



Prison Service
Pay Review Body

Prison Service Pay Review Body – Sixteenth Report on England and Wales 2017

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Chair: Dr Peter Knight CBE

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on

England and Wales

2017

Chair: Dr Peter Knight CBE

**Presented to Parliament by the
Prime Minister and the Lord Chancellor and Secretary of State
for Justice by Command of Her Majesty
September 2017**



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Glossary of Terms

ACH	additional committed hours (for prison officers in Band 3)
ACHP	pensionable additional committed hours
AWE	Average Weekly Earnings
BME	black and minority ethnic
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
CST	Chief Secretary to the Treasury
FTE	full-time equivalents
GDP	Gross Domestic Product
HMIP	Her Majesty's Inspectorate of Prisons
HMP	Her Majesty's Prison
HMPPS	Her Majesty's Prison and Probation Service (or the Service)
HMT	Her Majesty's Treasury
HMYOI	Her Majesty's Young Offender Institution
IDR	Incomes Data Research
IDS	Incomes Data Services
IMB	Independent Monitoring Board
LFS	Labour Force Survey
LPA	Locality Pay Allowance (refers to the closed rates in Appendix E)
MoJ	Ministry of Justice
NEMC	NOMS Executive Management Committee
NIC	National Insurance Contribution
NLW	National Living Wage
NOMS	National Offender Management Service (or the Service)
NPS	National Probation Service
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
OSG	operational support grade
PCS	Public and Commercial Services Union
PGA	Prison Governors' Association
POA	The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers
PSPRB	Prison Service Pay Review Body
RHA	required hours addition (allowance)
RPI	Retail Prices Index
S2P	state second pension
TOIL	time off in lieu
VEDS	voluntary early departure scheme
YOI	Young Offender Institution

Her Majesty's Prison and Probation Service (HMPPS) in England and Wales and our remit group

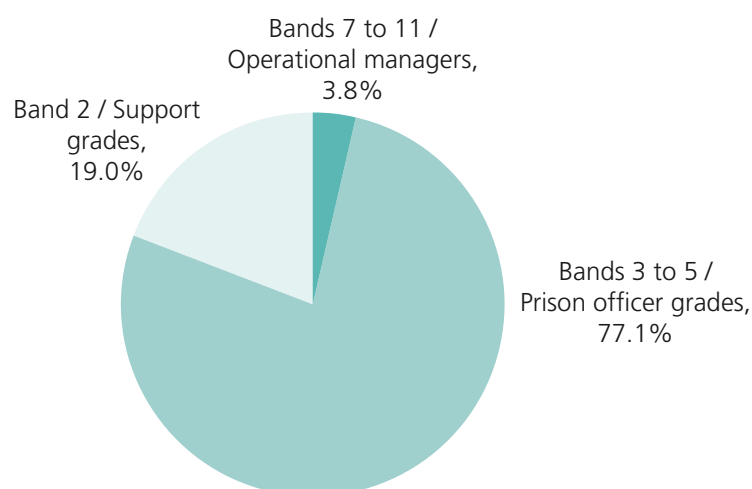
Her Majesty's Prison and Probation Service (HMPPS) is responsible for adult and young offender management services for England and Wales within the framework set by the government. It is an Executive Agency of the Ministry of Justice. The agency currently manages Her Majesty's Prison Service and the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

On 31 March 2017, the prisoner population across both the public and private sector estates was 85,513, 0.2 per cent higher than a year earlier.

HMPPS paybill costs relating to the remit group in 2015-16 were approximately £1 billion (including social security and other pension costs).ⁱ

At the end of March 2017, there were 23,865 full-time equivalent staff in our remit down from 24,034 a year earlier (a decrease of 0.7 per cent). The composition is below.

Our remit group in England and Wales, as at 31 March 2017



Full-time equivalent

Bands 7 to 11 / Operational managers	919
Bands 3 to 5 / Prison officer grades	18,403
Band 2 / Support grades	4,544

Source: HMPPS

Note:

The figures here are full-time equivalent for 31 March 2017 and are different from those shown in Table 2.4 which are headcount for 31 March 2016. These are rounded to the nearest whole number.

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

Prison Service Pay Review Body 2017 Report on England and Wales

Summary

Introduction

Our recommendations for 2017 are:

Recommendation 1: We recommend that from 1 April 2017 the *Fair and Sustainable* National Bands 2 to 5 base pay points and all their closed grade equivalents be raised by £400 as set out in Appendix D. This award would be consolidated and pensionable for all staff on these scales.

Recommendation 2: We recommend that from 1 April 2017 the *Fair and Sustainable* National Band 2 be changed to be a two point pay scale with the maximum set at £400 above the 1 April 2016 base pay level and the new minimum set at a level where staff will receive a five per cent increment when moving to the maximum, as set out in Appendix D.

Recommendation 3: We recommend that all staff in *Fair and Sustainable* Bands 2 to 5 who are in post on 31 March 2017 progress by one pay point effective from 1 April 2017, unless they have been placed on formal poor performance management procedures.

