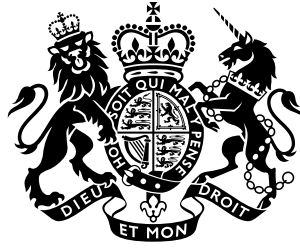




Prison Service  
Pay Review Body

# Fifteenth Report on England and Wales 2016

*Chair:* Dr Peter Knight CBE



# **Prison Service Pay Review Body**

**Fifteenth Report**

on

**England and Wales**

**2016**

*Chair:* Dr Peter Knight CBE

**Presented to Parliament by the  
Prime Minister and the Lord Chancellor and Secretary of State  
for Justice by Command of Her Majesty  
March 2016**



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## Glossary of Terms

ACH	additional committed hours (for prison officers in Band 3)
ACHP	pensionable additional committed hours
AWE	Average Weekly Earnings
BME	black and minority ethnic
CPI	Consumer Prices Index
CST	Chief Secretary to the Treasury
GDP	Gross Domestic Product
HMIP	HM Inspectorate of Prisons
HMP	Her Majesty's Prison
HMYOI	Her Majesty's Young Offender Institution
IDR	Incomes Data Research
IDS	Incomes Data Services
IMB	Independent Monitoring Board
LFS	Labour Force Survey
LPA	Locality Pay Allowance (refers to the closed rates in Appendix E)
MFS	Market Force Supplement
MoJ	Ministry of Justice
NEMC	NOMS Executive Management Committee
NIC	National Insurance Contribution
NOMS	National Offender Management Service
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
OSG	operational support grade
PCS	Public and Commercial Services Union
PGA	Prison Governors' Association
POA	The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers
PSPRB	Prison Service Pay Review Body
PUCP	Prison Unit Cost Programme
RHA	required hours addition (allowance)
RPI	Retail Prices Index
S2P	state second pension
TOIL	time off in lieu
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
UC	Universal Credit
VEDS	voluntary early departure scheme
YOI	Young Offender Institution



## National Offender Management Service (NOMS) in England and Wales and our remit group

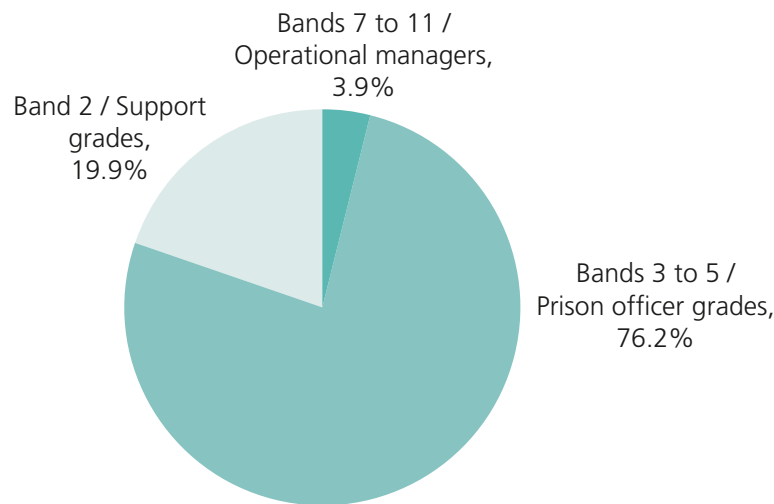
The National Offender Management Service (NOMS) is responsible for adult and young offender management services for England and Wales within the framework set by the government. It is an Executive Agency of the Ministry of Justice. The agency currently manages HM Prison Service and the National Probation Service. In addition, it oversees privately run prisons and Community Rehabilitation Companies. Its role is to commission and provide offender management services in the community and in custody, ensuring best value for money from public resources. It works to protect the public and reduce reoffending by delivering the punishments and orders of the courts, and supporting rehabilitation by helping offenders to reform their lives.

On 22 January 2016, the prisoner population across both the public and private sector estates was 85,260, 0.5 per cent higher than a year earlier.

NOMS paybill costs relating to the remit group in 2014-15 were approximately £1 billion (including social security and other pension costs).<sup>i</sup>

At the end of December 2015, there were 24,910 staff in our remit up from 24,260 a year earlier (an increase of 2.7 per cent). The composition is below.

### Our remit group in England and Wales, as at 31 December 2015



	Headcount
Bands 7 to 11 / Operational managers	960
Bands 3 to 5 / Prison officer grades	18,980
Band 2 / Support grades	4,960

Source: NOMS

Notes:

1. The figures here are for 31 December 2015 and are different from those shown in Table 2.5 which are for 31 March 2015.
2. Following a change of publication policy in NOMS, the system of Treasury Rounding has been applied whereby figures have been rounded to the nearest 10, with integer values ending in 5 rounded to the nearest 20 to avoid systematic bias.

<sup>i</sup> The cost is approximate only as it is not possible to obtain a fully accurate figure because of the difficulties of disaggregating remit group managers from non-remit group managers.

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# Prison Service Pay Review Body 2016 Report on England and Wales

## Summary

### Introduction

Our recommendations on pay and allowances are:

**Recommendation 1:** We recommend that from 1 April 2016 the maxima of the *Fair and Sustainable* National Bands 2 to 5 be raised by one per cent and the minima and intermediate points be adjusted as set out in Appendix D.

**Recommendation 2:** We recommend that all staff in *Fair and Sustainable* Bands 2 to 5 who are in post on 31 March 2016 progress by one pay point effective from 1 April 2016, unless they have been placed on formal poor performance management procedures.

**Recommendation 3:** We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2016 and receive an 'Outstanding' box marking receive an additional one per cent non-consolidated, non-pensionable pay award based on their 31 March 2016 base pay.

**Recommendation 4:** We recommend that the National maxima and minima of *Fair and Sustainable* Bands 7 to 11 be raised by one per cent from 1 April 2016, as set out in Appendix D, and that this change to the ranges has no automatic effect on individual staff pay.

**Recommendation 5:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2016 and achieve a performance marking of 'Good' or 'Outstanding' receive consolidated pay progression of four per cent effective from 1 April 2016, capped at the new 2016 band maximum. Any staff who would be paid less than the minimum of their pay range after progression has taken place be moved to the new 2016 band minimum.

**Recommendation 6:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2016 and receive an 'Outstanding' box marking receive an additional two per cent non-consolidated, non-pensionable pay award based on their 31 March 2016 base pay.

**Recommendation 7:** We recommend non-consolidated, non-pensionable payments for all officers (in closed grade equivalents to Bands 3 to 5) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff) on 31 March 2016 of £300 for officers and equivalents, £325 for senior officers and equivalents and £350 for principal officers and equivalents, excluding those who have been placed on formal poor performance management procedures.

**Recommendation 8:** We recommend non-consolidated, non-pensionable payments for all support staff (in closed grade equivalents to Band 2) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff, prison auxiliaries and night patrol staff) on 31 March 2016 of £300, excluding those who have been placed on formal poor performance management procedures.

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**Recommendation 9:** We recommend that the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones should continue to be applied consistently across all bands (maintaining the position of maxima at £2,525 and £3,840 respectively above the base 37 hour National zone pay and adjusting other points so that progression is the same percentage as on the National bands) from 1 April 2016, as set out in Appendix D.

**Recommendation 10:** We recommend that the required hours addition (RHA) is increased to 17 per cent from 1 April 2016.

**Recommendation 11:** We recommend that the dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours from 1 April 2016.

**Recommendation 12:** We recommend that a new care and maintenance of dogs allowance rate be introduced for carers of multiple dogs at £1,908 per year from 1 April 2016.

**Recommendation 13:** We recommend that the National Offender Management Service (NOMS) arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets.

HM Prison Service is an important part of the United Kingdom public sector. It has a relatively low public profile but an essential job to do. We are pleased that the new Government has set out its intent to focus on the prison system during this Parliament and welcome its aims of more effective rehabilitation outcomes and reforming and modernising the prison estate. Reforms in these areas have the potential to improve working conditions for the prison staff in our remit group. In recent years there have been fewer staff looking after a prison population which, despite expectations, has not reduced and instead increased in complexity with rising level of violence. We note that these reforms will require an effective and motivated workforce to achieve them, spanning all grades from new recruits to experienced staff. Our conclusions and recommendations below have that overall requirement in mind.

### **Our remit and approach this year**

In his Budget on 8 July 2015,<sup>ii</sup> following the 2015 General Election, the Chancellor of the Exchequer announced that funding for public sector workforce pay awards would be one per cent per year for the rest of this Parliament. This follows five years of pay restraint under the Coalition Government. The Chief Secretary to the Treasury's subsequent letter to the Chairs of all the Pay Review Bodies stated that ongoing pay restraint was necessary for fiscal sustainability and to protect public sector jobs. He said that the Government expected pay awards to be applied in a targeted manner to support the delivery of public services and to address recruitment and retention pressures, and that there should not be an expectation that every worker would receive a one per cent award.

Our activation letter from the Prisons Minister for this 2016 round reiterated the Government's overall policy on public sector pay but contained no restrictions on our remit. Therefore, in preparing this report, we have considered the full remit group and made recommendations we think appropriate in the light of all the evidence and in accordance with our standing terms of reference. Our conclusions and proposals are based on the views we heard from staff during our visit programme in 2015, evidence we received from the parties, and statistical information on the remit group set in the current economic and labour market context. In addition we took into account that, following the publication of our 2015 report, the POA<sup>iii</sup> and the National

<sup>ii</sup> HM Treasury. Summer Budget 2015. HC264. TSO, 2015. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/443232/50325\\_Summer\\_Budget\\_15\\_Web\\_Accessible.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf) (accessed on 2 February 2016).

<sup>iii</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

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Offender Management Service (NOMS) entered into collective bargaining which resulted in two joint agreements being reached that included payments for the closed officer and support grades. The Prison Governors' Association (PGA) similarly reached an agreement with NOMS for operational managers in the closed grades.

### Context and evidence

The economic situation in the UK continued to improve across 2015. Provisional figures suggest the economy grew by 2.2 per cent in 2015 as measured by Gross Domestic Product (GDP). The annual rate of Consumer Prices Index (CPI) inflation has remained around zero across 2015 and is expected to stay below its two per cent target for the next two years. This is resulting in a more buoyant national labour market and modest pay settlements and earnings growth for private sector employees. Nonetheless these are forecast to rise faster than for their public sector counterparts over this Parliament. This is likely to have a negative impact on recruitment and retention in the Prison Service.

The Government published a joint Spending Review and Autumn Statement on 25 November 2015.<sup>iv</sup> In that document, the Chancellor reiterated his public sector pay policy from the Summer Budget and additionally announced that the Government planned to reform and modernise the prison estate. He explained this would involve investing £1.3 billion over the next five years, while bearing down further on costs and ensuring that prison supports rehabilitation more effectively.

The introduction of *Fair and Sustainable* and then Benchmarking<sup>v</sup> has meant that in recent years our remit has covered fewer staff but an increased range of pay structures. In normal circumstances, when a new pay structure is brought in by an employer, the transition costs of change are funded so that all – or at least the majority – of staff are on that new structure. However, NOMS has had insufficient funds to take this approach, and the continuing difficult state of public finances means that it is likely our remit group will occupy the current complex range of pay structures for years to come. NOMS has previously estimated that full transition would take around fifteen years, assuming that forecasts for the economy and pay were reasonably accurate. This situation has not changed, with the new Government continuing a policy of public sector pay restraint.

Our remit requires us to consider the need to recruit and retain suitably able and qualified staff. Following several years of low recruitment, as the operational staffing requirement in establishments across the Service was reduced, NOMS undertook a recruitment exercise for 1,700 new officers in 2015 and has told us it is doing so on the same scale this year. NOMS told us that this was to replace staff leaving or retiring rather than to increase the overall staffing levels in the Service. Overall, we saw no evidence of problems with recruitment this year at the national level although, with the improving labour market, we will continue to monitor this. Whilst this picture seemed stable, we did receive evidence relating to specific establishments showing that there were locations where recruitment and retention are long-term issues, particularly in areas close to the Outer London pay boundary.

Staff motivation is also part of our remit. In recent years, the evidence presented to us has shown that levels of motivation and morale have been very low. There was some positive evidence this year from the 2015 People Survey, in which a significantly greater proportion of respondents replied positively to most questions than in the previous two years. But we have concerns about how representative that survey is of our remit group. Evidence from other sources – such as reports of rising violence in establishments, the published figures of assaults on staff, evidence from the parties and the staff themselves on visits and also the information

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<sup>iv</sup> HM Treasury. *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> (accessed on 2 February 2016).

<sup>v</sup> Delivering the public sector benchmark or "Benchmarking": implementing the most efficient operating model for each service in the prison by looking at the estate on an establishment-by-establishment basis.

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from the Independent Monitoring Boards (IMBs) and within the annual report from HM Inspectorate of Prisons – all suggest that many problems remain. In addition, the financial pressures and the constraints on public sector pay policy have continued for far longer than expected. Overall, we conclude motivation and morale within the Prison Service continue to be extremely low.

We received pay proposals from NOMS, the PGA and the Public and Commercial Services (PCS) Union this year. The evidence from NOMS and the PGA included a joint agreement for proposals on the required hours addition (RHA). We regret that we did not receive evidence from the POA this year. This was a result of several motions, passed at its 2015 Annual Conference, not to engage with us and to withdraw from the Review Body process. The POA told us it would engage with NOMS to seek areas of common ground in respect of pay and allowances and we were copied into some correspondence in relation to pay matters. For this report, we have given careful consideration to the submissions we received. We were also cognisant of the fact that the staff in our remit group are not able to strike and that we are regarded as a compensatory mechanism.

NOMS made a range of detailed proposals to us including performance-related progression for staff in *Fair and Sustainable*, “compression” of some pay ranges to reach its preferred final pay design, and targeted increases to two pay bands: an increase to Band 4 to incentivise staff to opt in to *Fair and Sustainable* and to decrease the gap between the Band 4 maximum and that of the closed senior officer scale; and an increase to Band 8 to improve opt in for non-remit group staff. NOMS made no proposals for a general uplift to the *Fair and Sustainable* bands nor for pay awards to staff on the closed grades. The PGA proposed a five per cent increase for the *Fair and Sustainable* grades it represents and for those on the closed grades for whom opting in would not be of financial benefit. It asked that all maxima be increased sufficiently so that any performance pay increases would be “real” rather than notional payments. The PCS proposed a five per cent consolidated award with a £1,200 “underpinning” on all pay points and ranges. The PCS also asked us to focus specific attention on low pay and asked for pay progression for all staff, other than those subject to formal poor performance procedures, because of concerns about the performance management system.

### **Our recommendations on pay for 2016**

In its evidence to us the Government set out its intent to explore options for greater autonomy and financial freedoms for individual governing governors. The current NOMS systems are, by design, very centrally controlled. Our visits make it clear that every establishment has different circumstances and greater delegation could help with management of the different issues faced by different prisons. Delegation of some aspects of reward has the potential to be an important component of a more devolved approach overall, and to the benefit of our remit group. But there are risks if such delegation is introduced into a system that is not prepared for it, and is currently under stress. We consider it essential first to articulate the strategy and objectives for such delegation, develop the necessary change management processes and identify training requirements. We would then be happy to offer views, having invited evidence from interested parties, on how elements of the reward system might play their part in a more devolved approach to prison management.

Moving to our recommendations this year for pay, we start with the *Fair and Sustainable* pay structures, which we continue to see as the basis for the future. *Fair and Sustainable* was agreed by the parties when introduced and, while there are clearly issues with recruitment in some establishments, it currently appears to allow NOMS to recruit the numbers of staff they need nationally.

That said, the evidence this year suggests that the current *Fair and Sustainable* scale maxima are below the external market median levels which NOMS told us it uses as comparators. With the

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external labour market now picking up, we feel a small increase would be appropriate. On that basis we recommend that the maxima of scales and ranges for all *Fair and Sustainable* bands should be increased by one per cent this year. For Bands 2 to 5 we also propose changes to minima and intermediate points to reach NOMS' preferred pay design where possible. For Bands 7 to 11 we propose that the maxima and minima are increased but that individual salaries move separately via progression as recommended below.

We agree that effective performance appraisal should help determine an individual's reward. But we remain concerned about aspects of the recently introduced performance management system for operational prison staff. Specifically we are not yet persuaded that the current system is working for Bands 2 to 4 where spans of control are large. As a consequence, as for last year, our recommendations for linking awards to performance vary by band.

For Bands 2 to 4, as we say above, the evidence this year left us unconvinced that the current system is providing a reliable way of differentiating individual performance. We therefore recommend retaining our approach from last year, with progression of one pay point for all staff other than those on formal poor performance measures. We will review this approach again next year.

For Band 5, who are managed by operational managers, the evidence this year suggested that the performance management system is working more effectively. Therefore for staff in *Fair and Sustainable* Band 5, we are signalling our intention to move to performance-related progression in our next report unless presented with compelling evidence to the contrary. On that basis, we recommend one final year of progression of one pay point for all staff other than those on formal poor performance measures. We also recommend the introduction of additional non-consolidated awards for 'Outstanding' performers at the level of one per cent.

For Bands 7 to 11 where we are content that the system is working reasonably, we recommend that only those achieving a 'Good' or 'Outstanding' performance mark should see a progression award of four per cent. We note that two-thirds of the current managers in Bands 7 to 11 are already at the top of their pay band and therefore that the full amount of performance-related progression (which is capped at the maximum) applies only to a minority of this group of staff. We also recommend that operational managers in Bands 7 to 11 who receive an 'Outstanding' mark should additionally receive a non-consolidated award of two per cent. This is an increase on the equivalent award last year as we would like to see greater differentiation in the awards for performance as the performance management system beds in.

We considered the information we received on how pay varies with the zones (National, Outer and Inner London) in *Fair and Sustainable*. We did not see compelling evidence to suggest that the pay differentials between the National, Outer London and Inner London zones should be modified this year, so propose to leave these as they are. We have considered the coverage of the three zones and also the approach NOMS has used to address recruitment and retention issues in establishments where they have arisen. We have some sympathy with NOMS' reluctance to make substantial changes to the *Fair and Sustainable* design in the absence of clear evidence for an alternative. However, the case-by-case approach currently being adopted is one we think would best be applicable if the problems were short-term ones. Given how little the list of establishments with recruitment and retention issues has changed since last year, we think these might justifiably be considered ongoing issues and therefore see a case for addressing them more systematically.

We were pleased that NOMS and the PGA reached an agreement that resulted in both parties proposing that the required hours addition (RHA) – payable to operational managers on the *Fair and Sustainable* ranges – should increase from 15 per cent to 17 per cent. The evidence showed that the proportion of time worked outside the normal week has increased and we recommend that RHA should be increased to 17 per cent as agreed by the parties.

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All of the above does not apply to the staff remaining on the closed scales. At the current time, these still comprise the majority of our remit group, of which nearly half are prison officers on the closed scales. While it remains the case that this group are paid considerably more than their recently recruited colleagues, with the equal pay risks that creates, we do recognise that their motivation and morale are important to the operational effectiveness of the Prison Service. In addition, we note that the Government's future agenda for the Prison Service is an ambitious one, which has the potential to improve effectiveness and value for money. In recognition of the critical role that uniformed staff on closed scales have played over the past year, and will be playing in the Government's future agenda, we recommend non-consolidated payments be made again this year to staff in these officer and support grades at the maxima, at the same levels as those agreed between NOMS and the POA following publication of our last report.

We make two further recommendations on allowances. We recommend that the dirty protest allowance be increased, to £10 for the first four hours or less and £20 for over four hours<sup>vi</sup> for officers and support staff. We note that there has been no increase to this allowance for some years. We also recommend that a new care and maintenance of dogs allowance rate be introduced for carers of multiple dogs at £1,908 per year. We accept that there is sufficient evidence to support a separate rate, as carers with multiple dogs have more work.

Two years ago, we stated that we considered progression to be separate from the paybill costs associated with the annual pay award, and we continue to hold this view. We see performance-related progression within *Fair and Sustainable* as a legitimate expectation for staff who demonstrate that they are developing the competencies for the role as anticipated, and are therefore progressing from new appointee to a fully-trained member of the Service at their grade. In this context, we consider the costs associated with well-performing staff progressing from minimum towards maximum are an inherent element of the normally functioning NOMS pay system, and should be separate from an annual pay award. On this basis, we consider that the recommendations that we make in this report are consistent with the Government's pay policy, and affordable within the one per cent envelope. We also believe that they will facilitate the Government's ambitious longer-term goals for prisons, which have the potential to produce further efficiency savings.

### Looking ahead

As part of its vision of social and prison reform, the Government has set out its intent to explore options for greater autonomy and financial freedoms for individual governing governors. Delegation of some aspects of reward has the potential to be an important component of a devolved approach more generally and we welcome this in principle. There needs to be a clear strategy, and development of appropriate change management processes for such delegation, to assist us in offering views on how elements of the reward system might play their part. We look forward to hearing from the parties in time for our next report and stand ready to contribute as ideas develop.

As set out earlier, the transition to *Fair and Sustainable* will take considerable time to complete. We are aware that, while staff on the closed prison officer and senior officer grades would not currently benefit financially from opting in, the majority of principal officers and operational support grades (OSGs) would benefit. Although we have recommended awards this year to some of this latter group of staff, this should not be taken as contradicting our clear view that all staff who would benefit financially from opting in should be encouraged to do so. We again urge both NOMS and the unions to inform these staff of the financial benefits where they exist. We were pleased to see that, as part of the NOMS and POA agreement for OSGs, NOMS made a statement that unsocial working hours payment "will never be involuntarily removed from

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<sup>vi</sup> It is currently £5.75 for the first four hours or less and £11.50 for over four hours.

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them whilst in the *Fair and Sustainable* grades.” We hope that a wider communication of this commitment will help to improve trust and allow those who would financially benefit to have greater confidence in the offer to opt in.

The data NOMS presented to us this year suggested there were few problems to date with recruitment and retention at the national level. However, we are concerned that there are issues in specific establishments, particularly in a number of those close to the current Outer London zonal boundary. This year, we have considered the coverage of the three zones in the *Fair and Sustainable* structure, looked at the current National, Outer and Inner London pay levels and reviewed the approach NOMS has used to address recruitment and retention issues outside of this zonal pay structure. Whilst we have concluded that we consider it appropriate to continue this year with the current pay differentials between zones, we think a full review of recruitment and retention in establishments in relation to local labour markets is needed. We recommend that NOMS arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets.

The evidence we received this year again showed that staff motivation and morale were low. This seems to be, at least partly, in response to growing violence in prisons. We ask NOMS to keep us informed of its own monitoring of this unwelcome trend and its plans for addressing the issue, and for all parties to provide evidence of how they are currently supporting staff.

NOMS implemented the new Civil Service Employee Policy performance management process from 1 April 2014 and carried out a review of this system in 2015 which the PCS provided to us in its evidence. This review suggested problems, particularly for its use with staff in Bands 2 to 4 and also with the outcomes for black and minority ethnic (BME) staff. We support the principle of relating pay progression to performance and want to see further evidence next year of how this system is working by grade. We ask the parties to continue to monitor all aspects of the effectiveness of the new system and update us again for our next report.

We were disappointed this year to receive no evidence from the POA. The union told us that its membership was extremely unhappy with the recommendations we made in 2015 and had voted against giving evidence for this report. We ask that the union membership reconsider its position for the next report as we again expect to be asked to make recommendations that affect them and would be better placed to do so if we were informed of their collective views and concerns through POA evidence. We were also concerned by the apparent deterioration in relations between NOMS and all three unions across 2015. In recent years, industrial relations between the parties have generally been good. We have benefited from this and have been able to react to matters affecting the staff within our remit because the parties’ evidence has kept us informed of changes as well as clearly expressing their concerns. Good communication and relations with the parties are very important to us and this will continue to be the case.

Prison staff do an essential job in increasingly difficult conditions. We welcome the Government’s plans to reform the prison system. The dedicated staff they have across the estate will have a critical role to play in the effective delivery of these plans. The recommendations we make in this report, which we consider compatible with the Government’s overall policy for public sector pay, are intended to support both staff and Government in achieving this.



## Chapter 1: Introduction

### Our role

1.1 The Prison Service Pay Review Body (PSPRB) was established under statute<sup>1</sup> to examine and report on matters relating to the rates of pay and allowances to be applied in the public sector prison services in England and Wales and in Northern Ireland. The Regulations under which we were set up provide that the Secretary of State may direct us as to the considerations to which we should have regard and the timing of our report. We have standing terms of reference (at Appendix A) which supplement our statutory remit. They emphasise that we should provide independent advice based on the range of evidence available to us.

### Outcome of our last report

1.2 In our 2015 report for England and Wales,<sup>2</sup> we made recommendations relating to the new *Fair and Sustainable* pay structure, for staff on the *Fair and Sustainable* structure and for those on the closed pay structures:

- The pay scales for the closed grades to remain unchanged from their current levels.
- The maxima of the *Fair and Sustainable* National Bands 2 to 5 to be raised by 1.8 per cent and the minima and the intermediate points be adjusted as set out in our report.
- Staff in Bands 2 to 5 to progress by one pay point, unless they had been placed on formal poor performance management procedures.
- The maxima and minima of *Fair and Sustainable* National Bands 7 to 11 to be raised by 1.8 per cent.
- Staff in Bands 7 to 11 who achieved a performance marking of 'Good' or 'Outstanding' to receive four per cent consolidated pay progression. Also, those receiving an 'Outstanding' box marking to receive a one per cent non-consolidated pay award.
- The fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones to be applied consistently across all bands (repositioning maxima £2,525 and £3,840 respectively above the base 37 hour National zone pay and adjusting other points so that progression is the same percentage as on the National bands).
- A 1.8 per cent increase to be applied to the hourly rate of the Tornado payment.

1.3 In addition we asked for further evidence on developing areas for this 2016 report:

- All parties to consider pay strategy and comment on the transition to *Fair and Sustainable*.
- NOMS to provide its strategy and implementation plans for moving all staff to *Fair and Sustainable*, including data on those currently opting in to the new structure.
- The parties to provide information on the outcome of the recruitment exercise for 1,700 new Band 3 prison officers.
- NOMS to provide its plan for addressing motivation and for all parties to provide evidence of how they are supporting staff.

<sup>1</sup> The Prison Service (Pay Review Body) Regulations 2001 (SI 2001 No. 1161). Available at: <http://legislationline.org/documents/action/popup/id/7249> (accessed on 2 February 2016). PSPRB covers England and Wales, and Northern Ireland; the Scottish Prison Service is outside our remit.

