

9 Development of Prison Accommodation in Dublin

- 9.1** In February 2004, the Government gave approval for the Minister for Justice and Equality to replace the facilities at the Mountjoy complex with a new prison facility on a greenfield site.¹
- 9.2** The Department of Justice and Equality (the Department) stated that the development was needed to address the lack of capacity in the prison system and other problems in the Mountjoy complex, and in particular
- the cost of modernising and expanding the Mountjoy complex was considered to be prohibitive and impractical given the limited space available on the site, the age of the buildings and structural conditions
 - the need to eliminate the practice of 'slopping out' at Mountjoy male prison
 - security issues such as contraband being thrown over prison walls
 - the lack of availability at Mountjoy of rehabilitation activities and programmes.
- 9.3** In January 2005, the Prison Service purchased a site totalling 150 acres at Thornton in north county Dublin, located 1.6 kilometres from the N2 and close to the M50, for €29.9 million.² Further adjacent land purchases were made in 2007 as follows
- 6 acres at a cost of €0.8 million, to provide a secure site for other criminal justice facilities, and
 - 8.7 acres at a cost of €1.3 million, to provide an access route to the proposed Thornton complex which was provided following representations from the local community in relation to concerns about increased traffic generated during prison construction.
- 9.4** In June 2008, the Prison Development (Confirmation of Resolutions) Act 2008 was passed by the Oireachtas, approving the development of a prison on the Thornton site.³
- 9.5** Some work on site preparation and off-site work has been undertaken, together with work on road access. However, no prison building work has been undertaken. Currently, the site is partly used for a prison horticultural project, with 120 prisoners participating since this project commenced.
- 9.6** Currently, there is a working group reviewing the Thornton project and the group was expected to report by summer 2015. There are no formal terms of reference for the group. The Department has stated that the group was asked to look at options which would yield the best possible value for the State in its future use.
- 9.7** This report reviews the expenditure on the Thornton project and examines the accounting for the value of capital works in the appropriation account of the Prison Service.

¹ The annex sets out the key events to date in progressing the project.

² The 2005 Report of the Comptroller and Auditor General examined the acquisition of the site, which in addition to the land, included the listed Thornton Hall.

³ Under Section 181 of the Planning and Development Act 2000, certain developments by or on behalf of State authorities are excluded from the application of the planning code in the interests of national security or the administration of justice. Therefore, agricultural land that met the Prison Service's requirements could be considered for development.

Thornton Project Costs

- 9.8** At the time of the Government's decision in 2004 to approve the site acquisition, it was stated that an indicative construction cost for a new prison complex on a greenfield site could be in the region of €150 million (or €150,000 a space¹) over five years, which would be partially offset by the sale of Shanganagh Castle prison and the Mountjoy complex. In addition, it was expected that annual savings on operational costs of up to €18 million could be achieved.
- 9.9** In 2006, after the preparation of a detailed business case for a significantly expanded scope and professional costing of the project, the estimate of the project cost increased to €525 million. The figure of €525 million was the estimated capital cost that would be incurred under a Public Private Partnership (PPP) for design/build/off-site utilities/insurance and building inflation for the project but excluding VAT. After considering a number of options, the Government decided to proceed with the project, and sought tenders from interested firms to deliver the project using a PPP model. A preferred bidder was identified in early 2007 following this competition.
- 9.10** A key element of a PPP model is that the company delivering the project sources most of the required funding from the financial markets. However, the onset of the financial crisis led to difficulties being encountered by the preferred bidder with the cost of financing the PPP. The estimated cost of the annual charge to the Prison Service (unitary payment under PPP) increased by over 30% from the tender submitted by the preferred bidder. The negotiations with the PPP company were subsequently terminated in May 2009. Given the increase in estimated cost, it was decided in 2010 to use the traditional Exchequer funding model. However, due to budgetary constraints, it was not possible to finance the project.
- 9.11** The following figure outlines the spending by the Prison Service on the development at the site to May 2015.

