



Annual Report 2015/16

Acacia Prison Services Agreement



Department of Corrective Services

Acacia Prison Services Agreement

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TO THE MINISTER

Hon Joe Francis MLA
Minister for Corrective Services

In accordance with section 15G of the *Prisons Act 1981*, I hereby submit for your information and presentation to Parliament the 2015/16 Annual Report of the Acacia Prison Services Agreement (the Agreement).

This report presents an overview of services provided under the Agreement by Serco Australia Pty Limited. Compliance information and statistical information in the report are presented for a contract year, which operated from 1 July 2015 to 30 July 2016.

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Commissioner

October 2016

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1 Contract Background & History

Acacia Prison is one of two privately operated prisons in Western Australia. It is a medium security facility and is located near Wooroloo, approximately 55km east of Perth. Opened in 2001, the land and buildings constituting the Prison are publicly owned.

The initial five-year Contract was awarded to AIMS Corporation to operate the facility from 16 May 2001. The Contract was allowed to expire, prior to which a re-tendering process was undertaken. The subsequent Agreement, consisting of a five-year period with two five-year extension options was awarded to Serco in May 2006. The first of the two five-year extension options was exercised in May 2011.

The 2015/16 operational year saw the second and final option exercised in May 2016. The extension included an agreement for further expansion within the prison, which provided an additional 75 beds and supporting infrastructure. This increased the operational capacity from 1395 to 1470 prisoners. There is also the option to increase the capacity by a further 25 beds.

2 Contract Management

The Agreement continues to be overseen and monitored through the Department's Contracted Services Directorate. A dedicated contract management branch oversees all facets of contractual service delivery and compliance. In managing the contract the branch draws expertise from across the Department, ensuring appropriate service delivery oversight.

The Department operates a team of on-site compliance officers, who conduct compliance audits and observations to ensure service delivery meets contractual requirements. Monitoring Officers are responsible for conducting scheduled and ad-hoc compliance testing of the Service Requirements specified in the Contract. The Acacia Site Monitoring Plan utilises a risk management and business improvement approach. Feedback from the Monitoring Officers assists the Contract Manager in assessing compliance, performance, and ensuring continuous improvement by Serco.

Contractual performance and service delivery is overseen by the Custodial Contracts Management Board. The purpose of the Board is to provide direction and advice on strategic and policy issues that affect the management and provision of services under the Contract.

A suite of financially linked Key Performance Indicators are used to measure performance, Performance Improvement Requests and Abatements are used to address service delivery areas which have been identified as being below the required standards.

3 2015/16 Key Projects and Initiatives

3.1 Deed of Extension, Variation and Agreement

Under the provisions of the current contract the State had the option of extending the operating period for a further five years. This option was exercised in May 2016 and the contract has been extended for a further five year period. This is the last extension option and the contract will go to open tender prior to the expiry in 2021.

The variation deed provides for a range of variations to the agreement to take effect at different times. Key outcomes of the negotiations were:

- A saving of \$33.2 million over five years on the contract;
- The installation of 75 additional beds, with capital costs to be met by Serco. This will increase the total capacity of the prison from 1395 to 1470 prisoners;
- The Department moved 75 prisoners from higher cost beds in the public estate to Acacia.
- Access to a further 25 beds if required;
- Various capital improvements for security and prisoner management. These capital costs will also be met by Serco; and
- Increased abatement amounts in the event of an escape or other serious incident.

All custodial infrastructure delivered under the scope of the expansion was completed in June 2016. The Department moved suitable medium protection prisoners, from Casuarina, Hakea and Albany into Acacia.

The transfer of additional prisoners commenced end of May 2016 and the prison reached a capacity of 1469 prisoners (99.9% capacity) on 11 of June 2016. The Department has continued to maintain the prisoner population near capacity to ensure maximum utilisation of the facility and services provided under the Agreement.