<sup>2</sup> The 2015 PSPRB report for England and Wales can be found at: <https://www.gov.uk/government/publications/psprb-fourteenth-report-on-england-and-wales-2015> (accessed on 2 February 2016).

- NOMS to provide further information on its review of the Civil Service Employee Policy performance management system, particularly for staff in Bands 2 to 4, and how it applies to pay.
- The parties to provide information on and analysis of locality pay in their evidence and link this to the current recruitment exercise.
- The parties to provide their views on the research Incomes Data Services carried out for us into the pay, pension and reward packages for private custodial service staff.<sup>3</sup>

1.4 The Government accepted all our recommendations. It implemented the pay changes from 1 April 2015.<sup>4</sup>

1.5 In March 2015, following the publication of our 2015 report, the POA<sup>5</sup> and NOMS told us that they had entered into collective bargaining on a number of issues. This included consideration of a pay award for the closed officer and support grades, along with a number of commitments on health and safety and working together on providing joint evidence to us for this report on areas both NOMS and the POA agreed. These negotiations resulted in two joint agreements being reached and included the following:

- A £350, £325 or £300 non-consolidated retention bonus payment for those principal officers, senior officers, and prison officers (respectively) on closed scales at the grade maxima or spot rate, except for those subject to formal poor performance procedures.
- A £300 non-consolidated retention bonus payment for those operational support grades (OSGs) at the closed grade scale maxima that would not financially benefit from opting in to *Fair and Sustainable*, except for those subject to formal poor performance procedures.
- Creating a new Tornado payment for OSGs.
- Extending the dirty protest allowances to OSGs.
- A national Payment Plus bonus scheme.
- Changing the opting in arrangements so that OSGs at the maximum of the closed scale can opt in to the maximum of the *Fair and Sustainable* Band 2 scale.
- Commitments to work together on health and safety concerns.
- A commitment to produce joint evidence to the PSPRB on areas where the parties could reach agreement.

1.6 Separately, the Prison Governors' Association (PGA) also engaged with NOMS on a variety of issues and agreement included the following:

- A £839, £805 and £666 special bonus payment for those senior managers A, B and D at the grade maxima who would not benefit from opting in to *Fair and Sustainable* (there were no eligible staff in the senior manager C grade).
- A £500 and £450 retention bonus for those managers E and F at the grade maxima that would not financially benefit from opting in to *Fair and Sustainable*, except for those subject to formal poor performance procedures.
- Senior managers A to D and managers E to F at the grade maxima to be allowed to exceptionally retrospectively opt in to the *Fair and Sustainable* pay structure.

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<sup>3</sup> Incomes Data Services. *Pay, pensions and reward packages for private sector custodial service staff: A research report for the Office of Manpower Economics*. March 2015. Available at: <https://www.gov.uk/government/publications/pay-pensions-and-reward-packages-report> (accessed on 2 February 2016).

<sup>4</sup> The Written Ministerial Statement accepting our recommendations can be found at: <http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm150312/wmstext/150312m0001.htm#15031225000343> (accessed on 2 February 2016).

<sup>5</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

- A commitment to produce joint evidence to the PSPRB on areas where the parties agreed.

### **Our remit this year**

1.7 In his Summer Budget on 8 July 2015,<sup>6</sup> following the 2015 General Election, the Chancellor of the Exchequer announced that the Government would fund public sector workforces for a pay award of one per cent for four years from 2016-17 onwards. This follows five previous years of pay restraint: a two year pay freeze for public sector workers paid over £21,000 a year (2011-12 and 2012-13); and three years of public sector pay restraint where the Government sought awards of up to one per cent (2013-14, 2014-15 and 2015-16).

1.8 The Chief Secretary to the Treasury (CST) wrote to our Chair, along with the other Pay Review Body Chairs, on 19 August 2015.<sup>7</sup> He reiterated the Chancellor of the Exchequer's Budget statement that the Government would fund public sector workforces pay awards of one per cent a year for four years from 2016-17. The CST stated that the Government expected pay awards to be applied in a targeted manner to support the delivery of public services, and to address recruitment and retention pressures. He said there should not be an expectation that every worker would receive a one per cent award. The CST made the argument that continued pay restraint was necessary for fiscal sustainability, to support the quality of public services and to protect public sector jobs.

1.9 The Prisons Minister, Andrew Selous MP, wrote to our Chair on 1 October 2015 asking us to begin our work for the 2016-17 pay round and to make recommendations by 15 February 2016. The Minister's activation letter, whilst drawing our attention to the Government's public sector pay policy, contained no restrictions on our remit. We have therefore considered our full remit group and made recommendations we think appropriate in the light of all the evidence and in accordance with our standing terms of reference. The Minister's activation letter is at Appendix B.

### **Our evidence base**

1.10 Following receipt of the Minister's activation letter, our secretariat invited all the parties to submit written evidence. We received these submissions in October and early November 2015 from NOMS, the PGA and the Public and Commercial Services (PCS) Union. We held oral evidence sessions in November with:

- The Prisons Minister, Andrew Selous MP, together with NOMS officials led by Chief Executive Officer, Michael Spurr, and accompanied by an official from HM Treasury.
- The PGA represented by Andrea Albutt, PGA President (interim) and other members of the National Executive Committee.
- The PCS represented by Chris Poyner, NOMS Branch Chair, and other members of the NOMS National Branch.

The POA declined to give either written or oral evidence this year, as mandated by its membership vote at its 2015 conference, which instructed the National Executive Committee not to give evidence to us.

1.11 We also base our recommendations on evidence from a number of sources including:

- Written and oral evidence from the parties.
- Written submissions from the Independent Monitoring Boards at HMPs Coldingley, Wandsworth and Woodhill.

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<sup>6</sup> HM Treasury. Summer Budget 2015. HC264. TSO, 2015. Available at: <https://www.gov.uk/government/publications/summer-budget-2015> (accessed on 2 February 2016).

<sup>7</sup> This letter can be found on the Office of Manpower Economics website at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/455907/CST\\_to\\_office\\_of\\_Manpower\\_Economics.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/455907/CST_to_office_of_Manpower_Economics.pdf) (accessed on 2 February 2016).

- Economic data from the Office for National Statistics.
- Statistical data provided by NOMS in September 2015 which were shared with all the parties.
- Information gathered during our visits to prison establishments.
- HM Inspectorate of Prisons' (HMIP) inspection reports and the HMIP 2014-15 annual report.

### Visits

1.12 In 2015 we visited nine establishments to hear the views of our remit group and their private sector equivalents (listed at Appendix C). As in previous years, these visits gave us a valuable opportunity to meet staff at all levels. We were able to hear their views and concerns on remuneration and the impact of continuing pay restraint, on the move to *Fair and Sustainable*, staffing levels and on other issues which affected areas covered by our terms of reference. Visits typically included: separate discussions with support staff, with staff in the officer grades and with operational managers; a briefing with the governing governor; a meeting with local trade union representatives; and a tour of the establishment during which we could talk informally to staff.

1.13 Our visits in 2015, as usual, added greatly to our knowledge and understanding of our remit group's duties, working environment and concerns. Visiting establishments to hear first-hand from a cross-section of staff provides us with a valuable perspective which complements the written and oral evidence from the parties. We were pleased many staff attended and provided their views and we were impressed by those contributions. We know that arranging our visits requires considerable effort and we thank all of those involved, whether as organisers or participants, for making them possible.

### Our 2016 report

1.14 We set out in Chapter 2 the economic situation and the context, developments and evidence for our remit group which we considered when reaching our conclusions. Chapter 2 also presents the proposals we received from the parties. In Chapter 3 we assess these proposals on pay, allowances and the pay structures in general and set out our recommendations. In Chapter 4 we comment on a number of issues to which we believe the parties should give further attention.

## Chapter 2: Context and evidence

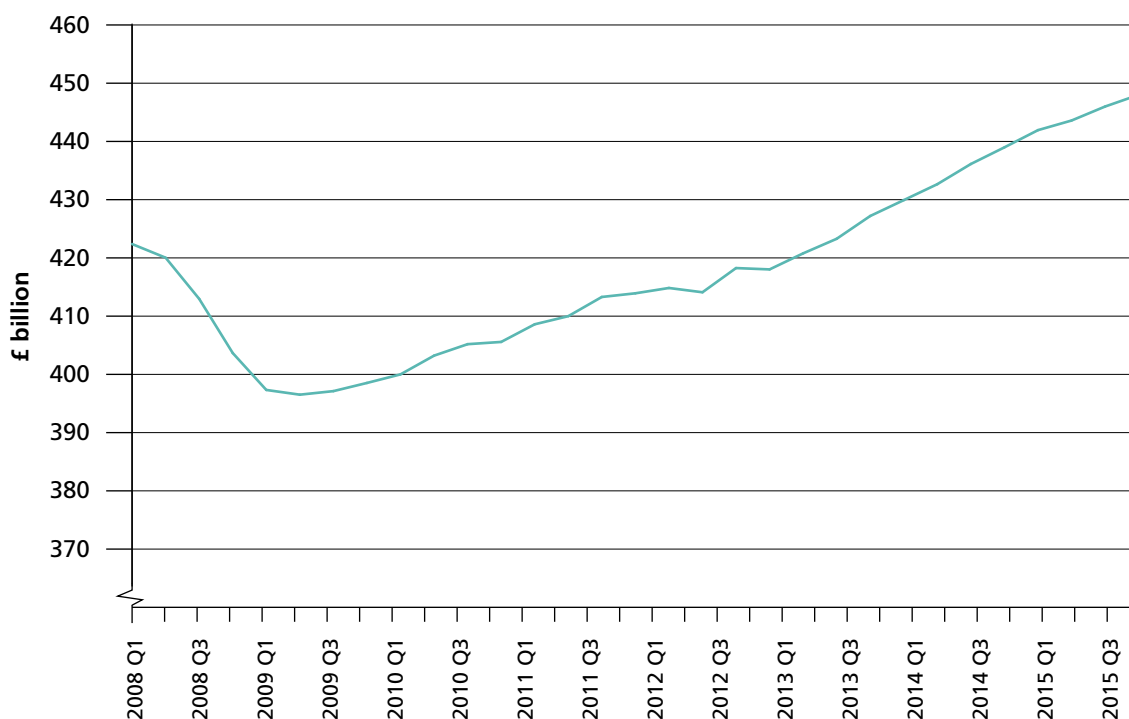
### Introduction

2.1 This chapter sets the context for our recommendations. It provides information on the economic context and the main indicators we considered, details of the pension scheme and notes the forthcoming changes to National Insurance Contributions (NICs) and introduction of Universal Credit (UC). It describes the impact of the 2015 Spending Review on the National Offender Management Service (NOMS) and current plans for reform of HM Prison Service. It summarises the recent workforce reforms and gives current background information on our remit group staffing and performance management. The chapter sets out the evidence for our remit group in terms of recruitment and retention, motivation and morale, locality pay and competitiveness with the private sector. It concludes with the parties' proposals to us this year.

### Economic context

2.2 There was a reasonable level of economic growth in 2015, greater than that in most other major economies. This was combined with very low inflation, a gradually tightening labour market and moderate earnings growth. Provisional figures suggest the economy grew by 2.2 per cent in 2015 (Gross Domestic Product (GDP)), slightly below the forecast of 2.5 per cent made at the start of the year. GDP is now 6.6 per cent above its pre-recession peak (quarter one of 2008), see Figure 2.1. The Office for Budget Responsibility (OBR) forecasts GDP growth of 2.4 per cent in 2016 and 2.5 per cent in 2017.

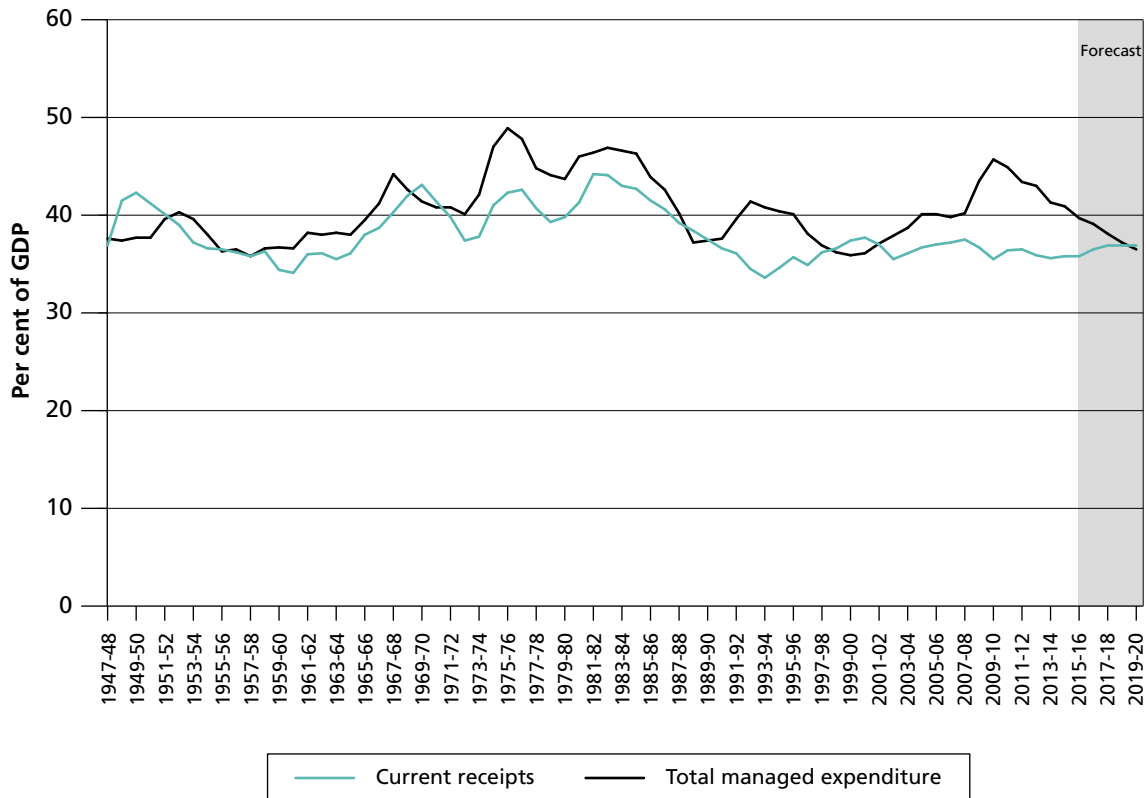
**Figure 2.1: Quarterly GDP, reweighted volumes, 2008 to 2015  
(at 2012 prices, seasonally adjusted)**



Source: Office for National Statistics

2.3 The Government announced in the Autumn Statement in November 2015 that, while public spending is still expected to reduce significantly over the next five years, an improvement in tax receipts had enabled these cuts to be by less than previously planned (Figure 2.2). The OBR noted that current planned real cuts in public spending were now more than a third smaller on average than those delivered over the last Parliament and around two-thirds smaller than those pencilled in by the Coalition back in March 2015.

Figure 2.2: Total public sector spending and receipts



Sources: Bank of England, Office for National Statistics and Office for Budget Responsibility.

2.4 Headline inflation, as measured by the annual percentage change in the Consumer Prices Index (CPI), was 0.2 per cent in December 2015, having been around zero for most of the year.<sup>8</sup> The annual percentage change in the Retail Prices Index (RPI) was 1.2 per cent in December 2015 (Figure 2.3). Inflation continued to remain low as a result of the effects of falling food and petrol prices and past appreciation of sterling. The elements of food and energy have, in recent years, been among the main causes of inflation. The CPI inflation forecasts for 2016 are mostly between 1.0 and 1.5 per cent; the rate of increase is expected to remain below the Bank of England target for the next two years.

<sup>8</sup> The target set by the Government for the Monetary Policy Committee is to maintain inflation (measured by the Consumer Prices Index, CPI) at 2.0 per cent. Unlike the Retail Prices Index (RPI), the CPI excludes mortgage interest payments and some other housing components. The two indices also have differences in the coverage of goods and services, and are calculated using a different formula. The RPI measure is still widely used for pay bargaining, despite being dropped as a National Statistic in 2013, while the CPI measure is used for the 2.0 per cent target, as well as pension and benefit upratings.

Figure 2.3: Inflation (CPI and RPI), 2008 to 2015



Source: Office for National Statistics

2.5 In November, the OBR forecast CPI inflation to rise to 0.9 per cent in the second quarter of 2016, and to 1.4 per cent in the fourth quarter of 2016. Since the OBR published its analyses, oil prices have fallen further, reaching \$28 a barrel on 20 January 2016. The lower oil prices are likely to feed directly into lower inflation and then indirectly into other economic indicators affected by prices.

### Labour market

2.6 The employment level<sup>9</sup> has grown to reach 31.39 million people in work (for September to November 2015). This is 1.64 million above the pre-recession peak of 29.75 million in the spring of 2008. The level is 588,000 more than the level in the equivalent period a year earlier and 267,000 more than for June to August 2015. The employment rate (which the Office for National Statistics (ONS) defines as the proportion of people aged from 16 to 64 who are in work) was 74.0 per cent, the highest since comparable records began in 1971. There were 5.35 million people employed in the public sector in September 2015, the lowest figure since comparable records began in 1999. This was down 59,000 from a year earlier and down 12,000 from June 2015. There were 25.95 million people employed in the private sector in September 2015. This was 565,000 more than for a year earlier and 219,000 more than in June 2015. In November 2015, the OBR projected employment growth to slow over the forecast period as productivity growth recovers towards its historical average. It projected that general government employment will fall by 0.1 million between the first quarter of 2015 and the first quarter of 2020, leading to a total fall in the period since early 2011 of 0.4 million. The OBR expected the fall to be more than offset by a rise in market sector employment, with general government employment broadly flat in the final year of the forecast period and market sector employment continuing to rise.

<sup>9</sup> This is the number of people in work aged 16 and over from the Labour Force Survey (LFS).

2.7 According to the Labour Force Survey (LFS) data, there were 1.68 million unemployed people in the three months from September to November 2015. This was 239,000 fewer unemployed people than a year earlier. The unemployment rate<sup>10</sup> was 5.1 per cent (September to November 2015), down 0.8 percentage points from a year earlier. It has not been lower since the three months to October 2005. In November 2015, the OBR forecast the unemployment rate to decline slowly over the next year,<sup>11</sup> as productivity growth picks up, allowing firms to expand output more through their existing workforce rather than through recruitment. It then forecast the headline unemployment rate would rise back to 5.4 per cent in the medium term as an increasing National Living Wage put upward pressure on unemployment.

2.8 Whole economy pay settlement medians have fallen slightly as the year has progressed, and are now mainly concentrated around 2.0 per cent, having started the year in the range 2.0 to 2.5 per cent. The 3.1 per cent increase in the National Minimum Wage from 1 October 2015 did not place any observable pressure on pay reviews (although the 7.5 per cent increase to the new National Living Wage of £7.20 for over 25s may have an impact when it is introduced from 1 April 2016). Both the main pay settlement information providers, XpertHR and Incomes Data Research (IDR)<sup>12</sup> put the private sector median at 2.0 per cent for the three months to November 2015, and pay settlements have been fairly stable since the start of 2014. Public sector pay review medians are between 1.0 and 1.5 per cent. The CIPD's latest Labour Market Outlook, published in November, reported that the expected median basic pay settlement, among those employers planning a pay review in the 12 months to September 2016, was 2.0 per cent in the private sector (unchanged for three years), 1.8 per cent in the voluntary sector and 1.0 per cent in the public sector. A survey of private sector employers by XpertHR, published in October, projects a median pay award of 2.0 per cent over the 12 months to August 2016, unchanged from the level seen in 2014 and 2015.

2.9 The growth rate of the whole economy Average Weekly Earnings (AWE) total pay index was 2.0 per cent in the three months to November 2015; this is the increase when comparing average weekly earnings for those three months with the same period a year earlier.<sup>13</sup> Over the three months to November, and as compared with the same period in the previous year, private sector annual AWE increased by 2.2 per cent while public sector earnings increased by 1.5 per cent. The latter figures include the substantially state-owned banks; if they are excluded then public sector average earnings annual growth was 1.6 per cent. In its November report, the OBR expected real wage growth to continue in 2016. It forecast 3.4 per cent annual growth, a rise slightly higher than productivity per worker over this period.

### *Public sector pensions*

2.10 The value of the pension is an important part of total reward for our remit group. However, pension provision is not within our remit other than when we take account of the competitiveness of the overall employment package compared to the private sector. Changes to the pension scheme are a matter for the Government.

2.11 The Government's public sector pensions' reforms moved public sector schemes in April 2015 from a final salary basis to career average revalued earnings for future accrual. Normal scheme retirement ages have also been aligned with the State Pension Age. These pension reforms covered NOMS staff, who are members of the Civil Service Pension Schemes, including operational staff in our remit. These new schemes have tiered contributions whereby higher-paid employees contribute a higher proportion of their earnings. In recent years, members of the previous public sector pension schemes have been moving to increasing, tiered contributions in preparation. The member contribution rates for the previous schemes in 2012-13, 2013-14 and 2014-15 are shown in Table 2.1. These show increased contribution rates over the three years in advance of moving to the new scheme.

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<sup>10</sup> The unemployment rate is the proportion of the economically active population (those in work plus those seeking and available to work) who were unemployed. (Number of unemployed people aged 16 and over divided by the sum of employed people aged 16 and over plus unemployed people aged 16 and over.)

<sup>11</sup> To reach 5.1 per cent by the end of 2016.

<sup>12</sup> Incomes Data Research (IDR) has continued the series previously published by Incomes Data Services (IDS).

<sup>13</sup> The AWE regular pay index was 1.9 per cent higher in the three months to November 2015 compared with the same period a year earlier. Annual private sector regular pay grew by 2.1 per cent over the three months while public sector regular pay (including finance, notably Royal Bank of Scotland) increased by 1.5 per cent over the same period compared with the previous year.



**Table 2.1: Employee contribution rates to Civil Service Pension Schemes in 2012-13, 2013-14 and 2014-15 as a percentage of pensionable earnings**

Annual pensionable earnings (full-time equivalent basis)	2012-13		2013-14		2014-15	
	Classic	Classic plus, Premium and Nuvos	Classic	Classic plus, Premium and Nuvos	Classic	Classic plus, Premium and Nuvos
£	%	%	%	%	%	%
Up to 15,000	1.5	3.5	1.50	3.50	1.50	3.50
15,001 – 21,000	2.1	4.1	2.70	4.70	3.00	5.00
21,001 – 30,000	2.7	4.7	3.88	5.88	4.48	6.48
30,001 – 50,000	3.1	5.1	4.67	6.67	5.27	7.27
50,001 – 60,000	3.5	5.5	5.46	7.46	6.06	8.06
Over 60,000	3.9	5.9	6.25	8.25	6.85	8.85

Source: <http://www.civilservicepensionscheme.org.uk/members/archived-consultation-documents/> (accessed on 2 February 2016).

2.12 The new pension scheme (called 'alpha') applied from April 2015. The contribution rates for this scheme are shown in Table 2.2. In the alpha scheme, member contribution rates have changed from being based on full-time equivalent salary to being based on actual salaries.<sup>14</sup> As Table 2.2 shows, employees on the lowest rate who were previously in the classic scheme are seeing an increase in contribution rate to bring them in line with those who were not previously on classic. This increase is being phased in over three years and the two rates will be the same from April 2017.

**Table 2.2: Alpha scheme employee contribution rates for 2015-16, 2016-17 and 2017-18**

2015-16			2016-17			2017-18		
Actual pensionable earnings (annual)	Rate for those in classic immediately before April 2015	Rate for all other members	Actual pensionable earnings (annual)	Rate for those in classic immediately before April 2015	Rate for all other members	Actual pensionable earnings (annual)	Rate for those in classic immediately before April 2015	Rate for all other members
£	%		£	%		£	%	
Up to 15,000	3.00	4.60	Up to 15,000	3.80	4.60	Up to 15,000	4.60	4.60
15,001 – 21,000	4.60	4.60	15,001 – 21,210	4.60	4.60	15,001 – 21,422	4.60	4.60
21,001 – 47,000	5.45	5.45	21,211 – 48,471	5.45	5.45	21,423 – 51,005	5.45	5.45
47,001 – 150,000	7.35	7.35	48,472 – 150,000	7.35	7.35	51,006 – 150,000	7.35	7.35
150,001 and above	8.05	8.05	150,001 and above	8.05	8.05	150,001 and above	8.05	8.05

Source: <http://www.civilservicepensionscheme.org.uk/members/contribution-rates/> (accessed on 2 February 2016).

2.13 The civil service has published employer contribution rates for 2014-15 and 2015-16 on its website (no future rates are presented at this time). It stated that the employer was contributing at an average rate of 18.9 per cent of pay in 2014-15. The amount paid depended on pensionable earnings, as shown in Table 2.3. This shows that the employer pension contribution rate has increased slightly for all groups and that NOMS

<sup>14</sup> This means that part-time employees may pay at lower rates.

pays the highest amount for the group of officers with a pre-Fresh Start<sup>15</sup> pension (the number of which is decreasing over time).

**Table 2.3: Civil Service Pension Scheme and post-2015 pension scheme (alpha) employer contribution rates**

Member pensionable earnings £	Employer pension contribution rate 2014-15 %	Employer pension contribution rate 2015-16 %
Up to 22,000	16.7	20.0
22,001 to 44,500	18.8	20.9
44,501 to 74,500	21.8	22.1
74,501 and above	24.3	24.5
Prison officers with pre-Fresh Start pension	25.8	27.9

Source: <http://www.civilservicepensionscheme.org.uk/employers/employer-pension-notice/epn389/> (accessed on 2 February 2016).

### National Insurance

2.14 NICs will effectively rise from 6 April 2016 and impact on staff in our remit. On this date the current basic state pension and state second pension (S2P) will be abolished and replaced by a single-tier state pension. The abolition of S2P will also mean the end of contracting-out.<sup>16</sup> Currently contracted-out schemes must provide a certain level of Defined Benefit benefits, and in return both employer and employees pay lower NICs. The abolition of contracting-out will therefore have cost implications for both employees and employers because of the loss of the NIC reductions. As a result employees' Class 1 NICs will increase by 1.4 per cent (of relevant earnings between the HM Treasury thresholds<sup>17</sup>).<sup>18</sup> Whilst NICs are a matter for the Government, we are aware that the change will have an impact on the take-home pay of our remit group, and consequently has implications for morale and motivation.