Recommendation 4: We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2017 and achieve a performance marking of 'Outstanding' receive an additional one per cent non-consolidated, non-pensionable pay award based on their 31 March 2017 base pay.

Recommendation 5: We recommend that the National maxima and minima of *Fair and Sustainable* Bands 7 to 11 be raised by one per cent from 1 April 2017, as set out in Appendix D. This change to the ranges should have no automatic effect on an individual's pay.

Recommendation 6: We recommend that the closed operational manager scales (including the full range of non-*Fair and Sustainable* scales or spot rates equivalent to Bands 7 to 11) and the cash amount of RHA which applies are raised by one per cent from 1 April 2017, as set out in Appendix D. This will deliver an increase to consolidated, pensionable pay of one per cent.

Recommendation 7: We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2017 and achieve a performance marking of 'Outstanding' receive consolidated pay progression of six per cent effective from 1 April 2017, capped at the new 2017 Band maximum. In addition, we recommend that staff in Bands 7 to 11 who are within six per cent of the maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay.

Recommendation 8: We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2017 and achieve a performance marking of 'Good' receive consolidated pay progression of four per cent effective from 1 April 2017, capped at the new 2017 Band maximum. Any staff who would be paid less than the minimum of their pay range after progression has taken place should be moved to the new 2017 Band minimum.

Recommendation 9: We recommend that from 1 April 2017 the consolidated, pensionable salary for prison auxiliary staff be raised to £15,575 and the consolidated, pensionable salary for night patrol staff be raised to £17,575 as set out in Appendix D.

Recommendation 10: We recommend that from 1 April 2017 the *Fair and Sustainable* operational graduate scheme consolidated pay rates be raised by £400 as set out in Appendix D.

Recommendation 11: We recommend that from 1 April 2017 the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones should be increased by one per cent and continue to be applied consistently across all bands (positioning maxima at £2,550 and £3,880 respectively above the base 37 hour National zone consolidated pay and adjusting other points and minima so that progression is the same percentage as on the National bands), as set out in Appendix D.

Recommendation 12: We recommend that the £5 increase to the rates for Payment Plus, OSG overtime and Tornado currently in place be extended to 31 March 2018 as proposals for new arrangements are developed.

Recommendation 13: We recommend the base pay on temporary promotion/cover for staff should be the greater of either the minimum for the role or five per cent of annual salary for each band to which they receive promotion/provide cover; this payment should be pensionable.

Recommendation 14: We recommend that Her Majesty's Prison and Probation Service present to us, in its evidence for our 2019 report, its plans for revised arrangements that would integrate the various different pay structures, allowances and supplements currently in operation across the country.

This report sets out our recommendations on pay and allowances for operational prison staff from 1 April 2017. We are aware that we are submitting this report after that date. This is a consequence of Her Majesty's Prison and Probation Service (HMPPS or the Service) submitting evidence to us six months later than normal, having attempted but failed to agree joint evidence with both the POAⁱⁱ and the Prison Governors' Association (PGA). We regret that this will result in our remit group receiving their pay award later than usual this year. We hope that for our 2018 Report we will receive more timely evidence from the Service.

We have made recommendations for our remit group this year based on all the evidence we received. These aim to address the particular challenges the Service is currently facing in relation to motivation, the difficult and deteriorating conditions in which our remit group work, recruitment and retention, and the competitiveness of the Service's remuneration package. We also express significant concerns about the fragmented nature of the pay arrangements, their durability in the long term, and the implications for the ability of HMPPS to deliver an essential public service.

Our remit and approach this year

In his Summer Budget on 8 July 2015,ⁱⁱⁱ the Chancellor of the Exchequer announced that the Government would fund public sector workforces for a pay award of one per cent for four years from 2016-17 onwards. This followed five previous years of explicit pay restraint: a two year pay freeze for public sector workers paid over £21,000 a year (2011-12 and 2012-13); and

ⁱⁱ The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

ⁱⁱⁱ HM Treasury. Summer Budget 2015. HC264. TSO, 2015. Available at: <https://www.gov.uk/government/publications/summer-budget-2015> (accessed on 26 June 2017).

three years of public sector pay restraint where the Government sought awards of up to one per cent (2013-14, 2014-15 and 2015-16). The Chief Secretary to the Treasury wrote to our Chair on 13 July 2016.^{iv} He reiterated the 2015 Budget statement and stated that the Government again expected pay awards to be applied in a targeted manner to support the delivery of public services, and to address recruitment and retention pressures.

Our activation letter for this round from the Prisons Minister, Sam Gyimah MP, drew our attention to the Government's overall policy on public sector pay but contained no restrictions on our remit. Therefore, in preparing this report, we have considered our full remit group and made recommendations we think appropriate in the light of all the evidence and in accordance with our standing terms of reference. Our conclusions and proposals are based on the views we heard from staff during our visit programme in 2016, evidence we received from the parties, and statistical information on the remit group set in the economic and labour market context.