Figure 9.1 Expenditure on the Thornton project by category, as at May 2015

Expenditure category	Spending to May 2015
	€000
Original site	29,900
Other land purchases	2,096
Access road development	3,464
Off-site work ^a	2,671
Site preparation and surveys	3,082
Technical fees	5,991
Legal fees	1,419
Financial fees	460
Landscaping, maintenance and repairs	983
Security	563
Total	50,629

Source: Prison Service

Note: a The off-site works at Thornton comprised the provision of water, telecommunications and sewage services. It included laying along the road way (R135) circa 4.8km of public water mains and connections, water meters, valves and chambers, and a foul pumping rising main to serve the proposed prison. This includes associated costs for the culverting of streams, fencing work, drainage and landscaping reinstatement.

¹ This implies provision of around 1,000 spaces.

- 9.12** The Department stated that the Prison Service has advised that the recurrent cost to maintain the lands and property at Thornton in 2014 was €108,776. This expenditure arises from the need to maintain Thornton Hall, which is a protected structure. The house was in a very poor condition at the time of the site acquisition. Significant work was carried out, which included rewiring and installation of a central heating system, replacement of flooring throughout and some structural work including emergency lighting and the installation of fire and security systems. A maximum budget of €40,000 has been provided for the maintenance of the house and lands in 2015.

Accounting for the Capital Investment

- 9.13** Accounting rules for government departments and offices are set out in Public Financial Procedures and relevant circulars issued by the Department of Public Expenditure and Reform. These rules require that departments disclose in a note to the appropriation account certain assets and liabilities including their value at the financial year end.
- 9.14** In the case of capital assets including land and buildings, the stated accounting policy requires that the assets are disclosed in the balance sheet note and should be valued at either
- historic cost less the accumulated depreciation from the date of acquisition, or
 - current value which is defined as the lower of replacement cost or recoverable amount.

The option of using current value in place of historic cost is to provide information which may be more relevant to users of the accounts in measuring the value of assets and changes in those values in the financial year.

- 9.15** The appropriation account for Vote 21 Prisons discloses the fact that all land used by the Prison Service but owned by the Minister for Justice and Equality was valued during 2014 by the Valuation Office at either existing use value or market value (if not in use) with the exception of the land at Thornton. In this case, the land continues to be valued at its accumulated historic cost of €50.6 million which includes the investment in infrastructure and services, pending a review of its potential value and benefit to the State.

- 9.16** A Valuation Office report for the Prison Service in February 2015 put a value of the land at Thornton at €2.4 million.¹ The valuation split the land between
- land not in use and deemed to be surplus to requirements (approximately 140 acres) which was valued at €2.24 million on the basis of its market value in its existing state (and taking account of the available services)
 - land not covered by buildings but in use by the Prison Service (approximately ten acres) which was valued at €0.16 million on the basis of its existing use.

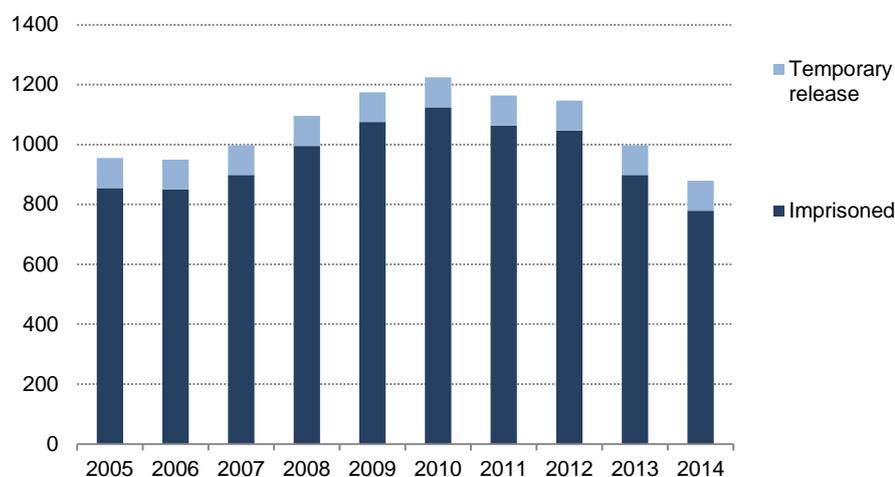
Therefore, adopting these values would result in a reduction of up to €48 million in the valuation included in the appropriation account for the Thornton property. However, should an alternative use be identified, then some of the costs invested to date may be reusable by the State.

