



Prison Service
Pay Review Body

Thirteenth Report on England and Wales 2014

Chair: Dr Peter Knight CBE



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on

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**Presented to Parliament by the
Prime Minister and the Lord Chancellor and Secretary of State
for Justice by Command of Her Majesty
March 2014**



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Office of Manpower Economics
Victoria House
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The membership of the
Prison Service Pay Review Body

is

Dr Peter Knight CBE (*Chair*)

Professor John Beath

Elaine Hartin

Karen Heaton

Ann Jarvis

Esmond Lindop

Peter Maddison QPM

Jan Parkinson*

The secretariat is provided by the
Office of Manpower Economics

*Sadly, Jan Parkinson died in January 2014 before she could complete her first year as a member. Her contributions to the work of the Review Body will be missed.

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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
CPI	Consumer Prices Index
F&S	Fair and Sustainable
GDP	Gross Domestic Product
HMP	Her Majesty's Prison
IDS	Incomes Data Services
IPSPC	Independent Public Service Pensions Commission
JES	job evaluation scheme
LPA	Locality Pay Allowance (refers to the closed rates in Appendix F)
MoJ	Ministry of Justice
NOMS	National Offender Management Service
NTRG	Prison Service National Tactical Response Group
OBR	Office for Budget Responsibility
OSG	operational support grade
PCS	Public and Commercial Services Union
PGA	Prison Governors' Association
PO2	prison officer 2
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
TOIL	time off in lieu
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006 arrangements
VEDS	voluntary early departure scheme

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

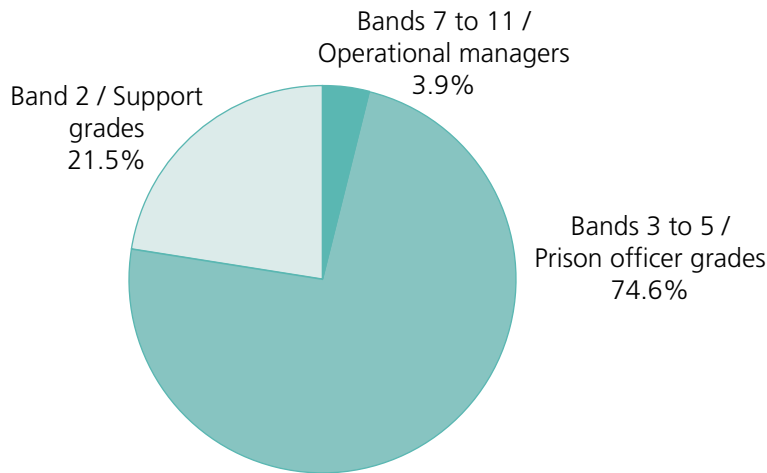
The National Offender Management Service (NOMS) is responsible for adult and young offender management services for England and Wales within the framework set by the government. It is an Executive Agency of the Ministry of Justice. The agency currently manages HM Prison Service and the probation trusts and oversees privately run prisons. 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 punishment and orders of the courts, and supporting rehabilitation by helping offenders to reform their lives.

On 24 January 2014, the prisoner population was 84,633, 0.9 per cent higher than a year earlier.

NOMS paybill costs relating to the remit group in 2012-13 were approximately £1.1 billion (including social security and other pension costs).ⁱ

At the end of December 2013, there were 26,046 staff in our remit. The composition is shown below.

Our remit group in England and Wales, as at 31 December 2013



	Headcount
Bands 7 to 11 / Operational managers	1,004
Bands 3 to 5 / Prison officer grades	19,443
Band 2 / Support grades	5,599

Source: NOMS

Note: The figures here are for 31 December 2013 which are different from those shown in Table 2.3 which are for 31 March 2013.

ⁱThe 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.

Prison Service Pay Review Body 2014 Report on England and Wales

Summary

Introduction

Our recommendations on pay from 1 April 2014 are:

Recommendation 1: We recommend that the Band 2 to 5 pay points for all zones be increased by one per cent from 1 April 2014, as set out in Appendix E. (page 22)

Recommendation 2: We recommend staff in Bands 2 to 5 who are in post on 31 March 2014, below the maximum and achieve a performance marking of 'Achieved' or 'Exceeded', progress by one pay point effective from 1 April 2014. (page 22)

Recommendation 3: We recommend that the pay points for the closed officer and support grades (principal officer, senior officer, prison officer, prison officer 2, operational support grade, night patrol, storeman and prison auxiliary) be increased by one per cent from 1 April 2014, as set out in Appendix E. (page 22)

Recommendation 4: We recommend the Band 7 to 11 pay ranges be amended from 1 April 2014 as set out in Appendix E. (page 23)

Recommendation 5: We recommend staff in Bands 7 to 11 who are in post on 31 March 2014 and achieve a performance marking of 'Achieved' or 'Exceeded', receive four per cent consolidated pay progression effective from 1 April 2014, capped at the Band maximum. (page 23)

Recommendation 6: We recommend staff in Bands 7 to 11 who are in post on 31 March 2014 who receive an 'Exceeded' box marking, receive an additional one per cent non-consolidated pay award based on their 31 March 2014 pay. (page 24)

Recommendation 7: We recommend that the pay points and spot rates for the staff at the former HMP Wolds who transferred from G4S to NOMS in equivalent grades to the closed officer and support grades be increased by one per cent from 1 April 2014. (page 24)

Recommendation 8: We recommend that the Tornado payment is increased by one per cent to £19.51 per hour from 1 April 2014, as set out in Appendix G. (page 26)

Our remit and approach this year

In his 2011 Autumn Statementⁱⁱ the Chancellor of the Exchequer announced that the Government would seek public sector pay awards of an average of one per cent for each of the two years after the pay freeze for public sector workers paid over £21,000 a year came to an end. In his 2013 Budgetⁱⁱⁱ the Chancellor stated that this policy would be extended by another year: "public sector pay awards in 2015-16 will be limited to an average of up to one per cent".

The activation letter from the Prisons Minister for this 2014 pay round drew our attention to the Government's policy but, for the second year running, did not restrict our remit.

ⁱⁱ HM Treasury. *Autumn Statement 2011*. Cm 8231. TSO, 2011. Available at: <http://www.official-documents.gov.uk/document/cm82/8231/8231.pdf> (accessed on 6 February 2014).

ⁱⁱⁱ HM Treasury. *Budget 2013*. HC 1033. TSO, 2013. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221885/budget2013_complete.pdf (accessed on 6 February 2014).

In preparing this report we have therefore considered the full remit group and made recommendations in accordance with our standing terms of reference. Our recommendations are based on the evidence we received from the parties, views we heard from staff during our visit programme in 2013 and information on the remit group set in the current economic and labour market context.

Context and evidence

The four years to 2012 were characterised by little overall economic growth in the UK following the 2008-2009 recession. The 2013 Gross Domestic Product figures, however, show clear signs of improvement. Inflation returned to the Government's target in December 2013 for the first time in four years.

The Government's policies of pay freeze and pay restraint set out above have resulted in pay awards for prison service staff below inflation in recent years. Alongside this is the reform of public sector pensions, which has meant increasing contributions and decreasing take-home pay for the majority of remit group staff.

The National Offender Management Service (NOMS) continues to operate within financial constraints set as part of the Spending Review in 2010 affecting the money available for pay increases to Service staff. As part of a restructuring to live within reduced budgets, it has implemented *Fair and Sustainable*, although fewer staff have chosen to opt in to the new structure than anticipated. Following implementation of *Fair and Sustainable*, NOMS is now operating the Prison Unit Cost Programme which is reviewing staffing across the estate on an establishment-by-establishment basis. NOMS said it was moving to leaner and more affordable working structures and a reduced unit cost for prison places. This aims to put the public sector prison service in a sustainable position.

Recruitment and retention data show a low turnover of staff despite the operation of voluntary early departure schemes (VEDS) in some places. However, evidence on staff motivation shows a clear decrease from what was already a low level. On average, among the remit group, there were a smaller percentage of positive responses to the 2013 Civil Service Staff Engagement Survey than in 2012. These survey results were in line with the evidence we heard from the unions and from the staff during our visits to establishments. Staff told us they were increasingly demotivated by the long period of pay freeze and pay restraint accompanied by increased pension contributions whilst annual inflation remained well over one per cent. Also, there had been a general expectation that the Government's pay policy would mean a one per cent consolidated increase for all staff and so staff had been disappointed by our recommendations last year.

In its evidence to us this year NOMS proposed changes to existing *Fair and Sustainable* pay points and ranges so that more staff would clearly benefit from opting in to the new pay structure. NOMS also proposed one pay point progression for staff in Bands 2 to 5 and a roughly equivalent four per cent progression increase for staff in the open pay ranges for Bands 7 to 11. NOMS proposed no increase in the pay of staff on the closed grades, in allowances or in the locality pay elements.

The POA proposed a three per cent consolidated increase in total pay for all staff in the remit group. It asked for an increase to the percentage payment for unsocial hours worked, for additional committed hours to be pensionable and for a 10 per cent increase to the Tornado payment. The Prison Governors' Association (PGA) proposed a five per cent increase for the grades it represented and indicated that it expected a greater increase for staff on the pay ranges which did not have increments. The PGA also asked for changes to the payment for unsocial hours for Bands 7 to 11. The Public and Commercial Services Union (PCS) asked for pay increases for staff of five per cent or £1,200 if greater, or for them to be at least "inflation

proof". In addition the PCS suggested an allowance for staff on promotion who would lose locality pay. Finally, the PCS again raised concerns about the coverage of our remit as our recommendations read across directly to non-operational staff.

Our recommendations on pay for 2014

Before summarising our recommendations for 2014, it is important to set them in context and explain our thinking.

We are supportive of the Government's efforts to make the public sector prison service sustainable and put it on a competitive footing with the private sector. We welcomed the introduction of the *Fair and Sustainable* pay system as the approach collectively agreed with the POA to achieve this.

However the differences between the pay of prison officers on the closed grades and those joining on the new *Fair and Sustainable* scales are significant. This means that, in the current climate of reductions in public sector budgets and pay restraint, the potential for NOMS to effect a rapid transition to *Fair and Sustainable* is seriously constrained. Also, it has been a number of years since the majority of prison officers (the largest staff group within our remit) saw any consolidated pay increase in the face of increases in the cost of living and pension contributions.

We understand both this context and the importance of NOMS continuing to reform the cost base of the prison service. Our evidence this year exposed the very serious issue of a further fall in motivation and morale from its previous low level which threatens this progress. Our recommendations this year therefore attempt to balance two main issues: to continue to encourage those on the closed scales to opt in to the new system; and to mitigate the potentially critical issue of motivation, among prison officers in particular, that threatens productivity and effectiveness.

On the first, we agree with the view expressed by the parties in their evidence that there is more to be done in engaging with staff and explaining the new *Fair and Sustainable* system to them. We have therefore recommended the measures that NOMS proposed for managers which, like NOMS, we hope will encourage and incentivise managers to opt in to *Fair and Sustainable* and "lead by example".

Alongside this, we concluded that there is a compelling case this year for a pause in the approach of increasing the incentive for opting in for officer and support grades in order to address the decline in motivation. We have therefore recommended an award for these groups of staff on both *Fair and Sustainable* pay zones and in closed grades that would see them receive the consolidated, one per cent award that many of them feel was implicit in the Government policy.

Our only recommendation on allowances is to increase the Tornado payment by one per cent. While there was no compelling evidence that the current level was causing problems, we are clear that we do not want to have to react to a problem with Tornado after the event and so recommend an increase in line with the main award. All other allowances and the closed Locality Pay Allowance rates should remain at existing levels.

We recognise the impact of these recommendations on NOMS's overall financial trajectory but are convinced this award is a necessary investment in a more efficient and effective transition to *Fair and Sustainable* in the longer term. We hope it will lead to improved staff engagement and industrial relations which will be important as NOMS develops the new performance management system which we also consider to be an important underpinning to a sustainable, affordable pay system in the future.

We do not want this to be taken as anything other than our conclusion for this year. It sets no precedent for 2015 or future years, when, as always, we will consider afresh the full evidence within the bounds of our remit.

Looking ahead

We welcome the collaboration that has already taken place between the parties to agree and implement *Fair and Sustainable*. However, only a small proportion of all staff are currently on the new pay structure. We therefore would like to see from NOMS next year a strategy and implementation plan for moving all staff to the *Fair and Sustainable* pay structure. In addition, we ask all the unions to inform their members about the new pay structure and ensure that they understand how and when they could benefit from opting in to *Fair and Sustainable*. Also, we want complete information next year about the performance management system, and in particular about how progression in the open pay ranges for Bands 7 to 11 will operate in future.

We noted this year that we received little evidence about the new zonal pay structures and how they were working. We accept that evidence about the effectiveness of the *Fair and Sustainable* pay zones is most likely to emerge or change gradually over time. We have concluded that the most appropriate way to review the zonal pay structure in future will be to address the issue in detail every two or three years rather than expect substantial evidence from the parties annually. Therefore, we plan to review locality pay in more detail for our 2015 report and ask the parties to include information about locality pay as part of their evidence to us for next year's round.

Motivation is part of our remit and it is clearly both low and has decreased. NOMS has proposed to commission a piece of qualitative research to look at the specific role of reward in the engagement and motivation of the workforce. It described this as a shared study overseen by a joint working group from the parties. We expect this work to be given appropriate priority and ask the parties to deliver their findings for our next report.

Finally, we note progress reports from the parties on the ongoing issue of the coverage of our remit. This was previously raised by the PCS as our recommendations now automatically apply to non-operational staff on the new *Fair and Sustainable* structure. Having heard from the parties on this issue in evidence, we accept that they have conflicting views on this matter. We will, of course, continue to monitor any progress with great interest.