3.2 Key Performance Indicators (KPIs) progressive targets Review

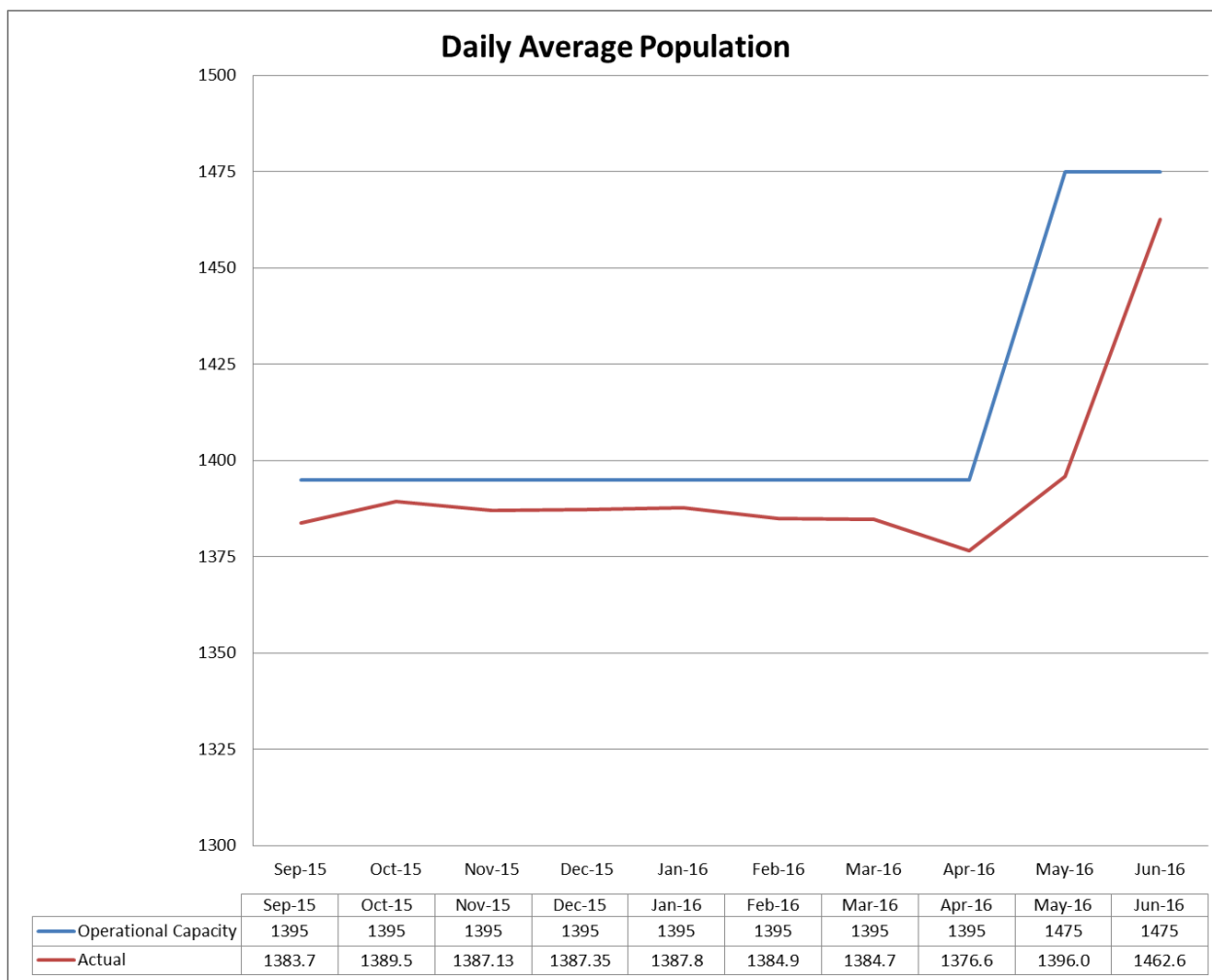
The new set of Key Performance Indicators which was reviewed and tabled in Parliament last financial year, has taken effect from 1 July 2015. In May 2016, work commenced to revise the existing progressive targets for the Performance Measures 1 Serious Assaults (PM1) and Performance Measure 2 Serious Self Harm (PM2).

