



# **Annual Report 2016/17**

## **Acacia Prison Services Agreement**

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## 1 Contract Background and History

Acacia Prison is one of three privately operated prisons in Western Australia. It is a medium security facility and is located near Wooroloo, approximately 55 km 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 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 2016/17 Key Projects and Initiatives

#### 3.1 Key Performance Indicators (KPIs) - progressive targets review

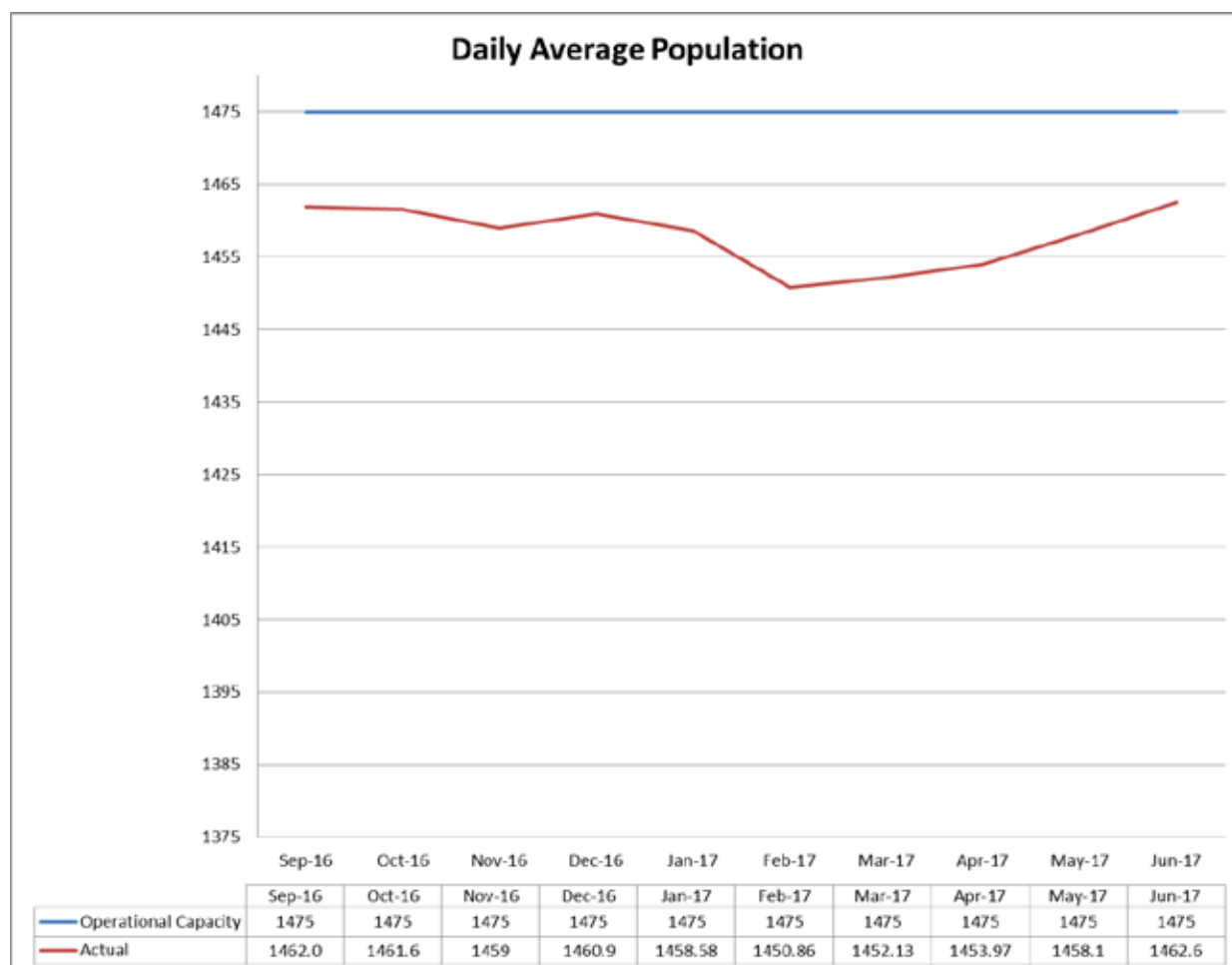
In May 2016, work commenced to revise the existing progressive targets for the Performance Measures 1 Serious Assaults (PM1) and Performance Measure 2 Serious Self Harm (PM2).