Chapter 1: Introduction

Our role

1.1 The Prison Service Pay Review Body (PSPRB) was established under statute¹ 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 2013 report, we made recommendations relating to the new *Fair and Sustainable* pay structure, for staff on *Fair and Sustainable* and for those on the closed pay structures:

- The introduction in *Fair and Sustainable* of the pay points for Bands 4 and 5 and of pay ranges for Bands 7, 8, 9, 10 and 11.
- Amendments to the pay points for Bands 2 and 3.
- Staff in Bands 2 to 5 to receive one point of pay progression.
- Staff in Bands 7 to 11 to receive 1.5 per cent consolidated pay progression. Also, for those receiving an 'Exceeded' box marking to receive a one per cent non-consolidated pay award.
- Prison officers and manager Gs at the maximum of the old, pre-*Fair and Sustainable* grade and senior officers in the old, pre-*Fair and Sustainable* grade to receive a non-consolidated payment of £250.

1.3 We also recommended that the parties² should work together on a number of issues and present their findings to us in time for our 2014 report. These issues were:

- To measure the percentage of unsocial working hours in the working time of staff across our remit group.
- To discuss the apparent inconsistency of prison officers in Band 3 receiving non-pensionable additional committed hours (ACH) rather than the pensionable ACHP paid to those in other bands and reach an agreed position.
- To provide evidence on time off in lieu (TOIL) including proposals to address it if the balance has increased.
- To provide evidence on how job evaluation is being used to help manage the transition to *Fair and Sustainable* and ensure equal pay for work of equal value.
- To agree an approach to measuring motivation in the future.
- To discuss the issue of representation of non-operational staff and the scope of our remit and bring forward proposals.

¹ The Prison Service (Pay Review Body) Regulations 2001 (SI 2001 No. 1161). Available at: <http://legislationline.org/documents/action/popup/id/7249> (accessed on 6 February 2014). PSPRB covers England and Wales, and Northern Ireland; the Scottish Prison Service is outside our remit.

² The parties are the National Offender Management Service (NOMS), the POA (the Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers), the Prison Governors' Association (PGA) and the Public and Commercial Services Union (PCS).

1.4 In addition we asked for further evidence on developing areas for our next report:

- NOMS and the PGA to provide further information on the pay ranges for Bands 7 to 11 and progression of staff in these bands.
- NOMS to provide information on the Civil Service Employee Policy performance management system.
- NOMS to develop its plans for addressing the issue of staff financially “trapped” by locality pay.

1.5 The Government accepted all our recommendations. It implemented the pay changes from 1 April 2013.³ We are, however, concerned that the parties’ progress on the majority of the other recommendations has been slower than we had hoped. We consider these issues later in this report.

Our remit this year

1.6 In his Autumn Statement on 29 November 2011⁴ the Chancellor of the Exchequer announced that the pay freeze for public sector workers paid over £21,000 a year which was to run to 2012-13 would be followed by a further two years of public sector pay restraint. The Chancellor said the Government would seek public sector pay awards of an average of one per cent for each of the two years 2013-14 and 2014-15. In his Budget on 20 March 2013⁵ the Chancellor announced that this policy would be extended by another year: “public sector pay awards in 2015-16 will be limited to an average of up to one per cent”.

1.7 The Chief Secretary to the Treasury wrote to our Chair on 23 July 2013 and reiterated many of the points he made last year for this second year of pay restraint.⁶ He said that the majority of public sector workforces were unlikely to experience significant recruitment and retention issues. Also, he reiterated his argument that pay restraint was necessary for fiscal sustainability, to support the quality of public services and to protect public sector jobs.

1.8 The Prisons Minister, Jeremy Wright MP, wrote to our Chair on 18 September 2013 asking us to begin our work for the 2014-15 pay round and to make recommendations by 17 February 2014. The regulations establishing the PSPRB allow Ministers to specify the matters referred to us and for 2011-12 and 2012-13 we were restricted to considering only those paid up to £21,000 a year. For the second year running, however, the Minister’s activation letter, whilst drawing our attention to the Government’s public sector pay policy, contained no restriction. We have therefore considered our full remit group and made recommendations we thought 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.

Visits

1.9 In 2013 we visited eight establishments to hear the views of our remit group and their private sector equivalents (listed at Appendix C).⁷ 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 the pay freeze and pay restraint, on the move to *Fair and Sustainable* and on other issues which affected areas covered by our terms of reference. Visits typically included: discussions with support staff, with staff in the uniformed grades and with operational managers; a briefing with the governing governor; a meeting with local trade union representatives; a tour of the establishment during which we could talk informally to staff; and one of our members ‘shadowing’ individual staff as they went about their work.

³ The Written Ministerial Statement accepting our recommendations can be found at: <http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm130314/wmstext/130314m0001.htm#13031441000009> (accessed on 6 February 2014).

⁴ HM Treasury. *Autumn Statement 2011*. Cm 8231. TSO, 2011. Available at: <http://www.official-documents.gov.uk/document/cm82/8231/8231.pdf> (accessed on 6 February 2014).

⁵ HM Treasury. *Budget 2013*. HC 1033. TSO, 2013. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/221885/budget2013_complete.pdf (accessed on 6 February 2014).

⁶ This letter can be found on the OME website at: <https://www.gov.uk/government/organisations/prison-services-pay-review-body> (accessed on 6 February 2014).

⁷ These were supplemented by introductory visits for members who joined the Review Body this year.

1.10 Our visits in 2013 greatly added 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 very pleased to see staff attending and providing their views to us and hope to see more people in future years. 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 evidence base

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

- Written and oral evidence from the parties.
- Economic data from the Office for National Statistics.
- Statistical data provided by NOMS in August 2013 which were shared with all the parties.
- Information gathered during our visits to prison establishments.

1.12 Following receipt of the Minister's activation letter, our secretariat invited all the parties to submit written evidence. We received these submissions in October 2013. We held oral evidence sessions in November and December with:

- The Prisons Minister, Jeremy Wright MP, together with NOMS officials led by Chief Executive Officer, Michael Spurr, and accompanied by an official from HM Treasury.
- The POA, represented by Peter McParlin, National Chairman, Steve Gillan, General Secretary, other members of the National Executive Committee and officials.
- The PGA represented by Eoin McLennan-Murray, PGA President, Paddy Scriven, General Secretary and other members of the National Executive Committee.
- The PCS represented by Chris Poyner, NOMS Group President, Larry O'Callaghan, Group Secretary and Julian Van Looy, NOMS Group Vice President.

Our 2014 report

1.13 We set out in Chapter 2 the national economic indicators 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

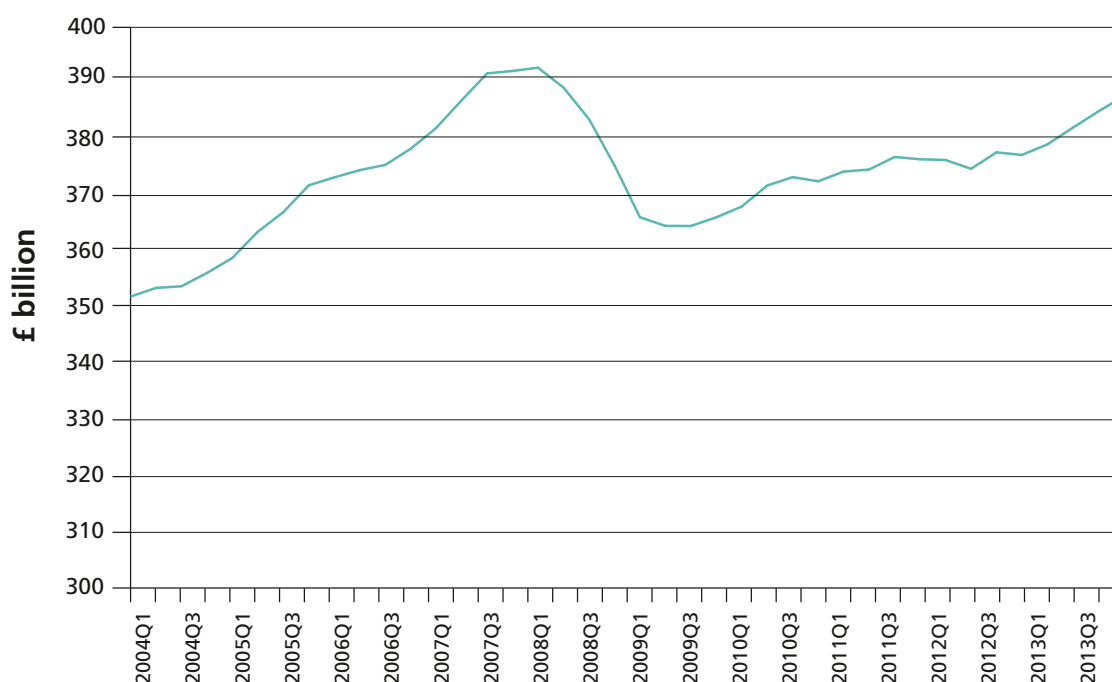
2.1 This chapter sets the context for our recommendations. It provides information on the main economic indicators we considered and details of the pension scheme changes affecting prison service staff. It describes the impact of the Spending Review 2010 on the National Offender Management Service (NOMS) and gives updated background information on our remit group staffing, workforce restructuring, job evaluation, performance management and prison competitions. The chapter sets out the evidence for our remit group in terms of recruitment and retention, motivation and morale, and competitiveness with the private sector. It concludes with the parties' proposals to us.

National context

Economic and labour market

2.2 There was evidence of an improvement in the UK economy in 2013, as Gross Domestic Product (GDP) grew by 1.9 per cent compared to 2012. Notwithstanding this increase, GDP is still 1.3 per cent below its pre-recession peak (Figure 2.1). The Office for Budget Responsibility (OBR) took the view that, whilst the economy grew faster in 2013 than it initially forecast, it expects this rate of growth to slow in 2014. In December, the OBR forecast that GDP will grow by 2.4 per cent in 2014.⁸

Figure 2.1: Quarterly Gross Domestic Product, reweighted volumes, 2004 to 2013 (at 2010 prices, seasonally adjusted)



Source: Office for National Statistics

⁸ The OBR economic forecast can be found at: <http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2013/> (accessed on 6 February 2014).

2.3 The headline inflation rate based on the Consumer Prices Index (CPI) had been above the Bank of England’s target level of 2.0 per cent since December 2009. However, in December 2013, the latest available data, the annual rate of increase of the CPI returned to 2.0 per cent, down from 2.7 per cent at the start of 2013. The Retail Prices Index (RPI) measure of inflation grew by 2.7 per cent in the year to December 2013, down from 3.3 per cent annual growth at the start of the year (Figure 2.2).

2.4 The Bank of England revised its inflation forecast down in its most recent inflation report (in November 2013), reflecting unexpectedly low out-turns and the recent appreciation of sterling. The Bank reported that inflation is set to be close to the 2.0 per cent target during 2014 as the impetus from past increases in import prices fades and a gradual revival in productivity growth, together with a persistent margin of spare capacity, curbs domestic price pressures. The OBR expects a CPI inflation rate of 2.2 to 2.4 per cent through 2014, held above target by expected utility price increases. It forecasts RPI annual inflation at around 3.0 per cent through 2014, boosted above the CPI rate by house price increases. The Treasury panel of independent forecasters expects a slightly higher CPI inflation rate of 2.3 per cent at the end of 2014, with the RPI annual rate at 3.0 per cent.

Figure 2.2: Inflation (CPI and RPI), 2009 – 2013



Sources: Office for National Statistics and HM Treasury

2.5 Employment⁹ reached a low point of 28.8 million at the start of 2010 having fallen from a peak of 29.6 million in the spring of 2008. The level has been rising consistently since the end of 2011, to reach a record level of 30.15 million in the three months to November 2013. The number of people employed in the public sector was 5.67 million in September 2013.¹⁰ This was up 4,000 from the figure in June 2013 but down 52,000 from a year earlier. The number of people employed in the private sector in September 2013 was 24.42 million, an increase of 246,000 from June 2013, and up by 537,000 over the year.

⁹ The Labour Force Survey data for all age 16+.

¹⁰ These are published by the Office for National Statistics which states the sources are the Labour Force Survey and returns from public sector organisations.

2.6 The OBR revised up its employment forecast in December 2013, with total employment expected to reach 31.2 million in 2018. The OBR said that it expected total private sector (market) employment to rise by 3.1 million between the start of 2011, the beginning of the period covered by the Government's 2010 Spending Review, and the start of 2019. This would more than offset the expected 1.1 million fall in general government employment over the same period.

2.7 According to the Labour Force Survey, there were 2.32 million people unemployed in the quarter September to November 2013. This was 167,000 down from the previous quarter and 172,000 fewer than a year earlier. The unemployment rate was 7.1 per cent (September to November 2013), down 0.5 percentage points from the previous quarter and 0.6 percentage points from a year earlier. The OBR said in its December forecast that it expected unemployment to fall steadily over the next few years, reaching 7.0 per cent in mid-2015 and 6.0 per cent by the end of 2017.

2.8 In recent months, the median level of pay settlements has fallen towards 2.0 per cent. Both Incomes Data Services (IDS) and XpertHR put the most recent figure, for the three months to November, at 2.0 per cent. Since the start of 2011, median levels of pay settlements have been fairly stable and they have remained below the level of inflation. There was a slight downward shift in pay settlements in 2013 compared to 2012; fewer were at 3.0 per cent and above, and more were in the range 2.0 to 2.9 per cent, with similar proportions below this range in both years. The proportion of private sector pay reviews that have resulted in pay freezes over the last three years has remained fairly stable and it stood at eight per cent for 2013 on IDS's latest figures. A number of civil service departments have made one per cent awards from August. Early indications suggest a pay settlement median of 2.5 per cent overall for the start of 2014, while the continuing public sector pay policy implies that the public sector median will remain at 1.0 per cent.