The progressive target revision for PM1 and PM2 has been amended to reflect the changes to the prison cohort, such as the increase in the number of protection prisoners and the additional double bunking beds.

4 Oversight

4.1 Prison Population

The table below identifies the Daily Average prisoner Population (DAP) compared to the prison's capacity for the period September 2015 to June 2016. The prisoner population increased with the completion of the Expansion Project. The average for the financial year was 1392.8 prisoners.



4.2 Key Performance Indicators (KPIs)

The performance of Serco is assessed against Key Performance Indicators (KPIs) specified within the contract. These KPIs are a key contract management mechanism to ensure satisfactory performance. The Department verifies information and statistics provided by the Contractor on the achievement of Performance Measures and scrutinises all supporting data prior to determining and paying the Performance Linked Fee.

The Agreement contains eighteen (18) KPIs. Five (5) KPIs are Specified Events (one-off events that will attract a Contract Abatement) and thirteen (13) are Performance Measures. These Performance Measures are financially incentivised, accounting for 5% of the total Operational Payment due under the Agreement.

In 2015/16 there has been an increase in Performance Measure 1 (Serious Assaults). During the operational year there have been 13 serious assaults compared to 3 in the 2014/15 operational year. There was also an increase in Performance Measure 2 (Serious Self-harms). During the operational year there were 5 Serious Self-harms compared to 1 in the 2014/15 operational year. There was also an increase in Performance Measure 4 (Random Urine Sample Testing

results). In 2015/16 the average for positive tests was 8.5% compared with 6.5% in 2014/15.

The increase in the numbers on these Performance Measures is linked to the population growth and also changes to the prison cohort when compared to previous financial years.

A full summary of all Performance Measures, Performance Improvement Requests and Abatements may be found in Appendix 2. Financial information on the Performance Linked Fee is contained within Section 5.1.3 and in Appendix 3 of this Report.

4.3 Performance Improvement Requests (PIRs)

Performance Improvement Requests (PIRs) are used as an improvement tool when the Department has deemed that Serco has breached a requirement as outlined in the Contract, or failed to deliver services sufficient to meet the requirements of a contractual Operational Service Requirement. As a result of identifying this deficiency, the Contract provides that the State may direct Serco to improve its performance of the services. This takes the form of a PIR.

In the period 2015/16, Serco was issued with three (3) PIRs, which related to the following issues:

- Next of Kin Notifications;
- Searching and Detection of Contraband and Record Keeping; and
- SAMS Reporting.

4.3.1 Next of Kin Notifications

On 1 October 2015, a PIR was issued in relation to Serco not complying with the provisions of section 24 Next of Kin Notification (NoK) of Policy Directive 82 – Appendix 1 (PD82).

On the 9 October 2015, Serco provided a response advising that to ensure future compliance is maintained the duty operation manager and duty director's post order will be amended to include this as a specific task. Following that amendment all operations managers were briefed, trained and educated on this area of policy.

4.3.2 Searching and Detection of Contraband and Record Keeping

On 30 November 2015, a PIR was issued in relation to Serco's failure to comply with the provisions of Operational Service Requirement (OSR) 1.5 – Searching and also Clause 13.8 – Contractor to Keep Records.

On 15 December 2015, Serco provided a response stating that they had undertaken a Management Enquiry and addressed the searching and record keeping concerns raised.

4.3.3 SAMS Reporting

On 6 May 2016, a PIR was issued in relation to Serco not complying with the provisions of Operational Service Requirement (OSR) 1.7 Management of Prisoners

– Accounting for Prisoners. This was as a result of information received from the Department’s Monitoring and Compliance team.

On 20 May, 2016, Serco provided a response acknowledging that the actions identified in the PIR had been undertaken, with the exception of the audit by Acacia’s Assurance department. This audit has since been completed.

4.4 Abatements

Abatements are penalties imposed in accordance with Clause 15.4 of the Agreement when certain negative events occur, or where Serco does not comply with a Performance Improvement Request.