Since we began our round, a General Election has taken place. Having received evidence from the Government before purdah began, we have continued and completed our work. This report and recommendations will be submitted to the new Government that has resulted from that election.

Context and evidence

The economic situation in the UK is mixed. Inflation has been increasing over the past 12 months and is now expected to stay above its two per cent target for the next two years. On the other hand, pay settlements and earnings growth have been modest, although those for private sector employees are forecast to rise faster than for their public sector counterparts. Indications are that pay increases in real terms (that is, with inflation taken into account) are likely to remain around zero or become negative. Alongside this, the labour market is tightening, particularly in the South. Overall, we consider these conditions are likely to have a negative impact on recruitment and retention in the Prison Service over the next few years.

Since 2014-15, HMPPS has undertaken prison officer recruitment at levels more consistent with the pre-recession years and it aims to continue this. HMPPS told us in written evidence that it had little difficulty in recruiting sufficient numbers of high calibre candidates in most parts of the country. It considered recruitment and retention issues to be localised and primarily based in London and the South East. We note, however, that national officer staffing levels have been little changed by this recruitment activity because of turnover. Staffing figures for 2015-16 show that turnover rose to 8.6 per cent for our remit group from 7.6 per cent the previous year. The annual turnover for prison officers within their first year of service has also increased to 13.5 per cent in 2015-16 (for officers recruited in 2014-15) from 8.8 per cent in 2014-15 (for officers recruited in 2013-14).

Notwithstanding this recruitment activity, there is general recognition, supported by evidence, that the Service is currently understaffed and overstretched, with chronic problems in London and in other locations mainly in the South East of England. Early in 2017 HMPPS introduced additional recruitment and retention incentives, outside of the usual pay round, to attempt to address the issues they were facing in London and the South East of England. In addition, the last Government planned to address wider issues for the Service by building new public sector prisons, and increasing autonomy for governing governors. However, the *Prisons and Courts Bill 2016-17*, which underpinned some of these policies, had not completed its journey through Parliament by the time of the General Election.

Staff motivation, morale and confidence in the Service are undoubtedly very low. Published figures on assaults and other forms of violence in establishments show that these are at the

^{iv} This letter can be found on the Office of Manpower Economics website at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539345/CST_letter_to_PSPRB_chair.pdf (accessed on 26 June 2017).

highest levels since 2000 (the start of the current published time series) and are still rising. In the annual report from Her Majesty's Inspectorate of Prisons, the Chief Inspector said that prisons had "become unacceptably violent and dangerous places". All the parties, and many staff themselves, commented on the rising number of assaults, general conditions in prisons and the demotivating effect this had. Evidence from the parties, and from our visits, indicates that staff are also demotivated by the decrease in take-home pay in real terms over recent years, at a time when staff shortages mean the work is getting harder and less rewarding. In addition, staff are aware that, when compared with other public services, media coverage of their work is usually rare unless there are problems to report. Staff frequently told us that they felt disregarded and overlooked by the Government, their employer and the public.

Pay arrangements for operational prison staff have been complex for a number of years now. Our remit covers two main pay structures: the older closed pay scales and spot rates, and the newer *Fair and Sustainable* pay bands. Even though all new recruits join on *Fair and Sustainable* terms, the majority of our remit group are still on closed pay scales, which are higher for the majority of those staff. HMPPS acknowledges that running two pay structures in this way is not ideal and reiterated to us that it saw the two pay structures coming together in future years.

This year, the pay arrangements have become even more complicated as a result of the introduction of new market supplements across roughly one-third of the estate. These apply both to new staff and existing *Fair and Sustainable* Band 3 staff, and cover a significant proportion of the staff in our remit group. The effect is that yet more of our remit group are being paid differently for doing essentially the same role. We were not consulted on these arrangements and see an increasingly urgent need to comprehensively review the pay arrangements for operational prison staff, and return to this below.

We received pay proposals this year from HMPPS, the PGA and the Public and Commercial Services (PCS) Union. For the second year running we did not receive evidence from the POA, although the union did write to us to comment on certain matters in the HMPPS written evidence. Prior to submitting its evidence, HMPPS held negotiations with the POA and separately with the PGA with the aim of reaching joint proposals. These considered a consolidated award for staff on the *Fair and Sustainable* Bands and an award for the closed grades that consisted of both consolidated and non-consolidated elements. These would have applied over three years and also offered a reduction in retirement age for eligible operational staff. However, these attempts to reach agreement were ultimately not successful.

In the evidence it submitted to us, HMPPS proposed 1.0 per cent to staff on *Fair and Sustainable* and a 0.6 per cent non-consolidated, non-pensionable payment for those on the closed pay structures who would not financially benefit from opting in. It also made separate proposals for prison auxiliaries and night patrol staff which related to the National Living Wage (NLW). HMPPS told us that its proposals reflected public sector pay policy and affordability, ensured that Band 2 remained above the NLW, helped recruitment and retention, and continued to close pay differentials between the closed grade prison officers and senior officers and the *Fair and Sustainable* equivalents while taking account of market comparators.