2.9 The whole economy Average Weekly Earnings (AWE) index was 0.9 per cent higher in the three months to November 2013 compared with the same period a year earlier. Private sector AWE grew by 1.2 per cent over the three months to November while public sector earnings increased by 0.2 per cent over the same period compared with the previous year. The latter figures include the substantially state-owned banks; if they are excluded then public sector average earnings annual growth is 0.5 per cent. The OBR expects weak real wage growth to persist into 2014 before gradually picking up. It does not expect real take-home consumption wages to reach their pre-crisis peak until late 2015, mainly reflecting its forecast of a slow recovery in productivity growth toward its historical average trend. The OBR has forecast that average earnings are expected to grow by around 2.6 per cent in 2014.

Public sector pensions

2.10 In 2010, the Independent Public Service Pensions Commission (IPSPC), chaired by Lord Hutton, was asked to make recommendations on public sector pension arrangements. It was directed to have regard to a number of factors, the first of which was the growing disparity between public service and private sector pension provision. As the IPSPC noted, in the previous few decades, pension provision in the private sector had increasingly diverged from the public service model in response to increasing life expectancy, changes in the business environment and investment risk. This led to a sharp decrease in the provision of defined benefit schemes and an increase in the number of private sector employees with no occupational pension provision. The IPSPC completed its review in March 2011 and published its final report.¹¹ It recommended a number of reforms which the Government accepted and used as a basis for consultation with trades unions on public sector pensions reform.

2.11 The Government's public sector pensions reforms will move public sector schemes in April 2015 from a final salary basis to career average revalued earnings and align normal retirement ages with the State Pension Age. These new schemes will require all public sector workers to contribute more than in the past and will have tiered contributions whereby higher-paid employees contribute a higher proportion of their earnings. In recent years, members of the current public sector pension schemes have been moving to tiered contributions in

¹¹ HM Treasury. Independent Public Service Pensions Commission. *Final Report*. 10 March 2011. Available at: <https://www.gov.uk/government/publications/independent-public-service-pensions-commission-final-report-by-lord-hutton> (accessed on 6 February 2014).

preparation. These reforms cover NOMS staff who are members of the Civil Service Pension Schemes, including staff in prisons. The contribution rates for 2012-13, 2013-14 and 2014-15 are shown in Table 2.1.

Table 2.1: Employee contribution rates to Civil Service Pension Schemes in 2012-13, 2013-14 and 2014-15 as 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	1.5	3.5	1.5	3.5
15,001 – 21,000	2.1	4.1	2.7	4.7	3.0	5.0
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.civilservice.gov.uk/pensions/reform/> (accessed on 6 February 2014).

2.12 The civil service has published employer contribution rates for 2014-15 on its website. It stated that the employer contributed at an average rate of 18.9 per cent of pay. The amount paid depended on pensionable earnings, as shown in Table 2.2.

Table 2.2: Employer contribution rates to Civil Service Pension Schemes in 2014-15

Full-time pay range (£)	Employer contribution (%)
22,000 and under	16.7
22,001 to 44,500	18.8
44,501 to 74,500	21.8
74,501 and over	24.3
Prison officers with reserved rights (pre-Fresh Start)	25.8

Source: <http://www.civilservice.gov.uk/pensions/reform/contribution-increases/2014-contribution-increases-qa-#how-much-does-my-employer-pay-towards-my-pension> (accessed on 6 February 2014).

The National Offender Management Service and our remit group

Affordability

2.13 In the 2010 Budget, the Coalition Government set out its plans for the reduction of the ‘structural’ current deficit over the course of the Parliament. The fiscal mandate was to eliminate this structural current deficit over five years. In October 2010, the Government published a Spending Review setting out its deficit reduction plan. The Government said in written evidence to us this year that its strategy was restoring the public finances to a sustainable path and that the deficit had been reduced by a third in the three years from 2009-10.

2.14 NOMS told us that the Spending Review 2010 set the Ministry of Justice (MoJ) the challenge of reducing resource spending by 23 per cent in real terms, or over £2 billion, by 2014-15. It said that, following the

2011 and 2013 Autumn Statements and the 2013 Budget, this target was increased to 26 per cent in real terms, or over £2.5 billion, by 2014-15. The MoJ has planned for more than £1 billion of the savings to come from "efficiencies". These include reducing the administration budget by over one third, and staffing was consequently forecast to reduce by between 14,000 and 15,000 posts over the Spending Review period.

2.15 NOMS is the largest agency within the MoJ and accounts for 41 per cent of the MoJ budget. It told us it has delivered £475 million savings against its baseline across the last two financial years. Its contribution to the MoJ's cut in funding in 2013-14 is a budget reduction of £274 million (7 per cent). The Service told us it is delivering this reduction through a combination of its workforce restructuring, the closure of old, inefficient prison capacity and the restructuring of NOMS Headquarters, and that probation trusts are also committed to delivering savings.

Staffing

2.16 At 31 March 2013 there were 30,311 staff in our remit group, a decrease of 5.2 per cent from the previous year. There were reductions in staff numbers at all levels, with the largest reduction (8.0 per cent) at Band 4 / senior officer level and the smallest (4.5 per cent) for Band 3s / prison officers. Table 2.3 shows the number of remit staff in post at 31 March each year from 2009 to 2013.

Table 2.3: Headcount of remit group staff in post, 2009-2013

Broad staff group	Headcount of staff in post at 31 March					Change between 2012 and 2013	
	2009	2010	2011	2012	2013	No	%
Band 7 to 11 / Operational manager grades	1,644	1,538	1,493	1,283	1,196	-87	-6.8
Officer grades:							
Band 5s / Principal officers	1,358	1,016	913	693	660	-33	-4.8
Band 4s / Senior officers	4,216	4,080	3,795	3,541	3,259	-282	-8.0
Band 3s / Prison officers	20,692	20,457	20,438	19,325	18,455	-870	-4.5
Total Band 3 to 5 / prison officer grades	26,266	25,553	25,146	23,559	22,374	-1,185	-5.0
Band 2s / Operational support grades	8,078	7,878	7,715	7,139	6,741	-398	-5.6
Total (remit group)	35,988	34,969	34,354	31,981	30,311	-1,670	-5.2
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 2013 are shown at the front of this report.							

2.17 NOMS data showed that staffing was below its funded full-time equivalent.¹² The Service had 28,769 full-time equivalent remit group staff, excluding those in Headquarters, at 31 March 2013, compared with a funded full-time equivalent of 30,321, an overall deficit in staffing of 5.1 per cent. There were 4.4 per cent fewer staff in the officer group (Bands 3 to 5), 7.5 per cent fewer support grades (Band 2) and 4.5 per cent fewer operational managers (Bands 7 to 11) in post than specified in the funded full-time equivalent.

¹² 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.

2.18 As in the previous year, the Service had made significant use of 'Payment Plus'¹³ to help cover the difference between the funded full-time equivalent and staff actually in post. At the end of March 2013, the equivalent of 717 Band 3s / prison officers were in receipt of Payment Plus for staffing reasons, a decrease from 780 a year earlier and matching the size of the Band 3 / prison officer deficit. Payments were also made to staff covering 'bedwatch' and 'constant watch', equivalent to a further 491 full-time Band 3s / prison officers, an increase from 435 full-time equivalents a year earlier. The cost of Payment Plus, bedwatch and constant watch payments was £45 million in 2012-13, a small reduction from £46 million a year earlier.¹⁴ Overtime payments made to Band 2s / operational support grades (OSGs) in 2012-13 totalled £4.5 million, again a slight decrease from £4.7 million in 2011-12.

2.19 Time off in lieu (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 time off. In our last report we recommended that the parties provide evidence on the levels of accrued TOIL this year, and include proposals if the balance had increased. TOIL has not increased for Band 3 / prison officers and, consequently, the parties have not presented proposals to us. The outstanding TOIL balance at 31 March 2013 for Band 3 / prison officers was reported to be 219,000 hours. Exact comparisons over time are difficult as the data are not complete, but for those establishments where data were available in both March 2012 and March 2013 the average number of outstanding hours decreased slightly from 13.5 per Band 3 / prison officer in 2012 to 13.1 hours in 2013. In addition to the data for Band 3s / prison officers, NOMS provided data showing that Band 5s / principal officers were owed 24,000 hours (approximately 36 hours per person),¹⁵ Band 4s / senior officers were owed 55,000 hours (approximately 17 hours per person) and Band 2s / OSGs were owed 58,000 hours (approximately nine hours per person).¹⁶

Ratio of prisoners to staff

2.20 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 remained unchanged at 2.4 between 2011-12 and 2012-13 as both staff numbers and the prisoner population fell. However, this level is higher than it was 10 years earlier, when the number of prisoners per remit group member was 2.1.

Workforce restructuring

2.21 NOMS and its workforce have been engaged in a substantial programme of change. NOMS told us that its aims were to move to leaner and more affordable working structures across its directly employed workforce with fewer layers of management. It had originally taken forward these aims through two main stages: the first being the introduction of the *Fair and Sustainable* pay structure and the second being to implement the associated *Fair and Sustainable* staffing structures, that is a move to the numbers of staff required at each *Fair and Sustainable* grade. Recognising the heterogeneity of establishments, these staffing structures are now being superseded by the Prison Unit Cost Programme (PUCP) which is reviewing staffing across the estate on an establishment-by-establishment basis.

2.22 As part of the implementation of *Fair and Sustainable*, all staff on the closed pay structures were given the opportunity last year to 'opt in' to the *Fair and Sustainable* pay structure. NOMS said in written evidence that the proportion of staff on *Fair and Sustainable* terms and conditions was now 16 per cent. It noted that, if all staff who would benefit financially by opting in did so, then this would be closer to 28 per cent. However, staff choosing to remain on their existing terms and conditions for the present will have an annual opportunity to opt in.

¹³ 'Payment Plus' is paid to prison officers for additional hours they agree to work to cover vacancies. It is currently £17.00 per hour.

¹⁴ It may seem inconsistent for the amount of Payment Plus to decrease in terms of full-time prison officer equivalents while the costs remain unchanged. This is because 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 2013) and cannot be taken to represent the whole of the financial year 2012-13. Therefore the costs of Payment Plus cannot be matched to the number of staff in receipt of it.

¹⁵ NOMS confirmed that there had been a rise in TOIL for Band 5s / principal officers at the beginning of 2013.

¹⁶ Band 2s and OSGs are eligible for overtime payments as well as TOIL, but the other Bands and equivalents are not eligible for overtime payments.

2.23 NOMS told us that unit cost reductions in prisons are being “driven through” by the PUCP. This programme has four inter-related work streams:

- Setting the specification: To ensure that the right services are commissioned and interventions are targeted at the right offenders.
- Delivering the public sector benchmark: Implementing the most efficient operating model for each service in the prison.
- Restructuring the prison estate: To ensure the most efficient use is made of each site; to close uneconomic places (that is, prisons) and to open new efficient places at lower cost.
- Competing Services: Competing delivery of non-core custodial services to achieve best value for money for the taxpayer.

NOMS said that, by March 2016, it expects to have reduced the unit cost of prison places, reduced spend in public sector prisons by £500 million (generating ongoing annualised savings of £306 million) and have maintained safe, secure and decent regimes (in line with agreed specifications).

Job evaluation

2.24 In our last report, we recommended that the parties provide evidence on how job evaluation is being used to help manage the transition to *Fair and Sustainable* and ensure equal pay for work of equal value. NOMS said in its written evidence that it had implemented its job evaluation scheme (JES) to fulfil its duties as a fair employer and mitigate equal pay risk. However, NOMS gave no further details in its evidence of how the scheme would achieve this but instead provided a progress report. NOMS told us that the implementation of workforce structures and new job descriptions was complete; there are 469 establishment job descriptions (including 160 hybrids). NOMS told us it has set up a JES Assurance Team to visit establishments over the next two years to ensure that staff are working to the job descriptions, that structures remain compliant with the design and that the unsocial hours policy is being correctly applied.

2.25 The Prison Governors’ Association (PGA) reported that it was unhappy with the job evaluation process and that some job descriptions had been evaluated without all the appropriate elements included. It gave the duty governor role and other operational custodial duties as examples of elements which should have been included in operational job descriptions for evaluation but had not been. The POA reported that the job evaluation scheme had “devalued work”, implying that it had similar concerns with the valuation process. We return to job evaluation in Chapter 3.

Performance management

2.26 In our last report we recommended that NOMS provide evidence to us this year on the Civil Service Employee Policy performance management system. NOMS explained there will be a common civil service performance framework for staff below the Senior Civil Service, including therefore all our remit group, from April 2014. This performance framework will be linked to the new Civil Service Competency Framework which was introduced on 28 February 2013.¹⁷ NOMS told us it is developing a reward approach in line with the new performance framework and aims to agree its broad strategies and principles on performance-related pay with the relevant parties. This is still work in progress. The unions informed us that they were still waiting for the draft guidance at the time of oral evidence. We return to this issue in Chapter 4.

¹⁷ Further information is available at: <https://www.gov.uk/government/news/level-playing-field-for-all-civil-servants-to-drive-up-performance> (accessed on 6 February 2014).

Prison competitions and efficiency

2.27 As we noted last year, the MoJ has changed its approach to market testing of whole establishments. On 8 November 2012, the Lord Chancellor and Secretary of State for Justice, the Right Hon. Chris Grayling MP, announced that the competition for the management of prisons was not proceeding for three of the prisons under consideration (HMPs Coldingley, Durham and Onley) and in the case of five more (HMPs Acklington, Castington, Hatfield, Lindholme and Moorland) the competition would continue with private sector bidders only. The Lord Chancellor added that HMP Wolds, which was then privately managed, would be transferred to the public sector. Finally the Lord Chancellor indicated there would be no further market testing of whole establishments. He stated the current process of workforce restructuring had identified the means to accelerate cost reductions and set a new benchmark for running prisons. The Prisons Minister told us in oral evidence at the end of 2012 that *Fair and Sustainable* was helping to make the prison service as efficient as it could be.