### Universal Credit

2.15 The Government considered making changes to tax credits during 2015, but announced in the Autumn Statement that these would not be taking place. However, claimants will eventually be moved onto the new UC and, in the longer term, this will reduce the costs of the benefit system. UC is a new benefit which replaces a range of existing means-tested benefits and tax credits for working-age families, namely Income Support, Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit. Around 7.7 million individuals and families are expected to receive UC when it is fully introduced. UC was introduced for a small subset of simpler claimant types in selected pathfinder areas starting from April 2013, and is gradually being extended to further areas and to new groups. We expect some of our remit group to be affected by the move to UC although the impact will vary from individual to individual depending on their personal circumstances.

<sup>15</sup> A new pay and grading structure was introduced to HM Prison Service in England and Wales in 1987. The agreement was known as Fresh Start and the present pay and grading system for officer grades is founded on that agreement. Officers appointed before it was introduced may be on older pension arrangements: "Pre-Fresh Start".

<sup>16</sup> The measures to implement the single-tier state pension and abolition of contracting-out are contained in the Pensions Act 2014.

<sup>17</sup> The relevant earnings for employees for this purpose being £5,824 (the Lower Earnings Limit) and £40,040 at 2016-17 rates.

<sup>18</sup> In addition, employers' Class 1 NICs will increase by 3.4 per cent (of relevant earnings), to the standard rate of 13.8 per cent.

## The National Offender Management Service and our remit group

### *The Spending Review and affordability*

2.16 The Government published a joint Spending Review and Autumn Statement on 25 November 2015.<sup>19</sup> In that document, the Chancellor reiterated his public sector pay policy from the Summer Budget: namely that to help protect jobs and the quality of public services the Spending Review would fund public sector workforces for an average pay award of one per cent in each of the four years from 2016-17. NOMS referred to this policy in its evidence.

2.17 NOMS told us that it had to operate within strict financial constraints. In addition to already having delivered £898 million (24 per cent) in savings since 2010, as a non-protected department the Ministry of Justice (MoJ) was required to deliver up to 40 per cent further efficiencies during the current Parliament (this potentially equated to £2 billion). NOMS also said it still had a funding shortfall of £110 million in the current (2015-16) financial year. When the Spending Review was published it showed that the MoJ would have its Departmental Programme and Administration Budget reduced from £6.2 billion in 2015-16 to £5.6 billion in 2019-20, a cumulative real rate of reduction over the Spending Review period of 15 per cent.<sup>20</sup>

2.18 NOMS also drew our attention to the Chancellor's announcement that a new National Living Wage of £7.20 per hour will be introduced with effect from April 2016. NOMS told us it would ensure adherence to this requirement. We are also aware the new apprenticeship levy may impact on NOMS, but this will be introduced in April 2017 and consequently any impact will be for our next report.<sup>21</sup> We note that the effects of increases to the employers' NICs along with any further increases to the employers' pension contributions will add pressure to the NOMS paybill this year with the apprenticeship levy adding to this from April 2017.

### *Reform of HM Prison Service*

2.19 Within the Spending Review and Autumn Statement, the Chancellor announced that the Government planned to reform and modernise the prison estate. The Statement explained this would involve investing £1.3 billion over the next five years, while bearing down further on costs and ensuring that prison supports rehabilitation more effectively. It said that the Government would build nine new prisons, five in this Parliament and four shortly after, that would be cheaper to run and better tailored to reduce reoffending, whilst selling old, inadequate prisons located on prime sites would free up land for over 3,000 homes. The Statement noted running costs in prisons would be reduced by £80 million a year when the reforms were complete. The Chancellor also announced that the Government would invest in new technology and prisoner education to support rehabilitation, and would fund new video conference centres in prisons to enable video links with courts. The Statement noted this would reduce transport costs by allowing up to 90,000 cases a year to be heard in prison instead of court.

2.20 NOMS said in its evidence that prison reform was a key priority for the Government over this Parliament. The aim of the reform was to ensure that prisons continue to deliver the sentence of the court but that they also focus on rehabilitation. The Government's ambition was to close old inner city prisons which were increasingly not fit for purpose and replace them with new, effective prisons which were safe, secure, support effective rehabilitation and support prisoners in turning their lives around.

2.21 NOMS also stated that a key aspect of these reforms would be to devolve accountability and authority so that governors had more control over what happened in their prisons. As part of this, NOMS planned to look at how it could incentivise and reward governors, operational managers and officers for their performance, contribution, achievement and hard work. NOMS proposed that £2 million of this year's award should be invested at local level with expenditure determined by individual governors. NOMS also stated that it would

<sup>19</sup> HM Treasury. *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> (accessed on 2 February 2016).

<sup>20</sup> The source is the *Spending Review and Autumn Statement 2015*, Table 2.1. This excludes capital expenditure.

<sup>21</sup> The apprenticeship levy on larger employers, announced in the Summer 2015 Budget, will be introduced in April 2017. It will be set at a rate of 0.5 per cent of an employer's paybill. Each employer will receive an allowance of £15,000 to offset against their levy payment. This means that the levy will only be paid on any paybill in excess of £3 million (and that less than 2 per cent of UK employers will pay it).

provide governors with the autonomy they needed to progress its agenda, including more flexibility over budgets, prisoner management and regime activities such as education and work.

*Workforce restructuring and efficiency*

2.22 As we noted in our last report, NOMS and its workforce completed a substantial programme of change during the term of the last Government. NOMS began these changes through the introduction of the *Fair and Sustainable* pay structure and the implementation of the associated *Fair and Sustainable* staffing structures (that is, a move to the numbers of staff required at each *Fair and Sustainable* grade). However, although the *Fair and Sustainable* pay structure remained, the staffing structures it introduced were superseded by the Prison Unit Cost Programme (PUCP). The PUCP’s main aims were restructuring the prison estate, arranging for competing delivery of non-core custodial services<sup>22</sup> and delivering the public sector benchmark or Benchmarking.<sup>23</sup> NOMS told us last year that as a result of PUCP, by 2015-16, it expected to have reduced the unit cost of prison places by approximately £2,200 per prisoner place.

2.23 This year, NOMS again provided us with the cost per prisoner per place in public and private prisons. The last five years are given in Table 2.4 below (with some caveats). The cost per place in the public sector has fallen since 2010-11. This is because staffing levels have been reduced while the prison population has remained roughly constant over this period. Meanwhile the cost per place for the private sector – which we understand would have been set as part of each relevant contract – has been more or less constant. This is because when a private sector provider receives more prisoners it also receives greater funding at rates agreed in the contract.

**Table 2.4: Cost per prisoner per place in public and private prisons**

Sector	2010-11	2011-12	2012-13	2013-14	2014-15
Public direct	£25,233	£24,653	£24,368	£23,643	£22,572
Public overall	£36,669	£34,507	£34,517	£33,378	£33,226
Private direct	£33,522	£32,944	£34,122	£31,724	£29,859
Private overall	£35,740	£35,967	£37,802	£35,922	£33,599

Notes:

1. Due to differences in scope and financing method, public sector costs are not directly comparable with the private sector. For example, some private sector sites include health and education costs and Private Finance Initiative sites include interest; these are not part of NOMS public sector costs.
2. Due to changes in accounting treatment, the figures may not be comparable over time.
3. Direct costs are those met directly by the establishment (public sector) or charged to the private sector cost centre.
4. Overall costs are direct costs plus relevant expenditure met at regional or national level.

2.24 The effects of the public sector workforce reforms of the last Government reduced staff numbers in our remit from around 35,000 in 2010 to closer to 25,000 in the last two years. Until last year there was little recruitment. Now, recruitment is returning to the levels of a decade ago, but we understand that this is to balance turnover and target specific issues, not to substantially change the size of the planned workforce.

2.25 As part of the implementation of the *Fair and Sustainable* pay structure, all staff on the closed pay structures have been given the opportunity in each of the years since its introduction to “opt in” to the *Fair and Sustainable* pay bands. As part of this, NOMS provides each staff member with information about what the move would mean for them in financial terms. We see this as an annual opportunity for staff to make an informed choice about whether to move to the new structure and encourage staff to consider this afresh each

<sup>22</sup> As we noted in our last two reports, MoJ changed its approach to market testing of whole establishments during the last Parliament. The last two changes were HMP Wolds transferring to the public sector (July 2013) and becoming part of HMP Humber (merging with the former HMP Everthorpe) and HMPs Acklington and Castington moving to the private sector as HMP Northumberland (December 2013). There was no further market testing of whole establishments.

<sup>23</sup> Benchmarking was the process of implementing the most efficient operating model for each service in the prison by looking at the estate on an establishment-by-establishment basis. Benchmarking also covered the introduction of a new core day and a new approach to regime provision.

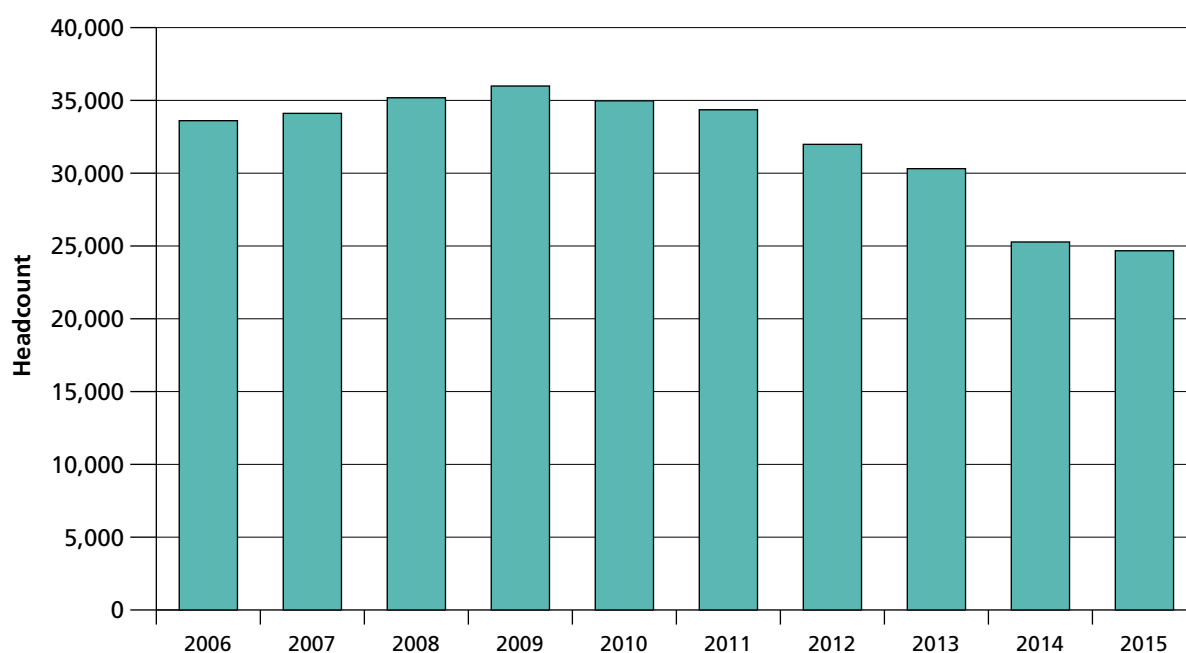
year in light of any new or updated information about reward, terms and conditions. NOMS said in written evidence that the proportion of remit group staff on *Fair and Sustainable* terms and conditions was now 28 per cent.<sup>24</sup> We note that staff choosing to remain on their existing terms and conditions will, for the present, continue to have an annual opportunity to opt in. Results from the opt in exercise for 2015-16 were not available as we finalised this report.

### Staffing<sup>25</sup>

2.26 Overall, the figures show that staffing levels have stabilised with no further large changes since last year, but there is still a persistent proportion of vacant posts (consistently between four and six per cent in the last three years) which are being addressed by the use of Payment Plus.<sup>26</sup> Time Off In Lieu (TOIL) remains at high levels.

2.27 The remit group, at 24,670, is now the smallest it has been over the last decade (for the end of March each year) see Figure 2.4. It was at its largest in 2009 (35,990 staff at the end of March 2009). The largest annual percentage decrease in staff took place between 2013 and 2014 (16.6 per cent), as well as the largest annual absolute decrease in staff (5,040). This was when the majority of the establishments went through the Benchmarking exercise.

**Figure 2.4: Remit group size, 2006 – 2015**



Source: NOMS

Note: Annual headcount figures are as at 31 March.

2.28 At 31 March 2015 there were 24,670 staff in our remit group, a decrease of 2.4 per cent from the previous year. Staffing reductions took place in (by order of magnitude in percentage terms):

- Band 2 / operational support grades (OSGs) (10.8 per cent or 580 staff),

<sup>24</sup> It was 36 per cent of the total NOMS workforce.

<sup>25</sup> Staffing figures in this report reflect the NOMS rounding policy: "... [figures] are rounded to the nearest 10 to prevent disclosure issues, and to better represent the true accuracy of figures extracted from the Oracle database. Presentation of unrounded figures may overstate their true accuracy. This approach is consistent with the level to which the [ONS] generally present staffing figures. The system of Treasury Rounding has been applied whereby figures have been rounded to the nearest 10, with integer values ending in 5 rounded to the nearest 20 to avoid systematic bias. Totals are rounded separately, and as such may not equal the sum of the rounded parts. Percentages and rates have been calculated from unrounded figures."

<sup>26</sup> Payment Plus is paid to prison officers for additional hours they agree to work to cover vacancies. It is currently £17.00 per hour.

- prison officer specialists (10.5 per cent or 70 staff),
- Band 7 to 11 / operational manager grades (5.2 per cent or 50 staff), and
- a very small reduction in Band 3 / prison officers (less than 0.1 per cent or 10 staff).

There were increases in Band 4 / senior officers (4.2 per cent) and Band 5 / principal officers (1.2 per cent). Table 2.5 shows the number of remit staff in post by grade at 31 March each year from 2011 to 2015.

**Table 2.5: Headcount of remit group staff in post, 2011 to 2015**

Broad staff group	Headcount of staff in post at 31 March					Change between 2014 and 2015	
	2011	2012	2013	2014	2015	No.	%
Bands 7 to 11 / operational manager grades	1,490	1,280	1,200	1,010	960	-50	-5.2
Officer grades:							
Band 5 / principal officers	910	690	660	1,370	1,380	20	1.2
Band 4 / senior officers	3,800	3,540	3,260	2,000	2,080	80	4.2
prison officer specialists	:	:	:	660	590	-70	-10.5
Band 3 / prison officers	20,440	19,320	18,460	14,910	14,900	-10	0.0
<i>Total Bands 3 to 5 / officer grades</i>	<i>25,150</i>	<i>23,560</i>	<i>22,370</i>	<i>18,930</i>	<i>18,960</i>	<i>20</i>	<i>0.1</i>
Band 2 / operational support grades	7,720	7,140	6,740	5,330	4,750	-580	-10.8
<b>Total (remit group)</b>	<b>34,350</b>	<b>31,980</b>	<b>30,310</b>	<b>25,280</b>	<b>24,670</b>	<b>-600</b>	<b>-2.4</b>

**Notes:**

1. Figures are on a headcount basis (that is part-time staff count as one).
2. These show the number of staff in the remit group at the end of March each year. The number of staff in broader groups as at 31 December 2015 is shown at the front of this report.
3. Prison officer specialists have been included separately from 2014. Whilst these staff are currently paid as prison officers in the closed grade, if these staff move to *Fair and Sustainable*, they would move to Band 4.
4. Following a change of publication policy in NOMS, the system of Treasury Rounding has been applied whereby figures have been rounded to the nearest 10, with integer values ending in 5 rounded to the nearest 20 to avoid systematic bias.
5. The symbol ":" is used across the Government Statistical Service to show where data are not available.

2.29 NOMS data showed that staffing was below its funded full-time equivalent level.<sup>27</sup> The Service had 23,500 full-time equivalent remit group staff, excluding those in headquarters, at 31 March 2015, compared with a funded full-time equivalent of 25,000, an overall deficit in staffing of 6.0 per cent (this compares with 4.1 per cent in 2014). There were:

- 2.9 per cent fewer staff in post in the officer group (Bands 3 to 5) than there were funded posts,
- 16.0 per cent fewer support grades (Band 2), and
- 9.6 per cent fewer operational managers (Bands 7 to 11) than specified in the funded full-time equivalent.

<sup>27</sup> The current funded staffing requirement by grade. All funded posts are included whether they are filled by NOMS employees, by non-employed staff or are vacant posts. It does not include over-profile staff.

2.30 As in previous years, the Service made significant use of Payment Plus to help address the staffing deficit. At the end of March 2015, the equivalent of 1,360 staff in Bands 3 to 5 / officer grades and specialists were in receipt of Payment Plus for staffing reasons, which was equivalent to 7.3 per cent of staffing.<sup>28</sup>

2.31 TOIL is a debt NOMS accrues of time owed to staff because they have carried out additional, unpaid hours of work. This needs to be repaid in future by allowing staff time off. The outstanding TOIL balance at 31 March 2015 for staff in Bands 2 to 5 / support grades and officers was reported to be 351,000 hours across all establishments or an average of 15 hours per staff member. TOIL balance averages were provided by grade:

- 34 hours per Band 5 staff member or equivalent,
- 20 hours per Band 4 staff member or equivalent,
- 13 hours per Band 3 staff member or equivalent, and
- 11 hours per Band 2 staff member or equivalent.

NOMS has changed the data it supplies to us from this year to treat specialists more consistently, consequently direct comparisons with previous years are difficult to make for staff in Bands 3 and 4 and equivalents. However, the 2014 average figure for Band 5 staff and equivalents was 35 hours per staff member and for Band 2 staff and equivalents it was 12 hours per staff member. These suggest that TOIL has remained around roughly the same levels as last year.

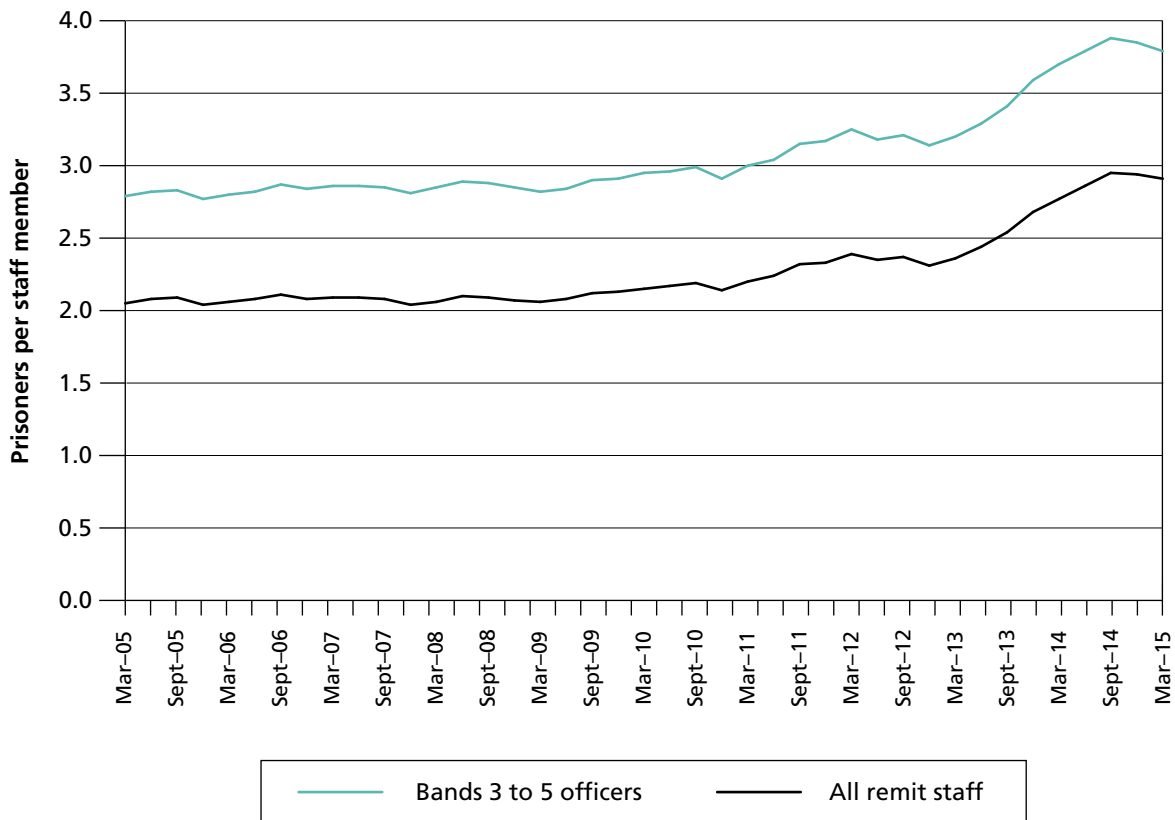
#### *Prisoner responsibility ratios*

2.32 When looking at staffing, we also consider the number of prisoners our remit group are responsible for within the public sector estate. The ratio of the number of prisoners to the number of staff is an important factor for the day-to-day work of our remit group. NOMS figures show that, across the estate, the number of prisoners per remit group member increased from 2.8 to 2.9 between 2013-14 and 2014-15 as staff numbers stabilised while the prisoner population increased, see Figure 2.5. This level is much higher than it was 10 years earlier, when the number of prisoners per remit group member was 2.1. NOMS said in its 2014-15 Annual Report<sup>29</sup> that "Between 2009-10 and 2013-14 prison unit costs (direct prison costs only) have reduced in real terms by 13 percent per place and 12 per cent per prisoner".

<sup>28</sup> Some staff work Payment Plus in one financial year but claim for it in the next financial year. Also the officer-equivalent data are a snapshot of one month only (as at 31 March 2015). Because of the nature of how and when the payment is made (not necessarily in the same month as the duty was performed), this does not necessarily mean that the estate was over-staffed.

<sup>29</sup> Ministry of Justice. *National Offender Management Service Annual Report and Accounts 2014-2015*. HC 51. TSO, 2015. Available at: <https://www.gov.uk/government/publications/noms-annual-report-and-accounts-2014-2015> (accessed on 2 February 2016).

Figure 2.5: Prisoners per staff member – March 2005 to March 2015



Source: NOMS

Performance management

2.33 In its evidence for our 2015 report, NOMS confirmed that it had implemented a new Civil Service Employee Policy performance management process (its first year was 2014-15). This is a common civil service performance framework for staff below the Senior Civil Service, including our remit group. When asked about the system in oral evidence in November 2014, NOMS commented that it worked well for Bands 5 and above but that setting meaningful objectives for its most populous grades (that is Bands 2 to 4) had proved difficult. As this was a new system, NOMS would review it at the end of its first performance year.

2.34 NOMS also informed us last year that, as part of the new system, it had introduced a “guided distribution” for performance markings. The aim of this distribution was to establish an expectation and set a context for managing performance and conducting consistency checking or validation. The guided distribution ranges for the performance marking categories are:

- ‘Outstanding’: 10 – 25 per cent of employees.
- ‘Good’: 60 – 80 per cent of employees.
- ‘Improvement Required’:<sup>30</sup> 5 – 10 per cent of employees.

NOMS said the percentage against each performance marking was intended as an estimate of the split of employees within an establishment or headquarters business group. It did not inform us on what evidence this

<sup>30</sup> This box marking used to be named “Must Improve”. Following a review of the performance management arrangements in the summer 2015, the NOMS Executive Management Committee (NEMC) requested a slight rewording of the boxes, and “Must Improve” became “Improvement Required”. The NEMC felt that this was a better descriptor for a box that should be used for up to 10 per cent of its staff who have shown that some improvement is required, in either what they were doing, or how they were doing it. There was no change to the guided distribution.



estimate was based. NOMS said it was not prescribing a requirement that this percentage of staff must always be placed within each rating and reiterated this point in oral evidence. We understand that a similar approach is now in place across the majority of the civil service.

2.35 The Prison Governors' Association (PGA) in oral evidence to us said that the performance system distribution was effectively a forced distribution and there had been occasions where the regional offices had reduced box markings for certain establishments.

2.36 The Public and Commercial Services (PCS) Union also expressed concerns about the guided distribution, commenting that NOMS had said to its members that only two per cent in the bottom box marking (as had happened for 2014-15 performance markings) was a "failure" and it believed 10 per cent was more realistic.

2.37 Also, this year the PCS included the NOMS evaluation report of the Performance Management System in its evidence to us. We were grateful to the PCS for this information as it helped us understand how the system was bedding in. The report noted:

- The overarching message from staff was the new system felt very bureaucratic, long-winded and many managers and staff saw little value in the process as it currently stood.
- Notwithstanding this, staff and managers had more meaningful conversations about behaviours because of the new system.
- Spans of control for Band 5 custodial managers had created significant pressures. For example, custodial managers trying to find time for meetings related to the appraisals process, had to repeat this process for each of (around) 25 staff with a minimum of three meetings (objective setting, mid-year, end-year) per staff member. The document noted that the POA<sup>31</sup> thought Band 4 supervising officers should manage the lower bands.
- A disproportionate number of black and minority ethnic (BME) staff were being placed in the 'Improvement Required' category.
- Fewer staff fell into the 'Outstanding' category than in the previous year. Over 40 per cent of Bands 9 to 11 received an 'Outstanding' box marking but this proportion fell to less than 10 per cent of operational staff in Bands 2 to 4.
- The report noted there was no financial incentive for closed grade support staff or officers to achieve an 'Outstanding' box marking.

The report concluded that, culturally, performance management had not been a priority for many parts of the Service and was still seen by many as merely a "tick box exercise".

### **Recruitment and retention<sup>32</sup>**

2.38 Overall, recruitment and retention appear to have improved. Recruitment has increased as NOMS planned. Whilst the number of new officers starting in 2014-15 is lower than it was for the two years just before the recession, it has returned to the level of a decade ago. Retention has also improved in 2014-15 compared to the previous year. This is mainly because the previous year involved a large number of voluntary redundancies as part of the reduction in staffing numbers (as staffing was reduced to Benchmarking levels), but also because the turnover rate among new officers has decreased.