The PGA evidence proposed a five per cent increase for the *Fair and Sustainable* grades it represents and for those on the closed grades for whom opting in would not be of financial benefit. It asked that the maxima of all *Fair and Sustainable* Bands 7 to 11 be increased sufficiently so that any performance pay increases would be "delivered in terms of hard cash".

The PCS proposed a minimum five per cent consolidated award with a £1,200 "underpinning" on all pay points and ranges for both closed and *Fair and Sustainable* grades. It also asked us to focus specific attention on low pay and asked for pay progression for all staff because of its ongoing concerns about the performance management system.

For this report, we have given careful consideration to the submissions we received alongside other evidence. Also, we remain cognisant of the fact that the International Labour Office 336th Report of the Committee on Freedom of Association made clear we are regarded as a compensatory mechanism for the condition that prison officers do not have the right to strike. As a result, whilst our recommendations are not legally binding, the Government committed only to depart from them in exceptional circumstances.

Our recommendations on pay for 2017

As we indicated earlier, we see our recommendations this year, for a late award effective 1 April 2017, as a response to the particular challenges that are currently faced by the Service. Our key concerns are: motivation, employee relations and the difficult and deteriorating conditions in which our remit group serve the public; recruitment, training and retention; and the competitiveness of the remuneration package. We are adopting different approaches this year for uniformed grades and operational managers although, in both cases, we have attempted to make our recommendations simple to understand.

For the uniformed grades, for a number of years we have recommended differentiated, targeted awards. These meant those on the newer and, for the majority of staff, lower *Fair and Sustainable* bands saw greater increases than colleagues on the closed grades. The latter group have seen no or only non-consolidated awards in all but one of the last four annual awards since the pay freeze.

This year the evidence showed low motivation and morale across the board. In our view, the present state of the prison system means that all frontline prison staff currently face significantly greater, and growing, challenges, and this should be recognised in the pay award. We are also increasingly concerned about retention of more experienced staff, including the significant numbers still on the closed grades. Finally, we are mindful of the need to maintain competitive pay arrangements.

We therefore recommend this year that the base pay points on all National *Fair and Sustainable* bands and the points on all closed scales should increase by £400 to deliver a consolidated, pensionable increase of this amount for all uniformed staff (in addition to any progression to which they are entitled).

This flat cash award delivers different percentage amounts depending on an individual's level of pay. For example, looking at lower-paid staff, it will deliver a targeted increase to the minimum of National Band 3 by 2.3 per cent which we hope will help in the ongoing recruitment that will continue across the country. Recruitment in London and other hard-to-recruit areas, mainly in the South East, is additionally supported by the new market supplements.

We are additionally recommending that the Band 2 scale should reduce from three to two points. This is again to assist with recruitment, and in recognition that we believe a two point scale better reflects the time it takes to become fully competent in this role.

Alongside this £400 increase to pay ranges, we continue to recommend one point progression for all staff not already at the maximum of their scale (unless they have been placed on formal poor performance management procedures). As was the case last year, we have not seen evidence that the performance management system for staff in Bands 2 to 4 is operating effectively, and therefore do not recommend any performance-related differentiation of awards. However, we see evidence of the performance management system operating effectively for Band 5 staff, and we therefore repeat our recommendation from last year that Band 5 staff who achieved an 'Outstanding' box marking should receive an additional one per cent non-consolidated payment.

We have reviewed operational managers separately from the uniformed grades, since we do not consider a flat cash award to be appropriate for this group. The pay structures for operational managers cover a much larger range of salaries than those for officers and support staff, and a flat cash award would compress these ranges and could make promotion less attractive. In addition, operational managers in *Fair and Sustainable* have open pay ranges rather than pay scales and see all of their increase in the form of progression payments. Finally, we consider that the performance management system works for these staff and therefore that performance-related pay is more appropriate.

We recommend a one per cent increase to operational manager closed pay scales and *Fair and Sustainable* ranges. As last year, we propose that staff do not move automatically with the *Fair and Sustainable* ranges but rather through their progression award. We want pay progression in the *Fair and Sustainable* ranges to deliver pay increases broadly comparable with the increases between pay points in Bands 2 to 5. In addition, we want a rate of progression through the bands which reflects the time taken to become fully competent in the role. HMPPS indicated in its evidence this was five to six years.

We therefore recommend six per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Outstanding', capped by the new maximum. In addition, we recommend that those staff in Bands 7 to 11 who are within six per cent of the Band maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay. We recommend four per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Good', capped at the band maxima. Those staff who receive an 'Improvement Required' performance marking should not receive any performance progression. Following the application of this progression award, if any staff remain below the minimum for their pay range^v then they should be moved to that new minimum.