2.28 HMP Wolds moved to the public sector on 1 July 2013 and its operational staff are now within our remit group. On 22 November 2013, the Lord Chancellor and Secretary of State for Justice announced that competition for HMPs Hatfield, Lindholme and Moorland would cease and these would remain in the public sector. Staff at these prisons therefore also remain within our remit group. HMP Northumberland, formed through a merger of HMP Acklington and HMP Castington, formally transferred to the private sector on 1 December 2013 and is now run by Sodexo Justice Services. Staff in HMP Northumberland have therefore left our remit group.

Recruitment and retention

2.29 NOMS told us that, in the year to 31 March 2013, recruitment of Band 3 officers reduced to 206 new Band 3 officers from 234 in the previous year. These are the lowest two recorded numbers of recruits in the 15 years for which we have data. Of these 206, 169 were new recruits with the remaining 37 having previously been Band 2s / OSGs. Band 2 recruitment has similarly been very low. NOMS recruited only 280 Band 2s, compared to 300 OSGs (the equivalent closed grade) the previous year. Of those 280, only 82 were permanent appointments with the remainder on fixed-term contracts.

2.30 NOMS provided some vacancies data for 30 April 2013 in its written evidence. These showed that 1.7 per cent of the posts the Service planned to fill were vacant. NOMS said there were also additional funded posts being "held"; meaning there were no immediate plans to fill them during the workforce changes currently taking place. NOMS said a significant number of these vacancies would probably be filled through transfer of staff and its data showed 3.5 per cent of staff in establishments on 30 April 2013 were in unfunded posts, that is posts which were above the establishment's operational staffing requirement. We asked NOMS for more information about vacancies in the summer, including information on how long posts were vacant.

2.31 NOMS told us it has been seeking to reduce the workforce while avoiding compulsory redundancy by controlling the processes for managing vacancies, redeployment of surplus staff, and recruitment. Where this was insufficient to reduce staffing numbers, it was offering voluntary early departure schemes (VEDS): opportunities varied by grade and location, and by the availability of funding. NOMS said it recognised that "reductions of [the scale associated with the workforce restructuring] have a very real impact on ... staff". NOMS provided us with VEDS figures for 2012-13 and the previous two years which showed that VEDS was taken by staff across all the closed grades and also in Band 2.

2.32 In the 12 months to 31 March 2013, NOMS data showed that the overall turnover rate for remit group staff was 7.3 per cent, an increase from 5.9 per cent the previous year. The increase was mainly because 1.9 per cent of remit staff took VEDS. Of the remainder, 1.7 per cent of the workforce resigned, 1.0 per cent were dismissed, 1.6 per cent retired, 0.5 per cent left for health reasons and 0.5 per cent left for other reasons. Compared with 2011-12, turnover rates had increased for Bands 2 to 4 / support grades, prison officers and senior officers but decreased for Bands 5 and 7 to 11 / principal officers and operational managers.

Motivation and morale

2.33 Our terms of reference require us to have regard to the need to motivate staff. Last year we observed that the evidence we received on this was weak compared to that provided on other areas of our terms of reference. Consequently, we recommended that the parties work together with the aim of agreeing an approach for measuring motivation in the future and inform us of progress on this issue for our next report. Regrettably, little progress has been made on this issue. NOMS said in its evidence that it does not plan to supplement the annual Civil Service Engagement Survey with a NOMS-specific one, but instead proposes to commission a piece of qualitative research to look at the specific role of reward in the engagement and motivation of the workforce. NOMS proposed this as a shared study overseen by a joint working group from the parties. In oral evidence, the unions confirmed they had been approached on this issue but said the study was still in the planning stages. We expect this to be given appropriate priority and return to this in Chapter 4.

2.34 In the absence of an agreed survey, we have returned to sources that we considered last year for an indication of changes in motivation and morale. These are the Civil Service Engagement Survey, feedback to the unions from their membership, information provided by staff to us on visits, NOMS operational performance measures, published statistics on assaults on staff and sickness absence data. These sources indicate a substantial reduction in motivation and morale from an already low base. We set out the evidence here and return to the matter in our analysis and recommendations in Chapter 3.

Civil Service Engagement Survey

2.35 As part of the civil service, NOMS carries out a staff survey every autumn and publishes its results early the next year. We require up-to-date information about prison service staff to inform our decisions and the timing of publication is unfortunate from our point of view. However, in recent years, NOMS has provided us with headline staff survey results in time for us to consider them in preparing our annual reports.

2.36 The 2013 NOMS Engagement Survey achieved a 41 per cent response rate, a substantial decrease from 52 per cent last year. This decrease may be because the POA sent out a circular to members the month before the survey took place reminding them of its policy, as agreed at conference in 2010, not to participate in the staff survey. Key results across NOMS include:

- Only 23 per cent of respondents said they would recommend the Service as a great place to work, a decrease from 27 per cent in 2012.
- 54 per cent said they felt safe in their working environment, a decrease from 66 per cent in 2012.
- 41 per cent said the level of control and discipline within the establishment was satisfactory, down from 52 per cent in 2012.

2.37 On average, the 2013 responses for NOMS were less positive than those given in 2012, with almost all decreases being statistically significant, including those we have highlighted. The responses were also less positive than in the previous three years (2009 to 2011). We noted significant reductions in the percentage of positive responses in a range of areas from views of the work and working conditions to general engagement by NOMS.

2.38 We also received results by grade for our remit group. The overall number of responses from operational staff has dropped from 12,500 in 2012 to 8,500 in 2013 (from a population of around 30,000). As in the previous year, responses were generally the least positive for staff in Bands 2 to 4 / support staff, prison officers and senior officers and the most positive for staff in Bands 9 to 11 / senior managers A to D. The results by grade showed similar patterns to the overall NOMS results; there were significant reductions in the percentage of positive responses to questions about the safety, control and discipline in establishments. These reductions were largest for Bands 2 to 5 / support staff and officer grades.

2.39 Results from NOMS for the last five years and results for our staff groups for 2012 and 2013 are provided in Appendix D.

Evidence from the unions

2.40 The POA saw terms, conditions and pay as the key factors in staff motivation and morale. The union observed that there had been a year-on-year erosion of living standards over the last five years. The POA stated that job satisfaction, access to training and feeling valued by the employer also played a role in motivating employees and maintaining morale and that staff were currently experiencing none of these. The union told us it believed the Government had directed that all public sector workers would receive a one per cent consolidated pay award. The POA said it saw the effect of the ongoing pay freeze and non-consolidated award as “pension poverty” which would affect members and their families for the rest of their lives. It commented that, alongside budget and staff cuts and a workforce “stripped to the bone”, this demoralised staff.

2.41 The POA also emphasised that no other part of the public sector deals with offenders for the whole of its working day. It presented published data on assaults and also provided detailed personal accounts from prison staff who had been assaulted in the past. These accounts were of the violent attacks that had taken place and the damage they had caused to those union members and their families. We read those accounts carefully and wish to express our sympathy for the victims. This evidence clearly highlighted the risks that prison staff face and the long-term damage that violent prisoners can inflict on them. The POA told us that prison staff are facing an ever increasing violent and stressful working life. In addition, the POA said the Prison Service National Tactical Response Group (NTRG) was currently being deployed on average three times a day to restore order as establishments did not have the staffing levels to do so themselves. The POA reported that NTRG staff were very concerned by the levels and seriousness of the call outs.

2.42 The PGA told us that motivation came from a range of factors including pay and pensions, terms and conditions, recognition, job satisfaction and commitment. The union noted that the first of these, pay, had decreased in value. However, the PGA said that its members remained firmly committed to their work because of the other elements of their roles. The PGA referred to the quarterly NOMS ‘Pulse’ survey and commented that it “clearly illustrates the concerns of staff and their negative reaction to the way in which NOMS manages change.” The union told us that the job evaluation had not scored some elements of job roles and there was a widely-held belief that it was a cynical decision to drive down the JES scores of operational grades. Finally, the PGA stated there is still a lack of clarity about pay progression in the *Fair and Sustainable* pay ranges which was causing increasing dissatisfaction for its members. The PGA said that NOMS had not provided any assurance of pay progression for staff in these ranges. The PGA told us that its conference took the view “that the PSPRB should recommend that NOMS return to a fixed incremental scale, linked to performance which allows movement from minimum to maximum over a five year period.” We return to the issue of progression in Chapter 3.

2.43 The Public and Commercial Services Union (PCS) told us that the pay cap, pay freeze and increased pension contributions had resulted in a “dreadful” impact on the lives of its members, this was particularly apparent when pay changes were compared with inflation over the same period. The union raised concerns about expected changes to the terms and conditions for new entrants which included reductions to annual leave and changes to sickness absence policies. Like the PGA, the PCS referred to the NOMS *Pulse* survey in its written evidence. The PCS considered that the survey made for “disturbing reading” and the union highlighted the positive/negative response rates to a number of questions that it considered to show a significant reduction in motivation. These included “The Service inspires me to do my best in my job” which had a positive response rate of 29 per cent, and “The Service motivates me to help it achieve its objectives” which had a positive response rate of 21 per cent.

Evidence from visits

2.44 The majority of staff we met on our visits told us their morale and motivation had reduced in the past year. Staff were increasingly demotivated by the long period of pay freeze and pay restraint accompanied by increased pension contributions whilst inflation remained well over one per cent. Also, most of the staff we met on visits told us that they had understood that the Government's "average of one per cent" policy meant all staff should receive a consolidated one per cent pay increase. Staff on the closed pay structure told us that they were not keen to move to *Fair and Sustainable*, even when it seemed financially beneficial as they did not trust NOMS to implement it fairly and were concerned that some elements of the *Fair and Sustainable* remuneration package, such as the unsocial working hours allowance, might be removed. In addition, many staff reported that they found descriptions and explanations of the new *Fair and Sustainable* system confusing or incomplete; in particular managers wanted to know more about progression in the open pay ranges. Prison officers and senior officers who had received the £250 non-consolidated award told us that it was too little and they were very disappointed it was not consolidated. Staff at sites which currently had substantial Local Pay Allowances were unhappy that they would lose the allowances if they opted in to the *Fair and Sustainable* pay scale or moved on promotion. This meant they felt "financially trapped" by the changes to locality pay in *Fair and Sustainable* and would suffer a decrease in their standard of living, even on promotion in some cases.

2.45 In addition to financial concerns, staff told us they were adversely affected by decreasing staffing levels and associated safety concerns and by increased workload. Staff in establishments where workforce restructuring was taking place said they found the process opaque. Some staff complained of deteriorating terms and conditions including changes to work arrangements which had adversely affected their work/life balance. Staff were demoralised by poor recognition – particularly from the media – of the work they did. Also, staff told us that they felt the prison service was no longer offering "a job for life" and they were not clear what their future career structure would be. Despite all these concerns, we also heard that, in general when asked, staff still said they found the work interesting and expressed pride in the job they did.

NOMS operational performance measures

2.46 In its *2012-13 Annual Report*,¹⁸ NOMS published a number of key operational performance measures comparing the outcome for the year 2012-13 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 2011-12 to 2012-13 included some improvements, some declines and some areas where performance was unchanged.

- Improvements included a decrease in the rate of prisoner escapes from establishments and escorts, a decrease in the proportion of overcrowding and a decrease in the rate of self-inflicted deaths.
- Reductions in performance included slight decreases in the proportion of offenders in employment and in settled and suitable accommodation at the termination of their sentence, order or licence.
- Performance was unchanged on measures including the rate of drug misuse as identified through random drug tests, the proportion of black and ethnic minority staff in NOMS and probation trusts (9.1 per cent), and one escape of a category A prisoner¹⁹ (there was one in the previous year).

In its report, NOMS included a performance measure for re-offending: the June 2010 – June 2011 cohort had a 36.0 per cent re-offending rate compared with 40.9 per cent for the 2001 cohort.

¹⁸ Ministry of Justice. *National Offender Management Service Annual Report and Accounts 2012-2013*. HC 265. TSO, 2013. Available at: <http://www.justice.gov.uk/downloads/publications/corporate-reports/noms/2013/noms-annual-report-accounts-2012-13.pdf> (accessed on 6 February 2014).

¹⁹ 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.

Assaults on staff

2.47 Figures on assaults²⁰ are published separately by the MoJ. The most recent annual data were for 2012 and these showed a small reduction in both the number of serious assaults, from 273 in 2011 to 260 in 2012, and in the total number of assaults on staff, from 3,132 in 2011 to 2,987 in 2012. However, information provided by the Prisons Minister in Parliament about hospital treatment for officers shows an increase in the first half of 2013 and therefore the number of assaults recorded in 2013, when published, may be higher.

Sickness absence

2.48 Sickness absence can be an indicator of motivation and morale. During 2012-13 NOMS recorded the average number of days absence across the Service as 10.5, a slight increase from 9.8 days the previous year. For remit group staff the average number of days absence also increased slightly from 10.6 days in 2011-12 to 11.2 days in 2012-13. Sickness absence rates decreased slightly for Band 5s / principal officers but all other grades within our remit had an increase in the average number of working days lost. Between 2011-12 and 2012-13 rates of stress-related and long-term absence increased whilst those for absences caused by assault and injury were unchanged.

Competitiveness with the private sector

2.49 As part of its evidence to us, NOMS provided some pay data for staff working in private sector prisons. These data did not indicate if roles were exactly comparable with those in the public sector nor did they include other elements of the total reward package such as pension benefits or leave. Nevertheless, they provided some basis for rough pay comparisons between our remit group and the private sector. These data indicated that *Fair and Sustainable* pays slightly better starting salaries for operational staff than the private sector, but that overall pay ranges are roughly comparable. For the management grades, there is some indication that *Fair and Sustainable* pays less. When these private sector salaries are compared with the closed grades it is clear that the main prison officer grade and the senior officer grade are paid more on the closed pay structure.