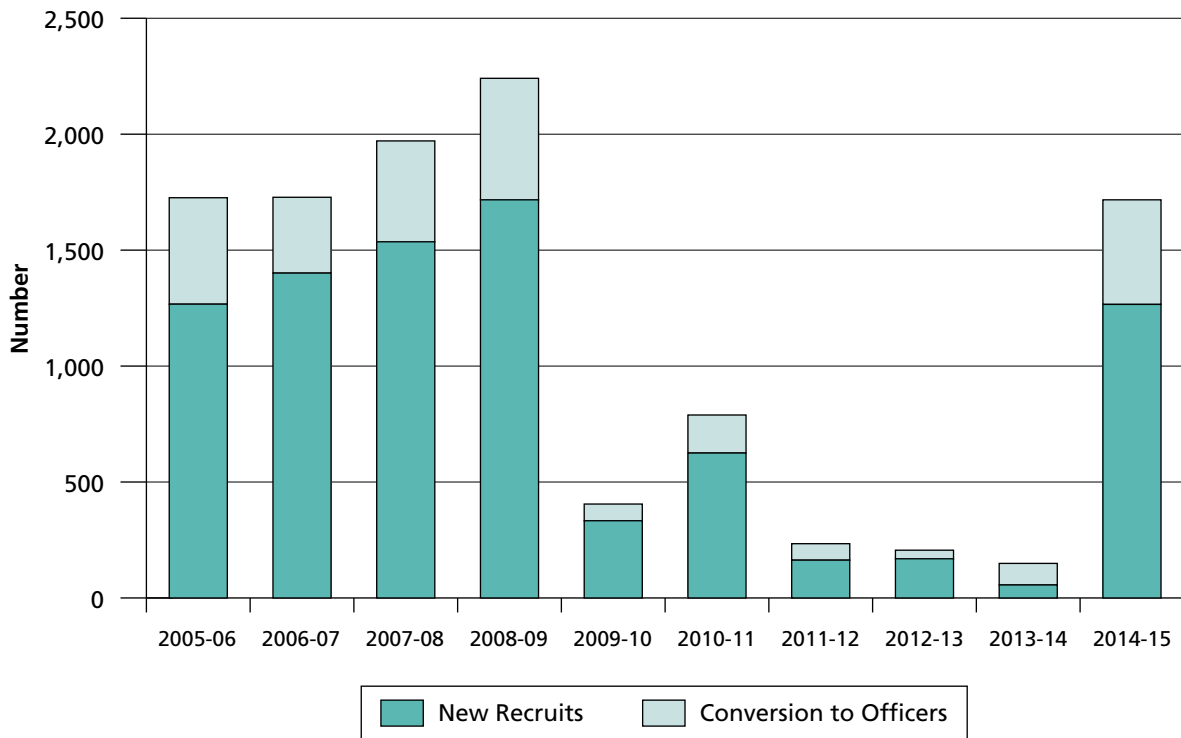
<sup>31</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

<sup>32</sup> As for staffing, figures here follow the NOMS rounding policy.

Recruitment

2.39 As we noted in our last report, NOMS carried out a large recruitment campaign during 2014-15, its first for several years. Across the year, NOMS recruited 1,720 Band 3 officers. This consisted of 1,270 new recruits and 450 conversions from Band 2 and equivalent grade staff. See Figure 2.6 for the recruitment figures for the last decade.

**Figure 2.6: Band 3 prison officer recruits and conversions 2005-06 to 2014-15**



Source: NOMS

2.40 Band 2 recruitment has similarly increased. NOMS recruited 570 Band 2 staff, compared to 170 the previous year. Of those 570 recruits, 470 (83 per cent) were on permanent contracts and 90 (17 per cent) on fixed-term contracts.<sup>33</sup>

Prison officer survey

2.41 *Havas People*, on behalf of NOMS, carried out a survey of the recently recruited prison officers. This survey was sent out to the 1,700 people who had started their training or had been made an offer of employment. Staff completed the survey during the second half of March 2015, so some would have been in post for a few months whilst others would have still been training. The survey was completed by 548 people, which is 32 per cent of the number to whom it was sent. There is no analysis of whether the survey respondents are typical of the wider population of recruits, so it is not clear whether and what bias may be present. Whilst a higher response rate (than 32 per cent) would have been welcome, the results provided an interesting picture.

2.42 Of respondents:

- **Gender:** 36 per cent were female. This compared with 28 per cent female in the existing remit group (24 per cent for Band 3 / prison officers).

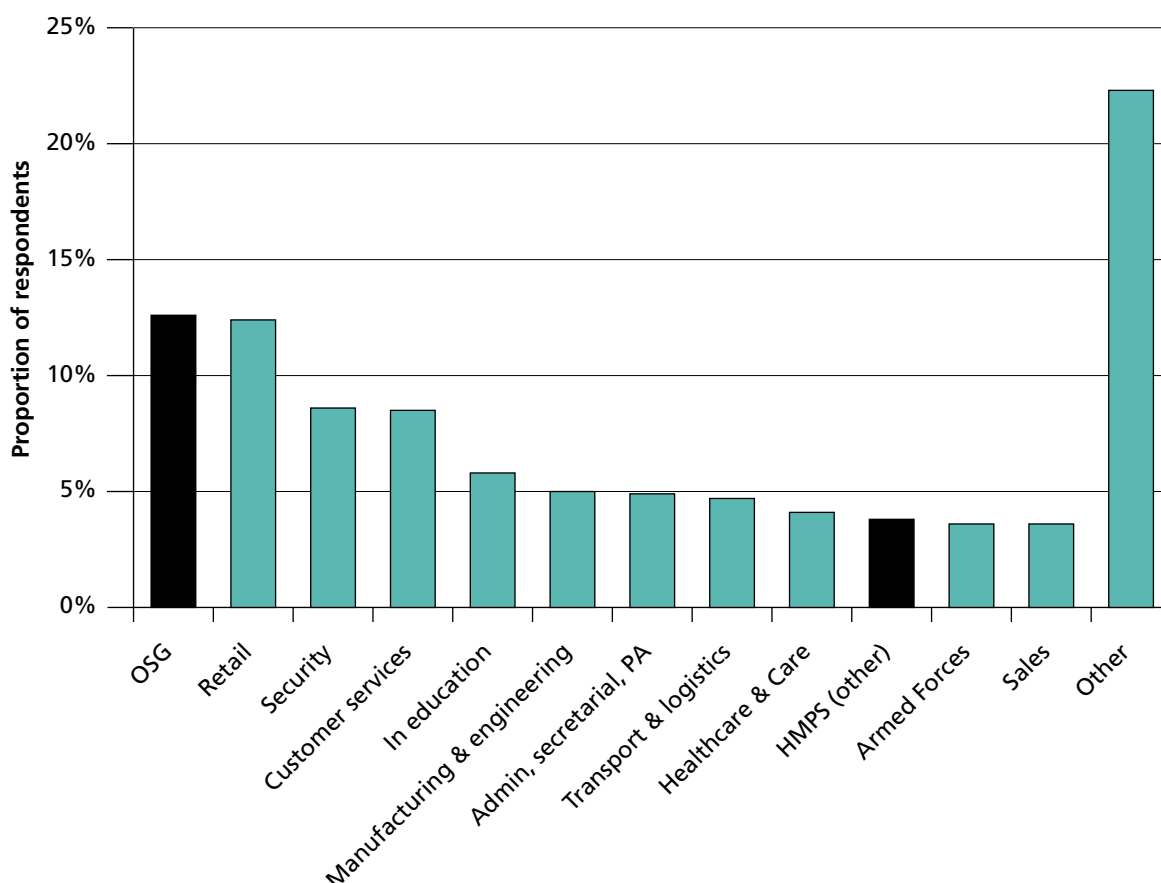
<sup>33</sup> As stated earlier, the system of Treasury Rounding has been applied by NOMS whereby figures have been rounded to the nearest 10, with integer values ending in 5 rounded to the nearest 20 to avoid systematic bias. Totals are rounded separately, and as such may not equal the sum of the rounded parts.

- **Age:** 36 per cent were 18-25 years old, 42 per cent were 26-35 years old and the remaining 22 per cent were 36 years old or more.
- **Ethnicity:** 93 per cent said they were white (if the “prefer not to say” responses are excluded this is 96 per cent). For the existing remit group 94 per cent of those known/stated were white. This is a higher proportion than for the England and Wales general population – according to the 2011 Census, 86 per cent of the population were white.

We note the lack of diversity across the group of new recruits with some concern, particularly with regard to ethnicity. We hope that future exercises result in appointees who, when taken as a group, more closely match the diversity of the England and Wales population. We return to this in Chapter 4.

2.43 The results showed that applicants had come from a wide range of work backgrounds – including a number already in the Prison Service (mostly as OSGs). Figure 2.7 gives the occupations for those with 20 responses (four per cent of all responses) or more. The two bars in black are for people previously employed in the Prison Service – 16 per cent in total.

**Figure 2.7: What respondents were doing prior to applying**



Note: “Other” in this chart is the total for all other occupations not separately listed here.

2.44 In contrast with some of the comments that we heard from existing staff on visits, recruits who responded to the survey mostly reported that the work was what they expected it to be. When asked whether they felt sufficiently informed about what it was like to work as a prison officer prior to applying, 83 per cent said “yes” (and 17 per cent said “no”). Of course, a sixth were already working in the Service so would have a good idea of what the job entailed.

2.45 The majority of respondents were still working in the Service (89 per cent) at the time of the survey. However, as the survey took place in late March, respondents had lengths of service varying from about nine months to “not yet started”. Also, with two-thirds of recruits not responding to the survey, it is quite possible that those who replied had a different retention rate from those who did not. The majority (85 per cent) said the role met their expectations and almost all (98 per cent) believed they possessed the skills to be a successful officer.

### *Turnover*

2.46 The NOMS evidence stated the annual leaving rate for officers within the first year of service had decreased in the last year to 8.8 per cent in 2014-15 for officers recruited in 2013-14 (although based on a small group in those years).<sup>34</sup> We note that the retention of new recruits will need monitoring in future years to determine whether this decrease in the leaving rate is a one-off or evidence that more are now choosing to stay.

2.47 Staff turnover in the remit group reduced in 2014-15 to 7.6 per cent after reaching a peak of 13.4 per cent in 2013-14. The increase in the previous year was mainly caused by 8.0 per cent of the remit group taking part in voluntary early departure schemes (VEDS), a figure that was down to 0.1 per cent in 2014-15. Looking at the staff groups, turnover was highest for the most junior staff and lowest for more senior staff:

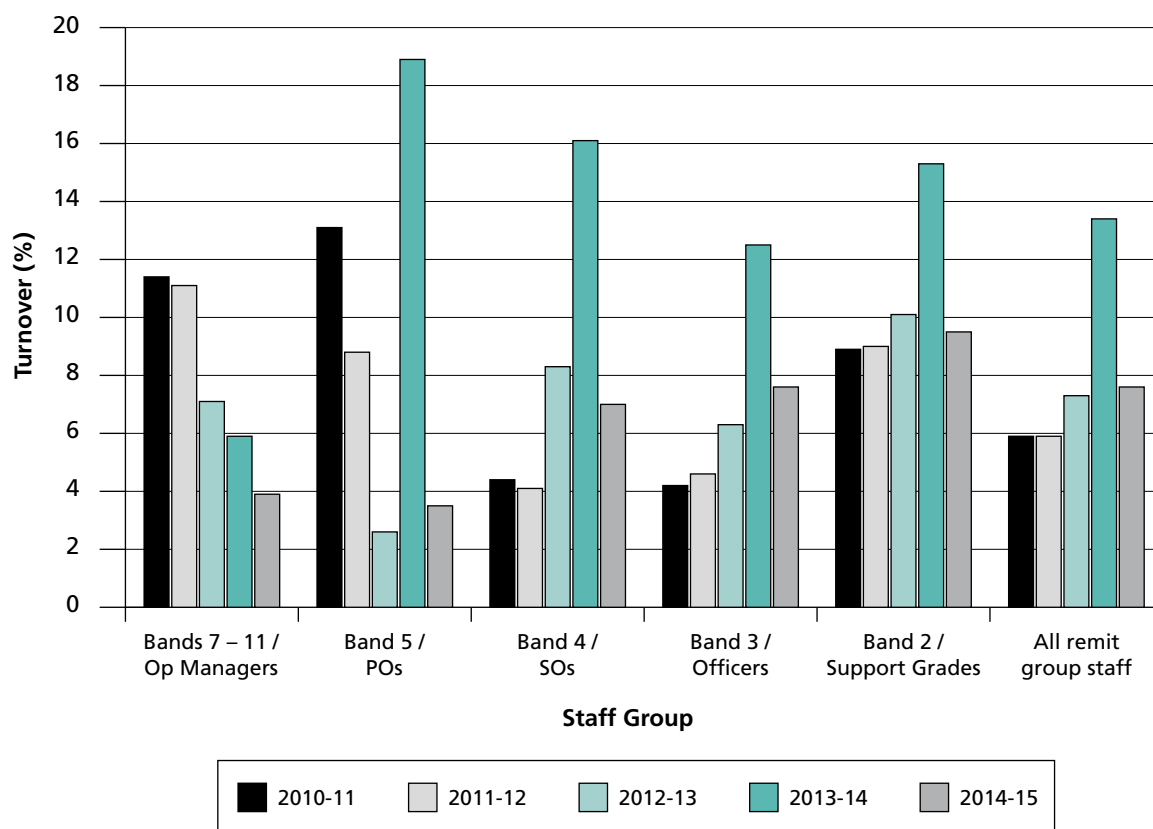
- Band 2 staff and equivalents had 9.5 per cent turnover (510 staff),
- Band 3 staff and equivalents had 7.6 per cent turnover (1,130 staff),
- Band 4 staff and equivalents had 7.0 per cent turnover (190 staff),
- Band 5 staff and equivalents had 3.5 per cent turnover (50 staff), and
- Bands 7 to 11 staff and equivalents had 3.9 per cent turnover (40 staff).

See Figure 2.8 for percentage turnover figures for the last five years.

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<sup>34</sup> Last year NOMS told us that the rate was 16.6 per cent for 2013-14 (for officers recruited in 2012-13). This compares with 15.8 per cent for 2012-13 (for officers recruited in 2011-12) and 10.8 per cent in 2011-12 (for officers recruited in 2010-11).

Figure 2.8: Annual turnover of remit group staff, 2010-11 to 2014-15



Source: NOMS

Note: Rates come from leaver numbers divided by the staff numbers at the start of the year.

2.48 NOMS said in its written evidence that, excluding exits through VEDS and retirements, the turnover rate had increased by 1.5 percentage points from 4.1 per cent in 2013-14 to 5.6 per cent in 2014-15. As VEDS was available more widely in the previous year, it is likely that its availability had depressed voluntary turnover last year because staff had waited to see if they were eligible for redundancy.

2.49 NOMS carries out a staff exit survey. However, it said that this year the response rate was only 7 per cent for support staff (34 people), 7 per cent for officers (90 people) and 13 per cent for operational managers (five people). Consequently, these are not high enough rates for the information gathered to be considered as applying more generally.

### Motivation and morale

2.50 Our terms of reference require us to have regard to the need to motivate staff. This year, the evidence we received on this issue took a variety of forms. The PGA provided us with wellbeing and effectiveness research carried out on its behalf and, for the first time, we received submissions from the Independent Monitoring Boards (IMBs) at HMPs Coldingley, Wandsworth and Woodhill. In addition, we had updated information from the sources we regularly consider: the annual report from HM Inspectorate of Prisons (HMIP); the NOMS People Survey; feedback to the unions from their membership; information provided by staff to us on visits; NOMS operational performance measures; and published statistics on assaults on staff and sickness absence data. We set out the evidence here and return to the matter of motivation in our analysis and recommendations in Chapter 3. The overall picture from the full range of evidence we received indicated that motivation was still at the low levels of recent years.

HM Inspectorate of Prisons

2.51 The HMIP 2014-15 Annual Report<sup>35</sup> commented that assessed “outcomes” for prisoners under the HMIP “healthy prison” tests in the prisons that the inspectorate reported on in 2014-15 fell sharply in all areas. Overall, the outcomes were the worst for ten years, see Table 2.6. The Chief Inspector also said that outcomes were not uniform across all types of prison – in particular, the small number of women’s prisons and establishments holding children had not shown reductions in the same way as adult men’s prisons.

**Table 2.6: Percentage of prisons and young offender institutions assessed as ‘good’ or ‘reasonably good’ in full inspections 2005-06 to 2014-15**

	Published reports (%)									
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Safety	75	57	69	72	78	84	83	80	69	52
Respect	65	63	69	69	76	74	74	73	67	64
Purposeful activity	48	53	65	71	68	69	72	50	61	36
Resettlement	68	62	75	75	76	71	85	64	75	57

Source: HM Inspectorate of Prisons  
 Note: HM Inspectorate of Prisons inspects a different selection of prisons each year (and not a random sample), so trends in its data do not always necessarily reflect changes across the entire prison estate.

Wellbeing and effectiveness research

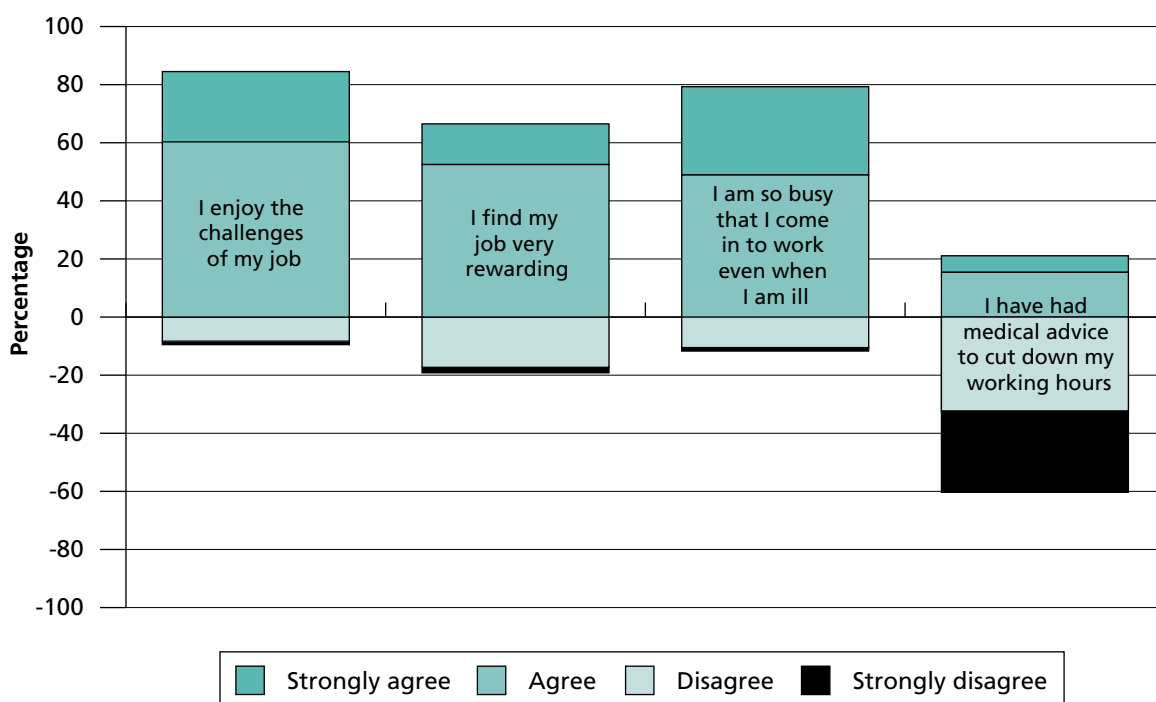
2.52 Dr Steve French of Keele University carried out a survey of PGA members in July and August 2015.<sup>36</sup> It focused on working hours, workload, work-life balance, working practices and related issues. The PGA provided it to us alongside its written evidence. The web-based survey was sent out to the United Kingdom PGA membership (1,055 in total). There were 421 responses; this was 40 per cent of the PGA’s total (UK) membership.

2.53 The survey asked questions about how many hours respondents worked in a week. The responses for actual hours worked indicated that the vast majority (98.5 per cent of a total that included some part-time workers) worked more than the 37 hour week. Roughly two-fifths (41.3 per cent) worked longer than 48 hours in a week.

2.54 Overall our impression was of a group who generally enjoyed their work, but felt under pressure and stressed as a result of current working conditions, see Figure 2.9. The majority of respondents either “agreed” or “strongly agreed” that they enjoyed the challenges of the job (84.5 per cent) and that the job was rewarding (66.5 per cent). The majority of respondents either “agreed” or “strongly agreed” that they came to work when they are ill (79.3 per cent) and a significant minority (21.1 per cent) either “agreed” or “strongly agreed” that they had received medical advice to cut down their working hours.

<sup>35</sup> HM Chief Inspector of Prisons for England and Wales. *Annual Report 2014-15*. HC 242. TSO, 2015. Available at: <http://www.justiceinspectors.gov.uk/hmiprison/inspections/annual-report-2014-15/> (accessed on 2 February 2016).  
<sup>36</sup> French, S. (2015), *Fair and sustainable? The implications of work intensification for the wellbeing and effectiveness of PGA members*. Available at: [http://www.academia.edu/19772443/Fair\\_and\\_sustainable\\_The\\_implications\\_of\\_work\\_intensification\\_for\\_the\\_wellbeing\\_and\\_effectiveness\\_of\\_PGA\\_members](http://www.academia.edu/19772443/Fair_and_sustainable_The_implications_of_work_intensification_for_the_wellbeing_and_effectiveness_of_PGA_members) (accessed on 2 February 2016).

Figure 2.9: Responses to questions about workload

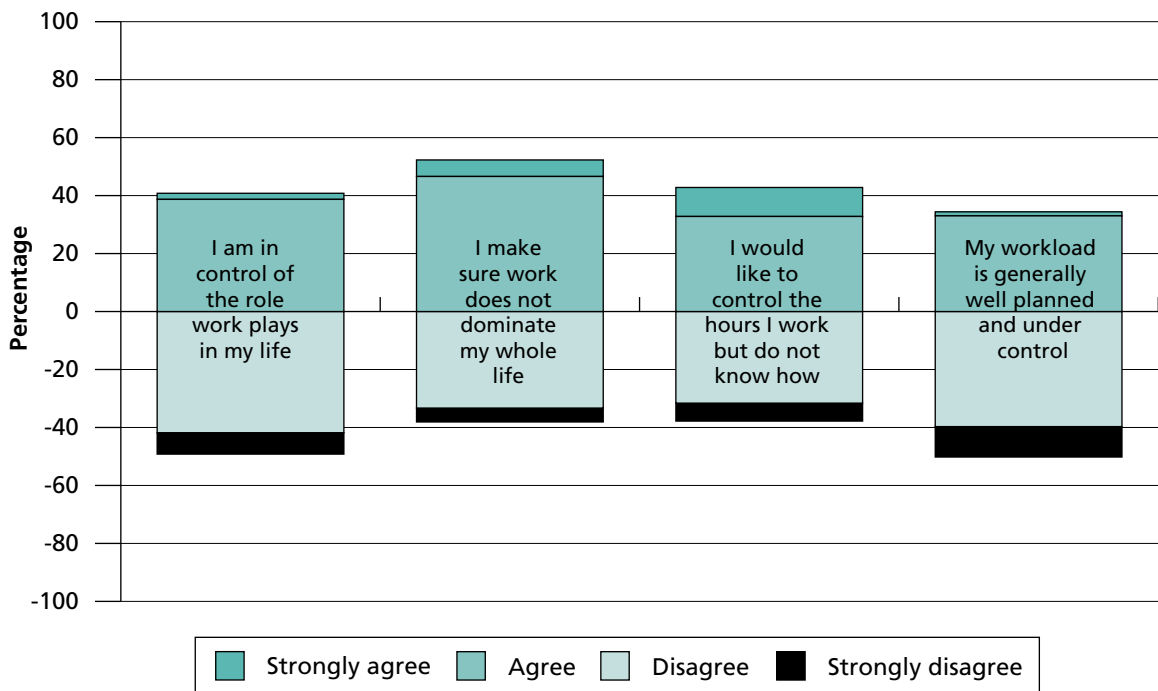


## Notes:

1. This figure does not show neutral responses ("no view"), so bars do not always add to 100 per cent.
2. Not all the questions are worded in the same way – "agree" and "strongly agree" are not always a positive statement.

2.55 We noted that, despite being a group of senior prison staff, many of them reported feeling unable to fully manage their own workloads. Managers (and other staff) have complained during visits in recent years about increased workloads and the survey results reflected this. Just over four-fifths (81.9 per cent) said that their workload had increased compared to last year. The results also showed a rather mixed picture over how in control staff felt – for the four questions relating to control over workload, respondents were roughly split between positive (either "agree" or "strongly agree") and negative (either "disagree" or "strongly disagree") responses, See Figure 2.10.

Figure 2.10: Responses to questions about the job and stresses



Notes:

1. This figure does not show neutral responses (“no view”), so bars do not always add to 100 per cent.
2. Not all the questions are worded in the same way – “agree” and “strongly agree” are not always a positive statement.

2.56 In addition, the group appear sceptical about the benefits of recent changes – other than financially to NOMS:

- The vast majority of respondents (87.0 per cent who “agreed” or “strongly agreed”) believed that the changes to terms and conditions were simply a means of getting more done for less money. However, a smaller majority (51.3 per cent) accepted that such measures were needed in a time of austerity.
- Reactions to the new performance management system were, on balance, negative with a majority of respondents believing they would be used to hold down pay (70.1 per cent “agreeing” or “strongly agreeing”) and were being introduced to intensify work (52.3 per cent). Although a majority also agreed they were needed to deal with new working practices (54.2 per cent).

Civil Service People Survey<sup>37</sup>

2.57 As part of a wider civil service process, NOMS carries out a staff survey every autumn and publishes its results early the following year.<sup>38</sup> We received results of the 2015 Civil Service People Survey for NOMS overall and for HM Prison Service (as a unit within NOMS) in time for us to consider as part of our evidence this year. The results from the survey are mainly expressed as the proportion of positive responses to positively-worded questions about the work, the people the respondent works with, and their working environment. For the 2015 survey, these proportions were almost all higher than for the last two years and almost all the improvements were considered statistically significant. However, we are aware of a number of caveats to this with respect to the staff we represent.

<sup>37</sup> Information on the Civil Service People Survey is available at: <https://www.gov.uk/government/collections/civil-service-people-surveys> (accessed on 2 February 2016).

<sup>38</sup> Most questions are asked in all civil service departments, although some are tailored for the specific department or agency. For example, the Prison Service asks questions about control and discipline in prison establishments. The positively worded question statements usually have five response categories – strongly agree; agree; neither agree nor disagree; disagree; and strongly disagree. The usual measurement of “positive responses” is the sum of the percentages of respondents in the first two of these categories.