In order to apply the pay award across the three zones, we recommend that the fixed cash pay differentials for the maxima of the *Fair and Sustainable* Outer and Inner London zones be increased by the one per cent proposed by HMPPS. This means the maxima should now be placed £2,550 and £3,880 above the relevant National maxima for Outer and Inner London respectively. As for previous years, other points should be adjusted so that progression is the same percentage as on the National Bands. The tables in Appendix D set this out.

We note the ongoing discussions on contracted hours and on the handling of Tornado call outs and we are keen to see them reach agreed conclusions and for proposals to be put to us. In the interim we recommend that the £5 increase to the rates for Payment Plus, OSG overtime and Tornado payments be extended to 31 March 2018 to enable it to continue in place until our next report when we will consider the proposals from the current reviews. We make no recommendations on any other allowances and payments this year.

As we stated earlier, we see our recommendations this year as a response to a deteriorating environment for the Service. Our recommendations seek to recognise that all our remit group, whether on "closed" or "open" pay structures, have been facing significantly tougher challenges. In percentage terms, the awards will be greatest for the lowest paid and least for the highest paid, but in terms of cash, all should benefit. As in previous years, we do not consider that any costs of staff progression within the pay scales form part of the cost of our pay recommendations.

This award will increase base pay by £400 for all uniformed staff which, as at 31 March 2017, was 22,947 full-time equivalents. In addition, it will cost around one per cent for all operational managers which, at the same point in time, was 919 full-time equivalents. The precise cost will vary depending on the number of hours worked and the zone of the country in which these staff are located.

^v We understand this should only occur when staff at the bottom of the pay range do not receive a 'Good' or 'Outstanding' marking.

The success of the Service is highly dependent on its staff. There are significant potential costs, to the Service and to society at large, if it proves difficult to recruit, retain and motivate suitable people. In that context, we consider that our recommendations strike a fair balance, offer sound value for money and represent an appropriate level of investment in operational prison staff in the current circumstances.

Looking ahead

Looking to the longer term, we see a need to address the increasingly fragmented and inconsistent nature of current pay arrangements to make sure that they are best placed to attract and retain suitable staff over the coming years.

The current pay and allowance arrangements for staff in our remit group are a mis-matched set of structures that have built up over a number of years as HMPPS and its predecessors sought to replace older systems. In 2012, what was then the National Offender Management Service (NOMS) introduced *Fair and Sustainable* which included a new pay structure, that was ultimately intended to cover all staff. We recognised and welcomed that *Fair and Sustainable* was a collective agreement between NOMS and the POA and was supported by a ballot of POA members at that time. It made an important contribution to the modernisation of the pay structure for the Service.

Five years on, the latest figures we received indicate that still over half of operational staff remain on closed pay structures, including some who would financially benefit from opting in. Labour market conditions, the operational context for the Service and other factors have changed from those prevailing when *Fair and Sustainable* was agreed. The Service itself has made a number of additions, such as the new market supplements, that seem inconsistent with the principles of *Fair and Sustainable*. In addition, we think it is important for a pay system to command the confidence of the Service staff and what we have heard from our remit group on visits suggests this is not the case with the current arrangements.

Consequently we believe that HMPPS now needs to comprehensively review its pay and allowance arrangements. The creation of the new organisation has integrated a large, relatively new group of staff, those in the National Probation Service (NPS). This would seem a good time to develop a new, longer-term workforce strategy for the Prison and Probation Service and then review the various remuneration structures to ensure they are best placed to support that strategy.

We therefore recommend that HMPPS, in its evidence to us for our 2019 report, presents plans for revised pay arrangements that properly integrate the various different pay structures, allowances and supplements currently in operation across the country. We would expect to be consulted and to contribute to such a review.

We were disappointed again this year to receive no evidence from the POA. The union told us that its membership was extremely unhappy with the recommendations we made in 2015 and had voted against giving evidence for future reports. We remain very interested in hearing the collective views and concerns of union members through POA evidence. We make recommendations that affect them and would be better placed to do so if we had this.

The staff in our remit group are responsible for running the prison estate in increasingly demanding and violent conditions. We have concluded that all staff require financial recognition this year for the difficult job they are doing in protecting the public. It is important that the Service recruits and retains people who will be well-trained, continuously developed and motivated to do this job. The recommendations we make in this report reflect these circumstances and aim to establish a better basis upon which the Service can build future pay arrangements.



