



HEADQUARTERS
One Lochside
1 Lochside Avenue
Edinburgh
EH12 9DJ

Teresa Medhurst
Chief Executive

Richard Leonard MSP
Convenor, Public Audit Committee
Scottish Parliament
Edinburgh
EH99 1SP

Email – publicaudit.committee@Parliament.Scot

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Dear Mr Leonard

HMP KILMARNOCK TRANSITION

SPS continues to support the transition of HMP Kilmarnock from Serco to Scottish Prison Service (SPS), valuing and recognising the positive and valued skills our new colleagues have brought to the organisation. HMP Kilmarnock is a safe, secure and well-run prison with strong links to its local community, and with many areas of good practice, which we will build upon.

I am pleased to provide the Committee with the SPS comparative cost information in relation to the cost of running HMP Kilmarnock under the PFI contract and under the new Public Sector ownership arrangements.

I also include analysis of the benefits that will be gained by HMP Kilmarnock moving to public sector operation. As part of the transition planning, benefits were considered and mapped in both a quantitative and qualitative capacity with both discussed below.

Comparative Cost Information

A comparison of costs between PFI and Public Sector running of Kilmarnock was always going to be of a hypothetical nature, given that no negotiations were ever entered into to extend the contract. Therefore, to provide some comparison the base costs for 2023-24 (the last under PFI) have been taken and extended as they were with an allowance for RPIx increases to arrive at an estimate of what the PFI costs could have been.

Using the above methodology the below table shows the comparison:

Financial Year	PFI	Public	Variance
2024/25	£19,907,849	£20,135,455	£227,606
2025/26	£20,303,006	£22,759,937	£2,456,931

The above figures for 2025/26 (Public) are projections based on current estimates for a full year impact of additional staff costs from conversion to the SPS operating model and a 35-hour working week.

Quantitative Benefits

SPS's target operating model for HMP Kilmarnock, increases the Serco operating model by a further 55.9 full-time equivalent staffing roles. Of these roles, 34.9 are required to support the reduction in the working week for staff, with a further 6 in estates and technical services and others to support the ongoing development of the prison. Each of these roles will bring an economic contribution to the local community with an estimated monetary contribution of £1,425,790. This is calculated using the guidance within the report: Economic Impact of a New Prison, Final Report by Peter Brett, on behalf of the Ministry for Justice ([2005 - 2013 Economic Impact of Prison_DRAFT for client v3 \(crimeandjustice.org.uk\)](https://www.crimeandjustice.org.uk)). SPS is proud to support the enhancements which these staff will provide within the prison, as well as the wider community.

As part of the building dilapidations programme, SPS negotiated with Kilmarnock Prison Services Ltd, and Serco, a replacement lighting programme, which updates the existing lights to LED (Light Emitting Diode). It is estimated that this programme will reduce the prison's annual electricity bill by around £85,000.

The opportunities for those living in HMP Kilmarnock to spend time out of their cell is paramount. As well as investing £24,089 in new gym equipment, SPS is also investing in a further physical training instructor. SPS considered that this role will provide for an additional 15,300 purposeful activity hours per annum within the prison.

SPS has made several other capital investments which contribute to the safety and security of those living and working within the prison. SPS has invested £83,775 to upgrade the radio system, removing known blind spots, and implement a fully functioning alarm system, which particularly supports non-operational colleagues within the prison. SPS has also invested £78,877 in a new body scanner. The digital infrastructure was considered as a high risk of failure, and SPS invested £115,802 in a full fibre upgrade, with additional computers, laptops as well full Microsoft licenses being put in place.

To date, all of these represent a tangible contribution of £1,813,333.

Qualitative Benefits

Coupled with the quantitative benefits, there are several other benefits to HMP Kilmarnock being operated directly within the public sector. Staff who transferred to the SPS on 17 March 2024 have done so on their Serco legacy terms and conditions. However, whilst TUPE legislation protects the terms and conditions of the transferring staff group (i.e. their legacy Serco terms), SPS has always been

of the view that transferring Kilmarnock staff should be assimilated into SPS' existing organisational structure, which includes the offer of SPS terms and conditions to the transferring staff group.

SPS has consistently communicated that harmonisation (that is the transition to a SPS model of operation and the offer of SPS terms and conditions to transferring Kilmarnock employees) will take place within one year of transfer. We are currently undertaking the range of necessary work that will deliver this as soon as practically possible whilst continuing to engage and work with our trade union partners.

In preparation for full harmonisation, SPS has taken steps to invest in improving working conditions and the quality of services for those within custody at HMP Kilmarnock, this includes agreeing and funding a pay award for transferring Kilmarnock staff for 2024-25 in partnership with our recognised trade unions, increasing staffing levels within the establishment to support operational service delivery until point of harmonisation, increasing staff breaks to ensure staff receive adequate breaks when on shift. Additionally, all staff have also been auto enrolled in the principal Civil Service Pension Scheme from day one of transfer of the establishment and now have opportunities for continued professional development via the existing SPS suite of training and development.

HMP Kilmarnock makes extensive use of kiosk technology where those living within the prison have the autonomy to order meals, canteen goods, book visits and top up phone allowances. SPS has continued these services post transfer, and this allows us to learn more about the differing digital capabilities and the potential benefits this can bring more widely across SPS.

The removal of the structural barriers of the contract, and managing its outputs and outcomes, creates flexibility for how HMP Kilmarnock can support the wider SPS estate. This has been evident post transfer, where HMP Kilmarnock has taken additional prisoners. Limiting change for those who live within HMP Kilmarnock has been a key consideration throughout the transition process, and SPS is now planning incremental changes to align some services to that of other SPS prisons.

Finally, I am pleased that when His Majesty's Chief Inspector of Prisons visited the prison on 03 April 2024, she confirmed that we had achieved a smooth transition by the comments that "residents noted no changes".

I trust this information has been helpful.

Yours sincerely

TERESA MEDHURST
Chief Executive