- The response rates were comparatively low, at 41 per cent for NOMS and 37 per cent for the Prison Service: the response rate across the whole civil service was 65 per cent and the median response rate across the 96 participating organisations was 75 per cent.
- The POA passed a motion at conference in 2010 not to participate in the NOMS survey and they continue to hold this line. This year the PCS also asked its members across the civil service not to take part in the survey unless they had been consulted and agreement had been reached.<sup>39</sup> In NOMS the PCS said it was not allowed the opportunity to comment (and make suggestions) on the survey, so it advised members not to complete it. These are likely to be factors contributing to the response rate this year and may also mean that the results are biased because these groups are excluded.
- Both the NOMS results and the Prison Service results include non-operational staff. In addition, the NOMS results include staff who work outside of the Prison Service – such as in the National Probation Service.

Overall, these caveats mean we have treated these results with some caution. In addition, we note that this is the only source to suggest that motivation and morale may have improved since our last report.

### *Evidence from the Independent Monitoring Boards*

2.58 IMBs (formally Boards of Visitors until April 2003) were set up under the Prison Act 1952 as statutory bodies to monitor the welfare of prisoners and to ensure they are properly cared for under prison rules. This function was extended to Immigration Removal Centres and detainees under the Immigration and Asylum Act 1999.<sup>40</sup> Three IMBs, at HMPs Coldingley, Wandsworth and Woodhill, sent us evidence this year which consisted of annual reports with covering communication. We were pleased to receive these and we thank the IMBs for these additions to our evidence base.

2.59 The Chair of the IMB for HMP Coldingley said in his covering note that it was not usual for the IMB to comment on the salary of prison officers. However, the many and increasingly negative comments from staff on staffing levels and pay had led the IMB to raise its concerns with us. He stressed that the area of Surrey in which the prison was located had a very high cost of housing and other living expenses, hence staff commuted considerable distances. The Chair noted that, in March 2015, the prison was 12 officers under Benchmark and that deficit subsequently increased (within weeks) to 15. The annual report stated that Benchmarking had reduced staff numbers at Coldingley, resulting in essential activities and processes being severely curtailed. The Board's opinion was that the loss of the Locality Pay Allowance (LPA (rate 3 – £3,100)) for new staff on *Fair and Sustainable* had severely and negatively affected the ability to recruit prison officers. The current starting salaries appeared inadequate for a person considering residing in close proximity or within a commutable distance of the prison.

2.60 The IMB report for HMP Wandsworth also referred to staffing levels. It said that the prison has responded to shortages of staff by using detached duty staff, launching a bonus scheme to encourage the take-up of Payment Plus and recently had held a greater recruitment of new officers. However, the low level of staffing remained a problem which had impacted on the regime leading to reduced access to training, education, and healthcare for prisoners. The report stated that the poor staffing situation was partly due to an unattractive remuneration package for prison officers in London, and partly due to an inadequate complement with insufficient allowance made for staff sickness absence and bedwatches/escorts.

2.61 The IMB report for HMP Woodhill stated that although superficially Woodhill appeared to be relatively stable, the establishment's stability was fragile. It commented that the Governor had made a real impact on reducing staff sickness absence levels, but ongoing severe staff shortages remained. The report said that the

<sup>39</sup> From the PCS website, in its advice on completing the survey: "The [conference] motion acknowledged that our approach to any boycott should be informed by the stance taken by the employer in each bargaining area, and that where "consultation and negotiation on surveys and questionnaires of our members can reach consensus with common values, aims and objectives in terms of supporting staff, then such endeavours can be mutually beneficial." Available at: [http://www.pcs.org.uk/en/news\\_and\\_events/pcs\\_comment/pcs\\_comment.cfm/get-pcs-advice-before-completing-2015-people-survey](http://www.pcs.org.uk/en/news_and_events/pcs_comment/pcs_comment.cfm/get-pcs-advice-before-completing-2015-people-survey) (accessed on 2 February 2016).

<sup>40</sup> Each establishment has its own Board, which consists of between 10 and 20 members, one of whom is the Chair. The members are ordinary members of the public (subject to security checks), over 18 years old, who are selected and appointed for three years by the Lord Chancellor and Secretary of State for Justice. There is no requirement for members to have prison experience. Generally most IMB members are local to the prison they apply to.

continuing loss of experienced staff would impact on the mentoring and support of new staff joining the Service. Restricted regimes and the use of a significant number of staff on detached duty had temporarily eased staffing pressures. The report also stated that the Board was deeply concerned that the levels of assaults, violence and use of force have increased across the whole estate, including Woodhill.

### *Evidence from the trade unions on motivation*

2.62 As well as providing us with the results of its wellbeing and effectiveness research, the PGA commented on motivation and morale in its evidence. The union said that restricted prison regimes were being exacerbated by low staff morale and commitment, which were resulting in sickness absence, unplanned staff shortages and local concern about staff health and safety. The PGA told us that members were suffering higher levels of stress than previously. In addition, the union told us that changes to the Service had created the most challenging operational environment for its membership with increased incidents of violence at a time of reductions in staffing (through Benchmarking) and other reforms. The increased use among prisoners of new psychoactive substances had resulted in an increase in extreme violence, towards both staff and other prisoners. The use of Gold Command<sup>41</sup> was increasing in order to deal with the rising number of incidents. Assaults on operational managers were increasing in frequency and seriousness, with some members having been taken hostage in their own prisons. There had been an increase in workload in part due to fewer managers. However, the union commented that its members had managed exceptionally well and, compared to other staff, worked longer hours, performed to a higher standard and had lower sickness absence.

2.63 The PCS drew our attention to the erosion of the value of take-home pay and that it was felt across all grades of staff in NOMS. The union added that its members have also been hit by a further “double whammy” by being required to make increased pension contributions since April 2012. It told us that its members were facing the tightest living standards squeeze for nearly a century with many of its low paid members reliant on food banks and payday loans. The PCS also referred to the last NOMS Monthly Pulse Survey (from March 2015). Among the key results was that only 19 per cent of staff would recommend the Service as a great place to work, only 25 per cent believed the Service provided safe, secure and decent prisons and 72 per cent of staff felt demotivated (which was up two percentage points on 2014 figures).

### *Evidence from visits*

2.64 We visited seven public sector prisons, one immigration removal centre (operated by NOMS) and also a private sector prison. The main issues raised with members on the visits to the public establishments within our remit were:

- Staffing remained an issue in most establishments visited. Staff – particularly those in London and the South East – said that they had not got enough new recruits and were struggling to retain both new and existing staff. Nevertheless, staff were keen to make establishments work.
- Many staff referred to increased violence in prisons. This, combined with the reduced staffing levels, made them feel more vulnerable.
- Locality pay was a significant issue in London and the South East. Staff said that these areas had a very high cost of living and there was labour market competition from other organisations. Where an establishment had qualified for locality pay under the old structures but was in the National *Fair and Sustainable* zone (for example HMP Send), it struggled to maintain staffing levels and was not attractive to staff on promotion.
- Some other prisons in the South East which had never received locality pay under any pay structure (for example HMP Elmley) were now finding it almost impossible to recruit on national salary levels.
- Many staff, of all grades in our remit group, reported that they did not trust NOMS not to make further changes to terms and conditions, particularly when it was under pressure to make further savings. While

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<sup>41</sup> The Gold Command suite is located in either headquarters or regional offices and is responsible for directing the National Tactical Response Group and Tornado teams to where they are needed.

this point has been made in previous years, it was stated more frequently and forcefully this year. Many principal officers (Band 5 staff) and the support staff (Band 2) on closed grades explained they would not move to *Fair and Sustainable*, despite it being financially advantageous for them (apart from those “trapped” by locality pay), because that involved changing terms and conditions. In particular, they were concerned that the 17 per cent unsocial working hours allowance would be taken away from them at a future date. Also, a number of staff said that NOMS appeared to be unwilling to set down their full new terms and conditions in writing.

- Many prison officers (Band 3 staff) in the closed grades complained about the zero pay award; comments ranged from being “disappointed” to feeling “insulted” by it. Some accepted that it was because they were better paid than newer colleagues, whilst others did not feel this should have excluded them from a pay increase.
- Many operational managers / staff in Bands 7 to 11 said required hours addition (RHA) did not adequately compensate them for the unsocial hours they were working, especially when covering the duty governor role.
- The increase in employee pension contributions meant that take-home pay for most staff had reduced. Some staff were not aware there had been a one per cent increase last year for all officers and support staff on the open grades as it had been “cancelled out” by the pension contribution increases.
- Most staff were positive about the retention awards that had been agreed between NOMS and the unions in March 2015 for those on closed grades.
- A number of staff said that they were relying on Payment Plus to supplement salaries.
- Some managers (staff in Band 5 and Bands 7 to 11) had issues with their span of management. They were seeing very little of some of the staff for whom they were responsible because of different shift patterns – sometimes not for a month at a time. This was also reported by the staff themselves, many of whom would have liked more contact with their manager, particularly against a backdrop of rising levels of violence from prisoners.
- High levels of sickness absence were a concern in many establishments. This seemed connected to levels of stress and exhaustion and also high use of Payment Plus. Some people commented that stress was a big issue and that (more) staff were taking medication for this.
- The MPs proposed pay increase<sup>42</sup> was often raised.

### *NOMS operational performance measures*

2.65 In its 2014-15 Annual Report, NOMS published a number of key operational performance measures comparing the outcome for 2014-15 with the previous year. These measures covered delivering the punishments and orders of the courts, security, safety and public protection, and reducing re-offending. The changes from 2013-14 to 2014-15 included some improvements and some declines and one area where there was no change.

- Improvements included a decrease in the rate of prisoner escapes from establishments and escorts, a decrease in the rate of drug misuse as identified through random drug tests (although this would exclude New Psychoactive Substances), and an increase in the proportion of offenders in employment at the termination of their sentence, order or licence.
- The unchanged element was that there were again no Category A<sup>43</sup> escapes (a measure which, of course, can not be improved upon).

<sup>42</sup> The Independent Parliamentary Standards Authority published its final decision on MPs pay on 16 July 2015. Available at: <http://parliamentarystandards.org.uk/payandpensions/SiteAssets/Pages/default/MPs%20Pay%20in%20the%202015%20Parliament%20-%20Final%20Report.pdf> (accessed on 2 February 2016).

<sup>43</sup> Category A prisoners are those whose escape would be highly dangerous to the public or the police or the security of the State and for whom the aim must be to make escape impossible.

- Reductions in performance included an increase in the proportion of overcrowding, a slight decrease in the proportion of offenders in settled and suitable accommodation at the termination of their sentence, order or licence, an increase in the rate of self-inflicted deaths, and an increase in staff sickness absence (see paragraph 2.68).

In its report, NOMS included a performance measure for re-offending: the June 2012 – June 2013 cohort had a 35.6 per cent re-offending rate compared with 43.0 per cent for the 2002 cohort.

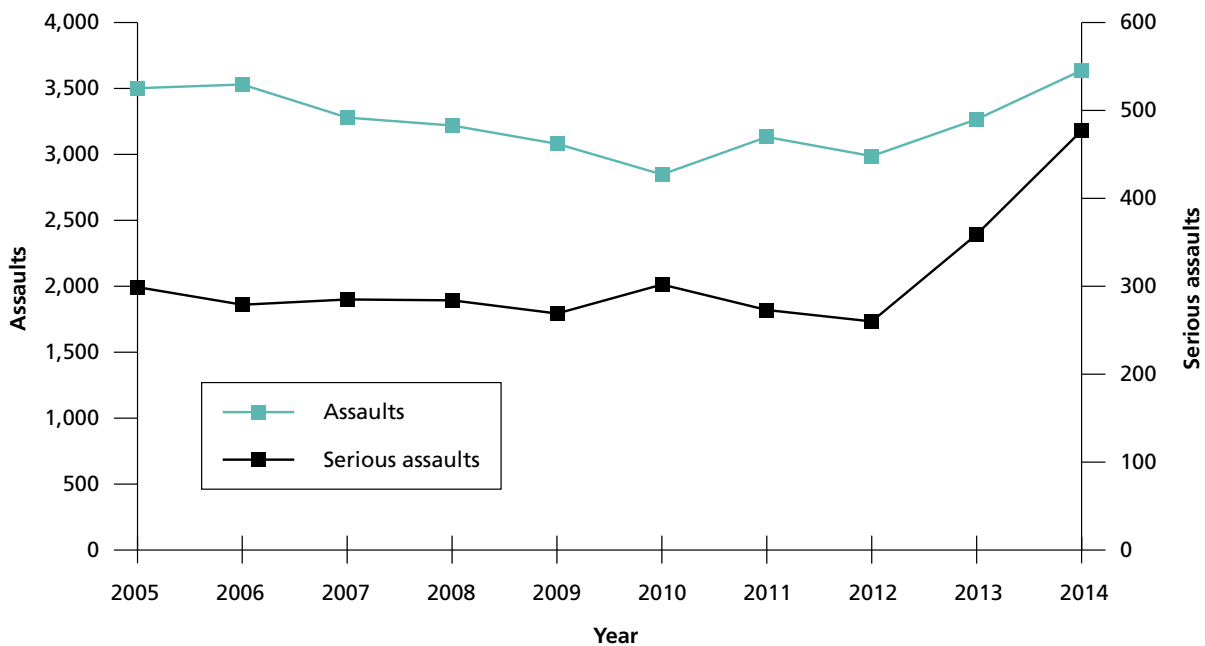
*Assaults on staff*

2.66 Figures on assaults<sup>44</sup> are published separately by the MoJ. The most recent annual data were for 2014 and these showed:

- an increase in the total number of assaults on staff, from 3,266 in 2013 to 3,637 in 2014 (11 per cent), and
- a sharp increase in the number of serious assaults, from 359 in 2013 to 477 in 2014 (33 per cent).

The last two years show the highest figures for a decade, see Figure 2.11. Data for the first two quarters of 2015 compared with 12 months earlier indicate that the rates are continuing to rise.

**Figure 2.11: Assaults and serious assaults on staff 2005-2014 (annual figures)**



Source: Ministry of Justice

2.67 The NOMS evidence commented on the “very troubling” increase in assaults on staff and prisoners and stated it was taking action in response to this and levels of self-harm. The PGA commented on the rising violence in its written evidence and both it and the PCS referred to the issue in oral evidence.

*Sickness absence*

2.68 Sickness absence is often used as an indicator of motivation and morale. During 2014-15 NOMS recorded the average number of days’ absence across the Service as 11.2, a slight increase from 10.8 days the previous

<sup>44</sup> Ministry of Justice. *Safety in Custody Statistics Quarterly Update to December 2014 England and Wales*. Available at: <https://www.gov.uk/government/collections/safety-in-custody-statistics> (accessed on 2 February 2016).

year.<sup>45</sup> For remit group staff, the average number of days absence also increased slightly from 11.9 days in 2013-14 to 12.1 in 2014-15. Sickness absence rates decreased slightly for staff in Band 5 / principal officers and staff in Band 2 / OSGs but all other grades within our remit had an increase in the average number of working days lost. Among the grade groups, operational managers had the lowest average number of days absence and prison officers had the highest. Between 2013-14 and 2014-15 rates of stress-related and long-term absence and those for absences caused by assault and injury also increased.

### Locality pay

2.69 There are two different locality pay arrangements that apply to staff in our remit. Staff in the closed grades at certain establishments qualify for one of six rates of Locality Pay Allowance (LPA) ranging from £250 to £4,250 a year (see Appendix E for locations and rates). LPA was paid to all staff at these locations, irrespective of the extent of recruitment and retention difficulties for their particular grade. For many years we had said that the scheme was unsatisfactory and we had pressed the Service to develop a replacement, in consultation with the unions.

2.70 With the introduction of *Fair and Sustainable* NOMS replaced LPA with three zones: a basic National pay range and enhanced ranges for those working in Outer London and Inner London establishments. The *Fair and Sustainable* pay range maxima for the Outer and Inner London scales, for staff working 37 hours per week and without an unsocial hours payment, were set respectively £2,500 and £3,800 higher than the National maxima at that time.<sup>46</sup> The implementation of our 2014 proposals for Bands 2 to 5 changed these differentials slightly and, last year, our recommendation to re-adjust them so that the application is consistent across all bands was accepted.

2.71 In our 2014 report we said that the most appropriate way to review locality pay in future would be to consider it as a labour market issue and review it in detail every two or three years rather than expect substantial evidence from the parties on an annual basis. At the time, we planned to review locality pay in more detail last year and we asked the parties to include information about and an analysis of locality pay as part of their evidence to us in the autumn. However, the evidence we received did not show a clear pattern for us to address so we decided to return to the matter this year.

2.72 In addition to evidence from the parties, which we refer to in Chapter 3, we also received two other pieces of information relating to locality pay. The first was data (as at 31 March 2015) about staffing requirements and staff in post by establishments that we receive annually. These data showed staffing shortages by establishments and where the largest proportions of vacancies were. These indicated that there were greater problems in the south of the country than elsewhere.

2.73 The second piece of information was a list of establishments where NOMS was currently paying incentive payments for Band 3 officer posts. These are one-off payments paid after 12 and 24 months to a new recruit in an establishment. They were designed to improve recruitment and retention – to incentivise people to join that establishment and stay there. This list was a close match to the equivalent list of establishments we received last year.

### Competitiveness with the private sector

#### *Incomes Data Services*

2.74 Early in 2015 Incomes Data Services (IDS) completed research for us into the pay, pension and reward packages for private custodial service staff. The timing meant that the final report was not available when we

<sup>45</sup> The LFS publishes sickness absence every two or three years and the latest figures for 2013 (published in February 2014) are an average of 4.4 days lost due to sickness per worker in the UK. However, any comparison should be treated with caution as sickness absence varies greatly between organisations because of their different policies and working conditions.

<sup>46</sup> NOMS then positioned other pay points so that progression between the equivalent two pay points in different zones would increase pay by the same percentage.

reached our decisions last year. It was published on the Office of Manpower Economics website in March 2015.<sup>47</sup> Consequently, we planned to take the results into account during this round alongside any comments from the parties.

2.75 Our standing terms of reference ask us to take account of the competitiveness of the Prison Service in England and Wales with the private sector. We are asked to take into account the broad employment package, including any differences in terms and conditions of employment and job security. The IDS work showed that, when looking at reward packages across the two sectors:

- Packages for officers in the private sector were less generous than for those in the public sector (Bands 3 to 5 in *Fair and Sustainable*) and were typically limited to basic pay and a defined contribution pension scheme.
- Packages for senior staff (Band 7 and above in *Fair and Sustainable*) were generally more generous in the private sector than in the public sector, and included additional benefits such as private medical insurance, a company car and bonuses.
- Employer pension contributions were significantly lower in the private sector, ranging from 1 to 12 per cent, compared to employer contributions of between 16.7 and 24.3 per cent under the Civil Service Pension Schemes.

2.76 When looking specifically at pay levels there was a similar pattern, with pay for Bands 2 to 5 being roughly in line with the private sector and pay for Bands 7 to 11 being lower than in the comparison roles in the private sector. IDS noted that private sector pay was managed centrally by each of the companies, with little local flexibility, and pay levels were set initially with reference to the public sector, local labour market and pay for other security-type jobs. Also, private-sector companies operated similar pay setting mechanisms to those in the public sector more broadly (outside the Review Body coverage) with annual union negotiations over the award for the year. IDS noted that one organisation paid a London allowance for an establishment in the Home Counties and others paid more in the South East, but the, far smaller, number of private sector establishments in total meant that no general conclusions were drawn about pay in different parts of England and Wales.

2.77 On other aspects of work in the two sectors, IDS noted that:

- Overall staff turnover levels in the private sector were higher than those typically found in the public sector. However, private sector employers did not seem to be experiencing much in the way of recruitment and retention difficulties at the national level. Companies told IDS that they recruited officers from all walks of life, although they did face competition from public sector prisons and police. Managers and governors had previously been attracted from the public sector but now managers were increasingly “home-grown” by the private sector.
- Public sector sickness absence levels were at the upper end of sickness absence levels reported in the private sector, which ranged from 2.2 to 5.0 per cent. All the private sector employers operated sickness management policies.

2.78 The PGA provided its comments on this research. It noted that remuneration in the private sector was higher for the grades it represented, although the public sector paid a lead over the private sector for grades below Band 7. The PGA stated that this was of no surprise to it as the union’s membership covered both public and private sectors. The union referenced the figures published in the IDS report to support its pay proposals.

2.79 The PCS provided its observations:

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<sup>47</sup> Incomes Data Services. *Pay, pensions and reward packages for private sector custodial service staff: A research report for the Office of Manpower Economics*. March 2015. Available at: <https://www.gov.uk/government/publications/pay-pensions-and-reward-packages-report> (accessed on 2 February 2016).

- Manager grades in public sector prisons were paid less than their counterparts in the private sector prisons. This mirrored evidence from the Institute of Fiscal Studies that the union had previously submitted.
- Turnover in the private sector of between 10 and 20 per cent was a matter for concern. The union noted that one company refused to provide turnover data. Whilst there was no evidence given in the report of recruitment and retention difficulties, the PCS believed 10 to 20 per cent turnover indicated retention difficulties.
- It was concerned that some private sector providers did not use job evaluation or it was considered informally. The PCS asked how these providers could determine whether the salary structure was appropriate.

### NOMS evidence

2.80 NOMS provided tables in its evidence giving comparisons between its *Fair and Sustainable* salaries and those elsewhere in the public and private sector, see tables 2.7 and 2.8 below. NOMS said in oral evidence that it aimed for the median when making market comparisons.

**Table 2.7: Base salary public sector comparison: National excluding London – Market Facing Pay Model**

Nat'l exc. London public sector MFP					NOMS 2015	NOMS 2015
Grade	Band	UQ	Med	LQ		
	11				£74,848	
Grade 6	10	£76,215	£67,340	£59,570	£66,170	Med-LQ
Grade 7	9	£69,160	£61,563	£54,929	£60,108	Med-LQ
	8				£46,930	
SEO	7	£49,019	£44,689	£40,900	£40,247	LQ-
HEO	6	£39,227	£34,952	£31,947	£33,680	Med-LQ
	5				£28,491	
EO	4	£30,234	£27,323	£24,895	£24,975	Med-LQ
AO – L11	3	£23,017	£21,226	£19,030	£19,566	Med-LQ
AO – L10		£21,398	£19,250	£17,395		UQ-Med
AA	2	£17,531	£16,308	£14,847	£15,916	Med-LQ

Source: NOMS

Note: Grade is civil service grade, Band is *Fair and Sustainable* band, UQ is upper quartile, Med is median and LQ is lower quartile.

**Table 2.8: Base salary private sector comparison: National excluding London – Market Facing Pay Model**

Nat'l exc. London private sector MFP					NOMS 2015	NOMS 2015
Grade	Band	UQ	Med	LQ		
	11				£74,848	
Grade 6	10	£94,648	£81,918	£71,976	£66,170	LQ-
Grade 7	9	£81,081	£70,383	£61,470	£60,108	LQ-
	8				£46,930	
SEO	7	£55,846	£49,519	£43,860	£40,247	LQ-
HEO	6	£41,935	£37,003	£32,240	£33,680	Med-LQ
	5				£28,491	
EO	4	£33,147	£28,478	£25,000	£24,975	LQ-
AO – L11	3	£25,000	£21,819	£19,125	£19,566	Med-LQ
AO – L10		£23,451	£20,777	£18,168		Med-LQ
AA	2	£18,932	£17,320	£15,526	£15,916	Med-LQ

Source: NOMS

2.81 We note from the tables in the NOMS evidence (reproduced here) that the *Fair and Sustainable* salaries (maxima for a 37 hour week without an unsocial working hours payment or RHA) are generally between the lower quartile and the median of the market rates.

**The parties' proposals**

2.82 NOMS and the PGA made the following joint proposal:

- A two percentage point increase, from 15 to 17 per cent, to RHA.

2.83 In addition to the joint proposal, NOMS made the following proposals in its evidence:

- To consider and advise on ways in which pay flexibilities could be used locally to incentivise and reward performance, with £2 million of paybill being set aside this year for this purpose.
- No change to the current *Fair and Sustainable* locality pay zone structure and the Outer (£2,525) and Inner (£3,840) London differentials to remain unchanged. The maximum differentials to be applied consistently across all bands.
- Shortening and compressing of Bands 4 and 5 and the realigning of pay point two in Band 2 to reach its intended pay system design.
- Increasing the maxima of Bands 4 and 8 by 1.0 and 0.5 per cent respectively to encourage opting in.
- Progression for 'Good' or 'Outstanding' performance of 2.5 per cent capped at the band maxima in Bands 7 to 11.
- Progression for 'Good' or 'Outstanding' performance of one pay point in Bands 2 to 5.
- No progression for 'Improvement Required' performance in all bands.



- 'Outstanding' performance in all bands to be rewarded by an additional non-consolidated, non-pensionable payment of one per cent of base pay.
- The closed grades pay scales to remain unchanged at 2015 levels with no increases to other allowances, except for the changes to the dirty protest and care and maintenance of dogs allowance.
- An increase in the dirty protest allowance to £10 for the first four hours or less and £20 for over four hours.
- An increase to the care and maintenance of dogs allowance by 25 per cent to £1,908 for those staff who care for more than one dog.
- The two per cent *Fair and Sustainable* opt in incentive for the closed grade operational managers to be extended until 31 March 2017.
- No recommendation on base pay for those staff on the operational graduate scheme.

NOMS made no reference to pay increases to the maxima of the open, *Fair and Sustainable* grades other than the one per cent to the maximum of Band 4 and the 0.5 per cent to the maximum of Band 8.

2.84 In addition to the joint proposal, the PGA made the following proposals in its evidence:

- A consolidated five per cent increase for Bands 7 to 11 and for those closed manager grades for whom opting in would not be financially beneficial.
- To ask NOMS to reconsider the Bands 10 and 11 structures for governing governors.
- Four per cent pay progression in the Bands 7 to 11 for a 'Good' or 'Outstanding' performance appraisal marking. Those at the band maximum should have the maxima of the scale increased to ensure a reward is delivered in cash terms.
- No progression for those with a 'Improvement Required' performance marking.
- Staff who receive an 'Outstanding' performance marking should receive an additional one per cent consolidated award on base pay. Where the award is capped by the band maxima, these maxima should be increased.
- Paid membership of a private healthcare scheme and a company car, or the cash equivalent.

2.85 The PCS made the following proposals:

- A five per cent consolidated award with a £1,200 "underpinning" on all pay points and ranges. The award should be for all staff, including those on the closed grades and those staff not in our remit group. The union also asked us to focus specific attention on low pay.
- Progression for 'Good' or 'Outstanding' performance and also 'Improvement Required' performance, excluding those subject to formal poor performance procedures.
- Staff on the pay maximum on the closed grades to be able to opt in to the pay maximum of the equivalent *Fair and Sustainable* grade.
- A reintroduction of the legacy LPAs (Appendix E).