The parties' proposals

2.50 NOMS made the following proposals:

- Changes to the *Fair and Sustainable* pay structure (Bands 2 to 5 and 7 to 11). These involved shortening or 'compression' of some bands by raising the minima and intermediate pay points for those bands which are currently longer than those in NOMS' intended pay design (including removing a pay point from Band 2); and increasing the maxima of some pay bands where this would increase the incentive for staff to opt in to *Fair and Sustainable*.
- Pay progression for staff in *Fair and Sustainable* Bands 2 to 5 of one pay point where performance is rated 'Achieved' or 'Exceeded'.
- Pay progression for staff in *Fair and Sustainable* Bands 7 to 11 of four per cent where performance is rated 'Achieved' or 'Exceeded'.
- A non-consolidated award to staff in *Fair and Sustainable* Bands 7 to 11 of one per cent where performance is rated 'Exceeded'.
- No increases to the pay points on closed pay scales.
- No increases to allowances or payments under both pay structures.
- No changes to the zonal pay structure except that any cash increases to National rates should also be applied to Outer and Inner London rates to maintain the cash differential.

²⁰ Ministry of Justice. *Safety in Custody Statistics Quarterly Update to June 2013 England and Wales*. Available at: <https://www.gov.uk/government/publications/safety-in-custody-statistics-quarterly-update-to-june-2013> (accessed on 6 February 2014).

2.51 The POA made the following proposals:

- A three per cent consolidated increase on total pay for all staff in the remit group.
- Increasing the unsocial hours allowance from 17 per cent to 25 per cent of base pay for all operational grades who meet the criteria for payment.
- Additional committed hours (ACH) up to 39 hours to be made pensionable for Bands 2 to 5, to ensure pay parity for existing staff and those who seek career progression through *Fair and Sustainable*.
- A 10 per cent increase in the Tornado payment.

Also, the POA asked that if we chose to recommend one per cent then this should be consolidated and applied to all staff.

2.52 The PGA made the following proposals:

- A five per cent increase for the grades it represents. The union said that any pay rise should be awarded to those on the closed scales as well as those on the open scales but indicated that the greater increase should be on the new open pay ranges where there is no contractual progression.
- The required hours addition / allowance (RHA) be increased from 15 per cent to 17 per cent of base pay.

2.53 The PCS made the following proposals:

- A five per cent or £1,200 (if greater) pay increase for all staff, or at the very least an inflation-proof rise.
- An allowance for all those staff who take up a promotion in areas where they are considered “financially trapped” by their locality pay, should the promotion result in lower pay.
- The inclusion of the non-remit group into the remit of the PSPRB.

Also, the PCS requested clear progression for those staff on *Fair and Sustainable* and for an increase for those staff on the closed scales.

2.54 We discuss the evidence presented to us and set out our analysis, conclusions and recommendations in Chapter 3. We comment on the areas which require further attention from the parties in Chapter 4.

Chapter 3: Our recommendations on pay for 2014

Introduction

3.1 For the second year running our remit is unrestricted 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

Affordability

3.2 As we described in Chapter 2, the economic situation in the UK is improving but the Government is still in the process of reducing the deficit. This means that the National Offender Management Service (NOMS) remains under severe financial constraints. The reality of this limits the nature and level of our recommendations.

Government pay policy

3.3 The Government froze pay for public sector workers paid over £21,000 a year for the two years 2011-12 and 2012-13 and then announced a further two years of pay restraint during which pay awards would be limited to an "average of one per cent". In the 2013 Budget this was extended by another year to cover 2015-16 also. Consequently, most other groups of public sector workers affected by this announcement received a pay award of one per cent in 2013-14, following two years of pay freeze for those earning more than £21,000. Prices and pension contributions for most staff increased by more over the same period, meaning that take-home pay in real terms has generally been decreasing across the public sector.

3.4 The situation for our remit group has been more complex because, with the introduction of *Fair and Sustainable*, they occupy two different pay structures with differing levels of pay for the same work. Last year we addressed this through a differentiated award which gave different pay increases to different grades (structured with the aim of fitting the "average of one per cent" envelope). However, whilst accepted and implemented by the Government, our recommendations were greeted with disappointment by most members of the remit group. The majority of staff we met on visits told us that they had understood that the Government's "average of one per cent" policy meant all staff should receive a consolidated one per cent pay increase.

Recruitment and retention

3.5 Our remit requires us to consider the need to recruit and retain suitably able and qualified staff. Recruitment is at its lowest level since we started monitoring it in 2001 and is likely to remain low until workforce restructuring has been completed and NOMS reaches its final staffing levels. We consider there is merit in ensuring that sufficient experienced staff remain in the prison service to support and train newer recruits. However, the modest turnover rate, together with the new lower benchmarking staffing levels, indicates that there is not currently a major issue with losing experienced staff. The Prison Governors' Association (PGA) raised some concerns about retention of staff, stating that the Service suffers from retention problems at the "higher end" and therefore risks losing experience. However, we have only anecdotal evidence at this stage and the overall percentage turnover figures and vacancy numbers for managers remain low. Therefore, we see no evidence at present of recruitment or retention issues that we need to address this year.

Motivation

3.6 Staff motivation is also part of our remit and it was clear from the start of our visits in the summer that this was an area we needed to consider in depth this year. As noted above, staff in the closed grades had expected to receive a one per cent consolidated pay increase as they believed this was the Government's policy. They explained to us that they were disappointed and demotivated when this was not delivered. As we noted in Chapter 2, the POA similarly reported this understanding of the Government's pay policy in its evidence to us.

3.7 In addition, staff continued to be affected by the ongoing reduction in their take-home earnings and its purchasing power caused by increasing pension contributions and inflation. Overall, it seems clear to us that the real value of average take-home pay for our remit group has been decreasing since April 2011. As we reported in Chapter 2, all the unions raised this in their evidence to us and it was the concern most frequently voiced by the staff we met on visits. We recognise that this has had a large impact on staff motivation and morale.

3.8 Alongside application of the Government's pay policy and decreasing real pay are a number of other areas of concern to staff. The results of the Civil Service Engagement Survey 2013 for NOMS showed, for the second year running, significant reductions in the percentage of positive responses on the majority of question areas. The results of the survey were not available when the unions prepared their written evidence, but the reductions in the percentage of positive responses supported the wider concerns that the unions raised. In particular, staff registered concerns about their safety and this was echoed in the POA evidence which included information about assaults on staff and the work of the Prison Service National Tactical Response Group (NTRG).

3.9 NOMS is continuing to make large-scale changes which include reductions in staffing levels and therefore the number of staff managing the prison population. Whilst these changes are part of the NOMS strategy to deliver savings, in our view the impact on staff is contributing to the decreasing motivation and morale we have observed. This has been taken into account in our pay recommendations. The motivation of our remit group is not only low but has fallen this year, with potentially significant implications for productivity and effectiveness.

Fair and Sustainable

3.10 Another area of concern for us is the relatively small proportion of staff on *Fair and Sustainable* and the lack of clarity on how long it will take for all staff to be on the new pay structure. *Fair and Sustainable* was implemented over two years; we endorsed the introduction of Pay Bands 2 and 3 in our 2012 report, then the remaining pay bands in 2013. A smaller proportion of staff than anticipated have so far opted in. We are aware that for the majority of staff on the closed grades, in particular prison officers and senior officers, there is no financial incentive to move across. However, a significant number of staff who did have a financial incentive to move to *Fair and Sustainable* have not done so. We understand, from talking to the parties and from hearing from staff directly on our visits, that many staff have been concerned about changing their terms and conditions and in particular about the significant element of pay under *Fair and Sustainable* which is separately classified as unsocial working hours (for Bands 2 to 5) or required hours addition (RHA) (for Bands 7 to 11). So far, staff have not been adequately reassured that these elements will not be removed at a later point. We are aware that NOMS has been working to communicate reassurances to staff but there is clearly still much to do.

3.11 In addition, as we reported in Chapter 2, the unions have raised issues about the job evaluation of the *Fair and Sustainable* grades. We note that NOMS has established a job evaluation scheme (JES) Assurance Team and hope that its work will improve communication with staff and unions about the new job roles and overall *Fair and Sustainable* structure. We see this as an opportunity for NOMS to explain and demonstrate to staff that their roles have been assessed properly (or to make any necessary adjustments) and will therefore provide equal pay for work of equal value in the new pay structure. Overall, we conclude that evidence this year points to a need for more effective engagement with staff to build trust in *Fair and Sustainable*.

3.12 Finally, we are aware that there are still areas in *Fair and Sustainable*, specifically the pay ranges, where the system design is not complete. Last year we asked NOMS and the PGA to provide further information on the pay ranges for Bands 7 to 11 and how progression would operate for staff in these bands. NOMS has responded with pay progression proposals for this year of four per cent in these bands, subject to performance. NOMS has proposed changes to refine the pay ranges and has said that it wants to move staff through the ranges at a reasonable rate recognising competence, achievement and behaviours. The PGA told us that there was still a lack of clarity about pay progression. This was causing increasing dissatisfaction among its members; the PGA conference took the view that we should recommend a return to a fixed-increment scale. We are concerned that NOMS has not made further progress in clarifying how progression in the pay ranges will operate in future. We return to this issue in Chapter 4.

3.13 We welcomed the *Fair and Sustainable* pay structure in our 2012 and 2013 reports and accepted it as the right approach for putting the public sector prison service in a competitive position. We noted that the economic climate at the time was a difficult one in which to make costly changes to the pay and conditions of prison staff and were pleased that Government had approved the implementation of this new pay structure. In addition, we recognised the collaboration that had taken place, particularly between NOMS and the POA, resulting in a collective agreement of *Fair and Sustainable* and its approval by union members. However, whilst the parties have recognised *Fair and Sustainable* as the right approach, we are concerned by the number of staff who have said they are unclear about what it might mean for them personally. We are keen that the staff who would benefit financially from opting in to the structure do not miss out. We understand that NOMS already has a process whereby staff can request information about what opting in would mean for them personally. We have heard there are particular concerns about the unsocial working hours payment, as noted above, that need to be addressed. We ask the parties to improve their communication of the new structure, preferably as a joint exercise, so that staff can clearly understand what the pay, terms and conditions would be for them.

Recommendations on pay increases

3.14 NOMS made a number of pay proposals to us, including performance-related progression for staff in *Fair and Sustainable* below the maximum of the scale, increasing pay range maxima for managers and some other staff who would otherwise not benefit from opting in and 'compression' of a number of pay ranges to achieve its refined pay model. NOMS made no proposals for pay awards for staff on the closed grades. The POA asked for a three per cent consolidated increase on the total pay for all staff in the remit group. However, the POA also said that, if we chose to recommend one per cent, then this should be consolidated and applied to all staff. The PGA proposed a five per cent increase for the grades it represents. The PGA also said that any pay rise should be awarded to those on the closed scales as well as those on the open scales but indicated that the greater increase should be on the new open pay ranges where there is no contractual progression. The Public and Commercial Services Union (PCS) asked for a five per cent or £1,200 (if greater) pay increase for all staff, or at the very least an inflation-proof rise. Also, the PCS requested clear progression for those staff on *Fair and Sustainable* and for an increase for staff on the closed scales.

3.15 We reached our conclusions by looking at each staff grade individually, considering the issues affecting them and the options available. Whilst our remit covers all operational staff, we recognise that some of the older, closed scales, such as the prison officer scale, already deliver salaries considerably higher than those for the newer staff carrying out similar work but paid on *Fair and Sustainable*. Consequently, those in the closed grades should not expect us to recommend a pay award every year to the closed pay scales. Nevertheless, this year we are recommending a pay award for the closed support staff and prison officer scales because of the exceptional circumstances shown by the evidence. While we recognise this may delay the full transition of all closed grade staff to *Fair and Sustainable*, we have concluded it is a necessary decision this year. Next year we will consider afresh all the parties' evidence within the bounds of our remit.

Fair and Sustainable: Bands 2 to 5

3.16 NOMS has proposed changing some of the maxima for these bands to incentivise selected staff groups to opt in to *Fair and Sustainable*, specifically prison officer specialists and those on the prison officer 2 (PO2) scale who would lose locality pay of £2,600 or less on opting in. As part of this, NOMS said those on the PO2 scale would move on opting in to the next highest point and retain the balance of any shortfall from losing locality pay on a mark-time basis. NOMS' proposals would increase the maximum of the Band 3 National range by just over 0.4 per cent and the maximum of the Band 4 National range by 1.4 per cent. NOMS has also proposed changing minima and pay points for Bands 2 to 5 to achieve its intended pay design, including removing a pay point from Band 2. The POA expressed cautious support for this 'compression' at oral evidence, but was concerned about whether its cost might be better spent increasing the overall pay award for all staff. The POA requested a three per cent consolidated increase but said if we made a one per cent award this should be consolidated for all. We concluded that the case for complex changes this year to Bands 2 to 5 was not compelling and that a better approach this year was a simpler one applied evenly across these bands. We recommend a consolidated one per cent increase to all pay points in Bands 2 to 5 (National, Outer London and Inner London) and making no other changes.

Recommendation 1: We recommend that the Band 2 to 5 pay points for all zones be increased by one per cent from 1 April 2014, as set out in Appendix E.

3.17 NOMS proposed that staff in Bands 2 to 5 below the maxima who received a performance marking of 'Achieved' or 'Exceeded' progress to the next pay point. The POA said in oral evidence that it wanted greater clarity about performance-related progression in *Fair and Sustainable*. We support the principle of relating progression to performance. We therefore recommend that all staff in *Fair and Sustainable* Bands 2 to 5 below the maximum should receive progression of one pay point if they receive a performance marking of 'Achieved' or 'Exceeded'.²¹ This will deliver increases ranging from 2.8 per cent to 5.8 per cent on our proposed scales.²²

Recommendation 2: We recommend staff in Bands 2 to 5 who are in post on 31 March 2014, below the maximum and achieve a performance marking of 'Achieved' or 'Exceeded', progress by one pay point effective from 1 April 2014.