There were no Abatements issued in the 2015/16 Financial Year.

Under the 2016 new Deed of Extension, Variation and Agreement of the Acacia Contract the abatement amounts have increased.

4.5 Audits & Reviews

Serco’s operations at Acacia Prison are subject to a range of reviews by external bodies. During this reporting period, reviews have included:

4.5.1 Office of the Inspector of Custodial Services (OICS)

The Inspector of Custodial Services conducted an announced inspection at Acacia in November 2015. The Private Prison Contract management team will review all recommendations made when the official report is provided in August 2016.

4.5.2 Independent Visitors Scheme (IVS)

The IVS is managed by OICS, utilising persons appointed by the Minister for Corrective Services. It is an independent form of external scrutiny that monitors and inspects prisons across Western Australian.

During the 2015/16 period, the IVS undertook monthly visits to Acacia Prison. Issues that were raised by prisoners included property and unit temperature complaints. Each complaint was responded to by the Contractor Serco and responses were overseen by the Department.

4.5.3 Australian General Practice Accreditation Limited (AGPAL)

AGPAL is a not-for-profit organisation that provides independent accreditation to medical practitioners who comply with the Royal Australian College of General Practitioners Standards for general practices. Practices accredited by AGPAL must meet a set of standards that ensures safe, high quality care is delivered to patients. To ensure these standard are maintained until the next accreditation period, Acacia Prison has a Quality In Practice (QIP) team that conducts annual audits.

AGPAL requires the renewal of accreditation on a three-yearly basis. The current accreditation attained by Serco in 2015 is valid until September 2018.

5 Contract Payments and Associated Financial Information

5.1 Payments Made to Serco

The costs associated with the Acacia Prison Agreement is below (rounded to the nearest dollar):

Description	Payment
Operation Payments Note – This includes the total year forecast for the wages adjustment which has been accrued.	\$79,560,138
Gross Total	\$79,560,138

5.1.1 Operation Payments

Operation payments are made on a monthly basis, under the 2016 new extension agreement, the operation payments to Serco are made based on beds availability, compared to previously where it was calculated based on the Daily Average Population (DAP) of the facility in the month. Five percent (5%) of the monthly fee is withheld as a Performance Linked Fee (PLF).

5.1.2 Wages Adjustment

Schedule 2 of the Agreement provides for the payment of a wages adjustment, subject to certain criteria being met. The Department and Serco agree to a fixed amount (Cash flow Amount (CA)) per month to be paid with each monthly services fee. The CA that was agreed with Serco is \$280,000 in 2015/16. Following a review and confirmation of Serco's data at the end of each financial year, Serco issues an invoice, less the total CA paid during the course of the year as the balance payment amount.

5.1.3 Performance Linked Fee and Innovation Bonus

The available Performance Linked Fee (PLF) and Innovation Bonus equates to 5% of the Operation Payments during the financial year of 2015/2016. At the end of the financial year the Department remits the fees in accordance with the achievements made against the Performance Measures included in the Agreement as well as any payments made under the Innovation Bonus provisions of the Agreement. The Contractor has not made any claims during the financial year, therefore there was no payment under the Innovation Bonus clause in 2015/16.

Under the 2016 new Deed of Extension, Variation and Agreement the Innovation Bonus provisions claimable by the Contractor has been removed.

In 2015/16, Serco achieved a PLF of \$3,206,704.24, equating to 96.81% of the available PLF.

5.2 Prisoner Welfare Trust Fund

Serco operates a canteen service which offers snacks, confectionary, non-alcoholic drinks, toiletries, magazines, books, stationery and any other items as specified to

prisoners. Under the Agreement, Serco is required to pay into the Prisoner Welfare Trust fund on a monthly basis, an amount equal to two percent (2%) of Gross Canteen Sales in respect of the previous month. In addition, Serco has contributed 50% of gross sales from the visitor's canteen into the trust fund. Expenditure from this fund is approved by the Department where submissions from Serco demonstrate that the funds will be used for the welfare of prisoners at Acacia Prison.