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 2016 report for England and Wales,² we made recommendations relating to the new *Fair and Sustainable* pay structure, for staff on the *Fair and Sustainable* structure and for staff remaining on the closed pay structures:

- The maxima of the *Fair and Sustainable* National Bands 2 to 5 to be raised by one per cent and the minima and the intermediate points adjusted as set out in our report.
- Staff in Bands 2 to 5 to progress by one pay point, unless they had been placed on formal poor performance management procedures.
- Staff in Band 5 receiving an 'Outstanding' box marking to receive a one per cent non-consolidated, non-pensionable pay award.
- The maxima and minima of *Fair and Sustainable* National Bands 7 to 11 to be raised by one per cent and these changes to the ranges to have no automatic effect on individual staff pay.
- Staff in Bands 7 to 11 who achieved a performance marking of 'Good' or 'Outstanding' to receive four per cent consolidated pay progression capped at the new band maxima with any staff paid less than the new 2016 minima after progression moved to the new Band minima. Also, those receiving an 'Outstanding' box marking to receive a two per cent non-consolidated, non-pensionable pay award.
- Staff in the closed grade equivalents to Bands 3, 4 and 5 at the maximum of the old pre-*Fair and Sustainable* grades (including former G4S staff) to receive a non-consolidated, non-pensionable payment of £300 for officers and equivalents, £325 for senior officers and equivalents and £350 for principal officers and equivalents, excluding those on formal poor performance management procedures.
- Staff in the closed grade equivalents to Band 2 at the maximum of the old pre-*Fair and Sustainable* grades (including former G4S staff, prison auxiliaries and night patrol) to receive a non-consolidated, non-pensionable payment of £300, excluding those on formal poor performance management procedures.
- The fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones to be applied consistently across all bands (repositioning maxima £2,525 and £3,840 respectively above the base 37 hour National zone pay and adjusting other points so that progression is the same percentage as on the National bands).
- The required hours addition (RHA) be increased to 17 per cent.

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 26 June 2017). PSPRB covers England and Wales, and Northern Ireland; the Scottish Prison Service is outside our remit.

² The 2016 PSPRB report for England and Wales can be found at: <https://www.gov.uk/government/publications/psprb-fifteenth-report-on-england-and-wales-2016> (accessed on 26 June 2017).

Chapter 1

- The dirty protest allowance be increased to £10 for the first four hours or less and £20 for over four hours.
- A new care and maintenance of dogs allowance for carers of multiple dogs be introduced at £1,908 per year.

1.3 In addition we asked for further evidence on a number of areas for this 2017 report (the first of which was a formal recommendation):

- The National Offender Management Service (NOMS) to arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets.
- NOMS to provide details on its monitoring of low motivation and morale and its plans to address this.
- NOMS to provide evidence on how the performance management system is working by grade and ask all the parties to monitor the effectiveness of the performance management system.
- NOMS to provide details of its planned revision to the Tornado model, along with comments on this from the unions.
- NOMS to provide further information on its plans to replace Payment Plus with a “contracted hours scheme”.
- NOMS to provide details of its pay proposals for its operational graduates.
- NOMS to provide an update on the buying out of the healthcare payments for former G4S staff in our remit.

1.4 The Government accepted all our recommendations. It implemented the pay and allowances changes from 1 April 2016.³ Whilst we note our recommendations were accepted, we are disappointed that Her Majesty’s Prison and Probation Service (HMPPS) has failed to produce evidence for us this year on most of the areas identified above.

Our remit this year

1.5 In his Summer Budget on 8 July 2015,⁴ following the 2015 General Election, the Chancellor of the Exchequer announced that the Government would fund public sector workforces for a pay award of one per cent for four years from 2016-17 onwards. This followed five previous years of explicit pay restraint: a two year pay freeze for public sector workers paid over £21,000 a year (2011-12 and 2012-13); and three years of public sector pay restraint where the Government sought awards of up to one per cent (2013-14, 2014-15 and 2015-16).

1.6 The Chief Secretary to the Treasury (CST) wrote to our Chair on 13 July 2016.⁵ He reiterated the 2015 Budget statement that the Government would fund public sector workforces pay awards of one per cent a year for four years from 2016-17. The CST stated that the Government again expected pay awards to be applied in a targeted manner to support the delivery of public services, and to address recruitment and retention pressures. He said there should not be an expectation that every worker would receive a one per cent award.

1.7 The Prisons Minister, Sam Gyimah MP, wrote to our Chair on 16 August 2016 asking us to commence our work for the 2017-18 pay round. The Minister’s activation letter, whilst drawing our attention to the Government’s public sector pay policy, contained no restrictions on our remit. We have therefore considered

³ The Written Ministerial Statement accepting our recommendations can be found at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-03-08/HCWS592/> (accessed on 26 June 2017).

⁴ HM Treasury. Summer Budget 2015. HC264. TSO, 2015. Available at: <https://www.gov.uk/government/publications/summer-budget-2015> (accessed on 26 June 2017).

⁵ This letter can be found on the Office of Manpower Economics website at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539345/CST_letter_to_PSPRB_chair.pdf (accessed on 26 June 2017).

our full remit group and made recommendations we think appropriate in the light of all the evidence and in accordance with our standing terms of reference. The Minister's activation letter is at Appendix B.