Closed grades: support staff and officer grades

3.18 Support staff and officer grades on the closed scales below the maxima are entitled to contractual progression to the maximum. However, unlike managers on the closed grades (para 3.22), staff on spot rates or on the maximum in these grades receive no contractual pay award. The majority of staff in the closed grades are now at the maximum. Last year we made no award for staff in grades where we understood there to be a financial benefit to opting in to *Fair and Sustainable* and a non-consolidated payment of £250 to prison officers on the maximum and senior officers who would not financially benefit from opting in. As we have said above, this ran contrary to staff expectations of the Government's "average of one per cent" pay policy. In addition, staff motivation and morale this year are substantially lower. Therefore, we propose that the consolidated pay points for these closed grades are increased by one per cent this year reflecting the exceptional circumstances.

Recommendation 3: We recommend that the pay points for the closed officer and support grades (principal officer, senior officer, prison officer, prison officer 2, operational support grade, night patrol, storeman and prison auxiliary) be increased by one per cent from 1 April 2014, as set out in Appendix E.

²¹ There are currently four performance management categories: 'Exceeded', 'Achieved', 'Almost Achieved' and 'Unacceptable'.

²² 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.

Fair and Sustainable: Bands 7 to 11

3.19 NOMS said it wants to encourage governor grades to opt in as they are leading the changes and this is likely to have a significant impact on the other grades opting in. NOMS has therefore proposed changing some pay range maxima in Bands 7 to 11 so that governor grades can be provided with “a two per cent consolidated payment on opt-in” (to address the possibility that the two per cent payment on pre-*Fair and Sustainable* maxima is a barrier to opting in – see para 3.22).²³ The PGA asked that the pay ranges be increased in addition to allowing staff to make progress within them. We agree with NOMS that it is important the managers lead the way in opting in to the new pay structure and accept that some maxima need to be increased in order for the staff in question to have an incentive to move across. Current contractual terms mean that operational managers on the maximum of the closed grades, unlike support staff and officer grades, receive at least a two per cent non-consolidated, pensionable award unless their performance fails to meet ‘Achieved’ or ‘Exceeded’. Therefore, for it to be financially advantageous to opt in to *Fair and Sustainable*, the maxima of some pay ranges need to be increased. We therefore accept this proposal and recommend changes to some pay range maxima as shown in Appendix E.

3.20 NOMS has proposed increasing all pay range minima in Bands 7 to 11 to ensure that all pay ranges have a maximum which is 20 per cent more than the minimum. This would deliver its intended design. The PGA said in oral evidence that staff who meet performance standards should be able to progress from the minimum to the maximum of any given range in five years. In oral evidence, the PCS similarly raised concern about the speed of progression to the maximum. We recognise the strength of support across the parties for the proposal to reduce the lengths of the pay ranges. We are aware that staff in jobs of equal weight should receive equal pay and therefore see the need to manage the ranges in which progression takes place in order to limit the number of years in which a member of staff who meets performance standards takes to reach the maximum. Therefore, we accept the proposal and recommend consolidated increases to range minima as shown in Appendix E.

Recommendation 4: We recommend the Band 7 to 11 pay ranges be amended from 1 April 2014 as set out in Appendix E.

3.21 NOMS has proposed four per cent progression for staff in Bands 7 to 11 who receive an ‘Achieved’ or ‘Exceeded’ box marking or better. Also NOMS has proposed that staff in Bands 7 to 11 who receive an ‘Exceeded’ performance marking are awarded an additional one per cent non-consolidated payment as is currently the case in the closed operational manager scales. In addition, we note in NOMS evidence that it proposes to provide a two per cent consolidated payment on opt in (to be paid after the implementation of the award). The PGA asked for a larger pay award for staff on *Fair and Sustainable* where there was no predictable pay point rise and made an overall proposal of five per cent. The PCS asked for clear progression for those staff on *Fair and Sustainable* and five per cent increase or £1,200 (if greater), or at least an inflation-proof award. We have looked at all these proposals and compared them to the current, contractual arrangements on the closed scales where staff on the maximum can receive a non-consolidated, pensionable award, dependent on their performance. Four per cent progression is also broadly comparable with the range of progression that staff on Bands 2 to 5 below the maximum will receive (see para 3.17). We accept that these proposals from NOMS would result in staff already on *Fair and Sustainable* receiving a broadly comparable award to those opting in, although for staff on the *Fair and Sustainable* pay structure, the full progression award would be consolidated. We therefore recommend four per cent consolidated progression for staff in Bands 7 to 11 who receive an ‘Achieved’ or ‘Exceeded’ box marking and we also recommend that staff in Bands 7 to 11 who receive an ‘Exceeded’ performance marking receive an additional one per cent non-consolidated payment.

Recommendation 5: We recommend staff in Bands 7 to 11 who are in post on 31 March 2014 and achieve a performance marking of ‘Achieved’ or ‘Exceeded’, receive four per cent consolidated pay progression effective from 1 April 2014, capped at the Band maximum.

²³ NOMS told us it had designed assimilation on opt-in to maintain total pay inclusive of RHA. Individuals assimilate onto the appropriate band National zone at a base pay rate that, with RHA at 15 per cent, provides the same total pay as their previous manager/senior manager grade pay inclusive of RHA at £5,529.

Recommendation 6: We recommend staff in Bands 7 to 11 who are in post on 31 March 2014 who receive an 'Exceeded' box marking, receive an additional one per cent non-consolidated pay award based on their 31 March 2014 pay.

Closed grades: senior manager A to D and manager E to F

3.22 Staff in these closed grades below the maximum are entitled to contractual progression of one pay point each year. Staff on the maximum are currently entitled to a contractual non-consolidated but pensionable award depending on performance (under the closed scheme this is one per cent for 'Almost Achieved' and two per cent for 'Achieved' or 'Exceeded'). Also, all staff in these closed grades on national pay would receive a two per cent consolidated pay increase on opting in to *Fair and Sustainable* (which the changes to the maxima recommended above should now mean that there is an incentive to do so this year). Therefore, we have decided not to make a pay award on these closed grades who already have access to a non-consolidated contractual award and to a consolidated pay increase on opting in.

Application of pay awards to staff at HMP Wolds

3.23 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.²⁴ NOMS told us that these staff have moved on existing terms and conditions under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements. NOMS asked us not to make pay recommendations for this specific group of staff this year. However, these staff come under our remit and we have considered them accordingly.

3.24 We received limited evidence for these staff, although NOMS did provide their earnings data. Also, we saw information that these staff had similarly been subject to a pay freeze in recent years. Consequently we conclude that we wish to treat these staff similarly to the rest of our remit group. We therefore recommend that the former G4S grades that are equivalent to the closed officer and support grades (that is, those that map to Bands 2 to 5 of *Fair and Sustainable*) receive a one per cent consolidated increase to the scales or spot rates as appropriate. We ask NOMS to implement this recommendation without any adverse impact on the terms and conditions of staff as protected under TUPE. We made no recommendation to the closed governor grades scales, so make no recommendation this year for the former HMP Wolds governor grades. We note that some staff on these former G4S pay arrangements may also be entitled to contractual progression.

Recommendation 7: We recommend that the pay points and spot rates for the staff at the former HMP Wolds who transferred from G4S to NOMS in equivalent grades to the closed officer and support grades be increased by one per cent from 1 April 2014.

Application of pay awards on opting in to Fair and Sustainable

3.25 The order in which pay awards and opting in take place affects the amount of money staff would receive from our proposals. Therefore, to put all the relevant pay information in one place, we repeat here the information that NOMS provided in its evidence to us. NOMS described its general approach when staff opted into *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."

²⁴ HMP Humber is an amalgamation of former HMPs Everthorpe and Wolds.

NOMS also commented on the specific arrangements that applied to staff in Bands 2 to 5:

“Following any progression in pre-*Fair and Sustainable* scales, those who benefit from opting into Bands 2 to 5 move to the next highest pay point on the Band National zone compared to their 37-hour base pay equivalent (i.e. for Prison Officer and related grades, after the weekly rate has been reduced from 39 to 37 hours and any unsocial hours working element has been removed).”

We consider the application of pay increases when opting in to *Fair and Sustainable* to be part of the day-to-day operation of the NOMS pay system rather than an element of the annual pay award.

Allowances

3.26 NOMS proposed no changes to allowances paid to our remit group staff. The POA requested a three per cent consolidated increase on total pay which implicitly means three per cent on base pay, allowances and locality pay. The POA also repeated its concerns that it saw the changes from the older Locality Pay Allowance (LPA) to the new *Fair and Sustainable* zones as an impediment to career progression. In addition, the POA proposed specifically increasing the unsocial hours allowance from 17 per cent to 25 per cent of base pay for all operational grades who meet the criteria for payment. The union also proposed a 10 per cent increase in the Tornado payment. The PGA proposed the RHA be increased from 15 per cent to 17 per cent of base pay. The PCS proposed an allowance for all those staff who take up a promotion in areas where they are considered “financially trapped” by their locality pay, should the promotion result in lower pay.

Unsocial working hours and required hours addition

3.27 NOMS defines unsocial hours as those worked outside of 7am to 7pm Monday to Friday. NOMS told us last year that the Employment Tribunal in the Bailey case in 2006 calculated that prison officers typically worked 20 per cent unsocial or shift hours. The Service told us staff would work around 20 to 30 per cent of their hours as unsocial to qualify for the unsocial working hours payment under *Fair and Sustainable*. Managers would work around 17 per cent of their hours as unsocial to qualify for RHA. The current application is that all operational staff in *Fair and Sustainable* receive these payments, as appropriate to their grade.

3.28 Last year, the POA and the PGA asked that these payments be increased. We recommended that all the parties worked together to measure the percentage of unsocial hours worked and present their findings to us. We were concerned to learn that they had not done so. However, NOMS and the PGA have separately looked further at the issue and the POA provided us with some shift pattern evidence last year. NOMS told us that unsocial hours shifts are set by each establishment and, whilst data for Bands 2 to 5 (and equivalent grades) would be available, it would require additional resources to process these. NOMS also said data were not available for Bands 7 to 11 (and equivalents). NOMS told us its JES Assurance Team will take this measurement forward, although it considers the two payments are already appropriately designed. The PGA told us it carried out a survey of working hours this year which indicated that its members worked an average of 48 hours net per week whilst working a 37 hours net contract.

3.29 We do not feel we have sufficient evidence to make a decision about whether the current payments need to change. If the parties wish us to consider this further then we need additional evidence. We would want to see a comprehensive census of working hours or equivalent data on the unsocial hours worked by staff for all our remit group before considering whether these current percentages for the allowances, and the broad application of them, are appropriate.

Tornado

3.30 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 serious disturbances, such as acts of concerted indiscipline. The NTRG incident response teams would, in contrast, typically be called out to deal with intensive but more specific incidents such as incidents at height and hostages incidents. Team members of both are paid the same Tornado rate when called out. On our visits we have spoken to personnel who have been involved in Tornado teams. In previous years we have observed staff undertaking the training required to be part of the Tornado teams.

3.31 The POA proposed that the Tornado payment, received by Tornado teams and the NTRG, be increased by 10 per cent. 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. The deployment and effectiveness of those teams, and the safety of the team members, does depend on sufficient numbers coming forward to undertake and renew the training to make sure their skills are at the appropriate level. However, we have received no evidence showing there are insufficient trained personnel at present. That said, we recognised the concerns raised by the unions as this is a safety critical skill and we do not wish to have to return to this issue because it has become acute. Therefore, we recommend that the Tornado payment is increased by one per cent this year in line with the main pay award for officers.

Recommendation 8: We recommend that the Tornado payment is increased by one per cent to £19.51 per hour from 1 April 2014, as set out in Appendix G.

Other allowances and payments

3.32 Other allowances and payments, including the LPA rates for staff in the closed grades, 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. We have received no evidence this year suggesting that any of the allowances in *Fair and Sustainable* or on the closed pay structures need to be adjusted.

Hours worked outside of the standard week

3.33 NOMS proposed no changes to hours worked outside of the standard week. The POA proposed that additional committed hours (ACH) up to 39 hours be made pensionable for Bands 2 to 5, to "ensure pay parity for existing staff and those who seek career progression through *Fair and Sustainable*." The PGA made no proposals, but told us its members worked an average of 48 hours a week, substantially more than the *Fair and Sustainable* standard of 37 hours.

Additional committed hours and pensionable additional committed hours

3.34 We looked at these two payments last year and concluded that, as described, they were inconsistent because, whilst both applied to hours worked in addition to a 37 hour week, ACH had a 1.2 multiplier applied but was not pensionable while pensionable additional committed hours (ACHP) had no multiplier applied but was pensionable.

3.35 This year, NOMS provided us with more detailed information about the origins of these two payments which, notwithstanding the similarities of the names, have different purposes. NOMS told us that ACH was created alongside the PO2 pay scale. It was introduced to enable officers to work between one and four hours extra a week. It was paid at base salary plus a 1.2 multiplier but was not pensionable. When *Fair and Sustainable* was introduced, the use of ACH was expanded so that prison officers in Band 3 of *Fair and Sustainable* could also choose to work these extra hours with the same multiplier. In contrast, ACHP was established as part of the transitional arrangements for *Fair and Sustainable* to enable any support staff and officer grades working a 39 hour week on the closed scale to opt in to Bands 2 to 5 on the same hours – by working an additional two pensionable hours above the standard *Fair and Sustainable* week of 37 hours. ACHP is a transitional arrangement and is due to close to new transfers on 31 March 2015. However, staff who transferred to a *Fair and Sustainable* eligible grade before this date will continue to retain the allowance after 31 March 2015.