¹ The valuation does not take account of the 14.7 acres acquired in 2007 for €2.1 million.

Estimating Prison Capacity Requirements

- 9.17** The size and extent of the proposed prison complex at Thornton changed over time.
- An original proposal in 2003 was for the development of a new prison with 600 places to replace the Mountjoy (male) prison.
 - In seeking a site in 2004, the Department stated that it wished to provide single cell accommodation and facilities for the number of prisoners in the Mountjoy complex (943 at that time) and to allow for expansion of the new prison in the future, as well as relocating the Central Mental Hospital to the site.
 - Following the completion of a detailed business case in 2006, the criteria set out in the PPP competition specified that the complex should accommodate 1,400 prisoners in 1,400 cells, and have the operational flexibility (by 'doubling up' cell occupancy) to accommodate up to 2,200 prisoners. This included a new women's prison with a capacity for 170 women. The additional capacity flexibility was to cater for an estimated increase in prisoner numbers of 14% by 2015. The Government also agreed in principle, subject to further study, that the Central Mental Hospital should be transferred to Thornton. At that time, it had an average of 76 patients.
 - It was decided in 2010 that the project (1,400 cells holding up to 2,200 prisoners) would be delivered in three phases with the first phase providing 400 cells for up to 700 prisoners.
 - In 2011, a review group recommended that the new prison on the Thornton site be developed on a smaller scale than previously envisaged for Phase 1 (300 cells capable of accommodating 500 prisoners and 20 secure step-down facilities capable of accommodating up to 200 prisoners in an open prison type setting).
- 9.18** The project had envisaged the replacement of the four prisons on the Mountjoy prison campus (Mountjoy male prison, St Patrick's Institution, the Training Unit and the Dóchas centre for women prisoners). The average prisoner population in these four prisons since 2005 is outlined in Figure 9.2.

Figure 9.2 Daily average prisoner numbers in Mountjoy Complex, 2005 to 2014^a



Source: Prison Service

Note: a As a result of a Government decision, St. Patricks Institution was closed during 2014 and the young offenders were moved to more appropriate accommodation in the Wheatfield prison and Oberstown Campus. There was an average of 200 young offenders in this institution between 2005 and 2012.

Other Measures to Address Issues at the Mountjoy Complex

- 9.19 In light of delays in progressing the Thornton project, a number of measures were taken to address the problems identified at the Mountjoy complex. From 2010 to 2014, €28.7 million has been spent on capital works in the Mountjoy complex.
- 9.20 An ongoing programme of wing refurbishment in Mountjoy male prison is due to finish in 2015 at a further cost of €0.6 million. The extent to which these measures address the original concerns regarding the Mountjoy complex is summarised below.

Figure 9.3 Analysis of the extent to which original objectives have been achieved

	Status
Overcrowding in prisons	●
Elimination of 'slopping out'	●
Security issues	●
Lack of availability of rehabilitation activities and programmes	○
Single cell accommodation and facilities for 900 prisoners	○
Space for expansion	x