The progressive target revision for PM1 and PM2 has been agreed and amended in the 2016/2017 financial year 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 2016 to June 2017. The prisoner population increased with the completion of the Expansion Project. The average for the financial year was 1458.8 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.

There was a decrease in the in Performance Measure 1 (Serious assaults). During the operational year there were 7 Serious Assaults compared to 13 in the 2015/16 operational year. In 2016/17 there has been an increase in Performance Measure 2 (Serious Self Harm). During the operational year there have been 9 serious self-harm compared to 5 in the 2015/16 operational year.

The increase in the Serious Self Harm incidents is linked to the population growth and also changes to the prison cohort when compared to previous financial years.

There was a decrease in Performance Measure 4 (Random Urine Sample Testing results). In 2016/17 the average for positive tests was 6.28% compared with 8.5% in 2015/16.

During the operational year, on the month of May 2017, Performance Measure 9 – Substance Use Support Treatment Plan was not assessed due to the evidence documents not being submitted within the required time frame, therefore Serco was not paid the performance linked fee that corresponds to the Performance Measure 9 for the month of May 2017.

A full summary of all Performance Measures, Performance Improvement Requests and Abatements may be found in Appendix 1. Financial information on the Performance Linked Fee is contained within Section 5.1.3 and in Appendix 2 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 2016/17, Serco was issued with one (1) PIR, which related to the following:

#### 4.3.1 Prisoner Hygiene

On 19 July 2016, a PIR was issued in relation to Serco not complying with the provisions of section 4B1, 4B5 and 4B7 of Policy Directive 19 – Prisoner Hygiene - Personal Clothing and Bedding.

On the 20 July 2016, Serco provided a response advising that to ensure future compliance is maintained they have developed an action plan through re-education of all staff responsible for managing the registers to ensure the completion of register is improved. The management of the process has been the subject of a recent internal audit and areas for improvement have been identified as a result.

#### 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 was one abatement issued in the 2016/17 Financial Year.

On the 29th July 2016, WAPOL (Police) contacted Acacia's Security Office regarding an alleged sexual assault that was reported through the Crime Stoppers line. The incident was not reported in accordance with PD41 requirements at the time.

On the basis of this non-compliance the Department issued an Abatement to Serco in the amount of \$27,100.00 plus CPI (33.21%) totalling \$36,099.91.

#### 4.5 Audits and 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 Department reviewed all recommendations made when the official report was provided in August 2016 and are addressing some of them in conjunction with Serco.

##### 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 2016/17 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 <b>Note</b> – This includes the total year forecast for the wages adjustment which has been accrued.	\$72,934,116
<b>Gross Total</b>	<b>\$72,934,116</b>

#### 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 2016/17. 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

The available Performance Linked Fee (PLF) and Innovation Bonus equates to 5% of the Operation Payments during the financial year of 2016/2017. 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.

In 2016/17, Serco achieved a PLF of \$3,302,217.46, equating to 95.95% 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 2016/17:

- Family Visit Days
- Replacement of gym equipment.

### **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 2016/17 reporting period, Acacia prison industries generated \$61,903.40 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 2017/18: The Year Ahead**

Some of the major initiatives and challenges for 2017/18 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
- Review of Key Performance Indicators suite to ensure it will drive Contractor's improvements and to reflect the changes to prisons cohort and environment
- Review Serco proposal for the expansion of the prison by an additional fifty (50) beds, increasing the operational capacity from 1470 to 1520.