Money paid into the trust fund may be used for the benefit of prisoners' welfare; and Serco may use proceeds of the trust fund with approval from the State. The following were approved by the Department in 2015/16:

- Family Visit Days; and
- Replacement of gym equipment and board games.

5.3 Prison Industry Payments

Serco operates a range of prison industries at Acacia Prison. These include metalwork shops (making car trailers), woodwork shops (producing a variety of woodwork items) and horticulture (growing vegetables). Prison industries provide meaningful work for prisoners as well as developing employment skills and trade qualifications to assist in reintegration into the community.

Under the Agreement, Serco is required to pay the State an amount equal to ten percent (10%) of the Gross Prison Industry Revenue. In accordance with Clause 8.3 of the Agreement, the Department receives two (2) payments per calendar year.

In the 2015/16 reporting period, Acacia prison industries generated \$45,425 in revenue to the Department. The Department determines the way in which the Prison Industry Amount is to be applied in its absolute discretion.

6 2016/17: The Year Ahead

Some of the major initiatives and challenges for 2016/17 include:

- Consolidating operations at Acacia Prison to ensure maximum utilisation of the additional infrastructure delivered;
- Managing the change in prisoner cohort to accommodate the extra protection prisoners;
- Reviewing recommendations made by the Inspector of Custodial Services; and
- Tracking the Key Performance Indicators suite and the new agreed progressive targets.

Appendix 1: Revised Progressive Targets

Performance Measure 01	SERIOUS ASSAULTS Number of serious assaults within each operational year.	
Intent	To ensure strategies, processes & procedures are in place to reduce the likelihood and occurrence of serious assaults.	
Compliance	Legislation: Prisons Act 1981 s70(b) DCS Policy: Policy Directive 41: Reporting of Incidents and Additional Notifications. Acacia Prison Services Agreement: Schedule 4,2.14, 2.22, 2.23; and Schedule 5 (6.1)	
Progressive Targets	Result	PLF Payment
	Less than 9	100%
	9 – 10	90%
	11 – 14	80%
	15 – 19	50%
	Greater than 19	0%
Percentage of Total PLF	9%	
Reporting Frequency	Monthly	
Calculation Frequency	Annually	
Data Source	<ul style="list-style-type: none"> • TOMS • PD41 Critical Incident Notifications • Monitors' Reports • Other processes, information, data, records and reports available to the State or which the State may reasonably require the Contractor to provide. 	
General Reporting (Methodology)	Contractor to provide information in a standard coversheet on all assaults occurring in the month, and identifying those that were serious. The Private Prison Contract Management (PPCM) to analyse the data against recorded information on TOMS and the Performance Measure requirements.	
Calculation / Formula	Count the number of serious assaults that have occurred in the reporting period and total for the operational year.	
Exceptions	Any changes to PD41 relating to definition of serious assault. All claims for mitigation provided by the Contractor will be considered.	

Performance Measure 02	SERIOUS SELF-HARM / ATTEMPTED SUICIDE Number of prisoners committing one or more acts of serious self-harm or attempted suicide within each operational year.	
Intent	To ensure the effective management of prisoners at risk.	
Compliance	<p>Legislation: Prisons Regulations 1982 s74 & 75</p> <p>DCS Policy: Policy Directive 11: Prisoners Placed in Observation and Medical Observation Policy Directive 30: Death of a Prisoner Policy Directive 32: Prisoners at Risk of Self Harm Policy Directive 41: Reporting of Incidents and Additional Notifications</p> <p>Acacia Prison Services Agreement: Schedule 4, 2.21; Schedule (6.2)</p>	
Progressive Targets	Result	PLF Payment
	Less than 9	100%
	9 – 10	90%
	11 – 14	80%
	15 – 19	50%
	Greater than 19	0%
Percentage of Total PLF	9%	
Reporting Frequency	Monthly	
Calculation Frequency	Annually	
Data Source	<ul style="list-style-type: none"> • TOMS • PD41 Critical Incident Notifications • Monitors' Reports • Other processes, information, data, records and reports available to the State or which the State may reasonably require the Contractor to provide. 	
General Reporting (Methodology)	<p>Contractor to provide information in a standard coversheet on all self-harm attempts occurring in the month identifying those that were serious self-harm or attempted suicide.</p> <p>The Private Prison Contract Management (PPCM) to analyse the data against recorded information on TOMS and the Performance Measure requirements.</p>	
Calculation / Formula	Count the number of prisoners committing one or more acts of serious self-harm or attempted suicide in the reporting period and total for the operational year.	
Exceptions	<p>Any changes to PD41 relating to definition of serious self-harm.</p> <p>All claims for mitigation provided by the Contractor will be considered.</p>	