Source: Prison Service

Note: ● Fully addressed; ○ Partially addressed; x Not addressed

9.21 The investment to date has allowed for

- A reduction of overcrowding in Mountjoy through the provision of an additional 92 cells. The Prison Service has also stated that pressure on overcrowding across the prison system has reduced as the daily average number of prisoners in custody has continued to decline, falling by 11% since the peak average of 4,390 in 2011.
- The elimination of slopping out, as all 525 cells now have in-cell sanitation.
- Improvements in security through the provision of additional CCTV cameras, the fitting of anti-contraband netting over the exercise yards, and the introduction of automated palm readers to C wing.
- Improved access to rehabilitation activities and programmes due to the reduction in prisoner numbers.
- The introduction of dormitory style accommodation in the Dóchas centre which has partially addressed the accommodation issue. In addition, the Dóchas prison was upgraded to include 20 additional prisoner accommodation spaces.
- The refurbishment of A, B, C and D wings including the replacement of windows throughout all landings/cells, replacement cell doors throughout, demolition of the existing cast-iron stairs, landings and walkways in B and C wing and construction of new steel stairs and floors.
- A new decentralised heating system which is more energy efficient and safer than the old system – the Prison Service estimates the system will achieve annual cost savings of €0.13 million and reduce the carbon footprint.

9.22 In 2012, a new 300 space prison wing in the Midlands prison was built. The wing contains 175 cells with full in-cell sanitation. The project cost approximately €25 million and included new education, catering and visiting facilities, along with a full upgrade of the security systems and an extensive new wall and exercise yard.

9.23 The Accounting Officer stated that this new wing at Midlands prison helped reduce the pressure on Mountjoy prison and thus contributed significantly to the ability to close each wing in Mountjoy to facilitate the extensive refurbishment programme.

Views of the Accounting Officer

Addressing the Problems at Mountjoy Complex

- 9.24** The Accounting Officer explained that in 2003, the Prison Authority Interim Board (PAIB) recommended the building of a new prison on a greenfield site in the Dublin area to replace Mountjoy prison campus. This recommendation was made against a background of strong criticism regarding prison conditions, including access to drugs within them and overcrowding by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) in its reports in 1998 and 2002. Also, the Inspector of Prisons in his annual report for 2003/4 called for the urgent demolition and replacement of Mountjoy prison.
- 9.25** It was envisaged that the new prison would provide a modern operationally efficient prison regime focussed and underpinned by best practice principles of normalisation, progression and rehabilitation. The PAIB also recommended the disposal of the Mountjoy prison campus and the sale of surplus prison lands at Shanganagh Castle to part fund the development of the new prison campus.
- 9.26** The Thornton prison campus, in addition to addressing the slopping out problem and security issues such as drugs being thrown into Mountjoy prison, was also expected to result in significant operating cost savings through the introduction of new technologies, sharing of administration and central operational functions, and reduced maintenance costs, which in themselves justified the development of the new prison campus.
- 9.27** Furthermore, the site would allow the Prison Service to plan for the future, taking into account the projected rise in the prison population at that time. While prison numbers had been relatively stable in the period 2001 to 2005 there was a marked and continuing increase in the prison population between 2005 and 2010 with an increase of over 50%. In addition, Limerick University carried out independent research into prisoner population projections in 2009. A low, medium and high projection was prepared. Their projection for 2010 went from a low of 3,631 in custody to a high of 4,045. The actual figure on 1 June 2010 was 4,256, which meant that their highest projection had already been exceeded.
- 9.28** He stated that these issues were fully addressed in the report of the Thornton Hall Project Review Group published by the Department in July 2011.
- 9.29** The Accounting Officer has stated that no formal Government decision has been made to cancel the Thornton project, but a working group was established in January 2015 to examine the options for the future use of the Thornton site, including the options which would yield the best possible value for the State. The group has held a number of meetings to date with relevant bodies and is drafting a report based on the outcome of its consultations which are ongoing.
- 9.30** In addition to any options identified by the group, it remains the case that the Thornton site is a fully serviced strategic land reserve which remains available for appropriate State use and continues to be an option for the Prison Service should prisoner numbers increase significantly in the future. Moreover, the question of the site being used as the location for a major administrative centre with related ancillary facilities for another justice body which is required to vacate its current city centre location has been raised and remains under consideration.