2.86 We regret that we did not receive evidence from the POA this year. This was a result of several motions, passed at its 2015 Annual Conference, not to engage with us and to withdraw from the Review Body process. The POA told us it would engage with NOMS to seek areas of common ground in respect of pay and allowances.

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## Chapter 3: Our recommendations on pay for 2016

### Introduction

3.1 Our remit has remained unrestricted this year and we have been able to make recommendations for all remit group staff, based on the evidence we received. Where we feel that we need further information next year, we have addressed this in Chapter 4.

### Analysis

#### *Strategy for HM Prison Service*

3.2 HM Prison Service is an important part of the UK public sector. It has a relatively low public profile but an essential job to do. We are pleased that the new Government has set out its intent to focus on the prison system during this Parliament and welcome its aims of more effective rehabilitation outcomes and reforming and modernising the prison estate. Reforms in these areas have the potential to improve working conditions for the prison staff in our remit group. In recent years there have been fewer staff looking after a prison population which, despite expectations, has not reduced and, in addition, increased in complexity. Over the same period, the numbers of assaults and serious assaults on staff have risen. The evidence we received this year paints a picture that morale has remained low and staff have reported that the job has become considerably more demanding and less rewarding. Improving morale and tackling the growing violence would benefit the prison population as well as our remit group, since we do not believe the current position is in the public interest. We note that these reforms will require an effective and motivated workforce to achieve them, spanning all grades from new recruits to highly experienced staff.

3.3 In its evidence to us the Government set out its intent to explore options for greater autonomy and financial freedoms for individual governing governors. The current National Offender Management Service (NOMS) systems are, by design, very centrally controlled. Our visits make it clear that every establishment has different circumstances and greater delegation could help with management of the different issues faced by different prisons. Delegation of some aspects of reward has the potential to be an important component of a more devolved approach overall. We welcome this in principle. But there are risks if such delegation is introduced into a system that is not prepared for it, and currently under stress. We consider it essential first to articulate the strategy and objectives for such delegation, and to develop the necessary change management processes and identify training requirements. We would then be happy to offer views, having invited evidence from interested parties, on how elements of the reward system might play their part in a more devolved approach to prison management.

#### *Context of Prison Service pay*

3.4 The introduction of *Fair and Sustainable* and then Benchmarking has meant that, in recent years, our remit has covered fewer staff but an increased range of pay structures. In normal circumstances, when a new pay structure is brought in by an employer the transition costs of change are funded so that all – or at least the majority – of staff are on that new structure. However, NOMS has had insufficient funds to take this approach, and the continuing difficult state of public finances means that it is likely our remit group will occupy the current complex range of pay structures for years to come. NOMS has previously estimated that full transition would take around fifteen years, assuming that forecasts for the economy and pay were reasonably accurate. This situation has not changed, with the new Government continuing a policy of public sector pay restraint. Consequently our recommendations continue to need to cover all these pay structures.

#### *Economic context*

3.5 As we described in Chapter 2, the economic situation in the UK has improved and this is forecast to continue. Alongside this, we note that inflation has remained around zero throughout 2015 and is expected to

stay below its two per cent target for the next two years. This is resulting in a more buoyant national labour market and modest pay settlements and earnings growth for private sector employees. Nonetheless these are forecast to rise faster than for their public sector counterparts over this Parliament. This is likely to have a negative impact on recruitment and retention in the Prison Service.

### *Fair and Sustainable*

3.6 As we have noted above, NOMS has estimated that it would take around fifteen years for all staff to be on the *Fair and Sustainable* structure. This is because of the large difference in pay between those at the maximum of the prison officer Band 3 National scale and those at the maximum of the closed prison officer grade.<sup>48</sup> As set out in the next section, evidence from the recent NOMS recruitment exercise suggests that the *Fair and Sustainable* rates are allowing adequate recruitment (albeit with some regional issues as discussed later). Nevertheless, we remain concerned that the continuing differences between these two pay rates mean that different people are receiving significantly different pay for the same work. Under the Equality Act 2010 there is strategic risk to NOMS if staff on the closed grades have different terms and conditions from colleagues on the *Fair and Sustainable* pay structure. The relevant legal obligations on HM Prison Service, including anti-discrimination legislation, come within our terms of reference as a matter we need to take into account.

3.7 When we explored these issues in oral evidence, NOMS told us that it aimed to place *Fair and Sustainable* pay rates at around the market median rate. However, looking at the evidence it provided (which we have included in Chapter 2), comparisons with both the wider public sector and the private sector show the NOMS pay maxima are between the lower quartile and the median rates. This suggests that a small increase to those scales would not be out of line with the NOMS approach to positioning the pay scales and ranges.

### *Recruitment and retention*

3.8 Our remit requires us to consider the need to recruit and retain suitably able and qualified staff. Following several years of low recruitment as the operational staffing requirement in establishments across the Service was reduced, NOMS undertook a recruitment exercise for 1,700 new officers in 2015 and told us it is doing so on the same scale this year. It said that this was to replace staff leaving or retiring rather than to increase the overall staffing levels in the Service.

3.9 Staffing figures for 2014-15 show that turnover decreased to 7.6 per cent for our remit group from 13.4 per cent the previous year. This decrease was mainly because the 2013-14 figure was unusually high; 8.0 per cent of our remit group left that year under voluntary early departure schemes (VEDS) which were run to reduce staffing numbers in some locations. The annual turnover for prison officers within the first year of service has also decreased from 16.6 per cent in 2013-14 (for officers recruited in 2012-13) to 8.8 per cent in 2014-15 (for officers recruited in 2013-14). That said, we note that these rates are based on small numbers given the low levels of recruitment in those years of restructuring. Overall, we saw no evidence of problems with recruitment this year at the national level although, with the improving labour market, we will continue to monitor this. Whilst this picture seemed stable, we did receive evidence relating to specific establishments showing that there were locations where recruitment and retention are long-term issues. We return to this matter later in this chapter when discussing locality pay.

### *Motivation*

3.10 Staff motivation is also part of our remit. In recent years, the evidence presented to us has shown that levels of staff motivation and morale have been very low. There was some positive evidence this year from the 2015 People Survey, in which a significantly greater proportion of respondents replied positively to most questions than in the previous two years. However, as we explained in Chapter 2, we have concerns about how representative that survey is of our remit group. In contrast, evidence from other sources such as reports of rising violence in establishments, the published figures of assaults on staff, evidence from the parties and the

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<sup>48</sup> This difference is currently £5,058 (between the *Fair and Sustainable* Band 3 National maximum of £24,161 and the maximum of the closed prison officer grade of £29,219).

staff themselves on visits and also the information from the Independent Monitoring Boards (IMBs) and within the annual report from HM Inspectorate of Prisons all suggest a growing problem.

3.11 In addition, we received evidence from the Prison Governors' Association (PGA) on wellbeing and effectiveness which showed that, whilst generally enjoying the challenges of the job, PGA members felt under pressure and stressed as a result of the working conditions established through recent changes. This evidence painted a similar picture to the survey of POA<sup>49</sup> members summarised in our report last year which considered work-related stress and wellbeing of officers and support grades.<sup>50</sup> Both reinforce the views we hear regularly on visits of the detrimental effects on staff of increased workload, staffing shortages and sickness absence.

3.12 Finally, we are aware that staff have seen pension contributions increase in recent years, and will be affected by the increase to National Insurance Contributions from 1 April 2016. These reduce the effect of pay rises on take-home pay and have an impact on staff morale and motivation. In addition, the financial pressures and the constraints on public sector pay policy have continued for far longer than expected. Overall, we conclude motivation and morale within the Prison Service continue to be low.

### *Affordability*

3.13 As we described in Chapter 2, the Government is still in the process of reducing the fiscal deficit. The consequent funding allocations to NOMS, as set out in the recent Spending Review and Autumn Statement,<sup>51</sup> mean that it remains under severe financial constraints. As usual, NOMS included a costing of its pay proposals within its evidence this year. However, this year NOMS' costings covered staff both within and outside of our remit and included a number of elements that we do not consider should be included in the costs of an annual pay award. We return to the costing and affordability of the award at the end of this chapter.

### **Recommendations on pay increases**

3.14 As summarised in Chapter 2, we received pay proposals from NOMS, the PGA and the Public and Commercial Services (PCS) Union this year. We also received a joint proposal from NOMS and the PGA for the required hours addition (RHA) to which we will return later in this chapter. As we noted in the previous two chapters, we did not receive evidence from the POA but we were helpfully copied into correspondence between the union and NOMS in relation to pay matters. In general, industrial relations between NOMS and the unions this year seemed to have started out constructively, particularly in reaching the joint agreement, but appeared to have deteriorated somewhat by the time of providing evidence. We hope that matters will improve and we return to this issue in Chapter 4. For this report, we have given careful consideration to the submissions we received. We were also cognisant of the fact that the staff in our remit group are not able to strike and that we are regarded as a compensatory mechanism (see Appendix A).

3.15 NOMS made a range of detailed proposals, as outlined in Chapter 2, including performance-related progression for staff in *Fair and Sustainable*, "compression" of some pay ranges to reach its preferred final pay design, and targeted increases to two pay bands. These were a targeted increase to Band 4 to incentivise staff to opt in to *Fair and Sustainable* and to decrease the gap between the Band 4 maximum and that of the closed senior officer scale; and an increase to Band 8 to improve opt in for non-remit group staff. NOMS made no proposals for a general uplift to the *Fair and Sustainable* bands nor for pay awards to staff on the closed grades. The PGA proposed a five per cent increase for the *Fair and Sustainable* grades it represents and for those on the closed grades for whom opting in would not be of financial benefit. It asked that all maxima be increased sufficiently so that any performance pay increases would be "real" rather than notional payments. The PCS proposed a five per cent consolidated award with a £1,200 "underpinning" on all pay points and ranges. It also asked us to focus specific attention on low pay and asked for pay progression for all staff, other than those subject to formal poor performance procedures because of concerns about the performance

<sup>49</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

<sup>50</sup> This research is available at: [http://www.beds.ac.uk/\\_data/assets/pdf\\_file/0009/458307/POAsurveyreport\\_final.pdf](http://www.beds.ac.uk/_data/assets/pdf_file/0009/458307/POAsurveyreport_final.pdf) (accessed on 2 February 2016).

<sup>51</sup> HM Treasury. *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> (accessed on 2 February 2016).

management system. Finally, the PCS again highlighted the need for a coherent plan from NOMS on pay progression.

### *Local reward autonomy*

3.16 NOMS asked us to consider and advise on ways in which pay flexibilities could be used locally to incentivise and reward performance and make governors more accountable. As we have already said above, we see potential advantages in giving governing governors greater overall control and responsibility for their establishments. But introducing such delegations successfully into a system that has little experience of them, and is operating under stress, needs to be done carefully and having prepared the ground well; otherwise the project risks failing to deliver the benefits desired. Since such delegations would presumably run wider than reward, they need to sit within an overall strategy and objectives. Once these have been set and communicated, NOMS will need to develop the change management processes and training required before focussing on the details of local reward autonomy. While we would want to contribute to the success of such an initiative, we require greater clarity on the aims and strategic approach to local delegation before making formal recommendations. We would welcome further engagement with NOMS and the parties to develop the best approach to taking this forward. We return to this in Chapter 4.

### *Fair and Sustainable: Bands 2 to 5*

3.17 Last year, we accepted NOMS' proposals to modify these bands to move them closer to its preferred final pay design. We also raised them by 1.8 per cent at the maxima. This year, NOMS has made proposals to change these bands to achieve its preferred final design, changing pay points for Bands 2, 4 and 5. NOMS has also proposed to increase the maximum of the Band 4 National ranges by 1.0 per cent but proposed no change to the other maxima. As part of its evidence for positioning the bands, NOMS provided labour market indicators and told us it considered *Fair and Sustainable* pay "very competitive" when compared with private sector prisons.

3.18 We recommend that the National maxima for Bands 2 to 5 be raised by 1.0 per cent this year. As we noted in Chapter 2, pay settlement medians across the economy and Average Weekly Earnings growth were around two per cent. Also, as we stated earlier, we note that *Fair and Sustainable* pay is below the median of the NOMS market comparators. We consider that a one per cent increase to these open grades is affordable and consistent both with the remit we have been given and with the Government's wider public sector pay policy.

3.19 In addition, we recommend some changes to minima and intermediate points. We recommend that the minimum of Band 2 be increased by one per cent and accept NOMS' proposal to move the midpoint so that this band reaches NOMS' preferred pay design. Band 3 is already at the preferred pay design, so we recommend all points be increased by one per cent. We recommend that NOMS' proposals for Band 4 be implemented which will take Band 4 to its preferred pay design. We considered that the changes required for Band 5 to meet the final design were more substantial and therefore instead recommend uplifting all points by one per cent. The increases in minima resulting from our recommendations should assist in recruitment (to Bands 2 and 3) and in further reducing the turnover rate of staff in their first year of service.

**Recommendation 1:** We recommend that from 1 April 2016 the maxima of the *Fair and Sustainable* National Bands 2 to 5 be raised by one per cent and the minima and intermediate points be adjusted as set out in Appendix D.

3.20 NOMS proposed that staff in Bands 2 to 5 below the maxima who received a performance marking of 'Outstanding' or 'Good' should progress to the next pay point. Also, NOMS proposed that staff who receive an 'Outstanding' performance marking be awarded an additional one per cent non-consolidated payment (as is currently the case for the closed operational manager scales and is part of the NOMS proposals for Bands 7 to 11 – see paragraph 3.26). NOMS introduced its performance management system with "guided distribution" ranges last year and, when asked about the system in oral evidence in 2014, NOMS commented that, while this approach worked well for Bands 5 and above, setting meaningful objectives for Bands 2 to 4 had proved more

difficult and the system would be reviewed at the end of the performance year. The PCS provided us with a copy of the NOMS evaluation report of the Performance Management System carried out during 2015<sup>52</sup> which reinforced concerns about its effectiveness for staff subject to the greatest spans of control, namely Bands 2 to 4.

3.21 We recommend that all staff in *Fair and Sustainable* Bands 2 to 4 below the maximum should receive progression of one pay point unless they have been placed on formal poor performance management procedures.<sup>53</sup> While we support the principle of relating pay progression to performance, having considered the evaluation report of the Performance Management System and oral evidence from all the parties, we do not consider that it has “bedded in” sufficiently for staff in Bands 2 to 4 to be consistently allocated to the guided distribution ranges, and we think the system requires substantial improvements. For the same reason, we do not agree with the NOMS proposal for staff receiving an ‘Outstanding’ performance marking in Bands 2 to 4 to be given a non-consolidated, non-pensionable one per cent award this year and therefore we are not recommending this.

3.22 In the case of staff in *Fair and Sustainable* Band 5, we believe that there is more evidence to support moving to performance-related progression. We are signalling our intention to do so in our next report unless presented with compelling evidence to the contrary. For this year, we will treat staff in Band 5 the same as those in Bands 2 to 4 for progression purposes. However, we do agree that ‘Outstanding’ performance for Band 5 staff should be rewarded with an additional one per cent non-consolidated, non-pensionable award as a first step towards linking pay to performance for this band.

**Recommendation 2:** We recommend that all staff in *Fair and Sustainable* Bands 2 to 5 who are in post on 31 March 2016 progress by one pay point effective from 1 April 2016, unless they have been placed on formal poor performance management procedures.

**Recommendation 3:** We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2016 and receive an ‘Outstanding’ box marking receive an additional one per cent non-consolidated, non-pensionable pay award based on their 31 March 2016 base pay.

#### *Fair and Sustainable: Bands 7 to 11*

3.23 These bands are already of the desired length to meet NOMS’ final preferred pay design. This year NOMS has made a single proposal for these ranges, to increase (both maximum and minimum of) Band 8 by 0.5 per cent. NOMS noted in its evidence that this was to make opting in more attractive for some non-operational staff. The PGA proposed a five per cent increase and asked that all maxima be increased sufficiently so that any performance pay increases would be “real” rather than notional payments. The PCS asked for a five per cent consolidated award (with a £1,200 “underpinning” on all pay points and ranges).

3.24 We recommend the same 1.0 per cent increase for National pay Bands 7 to 11 (maxima and minima) as we have recommended for Bands 2 to 5. We see the situation for operational managers in these bands as being similar to those in the *Fair and Sustainable* officer and support grades set out above. We see no reason to make a different recommendation for Band 8 as we cannot take into account any issues that affect staff outside our remit.

3.25 This recommendation relates to the positioning of the ranges for Bands 7 to 11 as distinct from rewarding staff in those bands. We believe that any increase in pay for these management grades should be related to performance and that staff on open ranges should not necessarily receive a pay increase simply because the range has moved in relation to the external market. We therefore propose that staff do not move automatically with the ranges but rather through the progression award recommended below. We understand that this is not the method NOMS has used in the past, but we consider that our approach better reflects the principles of performance-related pay.

<sup>52</sup> The PCS proposed that staff with an ‘Improvement Required’ box marking should also receive pay progression and we have considered this for the staff in grades it represents to us.

<sup>53</sup> We understand that this will apply to a discrete subset of those receiving an ‘Improvement Required’ marking.

**Recommendation 4:** We recommend that the National maxima and minima of *Fair and Sustainable* Bands 7 to 11 be raised by one per cent from 1 April 2016, as set out in Appendix D, and that this change to the ranges has no automatic effect on individual staff pay.

3.26 NOMS proposed that staff in Bands 7 to 11 below the maxima who are awarded a performance marking of 'Outstanding' or 'Good' should receive 2.5 per cent progression. This is different from the last two years when NOMS proposed 4.0 per cent progression and NOMS stated that this was because of affordability (it was also proposing an increase to RHA of two percentage points). In addition, NOMS proposed that staff who receive an 'Outstanding' performance marking should be awarded an additional one per cent non-consolidated payment (as was the case last year and is also the case in the closed operational manager scales). The PGA stated in written evidence that it accepted differentiation based on performance but said in oral evidence that it rejected the change to 2.5 per cent. The PCS proposed that staff with an 'Improvement Required' box marking should also receive pay progression and, as noted above, provided us with a copy of the NOMS evaluation report of the Performance Management System carried out during 2015. In addition the PCS highlighted the need for a "coherent plan" for pay progression.

3.27 We are aware that performance-related progression and awards have been in place for operational managers for a number of years as they were present under the old Performance Management System. In addition, we note that two-thirds of the current managers in Bands 7 to 11 are already at the top of their pay band and therefore that the full amount of performance-related progression (which is capped at the maximum) applies only to a minority of this group of staff.

3.28 We recommend four per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Good' or 'Outstanding'. Staff who receive these markings should have their salary on 31 March 2016 increased by four per cent, capped by the new maximum. Four per cent progression implemented in this way will deliver pay increases broadly comparable with the increases between pay points in Bands 2 to 5.<sup>54</sup> In addition, it will provide a rate of progression which better matches the time taken to become fully competent in the role compared to the NOMS proposal this year. Following the application of these progression awards, if any staff remain below the minimum for their pay range<sup>55</sup> then they should be moved to that new minimum.

**Recommendation 5:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2016 and achieve a performance marking of 'Good' or 'Outstanding' receive consolidated pay progression of four per cent effective from 1 April 2016, capped at the new 2016 band maximum. Any staff who would be paid less than the minimum of their pay range after progression has taken place be moved to the new 2016 band minimum.

3.29 In addition, we recommend that staff in Bands 7 to 11 who receive an 'Outstanding' performance marking receive an additional two per cent non-consolidated, non-pensionable payment. We consider that the Performance Management System for operational managers is sufficiently well established for it to be used for Bands 7 to 11 and that the differentiation for those receiving an 'Outstanding' marking should be greater.

**Recommendation 6:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2016 and receive an 'Outstanding' box marking receive an additional two per cent non-consolidated, non-pensionable pay award based on their 31 March 2016 base pay.

### *Closed grades*

3.30 In addition to those on the *Fair and Sustainable* pay structures, our remit covers staff on a range of closed grades. At the current time, the majority of our remit staff are on closed grades (70 per cent of full-time equivalents as at 31 July 2015) and nearly half (48 per cent) of our remit group is formed of prison officers on

<sup>54</sup> Our recommendations for the scales for Bands 2 to 5 will deliver percentage increases between pay points ranging from 2.0 per cent to 5.0 per cent. There are a range of possible increases as the increments in the pay scales vary as NOMS aimed to reflect the perceived pace of learning by making the first increment larger than the others.

<sup>55</sup> We understand this should only occur when staff in the bottom one per cent of the range do not receive a 'Good' or 'Outstanding' marking.

the closed scales. Some of these closed grades have been part of our remit for many years – such as the night patrol and prison auxiliary grades (Band 2 equivalent roles that pre-date the operational support grade (OSG)) – and some are comparatively new; such as the staff on former G4S pay arrangements who transferred into our remit when HMP Wolds moved to the public sector on 1 July 2013.<sup>56</sup> Whilst staff remain in these grades they continue to be within our remit and form a very important part of the workforce. We consider them in this section.

#### *Closed grades: officer and support grades*

3.31 Support staff and officer grades on the closed scales below the maximum are entitled to contractual progression to the maximum.<sup>57</sup> That said, the majority of staff in the closed grades are now at the maximum and contractual progression effectively only applies to a minority of OSGs.

3.32 Staff in these closed grades are given the choice to opt in to *Fair and Sustainable* on an annual basis. They fall broadly into two categories. The first contains OSGs, those on the prison officer 2 scale and principal officers on national pay arrangements. For these staff, whose closed pay scales now fall within the equivalent *Fair and Sustainable* bands, there is a financial benefit to opting in (with the exception of some in receipt of Locality Pay Allowance (LPA) rates on the closed structure). On the other hand, staff in the second category, prison officers and senior officers, have no incentive to opt in as they are paid above the maximum of the equivalent National *Fair and Sustainable* bands.

#### *Closed grades: officers*

3.33 As we noted in Chapter 1, in March 2015 NOMS and the POA reached an agreement to award retention bonus payments to officers. The agreement stated that this was “to recognise the contribution that closed grade staff provide” and it committed the parties to explore longer-term options “to improve this staff group’s motivation and retention”. The evidence we have received this year on motivation suggests this remains at a low level, partly because of the rising violence. Looking at the data, overall turnover rates have decreased, but when voluntary redundancy and retirements are excluded, the resulting turnover shows an increase in the most recent year.

3.34 We have decided to recommend non-consolidated, non-pensionable<sup>58</sup> pay awards to all officer grades<sup>59</sup> who have reached their pay scale maximum.<sup>60</sup> This is consistent with the agreement reached by NOMS and the POA last March. Around half of our remit group is made up of closed grade prison officers, all now at the maximum of the scales.<sup>61</sup> While it remains the case that the majority of these staff are paid considerably more than their more recently recruited colleagues, with the equal pay risks that this brings, we do recognise that motivation and retention continue to be issues. In addition, we are aware of the impact on staff morale of sitting on a fixed rate of pay for a number of years which affects all these grades. The Government’s agenda for HM Prison Service is an ambitious one, which has the potential to improve effectiveness and value for money. We want to support this being taken forward quickly and efficiently, and we believe this will be helped by providing some recognition this year to closed grade prison officers, who have been working hard under difficult conditions. This group has played a critical role over the past year, and will be crucial in progressing the Government’s agenda for the Prison Service. Therefore we recommend non-consolidated payments be made again this year to these officers and other staff in Band 3 roles who would not benefit from opting in. A similar argument applies for senior officers, although the gap between the closed and *Fair and Sustainable* grades is considerably smaller.

<sup>56</sup> Staff at HMP Wolds joined our remit group on 1 July 2013, at which point the prison became part of the newly formed HMP Humber. NOMS told us that these staff moved on existing terms and conditions under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements.

<sup>57</sup> We understand that this includes the former G4S grades of prison officer (Band 3 equivalent) and security officer (Band 2 equivalent).

<sup>58</sup> We did consider recommending this payment be pensionable. However, this would mean that all staff would be required to pay pension contributions on it, whilst a sizeable number (those on the pre-alpha pension schemes not within three years of retirement) would not see any benefit from it being pensionable.

<sup>59</sup> Officers on closed grades includes those on the prison officer 2 scale and those on former G4S pay arrangements who occupy Band 3 to 5 equivalent roles.

<sup>60</sup> Excluding those on formal poor performance management procedures, as was done in the agreement.

<sup>61</sup> This is based on full-time equivalent staffing figures as at 31 July 2015.



3.35 For principal officers, for this year, we also recommend a non-consolidated award as consistent with the arrangements agreed between NOMS and the POA. We recognise that the situation is different in that the majority of those still on closed grades would benefit from opting in. Nevertheless we have concerns about their motivation and retention and are aware that they find it difficult to trust NOMS' advice as to what might be to their financial benefit. We urge the parties to highlight where opting in is of benefit to staff; we return to this matter in Chapter 4.

**Recommendation 7:** We recommend non-consolidated, non-pensionable payments for all officers (in closed grade equivalents to Bands 3 to 5) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff) on 31 March 2016 of £300 for officers and equivalents, £325 for senior officers and equivalents and £350 for principal officers and equivalents, excluding those who have been placed on formal poor performance management procedures.

### *Closed grades: support grades*

3.36 As we noted in chapter 1, NOMS and the POA also reached an agreement on a range of matters affecting OSGs and the OSG members of the POA voted to accept this last summer. This agreement included retention bonus payments to OSGs and also a guarantee from NOMS that OSGs opting in would never have the unsocial working hours payment (17 per cent) involuntarily removed from them whilst in the *Fair and Sustainable* grades. The agreement stated that this was "to recognise the contribution that closed grade OSGs provide" and that it committed the parties to explore longer-term options "to improve this staff group's motivation and retention".

3.37 We have decided to recommend non-consolidated, non-pensionable pay awards of £300 to all support staff on closed grades<sup>62</sup> who have reached their pay scale maximum.<sup>63</sup> We are aware that the majority of those still on closed grades would benefit from opting in, but, as with principal officers, we have concerns about their motivation and retention and are aware that they find it difficult to trust NOMS' advice as to what is of financial benefit. So, for this year, we will repeat the value of the award as agreed between NOMS and the POA but extend it to all OSGs and equivalents on closed scale maxima to mirror the agreement for officers – in particular principal officers who are in a similar position. Again, as with principal officers, we do not want to discourage staff who would benefit financially from opting in from doing so. We consider it unlikely that we will recommend such awards to staff in this position in future years. As with principal officers, we urge the parties to highlight where opting in is of benefit to staff (see Chapter 4).

