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## Inside knowledge

Interview: Derek Lewis, chairman of Patientline

**Richard Wray**  
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[The Guardian](#)

Derek Lewis seems to have a thing about institutions. Having headed the prison service - this year marks the 10th anniversary of his public ousting by the then home secretary Michael Howard - he has spent the past seven years dealing closely with the NHS in his role as chairman of Patientline.

The 58-year-old is in charge of the company that provides patients with bedside phones, TVs and interactive consoles as it prepares to appoint a new chief executive to lead the business into its next phase: international growth.

As he looks forward to devoting more time to his other commitments, such as being treasurer of the University of Essex, Lewis admits that his love of taupe walls and linoleum floors may have something to do with having been a boarder at Wrekin College in Shropshire as a teenager.

"Boarding enables you to understand a bit just what being institutionalised is like, where your life is confined within a particular area and to a particular timetable with your food provided at a particular time and in a particular way. There are lots of rules about what you can and cannot do and the scope for being creative is limited to what goes on within that community. There is the sense, when you are at boarding school, of freedom and exhilaration as a result of being allowed out. On some occasions it was quite extraordinary. It's like going out on home leave from prison."

But it was the increasing tendency for prisoners to leave their institutions without permission that made Lewis a household name during the dying days of the last Tory government.

He was plucked from the business world by Kenneth Clarke to take on the role of director general of Her Majesty's Prison Service in England and Wales. The appointment came at a time when Lewis was looking for a fresh challenge.

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Born in Nottingham, he spent his childhood in north Wales where his father was a headteacher. After being packed off at 13 to boarding school he studied natural sciences at Queens' College, Cambridge. Having decided that a career in business was for him, he applied for one of the first places at the newly opened London Business School.

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### **Fresh challenge**

He had been scouting around for possible job opportunities and the Ford Motor Company, which in the late-60s was regarded as one of the best places to go to learn about business, offered to pay his way through an MBA course. He planned to spend a few years with the American car company. In the end he stayed for 14, shuttling between the UK, Germany and US and becoming one of the company's European assistant controllers.

"Eventually, there was a decision point: I was being asked to go back to the US, to Detroit, with the probability that would be my permanent base for the rest of my career. I had to make a choice whether I would spend the rest of my career in Ford or whether I was going to do something else."

He moved to Imperial Group, one of the business behemoths of the early-80s with interests in tobacco, brewing, food, hotels and restaurants. A year and a half after he joined, Lord Hanson made his first attack on the business. Although rebuffed, "it was pretty clear that there was enough for him to go at, in terms of value, and he would be back", Lewis remembers.

As luck would have it he was contacted by a headhunter offering the job of finance director at Granada - then a sprawling leisure conglomerate spanning TV and video rental, broadcasting, music publishing and motorway services. He worked his way through the business to chief executive, raising £35m along the way to launch the cable channel UK Gold.

But a spat with institutional investors over the cash invested in satellite TV operation BSB led to his enforced departure even though the £200m or so Granada put into the venture eventually became a stake in BSkyB worth several billion.

Moving into the public sector at Kenneth Clarke's behest was something of a baptism of fire.

He had barely got his feet under the desk when he was faced with an angry press pack baying for his resignation. Group 4's assumption of prison escort services in the north of England had led to a catalogue of errors resulting in prisoners escaping or being delivered to the wrong jails. "Instead of actually piloting it in a small area the whole thing was switched on in 'big bang' style and inevitably if you do that, things go wrong," Lewis admits. "This was an entirely new innovation and has

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been successful subsequently. I had no role in its instigation - I wish I had done, but the problem was the execution of it in the early stages."

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He rode out the media backlash, but in January 1995 Fred West was found hanged in his cell, a riot broke out at Everthorpe jail in Humberside and three dangerous prisoners escaped from Parkhurst.

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When a subsequent inquiry showed that prison security was sadly lacking, it was clear that someone was going to have to take the rap and it was not going to be Michael "prison works" Howard.

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But while Lewis was sanguine about his departure from Granada he was not going to take his sacking from the Prison Service lying down. He sued the home secretary for unfair dismissal and won £250,000.

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"[The situation] was a little different [from Granada] in that I had an enormous amount of support from within the prison service," he remembers. "To some extent I felt that if I had just walked away quietly it would have been seen as tacit acknowledgment that the prison service had got it all badly wrong, rather than the reality, which is that the prison service as a whole had made enormous strides in those three years.

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"But I prefer to focus on the things that are happening now; the prison service is a very important institution and I think there are probably some lessons to be learned from that period ... about the relationship between those heading government agencies and their political masters, and what can and what cannot be done over what sort of timescale."

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The chances of Lewis being allowed to forget his time with the prison service, however, are slim, especially as it made him the subject of one of the most famous current affairs interviews of the past decade.

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## Unbowed

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While he was running for leader of the Tory party following its trouncing in the 1997 general election, Newsnight presenter Jeremy Paxman asked Michael Howard 14 times whether he had threatened to overrule Lewis over the suspension of the governor of Parkhurst prison.

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"It's extraordinary that such a short piece of TV should have achieved such notoriety," says Lewis of Paxman's interview, which earned the broadcaster a Royal Television Society award.

Bloodied but unbowed, Lewis went back to business. Following a stint as non-executive chairman of travel group Sunsail International - which was sold to First Choice - he joined Patientline in 1998, steering the business to a stock market flotation three years later.

The company's ride has not been smooth. Patients complained that its original bedside terminals, which were little more than small TVs with a phone attached, were very difficult to switch off.

Lewis maintains that the new generation of terminals are far more user-friendly and with just under 200 UK hospitals signed up for the service they will play an increasingly large part in patients' lives.

The role of the device has also changed from purely an entertainment centre to a tool that clinicians can use to monitor a patient's progress, check what drugs they have been given and explain to them what treatment they will receive.

"I think this has the ability to transform the experience at hospital," says Lewis. "It protects the surgeon and informs the patient better."

The real question for the market is whether the loss-making business is going to fly. Its shares, which hit a high of 165p a year ago, have since lost more than a third of their value. But Lewis is adamant the company has the headroom to succeed.

"Any investment can be funded from borrowings, the cash flow from the base is now more clear and there is no need for us to raise additional equity," he says.

In fact, he adds: "I am very keen to see the business established as an international player in the healthcare world."

Obviously he is looking to create an institution all of his own.

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