- 9.31** The Accounting Officer stated that the Department, in the context of its very wide remit, regards the property as a significant strategic asset at a location in the hinterland of the State's largest population centre. The question of its disposal to private or non-public service interests remains an open one but the priority is to maximise the value of the asset to the State. He said that the Department will be guided in this by the Office of Public Works which oversees the strategic use of the State's estate portfolio.

Estimated Cost of Project

- 9.32** The Accounting Officer stated that the €150 million figure referred to in 2004 in connection with the proposed prison project was never considered to be the actual cost of completing the project, and was more in the nature of a place holder budget line in the context of the overall capital envelope for 2004. He stated that a more accurate assessment of the capital costs was included in the project business case finalised in 2006.
- 9.33** In reference to the cost of addressing the problems in the Mountjoy complex, he stated that the report of the Mountjoy Redevelopment Group in 2001 contained a number of specific proposals and recommendations for the future development and use of the existing site in Mountjoy, and to provide for a new 723 place prison in addition to the female prison.
- 9.34** The option of development of the existing Mountjoy site envisaged the complete demolition of the campus and the construction of a brand new prison on the existing site. An estimate of the capital cost of the construction of the proposed redevelopment, prepared in 2001 by a firm of surveyors on behalf of OPW, came to a total of €336 million. It was subsequently estimated in 2005 that it would cost over €400 million because of rapidly rising building costs and would take seven years to complete.
- 9.35** He also stated that this development, which clearly envisaged much more than the provision of in-cell sanitation, did not proceed on the grounds of cost but also because it would have resulted in a reduction in the number of prison places, which would have exacerbated the overcrowding problem in the prison system. Furthermore, there was not sufficient capacity in other prisons to house the Mountjoy prison population while it was being redeveloped – the additional space in the Midlands prison was not completed until 2012.
- 9.36** He stated that a lot has since been achieved in terms of the refurbishment of Mountjoy i.e. the complete refurbishment of A, B, C and D wings of Mountjoy prison. Overcrowding has been addressed and the bed capacity aligned with the Inspector of Prisons' recommended figure of 554. Slopping out has been eliminated, prisoners have improved access to meaningful activities and security considerations are being addressed through the provision of additional CCTV cameras as well as other measures to prevent the entry of contraband into the exercise yards. Furthermore, this work was carried out while building costs were somewhat lower than when original costs of redeveloping Mountjoy were estimated. It has also been facilitated by the partial closure of St. Patricks Institution and its re-designation as part of Mountjoy prison under the Prison Acts.
- 9.37** He stated that, while significant improvements have clearly been made, it is important to note that even with the extensive refurbishment works undertaken, Mountjoy prison remains a very old and expensive prison to run and nothing like what would have been developed in Thornton with regard to the facilities, regime, work training, education and general living and working environment in a new prison on the Thornton site.

Accounting for Capital Investment

- 9.38** In relation to the consistency of treatment of prison assets, the Accounting Officer stated that the appropriation account discloses the fact that Thornton is being treated differently, pending a review of its potential value and benefit to the State.
- 9.39** He stated that the Thornton site is different to the other Prison Service properties. For the most part, the other properties are fully functioning operational prisons. Thornton is effectively a fully serviced site awaiting development or the realisation of future use benefit. As a result, it was felt that the most prudent and transparent way of reflecting Thornton was to continue to incorporate the historic cost of the asset in the statement of capital assets pending the outcome of the review into future use value.
- 9.40** He stated that there is potential value and benefit to the State from the use of the land. Ultimately, the Thornton site is a fully serviced strategic land reserve which remains available for appropriate State use and continues to be an option for the Prison Service should prisoner numbers increase significantly in the future.