3.36 Having received a fuller explanation of the different origins and purposes of these payments we are content to leave the arrangements as they stand.

Cost of recommendations

3.37 We consider our proposals this year meet the Government's "average of one per cent" policy, delivering an award at that level for the majority of staff. All officer and support grades will see their scales move by that amount. Manager grades will see differing awards depending on their contractual entitlement on the closed scales or, for those on the *Fair and Sustainable* open scales, what the combination of changes to scales and progression means for them personally.

3.38 There will be costs associated with progression and non-consolidated performance payments, both contractual for those on the closed scales and performance-related for staff on *Fair and Sustainable*. We consider these payments to be separate from the paybill costs associated with the annual award. For NOMS, the cost of these in any given year will depend on where people are on scales, the performance distribution that year, and how many have transferred to *Fair and Sustainable*.

3.39 Finally, there is the cost associated with staff opting in to *Fair and Sustainable*. We included this cost in our estimate last year, but have noted that significantly fewer staff chose to opt in to *Fair and Sustainable* than anticipated. This meant that our pay award last year will have cost NOMS less to implement than we estimated. In the light of this, and having reflected on the nature of the issues, we believe that opting in should be considered separately as a transitional, operational cost associated with the introduction of *Fair and Sustainable* and not as part of the annual pay award.

Chapter 4: Looking ahead

Introduction

4.1 As in previous reports, we take this opportunity to comment on a range of issues to which we think the parties should give attention over the coming year.

The transition to *Fair and Sustainable*

4.2 As set out in Chapter 3, we welcomed *Fair and Sustainable* as the approach, agreed by the National Offender Management Service (NOMS) and the POA, to putting the public sector prison service in an affordable and competitive position for the future. We are increasingly concerned, however, about the lack of a clear strategy and implementation plan for moving all staff to the new structure. It currently appears that it will be many years before no staff remain on the closed grades. We are also concerned about the risks involved in making the transition and operating two different pay structures alongside each other over an extended period of time.

4.3 We appreciate that the *Fair and Sustainable* pay structure, although approved by Government, has been introduced in a difficult economic climate. NOMS has been under severe financial constraints which the *Fair and Sustainable* pay structure and the Prison Unit Cost Programme, which includes workforce restructuring, are designed to address. We are aware that some of the pay differentials between the closed pay structure and the *Fair and Sustainable* scales, crucially between that for prison officers and Band 3, are so large that small pay awards, particularly over the planned years of pay restraint, will make little difference to their relative pay positions. This means that it is likely to take many years of such pay awards before there is a financial incentive for staff on the closed prison officer scale to opt in to *Fair and Sustainable* Band 3 unless NOMS changes its approach. We would like to see detailed plans developed by NOMS and its target timescale for moving all staff to *Fair and Sustainable*. In addition, it is particularly important that the strategy and timescales for the change programme are communicated clearly to staff.

4.4 A clear plan to address this issue specifically and staff engagement more generally will be critical to strengthening workforce trust. We see this as a matter involving all the parties. It is important that staff understand *Fair and Sustainable* and learn how and when they would benefit from opting in to the structure. We ask all the parties to address this matter and inform us of their strategy and progress for our next report.

Performance management system

4.5 We recommended last year that NOMS provide evidence to us on the Civil Service Employee Policy performance management system. NOMS provided us with some information on the broad system, but we learned that its application to NOMS is still “work in progress”. We are concerned that this work is not further along. The *Fair and Sustainable* system is designed to deliver progression on the basis of individual performance and we find it difficult to understand how this can be done whilst the associated performance management system itself is still under design.

4.6 In particular, as we said last year, progression for the Band 7 to 11 pay ranges needs attention. The guidelines and criteria for progression in those ranges should be transparent and equitable. We would like more information about how the performance management system is applied to pay in time to consider the issue for our next report.

Locality pay

4.7 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 F 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.

4.8 In *Fair and Sustainable* NOMS replaced LPA with a basic National pay range and enhanced ranges for those working in Inner London and Outer London establishments. The *Fair and Sustainable* pay range maxima for the Inner and Outer London scales for staff working 37 hours per week and without an unsocial hours payment, were set respectively £3,800 and £2,500 higher than the National maxima at that time. 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.²⁵

4.9 These new locality pay zones were introduced in 2012 (for Bands 2 and 3) and 2013 (for other Bands). We noted this year that we received little evidence about the new zonal pay structures and how they were working. We accept that much of the relevant information on recruitment and retention will also have been affected by the ongoing workforce restructuring. We also note that evidence about the effectiveness of the *Fair and Sustainable* pay zones is most likely to emerge or change gradually over time. We have concluded that the most appropriate way to review locality pay in future will be to address the issue in detail every two or three years rather than expect substantial evidence from the parties on an annual basis. Therefore, we plan to review locality pay in more detail for our 2015 report and ask the parties to include information about and an analysis of locality pay as part of their evidence to us in the autumn.

Motivation

4.10 Motivation is part of our remit and it is clearly both low and has fallen. As we said in Chapter 3, we were concerned that the parties had not agreed an approach for measuring motivation to present to us in evidence. However, we note that NOMS has proposed to commission a piece of qualitative research to look at the specific role of reward in the engagement and motivation of the workforce. This was described as a shared study overseen by a joint working group from the parties. The unions confirmed they had been approached on this issue, although the study was still in the planning stages. We are keen to see jointly-agreed measurement of this key area. We expect this work to be given appropriate priority and ask the parties to deliver their findings for our next report.

PSPRB scope and remit

4.11 As we said last year, the particular importance of our independent role in making pay recommendations derives from the fact that operational prison service staff in our remit group have restrictions on taking industrial action. Other staff in NOMS are not under the same constraint. Most, but not all, NOMS staff currently fall within our remit. However, the Service is legally obliged to apply our recommendations to non-operational staff outside our remit group, although we do not receive evidence on behalf of those staff. In the past this linkage was established by an Employment Tribunal equal pay ruling. Now most *Fair and Sustainable* pay bands apply both to operational and non-operational staff and our recommendations for the former will, if accepted, automatically apply to the latter. Pay Bands 1 and 6 are for non-operational staff only and are not covered by our recommendations.

4.12 Last year the Public and Commercial Services Union (PCS) again raised the ongoing issue of the coverage of our remit. Our recommendations now automatically apply to non-operational staff on the new *Fair and Sustainable* structure, without our having considered substantive evidence in relation to the group concerned. We concluded it was unsatisfactory and recommended that the parties discuss the issue and bring forward proposals.

²⁵ These pay point differentials have changed in our proposals for Bands 2 to 5.

4.13 In evidence this year, NOMS told us that it asked all of the trade unions it recognised to state their views on extending the remit by 31 July 2013. It received responses from the NOMS Trade Union Side group of unions (comprising the PCS, FDA and Prospect) and the GMB. All those responses favoured extending the remit. However, the POA and Prison Governors' Association (PGA) did not respond. The PGA said in its evidence to us that it regarded such a move as compromising the position of the Review Body as a compensatory mechanism for the restrictions placed on them around industrial action and, if the move took place, would seek an alternative compensatory measure. The POA did not refer to the matter in its evidence. The PCS told us that it welcomed our recommendation last year but that NOMS had made little progress towards a solution.

4.14 We accept that the parties have conflicting views on this matter. We will, of course, continue to monitor any progress with great interest.

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.

Appendix B: Minister's activation letter

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**Ministry
of Justice**

Peter Knight
Chair
Prison Service Pay Review Body
Office of Manpower Economics
6th Floor, Victoria House
Southampton Row
London
WC1B 4AD

Our ref: ADR348743

Jeremy Wright MP
Parliamentary Under-Secretary of
State for Justice
102 Petty France
London SW1H 9AJ

T 020 3334 3555
F 020 3334 3669
E general.queries@justice.gsi.gov.uk
www.justice.gov.uk

 September 2013

Dear Peter,

THE PRISON SERVICE PAY REVIEW BODY (PSPRB) - 2014/15 PAY ROUND

I am writing formally to commission the PSPRB process for the 2014/15 pay round, and in doing so reiterate my awareness of the important work of the Review Body and the high esteem with which it is held in the Ministry. I and the Government place great value on the independent and expert view of the PSPRB in regard to the pay of the Prison Service remit group and I am grateful to you and the Pay Review Body members for your work.

We are both aware of the Government's previous commitment not to issue a formal remit letter other than where specific circumstances require such directions to be given. I am satisfied that it is not necessary to do so this year.

At the 2011 Autumn Statement, the Government announced its policy that public sector pay awards will average 1 per cent for the two years following the pay freeze. For NOMS and the Prison Service, 2014/15 represents the second year of this policy position. I understand that the Chief Secretary of the Treasury (CST) wrote to you and all other Pay Review Body Chairs on 23 July 2013 to clarify the Government's approach to public sector pay. In accordance with this letter Review Bodies will want to consider what awards are justified and in doing so may wish to consider the CST's comments on recruitment and retention issues, affordability, and the continued need for pay restraint.

The CST's letter also confirmed the Spending Review 2013 announcement of substantial reforms to progression pay across the Public Sector. The Government's evidence to the PSPRB for this round will obviously be consistent with these policies.

This year's evidence will seek to consider the current pay and reward arrangements for Prison Service staff against comparable labour markets, and to build upon pay reform proposals that have been endorsed by the Review Body over the past two


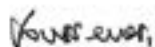
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years, to enable the Review Body to review the full package affecting all staff within your remit group, within the context of our broader Government pay policy for public sector workers.

I would be grateful if your recommendations could be forwarded to the Prime Minister and the Lord Chancellor by 17 February 2014. This will enable decisions to be taken on your recommendations and arrangements made for your report to be published ahead of the pay award implementation date of April.

I am copying this letter to Michael Spurr in NOMS and to representatives of the POA, PGA and PCS.



JEREMY WRIGHT

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Appendix C: Prison establishments visited in 2013

The 2013 visit programme covered the following establishments:

HMP Eastwood Park

HMP Frankland

HMP High Down

HMP Northumberland

HMP Oakwood*

HMP Pentonville

HMP The Mount

Prison Service Newbold Revel Training College

* privately managed by G4S

The new Members and secretariat staff also undertook familiarisation visits to the following establishments:

HMP Belmarsh

HMP Holloway

HMP Lewes

HMP Winchester

Appendix D: Results from the National Offender Management Service Staff Engagement Survey

Table D.1: Staff Survey results given as the percentage in agreement or satisfied with each question, 2009-2013

Question	2009	2010	2011	2012	2013
Engagement Index	52	55	54	51	48
I feel valued for the work I do	51	52	50	46	44
I am interested in my work	88	88	87	85	83
My work gives me a sense of personal accomplishment	70	71	71	67	65
Compared to people doing a similar job in other organisations I feel my pay is reasonable	27	30	28	26	26
I am satisfied with my total benefits package	30	33	28	25	25
I feel that my pay adequately reflect my performance	28	32	30	28	27
I would recommend the Service as a great place to work	34	36	33	27	23
The Service inspires me to do the best in my job	31	40	38	34	32
I am proud when I tell others I am part of the Service	45	56	55	51	47
I feel safe in my working environment	72	71	71	66	54
The level of control and discipline within this establishment is satisfactory	58	57	58	52	41
Note: These are a selection of the results available.					

Table D.2: Results by grade for 2013 and grade group by 2012 – Bands 2 to 5

Officers and support grades	Band 2 – OSG		Band 3 – Prison officer		Band 4 (All)	Band 4 – Specialist officer		Band 4 – Supervising officer		Band 5	
	2012	2013	2012	2013		2012	2013	2012	2013	2012	2013
<i>Number of responses</i>	2,570	1,430	6,480	3,580	1,970	610	840	950	510	950	48%
Engagement Index	54%	49%	44%	38%	47%	39%	37%	46%	48%	48%	
I feel valued for the work I do	38%	30%	32%	26%	45%	33%	29%	49%	52%	52%	
I am interested in my work	81%	76%	79%	72%	83%	84%	73%	88%	88%	88%	
My work gives me a sense of personal accomplishment	59%	51%	55%	47%	66%	65%	52%	71%	72%	72%	
Compared to people doing a similar job in other organisations I feel my pay is reasonable	23%	21%	21%	20%	21%	20%	19%	18%	15%	15%	
I am satisfied with my total benefits package	21%	18%	16%	16%	19%	16%	16%	18%	15%	15%	
I feel that my pay adequately reflect my performance	21%	18%	21%	19%	22%	19%	17%	19%	15%	15%	
I would recommend the Service as a great place to work	31%	22%	16%	12%	18%	9%	10%	17%	16%	16%	
The Service inspires me to do the best in my job	37%	33%	25%	20%	30%	21%	18%	26%	33%	33%	
I am proud when I tell others I am part of the Service	52%	46%	43%	36%	48%	36%	34%	45%	49%	49%	
I feel safe in my working environment	68%	53%	45%	30%	60%	39%	35%	76%	56%	56%	
The level of control and discipline within this establishment is satisfactory	48%	37%	39%	27%	50%	34%	29%	65%	45%	45%	
Notes											
	1. Number of responses are rounded to the nearest 10.										
	2. The surveys took place across October 2012 and October 2013.										
	3. These results are presented for the same questions as for table D.1.										