Appendix 1: Acacia Prison Performance Report

ACACIA PRISON SERVICES AGREEMENT - 2016/17 DASHBOARD																		
	2015/16 Quarter 4			2016/17 Quarter 1			2016/17 Quarter 2			2016/17 Quarter 3			2016/17 Quarter 4			2016/17 YTD	Trend	
	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17			
<b>Performance Measures</b>																		
1	Serious Assaults	1	1	0	0	1	0	1	0	1	0	1	0	0	2	1	7	➔
2	Serious Self-harm / Attempted Suicide	0	0	0	3	2	1	0	0	0	0	1	1	0	1	0	9	➔
3	ARMS	100%	98%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	➔
4	Random Urine Tests	8.57%	1.45%	5.7%	13.51%	1.35%	8.1%	16.41%	1.35%	4.5%	2.70%	2.70%	4.5%	5.41%	5.41%	9.5%	6.28%	➔
5	Sentence Management	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100.0%	➔
6	Education, Training & Employment	91.83%	93.50%	96.50%	97.25%	95.90%	96.27%	95.44%	96.42%	94.59%	92.84%	97.12%	98.10%	99.29%	99.29%	97.20%	96.6%	➔
7	Clinical Programs - Delivery	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%	100.0%	➔
8	Clinical Programs - Treatment Reports	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	100%	N/A	N/A	70.77%	N/A	N/A	97.6%	92.1%	➔
9	Substance Use Support & Treatment Plans	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	98%	88.7%	➔
10	Adult Basic Education	N/A	N/A	78.7%	N/A	N/A	100%	N/A	N/A	90.5%	N/A	N/A	93.5%	N/A	N/A	95.96%	95.0%	➔
11	Throughcare Planning	100%	100%	100%	96%	100%	97.6%	100%	95.8%	100.0%	100%	96.2%	96.8%	100%	97.5%	100.0%	98.3%	➔
12	Individual Operational Readiness	N/A	N/A	93%	N/A	N/A	100%	N/A	N/A	93%	N/A	N/A	100%	N/A	N/A	91.7%	95.0%	➔
13	Incident Reporting	92.5%	94.8%	92.5%	95.9%	90.0%	94.0%	92.0%	92.0%	96.0%	96.0%	98.0%	84.0%	96.0%	94.0%	92.0%	93.3%	➔
<b>Specified Events</b>																		
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	1	0	0	0	0	0	0	0	0	0	1	➔
E	Failure to Comply with a PIR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	➔
<b>Performance Improvement Requests (PIR)</b>																		
	Performance Improvement Request	0	1	0	1	0	0	0	0	0	0	0	0	0	0	0	1	➔

## Appendix 2: Acacia Prison Performance Linked Fee Breakdown of Achievement

<b>July</b>	<b>\$ 286,955.60</b>
<b>August</b>	<b>\$ 286,955.60</b>
<b>September</b>	<b>\$ 285,137.19</b>
<b>October</b>	<b>\$ 286,955.60</b>
<b>November</b>	<b>\$ 286,955.60</b>
<b>December</b>	<b>\$ 286,955.60</b>
<b>January</b>	<b>\$ 286,955.60</b>
<b>February</b>	<b>\$ 286,955.60</b>
<b>March</b>	<b>\$ 286,955.60</b>
<b>April</b>	<b>\$ 286,955.60</b>
<b>May</b>	<b>\$ 286,955.60</b>
<b>June</b>	<b>\$ 286,955.60</b>
<b>TOTAL AVAILABLE</b>	<b>\$ 3,441,648.79</b>
<b>TOTAL PLF PAYMENT</b>	<b>\$ 3,302,217.46</b>
<b>PLF PAYMENT LOST</b>	<b>\$ 139,431.33</b>