Conclusions

- 9.41** The purchase of the Thornton site was undertaken to deal with problems of the Mountjoy complex especially the overcrowding, the elimination of the 'slopping out' and the security issues. The Government was advised that €150 million would be the construction costs for a new prison complex on a greenfield site to replace Mountjoy, which housed around 950 prisoners. Since 2010, many of the problems at Mountjoy have been dealt with at a much lower cost than that proposed originally to build a new prison on the Thornton site.
- 9.42** Subsequently, the proposed scale of development at Thornton was expanded to provide 1,400 cells (47% more than in Mountjoy), with flexibility to accommodate up to 2,200 prisoners. The estimated cost of the larger development was €525 million – around 3.5 times the cost indicated when the original purchase of the Thornton site was approved. That decision was underpinned by inadequate analysis of the likely costs of developing a new prison, which appear to have been significantly understated, and the costs of addressing the problems at the Mountjoy complex, which appear to have been overstated.
- 9.43** The appropriation account presents inconsistent valuations of prison land and buildings, with the property at Thornton being treated differently to similar property held by the Prison Service elsewhere. Relative to other property, the property at Thornton is overvalued in the account.

Annex – Key Milestones in the Thornton Prison Project

Year	Events
2003	Sub-committee of the PAIB recommends the building of a new prison on a greenfield site in the Dublin area to replace prison facilities at Mountjoy due to the sub-standard conditions.
2004	<p>Government agrees in principle to replace Mountjoy complex. Indicative cost of construction is €150 million.</p> <p>Prison Service advertises for suitable land. A site selection committee shortlists three recommended sites.</p> <p>Negotiations commence on a preferred site but this site is subsequently withdrawn from sale. Thornton site offered to the Prison Service.</p> <p>Partial sale of Shanganagh Castle site realises €9 million.</p>
2005	Site selection committee recommends purchase of Thornton site. Prison Service agrees to purchase for €29.9 million.
2006	<p>Prison Service prepares business case considering a number of options including 'do nothing', redevelop Mountjoy, or replace Mountjoy on a new greenfield site. The preferred option is to replace Mountjoy and build a new prison at Thornton.</p> <p>A detailed and costed specification for the Thornton complex sets the planned capacity at 1,400 spaces, and the total capital cost is estimated at €525 million with construction to be completed by 2010.</p> <p>The sale of the Central Mental Hospital is expected to yield in excess of €400 million but will not be used to offset the cost of the Thornton project.</p> <p>Sale of remaining lands at Shanganagh for €20.6 million.</p> <p>Government approves a tender competition for design, build, maintain and finance the new prison complex under a public private partnership (PPP).</p>
2007	Following the tendering process, the Government approves the commencement of negotiations with the preferred bidder.
2008	<p>Planning approval for the development was granted in the Prison Development (Confirmation of Resolutions) Act 2008 enacted in July 2008.</p> <p>Following negotiations, a proposal is made by the preferred bidder which estimates the cost of the project at nearly €700 million.</p>
2009	<p>The proposal is rejected as it is not considered affordable due to significant increase in costs.</p> <p>In June 2009, the Government agreed that the project would proceed on a phased basis with phase one comprising essential preliminary works to support the prison development i.e. construction of the dedicated access road and underpass, the installation of the off-site services (water, foul main, ICT), and construction of a perimeter wall, using traditional procurement procedures. While phase one was underway, discussions were to be held with the Department of Finance and the National Development Finance Agency in relation to the precise form of procurement for the prison buildings.</p>
2010	<p>The Government decides that the development should proceed on a phased basis using traditional procurement methods and be financed by the capital development programme as opposed to the PPP basis, given the ongoing uncertainty in sourcing commercial finance under this model.</p> <p>Following separate tender competitions, contracts for works were awarded in respect of off-site works and in respect of the access road. Whilst a tender competition commenced for the construction of the perimeter wall, a contract was not awarded pending a review of the proposed prison development.</p>

Year	Events
2011	<p>As part of the Government Programme for National Recovery, a review group is established in April to review the proposal to build the new prison and consider alternatives.</p> <p>The review group recommends that a new prison be developed on the site on a smaller scale than that previously envisaged for the first phase.</p> <p>Under the capital appraisal element of the multi-annual estimates programme it was decided that funding would not be available for the project in the medium term.</p>
2015	<p>A working group was established by the Department in January to examine options for the future use of the land and house at Thornton.</p>