Table D.3: Results by grade for 2013 and grade group by 2012 – Bands 7 to 11

Managers	Bands 7 & 8		Band 7	Band 8 – Deputy Governor with Function		Band 8 – Head of Function	Bands 9 – 11		Band 9 – Deputy Governor	Band 9 – Head of Function	Bands 10 & 11	
	2012	2013		2012	2013		2012	2013			2012	2013
Question												
<i>Number of responses</i>	890	530	530	50	320	320	260	60	40	40	30	60
Engagement Index	58%	56%	56%	70%	60%	60%	70%	70%	60%	60%	78%	80%
I feel valued for the work I do	64%	65%	65%	85%	72%	72%	82%	90%	74%	74%	88%	86%
I am interested in my work	95%	95%	95%	100%	97%	97%	98%	98%	98%	98%	100%	100%
My work gives me a sense of personal accomplishment	84%	84%	84%	90%	90%	90%	90%	97%	84%	84%	97%	100%
Compared to people doing a similar job in other organisations I feel my pay is reasonable	27%	27%	27%	15%	30%	30%	36%	34%	48%	48%	21%	28%
I am satisfied with my total benefits package	30%	34%	34%	17%	40%	40%	46%	48%	64%	64%	33%	47%
I feel that my pay adequately reflect my performance	34%	33%	33%	25%	40%	40%	50%	50%	61%	61%	42%	41%
I would recommend the Service as a great place to work	32%	25%	25%	48%	34%	34%	52%	52%	25%	25%	67%	69%
The Service inspires me to do the best in my job	44%	44%	44%	63%	47%	47%	62%	69%	55%	55%	76%	79%
I am proud when I tell others I am part of the Service	65%	61%	61%	88%	67%	67%	80%	81%	70%	70%	88%	97%
I feel safe in my working environment	89%	84%	84%	100%	85%	85%	97%	95%	84%	84%	100%	98%
The level of control and discipline within this establishment is satisfactory	82%	69%	69%	92%	74%	74%	92%	86%	68%	68%	91%	98%
Notes												
	1. Number of responses are rounded to the nearest 10.											
	2. The surveys took place across October 2012 and October 2013.											
	3. These results are presented for the same questions as for table D.1.											

Appendix E: Current and recommended pay levels

Current and recommended pay levels for operational managers

Closed, pre-Fair and Sustainable scales

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

Grade	<i>Current pay scale</i> <i>£ a year</i>
<i>Senior manager A</i>	82,892
	80,460
	75,195
	71,730
	69,025
	66,620
	64,765
<i>Senior manager B</i>	80,458
	75,195
	71,730
	69,025
	66,620
	64,765
	60,980
<i>Senior manager C</i>	72,458
	67,710
	65,340
	62,690
	58,970
	56,920
<i>Senior manager D</i>	61,038
	56,595
	52,960
	51,277
	50,630
	45,700

Grade	Current pay scale £ a year
Senior manager D*	66,567
(closed – RHA inclusive)	61,239
	56,964
	54,894
	50,909
	47,244
Manager E	46,024
	41,545
	39,645
	36,425
	34,700
	33,335
Manager F	39,041
	34,745
	33,070
	31,745
	30,700
	29,685
Manager G	32,140
	29,945
	28,650
	27,490
	26,305
	25,105
Required hours addition (D*-G)	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.

Appendix E

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 2014	
		£ a year	£ a year	£ a year	£ a year
		National		National	
		37 hour Base Pay	37 hour inc 15% RHA	37 hour Base Pay	37 hour inc 15% RHA
Governor (Band 11)	Max	73,045	84,002	73,525	84,554
	Min	60,120	69,138	61,270	70,461
Governor (Band 10)	Max	65,000	74,750	65,000	74,750
	Min	51,795	59,564	54,165	62,290
Deputy Governor (Band 9)	Max	58,465	67,235	59,045	67,902
	Min	47,150	54,223	49,205	56,586
Deputy Governor/Head of Function (Band 8)	Max	46,100	53,015	46,100	53,015
	Min	35,325	40,624	38,415	44,177
Head of Function (Band 7)	Max	39,145	45,017	39,535	45,465
	Min	31,190	35,869	32,945	37,887

Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges which include 15 per cent RHA are rounded to the nearest £.
3. The 37 hour Base Pay salaries are the basis from which other rates are calculated.
4. Maxima for Bands 8 and 10 remain unchanged for the recommended pay ranges as these Bands already have sufficient "headroom" to incentivise staff on the closed scales to opt in.

Fair and Sustainable ranges – Outer London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2014	
		£ 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 15% RHA
Governor (Band 11)	Max	75,545	86,877	76,025	87,429
	Min	62,175	71,501	63,355	72,858
Governor (Band 10)	Max	67,500	77,625	67,500	77,625
	Min	53,785	61,853	56,250	64,688
Deputy Governor (Band 9)	Max	60,965	70,110	61,545	70,777
	Min	49,165	56,540	51,290	58,984
Deputy Governor/Head of Function (Band 8)	Max	48,600	55,890	48,600	55,890
	Min	37,240	42,826	40,500	46,575
Head of Function (Band 7)	Max	41,645	47,892	42,035	48,340
	Min	33,185	38,163	35,030	40,285

Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges which include 15 per cent RHA 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, Bronzefield, Downview, Feltham, High Down, Isis.
5. Maxima for Bands 8 and 10 remain unchanged for the recommended pay ranges as these Bands already have sufficient “headroom” to incentivise staff on the closed scales to opt in.

Appendix E

Fair and Sustainable ranges – Inner London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2014	
		£ 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 15% RHA
Governor (Band 11)	Max	76,845	88,372	77,325	88,924
	Min	63,245	72,732	64,440	74,106
Governor (Band 10)	Max	68,800	79,120	68,800	79,120
	Min	54,820	63,043	57,335	65,935
Deputy Governor (Band 9)	Max	62,265	71,605	62,845	72,272
	Min	50,215	57,747	52,370	60,226
Deputy Governor/Head of Function (Band 8)	Max	49,900	57,385	49,900	57,385
	Min	38,240	43,976	41,585	47,823
Head of Function (Band 7)	Max	42,945	49,387	43,335	49,835
	Min	34,220	39,353	36,115	41,532

Notes:

1. The Band 7 to 11 ranges do not have fixed incremental pay points.
2. Pay ranges which include 15 per cent RHA 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, HQ Westminster, Pentonville, Wandsworth, Wormwood Scrubs.
5. Maxima for Bands 8 and 10 remain unchanged for the recommended pay ranges as these Bands already have sufficient “headroom” to incentivise staff on the closed scales to opt in.

Current and recommended pay levels for prison officer grades and support grades

Closed, pre-Fair and Sustainable grades

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2014 £ a year
Principal officer	33,537	33,872
	31,762	32,080
Senior officer	31,169	31,481
Prison officer	28,930	29,219
	25,915	26,174
	23,872	24,111
	22,671	22,898
	21,561	21,777
	20,754	20,962
	18,635	18,821
Prison officer 2*	17,000	17,170
	16,500	16,665
	16,000	16,160
	15,190	15,342
Operational support grade	18,755	18,943
	17,845	18,023
	17,320	17,493
	16,815	16,983
	16,330	16,493
	15,955	16,115
Night patrol	15,301	15,454
Storeman	16,202	16,364
Prison auxiliary	14,495	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.

Fair and Sustainable scales

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

National

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	£ 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 ACHP & 17% unsocial	37 hour Base Pay	37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
Custodial manager (Band 5)	27,710	32,421	33,919	27,987	32,745	34,258
	26,940	31,520	32,976	27,209	31,835	33,305
	26,190	30,642	32,058	26,452	30,949	32,379
	25,460	29,788	31,164	25,715	30,087	31,477
	24,250	28,373	29,684	24,493	28,657	29,981
Supervising and Specialist officers (Band 4)	24,290	28,419	29,732	24,533	28,704	30,030
	23,630	27,647	28,924	23,866	27,923	29,213
	22,345	26,144	27,351	22,568	26,405	27,624
	21,130	24,722	25,864	21,341	24,969	26,123
	20,125	23,546	24,634	20,326	23,781	24,880

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 ranges are rounded to the nearest £.

Outer London

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	£ 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	
Custodial manager (Band 5)	30,210	35,346	36,979	30,512	35,699	37,348
	29,380	34,375	35,963	29,674	34,719	36,323
	28,565	33,421	34,965	28,851	33,756	35,315
	27,780	32,503	34,004	28,058	32,828	34,345
	26,460	30,958	32,388	26,725	31,268	32,713
Supervising and Specialist officers (Band 4)	26,790	31,344	32,792	27,058	31,658	33,120
	26,060	30,490	31,899	26,321	30,796	32,218
	24,640	28,829	30,161	24,886	29,117	30,462
	23,300	27,261	28,520	23,533	27,534	28,806
	22,190	25,962	27,162	22,412	26,222	27,433

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 ranges are rounded to the nearest £.
3. Outer London covers – Belmarsh, Bronzefield, Downview, Feltham, High Down, Isis.

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	£ 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
Custodial manager (Band 5)	31,510	36,867	38,570	31,825	37,235	38,956
	30,645	35,855	37,511	30,951	36,213	37,886
	29,805	34,872	36,483	30,103	35,221	36,848
	28,985	33,912	35,479	29,275	34,252	35,834
	27,605	32,298	33,790	27,881	32,621	34,128
Supervising and Specialist officers (Band 4)	28,090	32,865	34,384	28,371	33,194	34,728
	27,325	31,970	33,447	27,598	32,290	33,781
	25,835	30,227	31,623	26,093	30,529	31,939
	24,430	28,583	29,904	24,674	28,869	30,202
	23,265	27,220	28,478	23,498	27,493	28,763

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 ranges are rounded to the nearest £.
3. Inner London covers – Brixton, Holloway, Pentonville, Pentonville, Wandsworth, Wormwood Scrubs.

Fair and Sustainable scales**Band 3 and Band 2: Prison officer and operational support grades****National**

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	£ 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 ACH & 17% unsocial	37 hour Base Pay	37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
Prison officer (Band 3)	19,030	22,265	23,499	19,220	22,487	23,734
	18,300	21,411	22,598	18,483	21,625	22,824
	17,600	20,592	21,734	17,776	20,798	21,951
	16,925	19,802	20,900	17,094	20,000	21,109
	16,120	18,860	19,906	16,281	19,049	20,105
OSG (Band 2)	15,480	18,112	18,948	15,635	18,293	19,138
	15,010	17,562	18,373	15,160	17,737	18,557
	14,555	17,029	17,816	14,701	17,200	17,995
	13,860	16,216	16,965	13,999	16,379	17,136

Notes:

1. Base pay for these grades is based on a 37 hour week and is the basis from which other rates are calculated. These grades may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay ranges are rounded to the nearest £.

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	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
Prison officer (Band 3)	21,530 20,705 19,910 19,145 18,235	25,190 24,225 23,295 22,400 21,335	26,587 25,568 24,586 23,641 22,518	21,745 20,912 20,109 19,336 18,417	25,442 24,467 23,528 22,623 21,548	26,852 25,823 24,832 23,877 22,743
OSG (Band 2)	17,980 17,435 16,905 16,100	21,037 20,399 19,779 18,837	22,008 21,341 20,693 19,707	18,160 17,609 17,074 16,261	21,247 20,603 19,977 19,025	22,229 21,554 20,899 19,904

Notes:

1. Base pay for these grades is based on a 37 hour week and is the basis from which other rates are calculated. These grades may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay ranges are rounded to the nearest £.
3. Outer London covers – Belmarsh, Bronzefield, Downview, Feltham, High Down, Isis.

Inner London

Grade/ Pay Band	Current pay ranges			Recommended pay ranges from 1 April 2014		
	£ 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
Prison officer (Band 3)	22,830	26,711	28,192	23,058	26,978	28,474
	21,955	25,687	27,111	22,175	25,945	27,383
	21,115	24,705	26,074	21,326	24,951	26,335
	20,305	23,757	25,074	20,508	23,994	25,325
	19,340	22,628	23,882	19,533	22,854	24,121
OSG (Band 2)	19,280	22,558	23,600	19,473	22,783	23,836
	18,695	21,873	22,884	18,882	22,092	23,113
	18,125	21,206	22,186	18,306	21,418	22,408
	17,260	20,194	21,127	17,433	20,397	21,339

Notes:

1. Base pay for these grades is based on a 37 hour week and is the basis from which other rates are calculated. These grades may qualify for an additional unsocial hours payment of 17 per cent.
2. Pay ranges are rounded to the nearest £.
3. Inner London covers – Brixton, Holloway, HQ Westminster, Pentonville, Wandsworth, Wormwood Scrubs.

Appendix F: Locality Pay Allowance rates

We recommend no change to 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, Wormwood Scrubs
Rate 2	Feltham, Huntercombe, The Mount, HQ Westminster
Rate 3	Belmarsh, Bronzefield,* Coldingley, Downview, High Down, Isis, Send, South East Area Office (Woking)
Rate 4	Aylesbury, Bedford, Bullingdon, Chelmsford, Grendon, Reading#, Woodhill
Rate 5	Lewes, Winchester
Rate 6	Birmingham,* Bristol, Littlehey, Long Lartin, Onley

Notes:

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

* May be payable to Controllers at these establishments.

Closed on the 31 December 2013.

Appendix G: Allowances and payments

We make one recommendation on allowances and payments; an increase to the Tornado payment of one per cent. Below are all the allowances with the recommended – or continuing – rates from 1 April 2014.

<i>Allowances</i>	<i>Closed grades</i>	<i>Fair and Sustainable grades</i>
	From 1 April 2014	From 1 April 2014
Care and maintenance of dogs	£1,526 a year	£1,526 a year
Specialist allowance		
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 ¹ payment	£19.51 per hour	£19.51 per hour
Payment Plus	£17.00 per hour	£17.00 per hour
<i>Allowances</i>		
Dirty protest allowance		
four hours or less per day	£5.75 per day	£5.75 per day
over four hours per day	£11.50 per day	£11.50 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	
weekends and privilege holidays	£20.17 per 24 hour period or proportionately for periods of less than 24 hours	

Appendix G

<i>Allowances</i>	<i>Closed grades</i>	<i>Fair and Sustainable grades</i>
public and bank holidays	£25.47 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home) ²		
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 The Tornado payment is the only payment for which we recommend an increase, up one per cent from £19.32 per hour.

² 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 H: 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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