do have to bother about the pennies and, sometimes, certainly when building new accommodation—true for as long as I have been involved in building new accommodation which is from the early 1990s onwards—we have had a very limited supply of capital to generate a lot of new accommodation, and so there will have been occasions when we have had to pay a lot of attention to the pennies and have not been able to be as rigorous about whole life cost as, in an ideal world, I might like. It is very similar, I am afraid, to doing up one's own home where you often have the same sort of tension.

Q31 Mr Bacon: Which at least theoretically-speaking PFI ought to solve.

Mr Wheatley: PFI theoretically-speaking means that they are looking over a 25-year period. It is one of the advantages of a PFI approach.

Q32 Mr Bacon: Yes, at least in theory. You spent £320 million maintaining the prison estate—that is what it says. You are still roughly a £2 billion organisation, are you not?

Mr Wheatley: We have £3 billion spend on prisons, but then I put the PFI prisons in at that point, so it is £2 billion worth of running costs to run public prisons, £5 billion worth of assets.

Q33 Mr Bacon: The £2 billion is running costs and £320 million of that £2 billion is this maintenance figure.

Mr Wheatley: Yes.

Q34 Mr Bacon: That is a big figure and that means what it says, it is maintenance and not new build.

Mr Wheatley: It is not new build. In an ideal world we spend just over £100 million—less this year—on what you and I might regard as ordinary maintenance done at regional level. The rest of it is major maintenance schemes. For example, we are having to do major maintenance at Leeds Prison where we have a roof that needs replacement. We are trying to keep the place running, it is a very big scheme.

Q35 Mr Bacon: A really old Victorian building.

Mr Wheatley: We are dealing with some very old buildings because we have an estate that has such a conglomeration of the old, the Victorian, usually well-built, the 1960s, never well-built, the 1970s not a lot better, the 1990s onwards quite well-built but with some interesting new systems as they were at the time, alarm systems and things which actually means

more technology and replacing that and keeping that up to date costs, so it is quite an interesting combination of maintenance challenges.

Q36 Mr Bacon: What I was going to ask you is if you have got £320 million, which is a lot, how many chartered quantity surveyors do you have on your books as employees?

Mr Wheatley: I cannot tell you how many quantity surveyors there are. We have some quantity surveyors on our books but most of what we buy we buy specifically to do programmes rather than we have a standing army, but we do have quantity surveyors.

Q37 Mr Bacon: Very good. Finally on “I” Wing—this is paragraph 2.25—I know the Chairman is particularly keen to hear about “I” Wing so he is going to indulge me. This is where the NAO finds evidence of the need for remedial work on the new wing to address internal pipe leaks, cracked internal timber doors, broken external window vent openings and misaligned/rust-stained external metal wall cladding. This is on a new build after it is handed over and they only discover these problems when it has already come into use. Anybody knows that on a new build you do what is called snagging, you find out these things before the handover, and although it says there were more defects than usual because it was a prototype rapid build, there is an extent to which a pipe is a pipe is a pipe and an internal door is an internal door—either you have one that works or you have one that does not. Why was this not all sorted out before it was handed over?

Mr Wheatley: I do not think it was right that it was handed over with lots of snags in it so I would not seek to defend that, that is not the correct way. It was a prototype building done at great speed as part of the campaign to build rapidly. It is a 60-strong building on a brand new design which we have rolled out to a number of other establishments and have now refined so it is now better designed. It had a number of problems with it and did not quite live up to the blurb about what it would do and it is not one I am particularly keen on. It was something we were able to build rapidly and because it had a small footprint it had less planning problems than other plans would have had.

Q38 Chairman: Thank you very much, Mr Wheatley, that brings our hearing to a close. As always we are very grateful to you and you have got problems. It is extraordinary when we read, is it not, that Brixton dates from 1819, ten of your prisons date from before 1840 and 46 of your prisons date from before 1900. In no other walk of life would you be trying to maintain this sort of estate.

Mr Wheatley: Some of my best prisons are the old ones. It is the 1960s ones that are the worst.

Chairman: On a lighter note there is some good vox pop in this. This comment could actually relate to Parliament: “You don’t really need monthly because you not going to do anything to it . . . And most of these things are visual checks, so you have a look, ‘Yeah, it’s the same thing. It’s in bad condition.’ And

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you put it down, 'It's in bad condition'. They know that it's in bad condition but it's going to take a lot to repair it and put it right. And it works, at the moment. Plus, them sort of buildings, they're utilised every day, so if there was anything to happen, they would be picked up on straight away."

Mr Bacon: There you go.

Q39 Chairman: There you go, Mr Wheatley. Thank you very much.

Mr Wheatley: Thank you.

ISBN 978-0-215-54175-8