**Recommendation 8:** We recommend non-consolidated, non-pensionable payments for all support staff (in closed grade equivalents to Band 2) at the maximum of the old, pre-*Fair and Sustainable* grades (including former G4S staff, prison auxiliaries and night patrol staff) on 31 March 2016 of £300, excluding those who have been placed on formal poor performance management procedures.

### *Closed grades: operational managers*

3.38 Operational managers in these closed grades below the maximum are also entitled to contractual progression of one pay point each year. Staff on the maximum are additionally entitled to a contractual non-consolidated but pensionable award depending on performance (one per cent for 'Improvement Required' and two per cent for 'Good' or 'Outstanding'). In addition, all staff on these closed grades with an 'Outstanding' marking receive a one per cent non-consolidated, non-pensionable award. These awards at the maximum and for 'Outstanding' performance are not given to officers or support grades. Staff in these closed grades on national pay arrangements would receive a two per cent consolidated pay increase on opting in to *Fair and Sustainable* (with the exception of some in receipt of LPA rates on the closed structure). As a consequence, staff on the closed operational manager grades can already opt in to *Fair and Sustainable* with, at least, no financial detriment (unless affected by changes to pay for reasons relating to locality pay allowances).

<sup>62</sup> Support staff on closed grades includes those on former G4S pay arrangements who occupy Band 2 equivalent roles and also prison auxiliaries and night patrol staff.

<sup>63</sup> Excluding those on formal poor performance management procedures, as was done in the agreement.

3.39 It is our understanding that almost all operational managers at the maxima of the closed grade scales would financially benefit from opting in to *Fair and Sustainable* under our proposals. We concluded we therefore would make no recommendation for operational managers on the closed grades (senior managers A to D and managers E to F).

3.40 NOMS told us in evidence that former G4S staff in operational manager roles generally would not benefit from opting in even though the salary for a 39 hour week with RHA in the majority of cases was greater than their grade salary. However, it was working on an agreement to buy out the healthcare payments, which would then make opting in to *Fair and Sustainable* a financially attractive proposition. We also make no recommendation for these staff and wait for sight of the agreement.

#### *National Living Wage*

3.41 NOMS told us in evidence that the current hourly rate for prison auxiliary staff was either fractionally above or below the National Living Wage depending on how the former was calculated. NOMS said that once it had clarity from Civil Service Employee Policy it would make an adjustment if necessary to ensure compliance. We note this.

#### *Operational graduate pay*

3.42 NOMS included information on its operational graduate scheme in evidence to us this year. It told us it employs 34 staff as operational graduates and they are in a bespoke scheme which progresses them from Band 3 officer via custodial manager at Band 5 to operational manager at Band 7 within two to three years. NOMS commented that it is currently developing a pay policy to move all these staff onto one set of pay arrangements – spot rates at Bands 3 and 5. NOMS said it will ask us to recommend on the pay for these staff in future years, but asked that we make no recommendation this year as it is moving to these consistent pay arrangements. We are content to note these arrangements at this stage and expect to see proposals on operational graduate pay from next year. See Appendix D for these pay rates.

#### *Application of pay awards on opting in to Fair and Sustainable*

3.43 We repeat here information that NOMS provided in its 2013 evidence to us for our 2014 report when it described its general approach when staff opted in to *Fair and Sustainable*:

“Each year, after the application of any 1 April award and progression pay uplift on the pre-*Fair and Sustainable* pay structures, individuals will have the opportunity to opt into the *Fair and Sustainable* Band pay structure with pay backdated to 1 April. Anyone joining the *Fair and Sustainable* pay arrangements (that is, through opt-in, promotion or re-grade) will not be eligible for available progression in the new structure before the following 1 April. Once an individual has opted in, they cannot then choose to return to the pre-*Fair and Sustainable* pay arrangements.”

3.44 The order in which pay awards and opting in take place affects the amount of money staff would receive. We see this as a matter for NOMS, as opting in is part of its transition arrangements for *Fair and Sustainable*. Last year NOMS included different arrangements for opt in within the OSG agreement and NOMS may again want to consider the opting in arrangements that should apply this year.

#### **Locality pay**

3.45 In evidence to us this year, NOMS asked that the *Fair and Sustainable* locality pay zone structure remain unchanged. It stated that it saw no evidence that a change to the overall approach was required. However, NOMS also made a number of comments which highlighted or addressed concerns in some establishments:

- An unpublished study for NOMS by *Havas People* had identified barriers to recruitment and retention that were specific to individual establishments (examples were alternative local employment for HMP The Mount and poor transport links for establishments on the Isle of Sheppey).

- Starting salaries were being offered to Band 2 and Band 3 recruits at the mid-point rather than the minima in 14 establishments.
- Recruitment and retention packages were being offered at some establishments (usually in the form of a payment after 12 months and another after 24 months). Those listed were HMYOIs/HMPs Feltham, Huntercombe, Woodhill, The Mount, Aylesbury, Grendon, Bullingdon and those on the Isle of Sheppey.
- It was running a “first deployment” scheme where successful applicants to over-subscribed establishments were asked if they would consider working elsewhere for two years before being re-assigned to that establishment.
- NOMS referred to its use of HMPS Reserve (a cadre of around 100 former prison officers) which was set up last year.
- NOMS also referred to its ongoing use of detached duty.

NOMS told us that it wanted to continue to address issues using “existing flexibilities and interventions” rather than a return to “permanent and blanket local pay arrangements” and asked us to endorse this approach.

3.46 NOMS also proposed that pay differentials between the *Fair and Sustainable* zones remain unchanged and said that they were “in line with [its] analysis of the public and private sector [market rates]”. In support of its proposals, NOMS provided pay comparability figures from the public and private sectors for staff in and outside London.

3.47 The PGA expressed some concerns in oral evidence about the current zonal pay arrangements. The union said that the *Fair and Sustainable* zonal boundaries needed adjusting as some prisons, such as HMPs Bullingdon and The Mount, were in expensive areas. In written evidence it also commented on long-standing manager vacancies in Kent, Surrey and Sussex.

3.48 The PCS raised concerns about the *Fair and Sustainable* zones and pay structure. The union told us it did not agree with NOMS’ approach to the recruitment and retention issues and expressed the following concerns:

- It believed the best way forward would be to reintroduce the legacy LPAs. The union referred to NOMS evidence in 2014, stating it was then too early to consider amending *Fair and Sustainable* due to locality issues. However, PCS indicated NOMS had made a number of retention payments for new recruits in specific locations shortly after making that statement.
- There had been no analytical research of what value an effective Market Force Supplement (MFS) should be.
- New recruits in receipt of the MFS would be on a higher salary (if the retention payment is included) than those on the maximum of the Band 3 scale.
- PCS questioned what would happen after the two years when the MFS came up for renewal; the union asked if it was realistic to expect staff to effectively take a pay cut at that point.
- It believed that not considering the impact on existing *Fair and Sustainable* staff could be perceived as unfair, divisive and demotivating.
- The introduction of the recruitment and retention bonuses paid at the 14 hard-to-recruit establishments was implemented without union consultation.

The PCS said that the issues in London and the South East meant there was an “even more compelling case” than before to re-introduce the legacy LPAs for all staff.

3.49 We see the matter of locality pay as comprising two different issues. The first is the allocation of establishments to zones (currently carried out on a geographical basis). The second issue is the pay differentials applied to the non-National zones – currently Outer London and Inner London.

3.50 We have considered the coverage of the three zones and also the approach NOMS has used to address recruitment and retention issues in establishments where they have arisen. We also note that the locations with recruitment and retention issues have changed little from those identified last year. We have some sympathy with NOMS' reluctance to make substantial changes to the *Fair and Sustainable* design in the absence of clear evidence for an alternative. However, the case-by-case approach currently being adopted is one we think would best be applicable if the problems were short-term ones. Given how little the list of establishments with concerns has changed since last year, we think these might increasingly be considered to be ongoing issues and therefore see a case for addressing them more systematically.

3.51 Three of the establishments currently facing recruitment problem sit close to the boundary of the Outer London zone – namely HMPs Coldingley, Send and The Mount. We considered recommending pay zone changes for these establishments but concluded that this might simply move the problem to different locations (as any establishments that were given higher pay rates might then attract staff away from the next nearest in the National zone). Instead we have concluded that a full review is needed. We return to this matter in Chapter 4.

3.52 We have reviewed the pay differentials between the zones and considered the evidence we have from NOMS on market comparisons. Whilst some of the London prisons are in the list of establishments with concerns, we did not see compelling evidence to suggest that the pay differentials between the National, Outer London and Inner London zones should be modified this year.

3.53 We recommend that the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones continue to be applied consistently across all bands. This means maintaining the position of maxima at £2,525 and £3,840 respectively above the base 37 hour National zone pay and adjusting other points so that progression is the same percentage as on the National bands.

**Recommendation 9:** We recommend that the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones should continue to be applied consistently across all bands (maintaining the position of maxima at £2,525 and £3,840 respectively above the base 37 hour National zone pay and adjusting other points so that progression is the same percentage as on the National bands) from 1 April 2016, as set out in Appendix D.

## Allowances

3.54 This year we have received a joint proposal from NOMS and the PGA relating to RHA. The two parties have agreed to propose that RHA should be increased by two percentage points from 15 per cent to 17 per cent. In addition, NOMS has proposed that dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours. NOMS also proposed that the allowance for care and maintenance of dogs should have two rates rather than one, with a new rate introduced of £1,908 per year for staff who care for more than one dog (this is 25 per cent more than the current – to become the single – dog rate).

### *Unsocial working hours: RHA*

3.55 NOMS defines unsocial hours as those worked outside the hours of 0700 (7am) to 1900 (7pm) Monday to Friday. For officer and support grades these hours tend to be mainly in the form of organised shifts whilst operational managers find their unsocial working is less predictable, as it usually relates to the prisoner incidents that occur and involves time on call.

3.56 The Service told us in previous years that operational managers on *Fair and Sustainable* would work around 17 per cent of their hours as unsocial to qualify for 15 per cent RHA.<sup>64</sup> In practice, the current

<sup>64</sup> Uniformed grade staff would work around 20 to 30 per cent of their hours as unsocial to qualify for the unsocial working hours payment of 17 per cent under *Fair and Sustainable*.

application is that all operational staff in *Fair and Sustainable* receive these payments, as appropriate to their grade, on the assumption that they all meet the criteria. We have seen no evidence to suggest that this application will change.

3.57 This year, NOMS and the PGA have agreed a joint proposal to increase the percentage payment for RHA to 17 per cent. The parties told us there had been a rise in reported incidents and that governors were being called in more frequently. As part of this joint agreement, NOMS and the PGA are committed to entering into constructive discussions on Control and Restraint training and operational managers potentially being deployed as required. The agreement also notes that discussions will consider additional financial remuneration for this.

3.58 We recommend that RHA is increased to 17 per cent as agreed by the parties. We are pleased to receive a joint agreement from two of the parties and accept the evidence of the increase in incidents and its effect on governors to support the proposal.

**Recommendation 10:** We recommend that the required hours addition (RHA) is increased to 17 per cent from 1 April 2016.

### *Dirty protest*

3.59 "Dirty protest" by prisoners includes smearing excrement on the walls, door of their cells and themselves, or throwing urine and excrement out of their cells onto the landing. The dirty protest allowance is paid to officers and, following the NOMS and POA agreement for OSGs, to support staff whose duties involve working in the accommodation of protesting prisoners. NOMS has proposed that the dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours.<sup>65</sup> In oral evidence NOMS told us that it had been in discussions with the POA about increasing this allowance as it had been unchanged since 2008.

3.60 We recommend that the dirty protest allowance be increased, as proposed by NOMS. We note that there has been no increase for some years.

**Recommendation 11:** We recommend that the dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours from 1 April 2016.

### *Care and maintenance of dogs*

3.61 NOMS has proposed that the allowance for the care and maintenance of dogs should have two rates rather than one and a new rate be introduced of £1,908 per year for staff who care for more than one dog (this is 25 per cent more than the current – to become the single – dog rate). We are aware that this matter was part of last year's discussions between NOMS and the POA. At the time NOMS favoured the 25 per cent now proposed and the POA favoured multiples of the allowance equal to the number of dogs being looked after. There was some difference of opinion between NOMS and the POA as to how much the various care duties could be doubled up.

3.62 We recommend that a new care and maintenance of dogs allowance rate be introduced for carers of multiple dogs at £1,908 per year. We accept that there is sufficient evidence to support a separate rate as carers with multiple dogs have more work.

**Recommendation 12:** We recommend that a new care and maintenance of dogs allowance rate be introduced for carers of multiple dogs at £1,908 per year from 1 April 2016.

### *Tornado*

3.63 Tornado teams consist of staff trained specifically to deal with serious incidents in prisons. Tornado units are used to support other establishments in the event of an operational emergency. These incidents include

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<sup>65</sup> It is currently £5.75 for the first four hours or less and £11.50 for over four hours.

serious disturbances, hostage incidents, or any incident where the establishment does not have the resources to cope, such as a need to transfer large numbers of prisoners at short notice. The National Tactical Response Group incident response teams would, in contrast, typically be called out to deal with incidents at height or involving barricades, hostages and/or concerted indiscipline. Team members of both are paid the same Tornado rate when called out. We recognise that incidents requiring the deployment of Tornado teams can be dangerous and this duty is not a core component of the prison officer role, but is undertaken by volunteers. In each of the last two years we have recommended an increase to the Tornado payment in line with the overall award to Band 3 prison officers. This year, NOMS told us in evidence that it was looking at revising the emergency response (Tornado) model for next year's submission. In addition, NOMS said in evidence that it did "not believe that there is evidence to support a further increase to the existing value of the Tornado payment at this point in time". In oral evidence, NOMS told us it had sufficient volunteers for this work, was reducing the number needed and that most incidents were now incidents at height which involve the National Tactical Response Group rather than volunteers.

3.64 We make no recommendation to increase the Tornado payment this year. The evidence showed that there is currently no shortage of volunteers for this work. We look forward to seeing the results from NOMS review in next year's evidence.

#### *Additional hours: Payment Plus and TOIL*

3.65 There are two main forms of additional hours – Payment Plus and time off in lieu (TOIL), although they arise in very different circumstances and are treated differently. Payment Plus is paid to prison officers for additional hours they agree to work to cover for vacancies. It is currently paid at a rate of £17.00 per hour. TOIL is a debt NOMS accrues of time owed to staff because they have carried out additional, unpaid hours of work. This needs to be repaid in future by allowing staff time off. TOIL can be accumulated by Bands 2 to 5 / prison officers, senior officers, principal officers and also OSGs.<sup>66</sup> As we noted in Chapter 2, the average number of outstanding TOIL hours at 31 March 2015 was 15 hours per staff member which we consider a high level and, based on the comparisons we were able to make, similar to the level for last year.

3.66 NOMS told us that it was looking at replacing Payment Plus with a "contracted hours scheme". We note this review and expect to hear more for our next report. We remain concerned about the current levels of TOIL. This is time owed to staff and a properly-managed system should ensure that hours owed can be claimed back across the year. Now that workforce restructuring has concluded, new officers have been recruited, and staffing levels are adjusted to meet staffing requirement, we expect both Payment Plus and TOIL to reduce to reflect the lower level of vacant posts. We return to these matters in Chapter 4.

#### *Other allowances and payments*

3.67 Other allowances and payments have not been increased annually, but instead reviewed when specific issues arise. Specialist allowances are not separately included in *Fair and Sustainable*, instead prison officers with these specialist skills are mapped to Band 4.

3.68 We make no recommendations on any other allowances and payments this year. We have received no evidence this year suggesting that any of the other allowances in *Fair and Sustainable* or on the closed pay structures need to be adjusted.

#### **Other issues**

3.69 Last year, the PGA proposed that its members receive paid membership of a private healthcare organisation in order to improve morale and to reduce the costs associated with sickness absence. We noted this proposal in our 2015 Report and stated that it fell outside our terms of reference. This year, the PGA proposed that we recommend cash equivalents to private health care and company cars, drawing on evidence

<sup>66</sup> Paid overtime is available to OSGs and Band 2 staff but not to the uniformed officer grades nor to operational managers. The value of overtime payments in 2014-15 was £5.1 million.

from the Incomes Data Services (IDS) report<sup>67</sup> which looked at private sector comparisons. We have considered this matter and compared the roles in the public and private sectors. We conclude that there are currently some differences between the roles which the IDS report identifies and that we have also seen on visits to private sector establishments. Private sector governors are expected to be accountable for the commercial aspects of operating their contract as well as their service delivery targets, whereas their public sector counterparts do not currently have the same commercial pressures or risks. We make no recommendations on this issue.

3.70 The PGA asked us to direct NOMS to reconsider its pay band structure for governing governors. The union said that two bands (Band 10 and Band 11) were too few to cover the range of roles given that the structure had moved from three complexities of prison (standard, complex, and complex and diverse) to five (supplemented by two additional levels – complex and diverse (1,000 to 1,300 prisoners) and complex and diverse (more than 1,300 prisoners)). The union stated that this was impeding movement between governor roles as there was little incentive to move to a “more risky” command. The PGA also told us that the new governor at HMP Wrexham (approximately 2,000 prisoners) was a Deputy Director of Custody (a senior civil service grade equivalent), further reinforcing its view that there needed to be more ranges in *Fair and Sustainable* for complex larger prisons. We note the changes to the *Fair and Sustainable* complexity ratings but conclude this in itself should not automatically lead to additional governing governor pay bands. We would like further evidence of the effect on recruiting or retaining governors in some prison categories before concluding that additional bands may be needed. We note the governor role in the new Wrexham prison being assigned to a Deputy Director but see no reason to reject this allocation on the basis of the limited information we have seen to date.

### Costing our recommendations and affordability

3.71 Our recommendations this year cover:

- Increases and changes to the *Fair and Sustainable* pay structure.
- Performance-related progression within the *Fair and Sustainable* structure.
- Additional awards for those on *Fair and Sustainable* receiving an ‘Outstanding’ marking for performance.
- Changes to some *Fair and Sustainable* allowances and payments.
- An award for officers and support staff on the closed grades.

We also note the contractual arrangements that are still in place for some staff on the closed grades.

3.72 For several years now, the Government has asked us to consider non-contractual, performance-related progression on the new *Fair and Sustainable* structure as part of our annual pay award and has included it in the costings of its proposals. This is in contrast with contractual progression on the closed grades which has never been included in the costs of annual pay awards. Two years ago (in our 2014 report), we stated that we considered progression to be separate from the paybill costs associated with the annual pay award. Having considered this issue again this year, we remain firmly of the view that the paybill costs of progression should be considered as separate from the costs of an annual pay award.

3.73 We support performance-related progression in principle and, as set out above, support its use in *Fair and Sustainable* where performance can be assessed effectively. In our view, performance-related progression within *Fair and Sustainable* is a legitimate expectation for staff who demonstrate that they are developing the competencies for the role as anticipated, those which change them from new appointee to a fully-trained member of the Service at their grade; in other words, reaching the standard expected of someone at the top of their pay band. In a structured environment such as a prison, where jobs are well-defined and many skills are learned through experience on the job, we would expect most staff who remain in post to be developing

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<sup>67</sup> Income Data Services. *Pay, pensions, and reward packages for private custodial service staff. March 2015.* [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/409341/IDS\\_report\\_on\\_private\\_custodial\\_staff\\_March\\_2015\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/409341/IDS_report_on_private_custodial_staff_March_2015_FINAL.pdf) (accessed on 2 February 2016).

in this way and that appears also to be NOMS' expectation, judging from their "guideline distributions" and the progression of staff so far within the *Fair and Sustainable* system. We would expect new staff joining the Service to join with this anticipated progression in mind, which seems to us a perfectly reasonable expectation.

3.74 In this context, it is illogical to consider the costs of staff progression from minimum towards maximum as part of an annual pay award rather than as an inherent element of the normally functioning pay system as NOMS have designed and marketed it, an approach common in both the public and private sectors. Our view on this is reinforced by the specific case of *Fair and Sustainable*, where, if all staff were on the new structure, as NOMS must hope will happen sooner rather than later, then the costs of progression alone would use up all of the available money from a one per cent award envelope. We do not believe this could be a sustainable or desirable outcome and are therefore not counting performance-related progression in the annual award.

3.75 On this basis, we have concluded that the recommendations that we make in this report are consistent with the Government's pay policy, and affordable within the one per cent envelope. We also believe that they will facilitate the Government's ambitious longer-term goals for prisons, which have the potential to produce further efficiency savings.



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## Chapter 4: Looking ahead

### Introduction

4.1 As in previous reports, this final chapter offers comments on a range of issues to which we think the parties should give attention over the coming year and include in their evidence for our next report.

### Local reward autonomy

4.2 As part of its vision of social and prison reform, the Government has set out its intent to explore options for greater autonomy and financial freedoms for individual governing governors. Delegation of some aspects of reward has the potential to be an important component of a devolved approach more generally and we welcome this in principle. There needs to be a clear strategy for such delegation, including development of appropriate change management processes, to assist us in offering views on how elements of the reward system might play their part. We look forward to hearing from the parties in time for our next report and stand ready to contribute as ideas develop.

### The transition to *Fair and Sustainable*

4.3 As we set out in the previous chapter, it is clear that, at least on current assumptions and plans, the transition to *Fair and Sustainable* will take considerable time to complete. Details of its progress, along with recommendations for improvements, will be an important part of our evidence from the parties for a number of years to come.

4.4 We are aware that, while staff on the closed prison officer and senior officer grades would not currently benefit financially from opting in, the majority of principal officers and operational support grades (OSGs) would benefit. Although we have recommended awards this year to some of this latter group of staff, this should not be taken as contradicting our clear view that all staff who would benefit financially from opting in should be encouraged to do so. We again urge both NOMS and the unions to inform these staff of the financial benefits where they exist. We were pleased to see that, as part of the NOMS and POA<sup>68</sup> agreement for OSGs, NOMS made a statement that unsocial working hours payment “will never be involuntarily removed from them whilst in the *Fair and Sustainable* grades”. We hope that a wider communication of this commitment will help to improve trust and allow those who would financially benefit to have greater confidence in the offer to opt in.

### Recruitment and retention

4.5 NOMS told us it is conducting its second annual recruitment exercise for 1,700 new Band 3 prison officers. These new staff are to replace staff leaving or retiring through normal staff turnover rather than to increase staff numbers. All these staff will be recruited to *Fair and Sustainable* pay structures. Whilst the data presented to us this year suggested there were few problems with recruitment and retention at the national level, we will continue to monitor this as the external labour market is forecast to improve. As part of our monitoring, we will be particularly interested in the annual turnover data for prison officers in their first year of service, as next year's figures will be the first that include the larger scale recruitment that started last year. Also, as we said in Chapter 2, we noted the lack of diversity across the group of new recruits with some concern, particularly with regard to ethnicity. We hope that future exercises result in appointees who, when taken as a group, more closely match the diversity of the England and Wales population and we will monitor this.

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<sup>68</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

### Locality pay

4.6 In our last two reports we asked the parties to provide evidence on recruitment and retention in the *Fair and Sustainable* zones (National, Outer and Inner London) in order for us to review zonal boundaries and zonal pay. This year, we used this evidence to consider the coverage of the three zones in the *Fair and Sustainable* structure, to look at the current zonal pay levels and to review the approach NOMS has used to address recruitment and retention issues outside of this zonal pay structure. As we stated in Chapter 3, whilst we consider it appropriate to continue this year with the current pay differentials between zones, we conclude that a full review of recruitment and retention in the *Fair and Sustainable* zones in relation to local labour markets is needed.

4.7 We recommend that NOMS arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets. The results of this review will enable us to fully consider whether the existing approach, particularly the current *Fair and Sustainable* zonal boundaries, is fit for purpose. Such a review could either be carried out by NOMS itself as a contribution to its evidence for our next report or, if we receive an appropriate remit, by us.

**Recommendation 13:** We recommend that the National Offender Management Service (NOMS) arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets.

### Motivation and morale

4.8 The evidence we received this year again showed that staff motivation and morale remain low. This seems to be at least partly in response to growing violence in prisons. We ask NOMS to keep us informed of its own monitoring of this unwelcome trend and its plans for addressing the issue and all parties to provide evidence of how they are currently supporting staff.

### Performance management

4.9 NOMS implemented the new Civil Service Employee Policy performance management process from 1 April 2014. It carried out a review of this system in 2015 which the Public and Commercial Services (PCS) Union provided to us in its evidence. This review suggested problems, particularly for its use with staff in Bands 2 to 4 and also with the outcomes for black and minority ethnic (BME) staff. As we have said in Chapter 3, we support the principle of relating pay progression to performance and want to see further evidence next year of how this system is working by grade. We ask the parties to continue to monitor the effectiveness of all aspects of the new system and update us again for our next report.

### Tornado payments

4.10 This year, NOMS told us in evidence that it was looking at revising the emergency response Tornado model for next year's submission. The payment for this work is something that we review annually, as we are aware that Tornado training is a safety-critical skill and we are keen to ensure that associated remuneration remains fit for purpose. We look forward to seeing the NOMS revised model, along with comment from the unions, for our next report along with evidence showing whether there continue to be sufficient volunteers for this work.

### Additional hours: Payment Plus and TOIL

4.11 As we note in Chapter 3, there are two main forms of additional hours – Payment Plus and time off in lieu (TOIL), although they arise in very different circumstances and are treated differently. Payment Plus is paid to prison officers for additional hours they agree to work to cover vacancies while TOIL is a debt NOMS accrues of time owed to staff because they have carried out additional, unpaid hours of work. This year, NOMS told us in evidence that it was looking at replacing Payment Plus with a “contracted hours scheme”. Looking at

the most recent TOIL information we observed that the measure we mainly considered (average TOIL per staff member) had, as far as we could compare, remained high despite the increase in staffing. We expect to see NOMS' plans for replacing Payment Plus in our next report and ask the parties to comment on the amount of TOIL owed to staff and any changes in its use.

### Operational graduate scheme members

4.12 During our 2015 visits, we met members of the operational graduate scheme in discussion groups. These staff are part of our remit and we were pleased to receive information from NOMS this year stating that it was establishing common pay rates for this group. We look forward to making recommendations on the pay of operational graduates from next year once these common pay arrangements have been implemented.