Our timetable

1.8 Our standard timetable assumes that we receive written evidence at the start of October and submit our report to Government in mid to late February, with the expectation that the Government will implement our recommendations in April, the pay award date for our remit group. However, this year we were aware that, as the round started, negotiations were ongoing between the POA⁶ and NOMS, and separately between the Prison Governors' Association (PGA) and NOMS, with a view to making joint submissions of agreed evidence to us. On this basis, we were content to accept a delay to the receipt of evidence as we always welcome evidence that has been agreed between the Department and the unions involved. We see such negotiations as valuable as these allow the parties to agree on significant issues that can include areas outside our remit (such as pensions). However, in this case, these negotiations were concluded with the POA in December 2016 and the PGA at the end of January 2017 and neither was ultimately successful in reaching joint agreements.

1.9 On 19 February 2017, the Lord Chancellor and Secretary of State for Justice, Elizabeth Truss, announced a series of new market supplements for Band 3 *Fair and Sustainable* prison officers at 31 sites (30 prisons and Medway Secure Training Centre). These new market supplements replaced a number of recruitment and retention bonuses and existing market supplements. We discuss these further in Chapter 2.

1.10 We did not receive written evidence from the Government until the beginning of April 2017. This evidence came from the newly formed HMPPS which replaced NOMS on 1 April 2017. Following this, our Chair wrote to the Prisons Minister on 24 April 2017,⁷ informing him of our revised submission date for this round.

1.11 Since we began our round, a General Election was called and took place on 8 June 2017. Having received evidence from the Government before purdah began we have continued and completed our work. This report and recommendations will be submitted to the new Government that has resulted from that election.

Our evidence base

1.12 Our secretariat invited all the parties who represent our remit group to submit written evidence. We received written submissions from the Public and Commercial Services (PCS) Union, the PGA and HMPPS. Following the delayed receipt of the HMPPS evidence, we held oral evidence sessions in April with:

- The Prisons Minister, Sam Gyimah MP, and HMPPS officials led by Chief Executive Officer, Michael Spurr, and accompanied by officials from Her Majesty's Treasury.
- The PGA, represented by members of the National Executive Committee, Dave Hoskins, John Attard and Shaun Williamson.
- The PCS, represented by Dave Vickers, HMPPS Branch Chair, and Chris Poyner, Ministry of Justice Group Vice President.

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

1.13 We base our recommendations in this report on evidence from a number of sources including:

- Written and oral evidence from the parties (as above).
- A written submission received from the Independent Monitoring Board at HMP Woodhill.

⁶ The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

⁷ This letter can be found on the Office of Manpower Economics website at: <https://www.gov.uk/government/publications/chairs-letter-to-prisons-minister-2017-england-and-wales-report> (accessed on 26 June 2017).

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- Economic data from the Office for National Statistics.
- Statistical data provided by NOMS/HMPPS, which were shared with all the parties.
- Information gathered during our 2016 visits to prison establishments (see below).
- Her Majesty's Inspectorate of Prisons' (HMIP) inspection reports and the HMIP 2015-16 annual report.

Visits

1.14 In 2016 we visited eight public sector and one private sector establishments (listed at Appendix C) to hear the views of our remit group and their private sector equivalents. As in previous years, these visits gave us a valuable opportunity to meet remit group staff at all levels. We were able to hear their views and concerns on: remuneration, the impact of continuing pay restraint, the consequences of having two sets of pay ranges and associated opting in arrangements, recruitment and retention, staffing levels in prisons, the performance management system, and on other issues covered by our terms of reference. Visits typically included: separate discussions with support staff, with staff in the officer grades, with senior officers, and with operational managers; a briefing with the governing governor; a meeting with local trade union representatives; and a tour of the establishment during which we could talk informally to staff. However, this year the POA instructed its local branch officials and membership not to engage with us during our visits. We are disappointed with this development as we see no benefit for the staff from withholding their views.

1.15 Our visits in 2016, as usual, added greatly to our knowledge and understanding of our remit group's duties, working environment and concerns. Visiting establishments to hear first-hand from a cross-section of staff provides us with a valuable perspective which complements the written and oral evidence from the parties. We were pleased by the numbers of staff that attended and provided their views, and we were impressed by those contributions. We know that arranging our visits requires considerable effort and we thank all of those involved, whether as organisers or participants, for making them possible.

Our 2017 report

1.16 This report follows our normal format. We set out in Chapter 2 the economic situation and the background and evidence on 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 review the evidence we have received and set out our conclusions and recommendations. In Chapter 4 we comment on a number of issues to which we believe the parties should give further attention and make a further recommendation.

Chapter 2: Context and evidence

Introduction

2.1 This chapter sets the context for our recommendations. It provides information on the economic position, details of the pension scheme available to staff in our remit group, and notes recent changes to National Insurance Contributions (NICs) and benefits. It describes the financial position of Her Majesty's Prison and Probation Service (HMPPS), its recent planned reforms and provides background information on our remit group staffing. The chapter then sets out the evidence for our remit group in terms of recruitment and retention, motivation and morale, locality pay, competitiveness with the private sector, and equality and diversity. It concludes with the parties' proposals to us this year.