Appendix 2: Acacia Prison Performance Report

ACACIA PRISON SERVICES AGREEMENT - 2015/16 QUARTER 4 DASHBOARD																		
	2014/15 Quarter 4			2015/16 Quarter 1			2015/16 Quarter 2			2015/16 Quarter 3			2015/16 Quarter 4			2015/16 YTD	Annual Trend	
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16			
Performance Measures																		
1	Serious Assaults	0	1	0	0	0	2	2	1	3	0	1	0	1	1	2	13	↑
2	Serious Self-harm / Attempted Suicide	0	0	0	0	1	0	0	1	1	0	0	0	1	0	1	5	↑
3	ARMS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	98%	100%	100%	98%	95.45%	99%	→
4	Random Urine Tests	3.2%	7.1%	7.1%	10.0%	10.0%	11.6%	12.86%	10.14%	11.6%	8.57%	1.45%	5.7%	11.59%	1.43%	7.1%	8.5%	→
5	Sentence Management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	→
6	Education, Training & Employment	98.9%	99.1%	99.6%	N/A	100%	100%	92.01%	94.02%	94.02%	91.83%	93.50%	96.50%	97.70%	96.97%	96.95%	95%	→
7	Clinical Programs - Delivery	<i>Newand/or Revised Measure</i>			N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	100%	→
8	Clinical Programs - Treatment Reports	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	100%	→
9	Substance Use Support & Treatment Plans	100%	100%	100%	N/A	100%	93.8%	100%	100%	100%	100%	100%	100%	100%	100%	96.00%	99%	→
10	Adult Basic Education	<i>Newand/or Revised Measure</i>			N/A	N/A	N/A	N/A	N/A	100%	N/A	N/A	78.7%	N/A	N/A	93.5%	91%	→
11	Throughcare Planning	<i>Newand/or Revised Measure</i>			N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%	100%	100%	100%	→
12	Individual Operational Readiness	<i>Newand/or Revised Measure</i>			N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	93%	N/A	N/A	100%	98%	→
13	Incident Reporting	93.8%	95.2%	100%	100%	100%	95.0%	85.5%	80%	90.0%	92.5%	94.8%	92.5%	90.5%	97.4%	86.0%	92.0%	→
Specified Events																		
A	Escape	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	→
B	Loss of Control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	→
C	Death in Custody	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	→
D	Failure to Provide Information	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	→
E	Failure to Comply with a PIR	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	→
Performance Improvement Requests (PIR)																		
	Performance Improvement Request	0	0	0	0	0	0	1	1	0	0	0	0	0	1	0	3	↑

Appendix 3: Acacia Prison Performance Linked Fee Breakdown of Achievement

	ORIGINAL 5% WITHOLDING	INNOVATION BONUS	PLF AVAILABLE
July	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
August	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
September	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
October	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
November	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
December	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
January	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
February	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
March	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
April	\$ 295,608.11	-\$ 20,833.33	\$ 274,774.78
May	\$ 290,393.00	-\$ 10,752.68	\$ 279,640.32
June	\$ 284,830.22		\$ 284,830.22
TOTAL AVAILABLE			\$ 3,312,218.34
TOTAL PLF PAYMENT			\$ 3,206,704.24
PLF PAYMENT LOST			\$ 105,514.10