### Staff on ex-G4S grades

4.13 We were pleased to receive information this year from NOMS about the staff in our remit in ex-G4S grades. We note that those in Band 7 to 11 equivalent roles generally would not benefit from opting in because of additional benefits they currently receive in the form of healthcare payments. NOMS is working on an agreement to buy out the healthcare payments for these staff, which it says will then make opting in to *Fair and Sustainable* a financially attractive proposition. We look forward to hearing more about this agreement for our next report.

### Industrial relations

4.14 We were disappointed this year to receive no evidence from the POA. The union told us that its membership was extremely unhappy with the recommendations we made in 2015 and had voted against giving evidence for this report. We ask that the union membership reconsider its position for our next report as we again expect to be asked to make recommendations that affect them and would be better placed to do so if we were informed of their collective views and concerns through POA evidence.

4.15 We were also concerned by the apparent deterioration in relations between NOMS and all three unions during the year. We were pleased to receive the joint agreement proposing an increase to required hours addition (RHA) and it was clear that the parties had been working well together at the start of last year. However, both the Prison Governors' Association (PGA) and the PCS said in oral evidence that there had been far less communication than expected in the second half of the year and that NOMS had not discussed its proposals with them before submitting evidence to us, despite this being normal practice. In addition, public correspondence between the POA and the Government showed a similar pattern – agreements reached in the first half of the year and then a deterioration of relations in the second half. These relations are a matter for the parties but we have found that they also impact on our ability to fully evidence our decisions. It is easier for us to understand areas of concern within our remit when good communication is in place.

4.16 In recent years, industrial relations between the parties have generally been good and we have benefited from this. Similarly, we have been able to react to matters affecting the staff our remit covers because the parties' evidence has kept us informed of changes as well as clearly expressing their concerns. Good communication and relations with the parties are very important to us and this will continue to be the case.

4.17 Prison staff do an essential job in increasingly difficult conditions. We welcome the Government's plans to reform the prison system. The dedicated staff they have across the estate will have a critical role to play in the effective delivery of these plans. The recommendations we make in this report, which we consider compatible with the Government's overall policy for public sector pay, are intended to support both staff and Government in achieving this.

## Appendix A: Standing terms of reference

The role of the Prison Service Pay Review Body is to provide independent advice on the remuneration of governing governors and operational managers, prison officers and support grades in the England and Wales Prison Service. The Review Body will also provide independent advice on the remuneration of prison governors, prison officers and support grades in the Northern Ireland Prison Service.\*

In reaching its recommendations the Review Body is to take into account the following:

- The need to recruit, retain and motivate suitably able and qualified staff taking into account the specific needs of the Prison Service in England and Wales and the Northern Ireland Prison Service;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Relevant legal obligations on the Prison Service in England and Wales and the Northern Ireland Prison Service, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability;
- Government policies for improving the public services, including the requirement to meet Prison Service output targets for the delivery of services;
- The funds available to the Prison Service in England and Wales and the Northern Ireland Prison Service as set out in the Government's departmental expenditure limits; and
- The Government's inflation target.

The Review Body shall also take account of the competitiveness of the Prison Service in England and Wales with the private sector, and any differences in terms and conditions of employment between the public and private sectors taking account of the broad employment package including relative job security.

The Review Body may also be asked to consider other specific issues.



The Review Body is also required to take careful account of the economic and other evidence submitted by the Government, staff and professional representatives and others.

Reports and recommendations for the Prison Service in England and Wales should be submitted to the Prime Minister and the Lord Chancellor and Secretary of State for Justice. Reports and recommendations for the Northern Ireland Prison Service will be submitted to the Minister of Justice, Northern Ireland.

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\* The International Labour Office 336<sup>th</sup> Report of the Committee on Freedom of Association made clear that we are regarded as a compensatory mechanism for the condition that prison officers do not have the right to strike. As a result, whilst our recommendations are not legally binding, Government has confirmed that it would only depart from them in exceptional circumstances. We note this aspect of our role.

Appendix B: Minister's activation letter

 Ministry of Justice	<b>Andrew Selous MP</b> Parliamentary Under-Secretary of State for Justice	
Peter Knight Chair Prison Service Pay Review Body Office of Manpower Economics 6 <sup>th</sup> Floor, Victoria House Southampton Row London WC1B 4AD	MoJ ref: 26155  1 October 2015	
Dear Peter		
<b>THE PRISON SERVICE PAY REVIEW BODY (PSPRB) - 2016/17 PAY ROUND</b>		
I am writing to you to echo the thanks that the Chief Secretary to the Treasury (CST) has expressed for your valuable work on the 2015-16 pay round and to formally commence the 2016-17 pay round.		
So as not to be seen as attempting to undermine the independence of the pay review body, I am keen to act in accordance with the commitment made by previous Governments not to issue a formal remit letter. I would, however, draw your attention to the contents of the CST's recent letter to you advising that £20 billion of consolidation in public sector spending will be required during this Parliament and reiterating, therefore, the continued need for pay restraint.		
As such the Government has announced that it will fund public sector workforces for pay awards of no more than 1% in each of the next four years (beginning in 2016-17). This does not mean that there should be the expectation that every employee will receive 1%. Instead the Government expects pay awards to be applied in a targeted manner to support the delivery of public sector services, and to address recruitment and retention pressures. This year's evidence will seek primarily to consider these issues and enable you to consider them in respect of all staff within your remit group.		
I would be grateful if your recommendations could be forwarded by 15 February 2016.		
I am copying this letter to Michael Spurr in NOMS and to representatives of the POA, PGA and PCS.		
		
<b>ANDREW SELOUS</b>		
T 020 3334 3555 F 0870 761 7753	E <a href="mailto:general.queries@justice.gsi.gov.uk">general.queries@justice.gsi.gov.uk</a> <a href="http://www.gov.uk/moj">www.gov.uk/moj</a>	102 Petty France London SW1H 9AJ

## ***Appendix C: Prison establishments visited in 2015***

The 2015 visit programme covered the following establishments:

Dover Immigration Removal Centre#

HMP Dovegate\*

HMP Elmley

HMP Hull

HMP Send

HMP Usk

HMP Wandsworth

HMP Whatton

HMP Woodhill

# managed by HM Prison Service under contract from the Home Office

\* privately managed by Serco

**Appendix D: Current and recommended pay levels**

Current and recommended pay levels for *Fair and Sustainable* grades

Bands 11 to 7: Governor, deputy governor and head of function

*Fair and Sustainable* ranges – National

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2016	
		£ a year		£ a year	
		National		National	
		37 hour base pay	37 hour inc 15% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>74,848</b>	86,075	<b>75,596</b>	88,447
	Min	<b>62,373</b>	71,729	<b>62,997</b>	73,706
<b>Governor</b> (Band 10)	Max	<b>66,170</b>	76,096	<b>66,832</b>	78,193
	Min	<b>55,140</b>	63,411	<b>55,691</b>	65,158
<b>Deputy governor</b> (Band 9)	Max	<b>60,108</b>	69,124	<b>60,709</b>	71,030
	Min	<b>50,091</b>	57,605	<b>50,592</b>	59,193
<b>Deputy governor / Head of function</b> (Band 8)	Max	<b>46,930</b>	53,970	<b>47,399</b>	55,457
	Min	<b>39,106</b>	44,972	<b>39,497</b>	46,211
<b>Head of function</b> (Band 7)	Max	<b>40,247</b>	46,284	<b>40,649</b>	47,559
	Min	<b>33,538</b>	38,569	<b>33,873</b>	39,631

Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges are rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.

**Fair and Sustainable ranges – Outer London**

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2016	
		£ a year	£ a year	£ a year	£ a year
		Outer London		Outer London	
		37 hour base pay	37 hour inc 15% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>77,373</b>	88,979	<b>78,121</b>	91,402
	Min	<b>64,477</b>	74,149	<b>65,101</b>	76,168
<b>Governor</b> (Band 10)	Max	<b>68,695</b>	78,999	<b>69,357</b>	81,148
	Min	<b>57,244</b>	65,831	<b>57,795</b>	67,620
<b>Deputy governor</b> (Band 9)	Max	<b>62,633</b>	72,028	<b>63,234</b>	73,984
	Min	<b>52,195</b>	60,024	<b>52,696</b>	61,654
<b>Deputy governor / Head of function</b> (Band 8)	Max	<b>49,455</b>	56,873	<b>49,924</b>	58,411
	Min	<b>41,210</b>	47,392	<b>41,601</b>	48,673
<b>Head of function</b> (Band 7)	Max	<b>42,772</b>	49,188	<b>43,174</b>	50,514
	Min	<b>35,642</b>	40,988	<b>35,977</b>	42,093

## Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges are rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.



## Appendix D

### Fair and Sustainable ranges – Inner London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2016	
		£ a year	£ a year	£ a year	£ a year
		Inner London		Inner London	
		37 hour base pay	37 hour inc 15% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>78,688</b>	90,491	<b>79,436</b>	92,940
	Min	<b>65,573</b>	75,409	<b>66,197</b>	77,450
<b>Governor</b> (Band 10)	Max	<b>70,010</b>	80,512	<b>70,672</b>	82,686
	Min	<b>58,340</b>	67,091	<b>58,891</b>	68,902
<b>Deputy governor</b> (Band 9)	Max	<b>63,948</b>	73,540	<b>64,549</b>	75,522
	Min	<b>53,291</b>	61,285	<b>53,792</b>	62,937
<b>Deputy governor / Head of function</b> (Band 8)	Max	<b>50,770</b>	58,386	<b>51,239</b>	59,950
	Min	<b>42,306</b>	48,652	<b>42,697</b>	49,955
<b>Head of function</b> (Band 7)	Max	<b>44,087</b>	50,700	<b>44,489</b>	52,052
	Min	<b>36,738</b>	42,249	<b>37,073</b>	43,375

#### Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges are rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. Inner London covers – Brixton, Holloway, Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.

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**Bands 3 and 5: Operational graduate scheme rates**
*Fair and Sustainable scales – National*

Grade/Pay Band	Current pay scale £ a year
<b>Custodial manager</b> (Band 5)	28,750
<b>Prison officer</b> (Band 3)	26,450

*Fair and Sustainable scales – Outer London*

Grade/Pay Band	Current pay scale £ a year
<b>Custodial manager</b> (Band 5)	31,625
<b>Prison officer</b> (Band 3)	29,095

Note: Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

*Fair and Sustainable scales – Inner London*

Grade/Pay Band	Current pay scale £ a year
<b>Custodial manager</b> (Band 5)	33,120
<b>Prison officer</b> (Band 3)	30,469

Note: Inner London covers – Brixton, Holloway, Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.

Band 5 and Band 4: Custodial manager and supervising and specialist officers

*Fair and Sustainable scales – National*

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	National			National		
	37 hour base pay	37 hour inc 17% unsocial	39 hour inc 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
<b>Custodial manager (Band 5)</b>	<b>28,491</b>	<b>33,334</b>	<b>34,875</b>	<b>28,776</b>	<b>33,668</b>	<b>35,223</b>
	<b>27,822</b>	<b>32,552</b>	<b>34,056</b>	<b>28,100</b>	<b>32,877</b>	<b>34,396</b>
	<b>27,168</b>	<b>31,787</b>	<b>33,255</b>	<b>27,440</b>	<b>32,105</b>	<b>33,588</b>
	<b>26,529</b>	<b>31,039</b>	<b>32,473</b>	<b>26,794</b>	<b>31,349</b>	<b>32,797</b>
	<b>25,267</b>	<b>29,562</b>	<b>30,928</b>	<b>25,520</b>	<b>29,858</b>	<b>31,238</b>
<b>Supervising / Specialist officers (Band 4)</b>	<b>24,975</b>	<b>29,221</b>	<b>30,571</b>	<b>25,225</b>	<b>29,513</b>	<b>30,877</b>
	<b>24,473</b>	<b>28,633</b>	<b>29,956</b>	<b>24,730</b>	<b>28,934</b>	<b>30,271</b>
	<b>23,981</b>	<b>28,058</b>	<b>29,354</b>	<b>24,245</b>	<b>28,367</b>	<b>29,677</b>
	<b>23,499</b>	<b>27,494</b>	<b>28,764</b>	<b>23,770</b>	<b>27,811</b>	<b>29,096</b>
	<b>22,379</b>	<b>26,183</b>	<b>27,393</b>	<b>22,640</b>	<b>26,489</b>	<b>27,713</b>

Notes:

1. Base pay for these officers is based on a 37 hour week and is the basis from which other rates are calculated. These officers may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours and/or ACHP are rounded to the nearest £ at the end of the calculation.

**Fair and Sustainable scales – Outer London**

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	Outer London			Outer London		
	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
<b>Custodial manager (Band 5)</b>	<b>31,016</b>	36,289	37,965	<b>31,301</b>	36,622	<b>38,314</b>
	<b>30,288</b>	35,437	37,074	<b>30,566</b>	35,762	<b>37,414</b>
	<b>29,576</b>	34,604	36,203	<b>29,848</b>	34,922	<b>36,536</b>
	<b>28,880</b>	33,790	35,351	<b>29,145</b>	34,100	<b>35,675</b>
	<b>27,506</b>	32,182	33,669	<b>27,759</b>	32,478	<b>33,979</b>
<b>Supervising / Specialist officers (Band 4)</b>	<b>27,500</b>	32,175	33,661	<b>27,750</b>	32,468	<b>33,968</b>
	<b>26,947</b>	31,528	32,985	<b>27,205</b>	31,830	<b>33,300</b>
	<b>26,405</b>	30,894	32,321	<b>26,671</b>	31,205	<b>32,647</b>
	<b>25,874</b>	30,273	31,671	<b>26,148</b>	30,593	<b>32,007</b>
	<b>24,641</b>	28,830	30,162	<b>24,905</b>	29,139	<b>30,485</b>

**Notes:**

1. Base pay for these officers is based on a 37 hour week and is the basis from which other rates are calculated. These officers may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours and/or ACHP are rounded to the nearest £ at the end of the calculation.
3. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	Inner London			Inner London		
	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
<b>Custodial manager</b> (Band 5)	<b>32,331</b>	37,827	39,575	<b>32,616</b>	38,161	39,924
	<b>31,572</b>	36,939	38,646	<b>31,850</b>	37,265	38,986
	<b>30,830</b>	36,071	37,738	<b>31,102</b>	36,389	38,071
	<b>30,105</b>	35,223	36,850	<b>30,370</b>	35,533	37,175
	<b>28,673</b>	33,547	35,097	<b>28,926</b>	33,843	35,407
<b>Supervising /</b> <b>Specialist officers</b> (Band 4)	<b>28,815</b>	33,714	35,271	<b>29,065</b>	34,006	35,577
	<b>28,236</b>	33,036	34,562	<b>28,495</b>	33,339	34,879
	<b>27,668</b>	32,372	33,867	<b>27,936</b>	32,685	34,195
	<b>27,112</b>	31,721	33,187	<b>27,389</b>	32,045	33,526
	<b>25,820</b>	30,209	31,605	<b>26,087</b>	30,522	31,932

## Notes:

1. Base pay for these officers is based on a 37 hour week and is the basis from which other rates are calculated. These officers may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours and/or ACHP are rounded to the nearest £ at the end of the calculation.
3. Inner London covers – Brixton, Holloway, Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.

## Band 3 and Band 2: Prison officer and operational support grades

## Fair and Sustainable scales – National

Grade/ Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	National			National		
	37 hour inc 17% unsocial	39 hour inc & 17% unsocial	37 hour inc 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
<b>Prison officer (Band 3)</b>	<b>19,566</b>	22,892	24,161	<b>19,762</b>	23,122	24,403
	<b>19,184</b>	22,445	23,690	<b>19,376</b>	22,670	23,927
	<b>18,807</b>	22,004	23,224	<b>18,995</b>	22,224	23,456
	<b>18,440</b>	21,575	22,771	<b>18,624</b>	21,790	22,998
	<b>17,560</b>	20,545	21,684	<b>17,736</b>	20,751	21,902
<b>OSG (Band 2)</b>		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
	<b>15,916</b>	18,622	19,482	<b>16,075</b>	18,808	19,677
	<b>15,559</b>	18,204	19,045	<b>15,761</b>	18,440	19,292
	<b>14,860</b>	17,386	18,189	<b>15,009</b>	17,561	18,372

## Notes:

1. Base pay for these staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours, and/or ACH or ACHP are rounded to the nearest £ at the end of the calculation.

## 66 Fair and Sustainable scales – Outer London

Grade/ Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	Outer London			Outer London		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
<b>Prison officer (Band 3)</b>	<b>22,091</b>	25,846	27,279	<b>22,287</b>	26,076	27,521
	<b>21,660</b>	25,342	26,747	<b>21,852</b>	25,567	26,984
	<b>21,234</b>	24,844	26,221	<b>21,422</b>	25,064	26,453
	<b>20,820</b>	24,359	25,710	<b>21,004</b>	24,575	25,937
	<b>19,826</b>	23,196	24,482	<b>20,003</b>	23,404	24,701
<b>OSG (Band 2)</b>	<b>18,441</b>	21,576	22,573	<b>18,600</b>	21,762	22,767
	<b>18,027</b>	21,092	22,066	<b>18,237</b>	21,337	22,323
	<b>17,217</b>	20,144	21,075	<b>17,367</b>	20,319	21,258

## Notes:

1. Base pay for these staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours, and/or ACH or ACHP are rounded to the nearest £ at the end of the calculation.
3. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

## Fair and Sustainable scales – Inner London

Grade/ Pay Band	Current pay scales			Recommended pay scales from 1 April 2016		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	Inner London			Inner London		
	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial	37 hour base pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
<b>Prison officer (Band 3)</b>	<b>23,406</b>	27,385	28,903	<b>23,602</b>	27,614	29,145
	<b>22,949</b>	26,850	28,339	<b>23,141</b>	27,075	28,576
	<b>22,498</b>	26,323	27,782	<b>22,686</b>	26,543	28,014
	<b>22,059</b>	25,809	27,240	<b>22,243</b>	26,024	27,467
	<b>21,006</b>	24,577	25,940	<b>21,182</b>	24,783	26,157
<b>OSG (Band 2)</b>	<b>19,756</b>	23,115	24,182	<b>19,915</b>	23,301	24,377
	<b>19,313</b>	22,596	23,640	<b>19,526</b>	22,845	23,901
	<b>18,445</b>	21,581	22,578	<b>18,594</b>	21,755	22,760

## Notes:

1. Base pay for these staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay scales are rounded to the nearest £. Those which include 17 per cent unsocial working hours, and/or ACH or ACHP are rounded to the nearest £ at the end of the calculation.
3. Inner London covers – Brixton, Holloway, Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.



## Appendix D

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### Pay levels for pre-Fair and Sustainable grades

#### Pre-Fair and Sustainable operational manager scales

We make no recommendation on pay for operational managers on the closed, NOMS pre-Fair and Sustainable scales which remain as set out below.

Grade	Current pay scale £ a year
<b>Senior manager A</b>	82,892
	80,460 <sup>#</sup>
	75,195 <sup>#</sup>
	71,730 <sup>#</sup>
	69,025 <sup>#</sup>
	66,620 <sup>#</sup>
	64,765 <sup>#</sup>
<b>Senior manager B</b>	80,458
	75,195
	71,730
	69,025 <sup>#</sup>
	66,620 <sup>#</sup>
	64,765 <sup>#</sup>
	60,980 <sup>#</sup>
<b>Senior manager C</b>	72,458
	67,710
	65,340 <sup>#</sup>
	62,690 <sup>#</sup>
	58,970 <sup>#</sup>
	56,920 <sup>#</sup>
<b>Senior manager D</b>	61,038
	56,595 <sup>#</sup>
	52,960 <sup>#</sup>
	51,277 <sup>#</sup>
	50,630 <sup>#</sup>
	45,700 <sup>#</sup>
<b>Senior manager D*</b> (closed – RHA inclusive)	66,567
	61,239 <sup>#</sup>
	56,964 <sup>#</sup>
	54,894 <sup>#</sup>
	50,909 <sup>#</sup>
	47,244 <sup>#</sup>

Grade	<i>Current pay scale £ a year</i>
<b>Manager E</b>	46,024
	41,545 <sup>#</sup>
	39,645 <sup>#</sup>
	36,425 <sup>#</sup>
	34,700 <sup>#</sup>
	33,335 <sup>#</sup>
<b>Manager F</b>	39,041
	34,745
	33,070
	31,745
	30,700 <sup>#</sup>
	29,685 <sup>#</sup>
<b>Required hours addition (D*-F)</b>	5,529

\* Except for those on the closed senior manager D scale (i.e. those in the grade before 22 July 2009 who chose not to move to the new senior manager D scale) the required hours addition (RHA) is paid separately at the current rate of £5,529.

<sup>#</sup> These scale points are now, and will remain, unoccupied.

## Appendix D

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### Pre-Fair and Sustainable officer and support grades

We make no recommendation on pay for officer and support grades on the closed, NOMS pre-Fair and Sustainable scales which remain as set out below.

Grade	Current pay scale £ a year
<b>Principal officer</b>	33,872
	32,080 <sup>#</sup>
<b>Senior officer</b>	31,481
<b>Prison officer</b>	29,219
	26,174 <sup>#</sup>
	24,111 <sup>#</sup>
	22,898 <sup>#</sup>
	21,777 <sup>#</sup>
	20,962 <sup>#</sup>
<b>Prison officer 2*</b>	18,821 <sup>#</sup>
	17,170
	16,665 <sup>#</sup>
	16,160 <sup>#</sup>
<b>Operational support grade</b>	15,342 <sup>#</sup>
	18,943
	18,023
	17,493
	16,983 <sup>#</sup>
<b>Night patrol</b>	16,493 <sup>#</sup>
	16,115 <sup>#</sup>
	15,454
<b>Prison auxiliary</b>	14,640

\* Base pay for those on the prison officer 2 scale is based on a 37 hour week (those on this scale may qualify for an additional unsocial hours payment of 17 per cent). Pay for all other closed, pre-Fair and Sustainable scales shown is based on a 39 hour week.

<sup>#</sup> These scale points are now, and will remain, unoccupied.

**Closed former HMP Wolds grades\***

We make no recommendation on pay for officer and operation support grade equivalents on the closed, HMP Wolds scales which remain as set out below.

Grade	<i>Current pay scale £ a year</i>
<b>Prison officer</b>	24,278
	23,111
	22,272
	18,916
<b>Security officer</b>	18,661
<i>(Operational support grade equivalent)</i>	17,882
	15,562

\* We understand that operational manager grades are on individual salaries.

## **Appendix E: Locality Pay Allowance rates**

We recommend no change to legacy Locality Pay Allowance (LPA) rates for the closed, pre-*Fair and Sustainable* grades so the rates remain as follows.

<i>Rating structure</i>	<i>£ a year</i>
Rate 1	4,250
Rate 2	4,000
Rate 3	3,100
Rate 4	2,600
Rate 5	1,100
Rate 6	250

**Establishments/sites covered:**

Rate 1	Brixton, Holloway, Pentonville, Wandsworth and Wormwood Scrubs
Rate 2	Feltham, Huntercombe, The Mount and Westminster headquarters
Rate 3	Belmarsh, Bronzefield*, Coldingley, Downview, High Down, Isis and Send
Rate 4	Aylesbury, Bedford, Bullingdon, Chelmsford, Grendon and Woodhill
Rate 5	Lewes and Winchester
Rate 6	Birmingham*, Bristol, Littlehey, Long Lartin and Onley

**Notes:**

Only payable to those staff in post at 31 March 2012.

\* Payable to eligible staff in the controller's office at these establishments.

## Appendix F: Allowances and payments

We make two recommendations on allowances and payments; introducing a second rate for the care and maintenance of dogs allowance and increases to both dirty protest allowance rates. Below are all the allowances with the recommended – or continuing – rates from 1 April 2016.

<i>Allowances</i>	<i>Closed Scales</i>	<i>Fair and Sustainable Scales</i>
	From 1 April 2016	From 1 April 2016
<b>Care and maintenance of dogs<sup>1</sup></b>		
(rate 1) – single dog	£1,526 a year	£1,526 a year
(rate 2) – multiple dogs	£1,908 a year	£1,908 a year
<i>Specialist allowance</i>		
Healthcare officers	£1,296 a year	
Caterers, dog handlers, librarians, physical education instructors, trade instructors and works officers	£1,200 a year	
<i>Payments</i>		
Operation Tornado payment (Officers)	£19.86 per hour	£19.86 per hour
Operation Tornado payment (OSG) <sup>2</sup>	£14.00 per hour	£14.00 per hour
Payment Plus	£17.00 per hour	£17.00 per hour
<i>Allowances</i>		
<b>Dirty protest allowance<sup>3</sup></b>		
four hours or less per day	£10.00 per day	£10.00 per day
over four hours per day	£20.00 per day	£20.00 per day
On-call (radio pager)		
weekdays	£5.67 per period of more than 12 hours	
weekends and privilege holidays	£16.13 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£20.41 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home)		
weekdays	£7.09 per period of more than 12 hours	

## Appendix F

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<i>Allowances</i>	<i>Closed Scales</i>	<i>Fair and Sustainable Scales</i>
Weekends and privilege holidays	£20.17 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£25.47 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home) <sup>4</sup>		
Weekdays and privilege holidays		£9.00 per period of 12 hours or more
weekends and public holidays		£25.00 per period of 24 hours or more or proportionately for periods of less than 24 hours
(hourly rate)		(£1.04 per hour whilst on call outside of normal office hours)
Stand by (office)		
weekdays	£13.43 per period of more than 12 hours	
weekends and privilege holidays	£38.46 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£48.26 per 24 hour period or proportionately for periods of less than 24 hours	

### Notes:

1. We have introduced a second rate for the care and maintenance of dogs allowance. This means there is now two rates – one for care of a single dog (amount is still £1,526 a year) and one for care of multiple dogs (amount is 25 per cent more than the single rate – £1,908 a year).
2. NOMS introduced a new rate for OSGs as part of a joint agreement with the POA.
3. The rates for the dirty protest allowance have been increased to £10.00 for four hours or less per day and £20.00 for over four hours per day (from £5.75 and £11.50 respectively).
4. For staff on open scales the on-call payments are payable as two rates only: (a) Work days and (b) Rest days or weekends and bank or public holidays.

## **Appendix G: Notional rent**

We make no recommendation on notional rents which remain as set out below.

<i>Rent</i>	<i>Current level</i>
Notional rent for quarters	
former governor I	£3,804 a year
former governor II	£3,762 a year
former governor III	£3,615 a year
former governors IV/V	£2,516 a year
prison officers / support grades	£1,675 a year



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