Economic context⁸

2.2 The last Government stated, in its 2017 Spring Budget,⁹ that data released since the Autumn Statement 2016 in November had "provided further evidence of the fundamental strength and resilience of the UK economy". It said business investment was "expected to remain subdued due to economic uncertainty" as the UK negotiated its departure from the European Union.

2.3 Recent provisional figures from the Office for National Statistics (ONS) suggest the economy grew by 2.1 per cent between the first quarter of 2016 and the first quarter of 2017 (Gross Domestic Product (GDP)), see Figure 2.1 for the last ten years of data. The Office for Budget Responsibility (OBR) stated in its *Economic and Fiscal Outlook*¹⁰ that GDP growth would be 2.0 per cent in 2017, falling to 1.6 per cent in 2018 and 1.7 per cent in 2019. Quarterly growth had slowed to 0.3 per cent. The Bank of England forecast growth in 2017 of 1.9 per cent in its May *Inflation Report*.¹¹

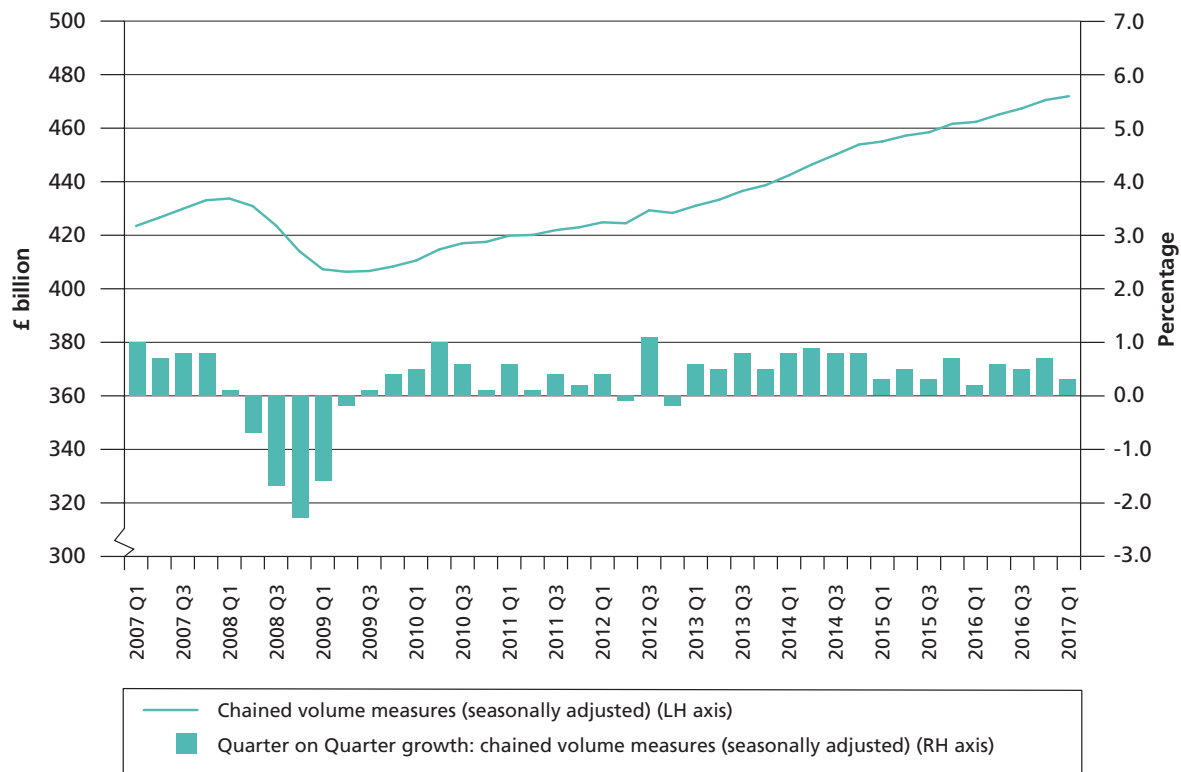
⁸ Data in this section and in the staffing section are as at published on 18 May 2017 which is when we reached initial decisions.

⁹ HM Treasury. *Spring Budget 2017*. HC1025. TSO, 2017. Available at: <https://www.gov.uk/government/publications/spring-budget-2017-documents> (accessed on 26 June 2017).

¹⁰ Office for Budget Responsibility, *Economic and Fiscal Outlook: March 2017*, Cm 9419. TSO, 2017. Available at: <http://budgetresponsibility.org.uk/efo/economic-fiscal-outlook-march-2017/> (accessed on 26 June 2017).

¹¹ Bank of England. *Inflation Report May 2017*. Available at: <http://www.bankofengland.co.uk/publications/Pages/inflationreport/2017/may.aspx> (accessed on 26 June 2017).

Figure 2.1: Quarterly GDP, 2007 to 2017

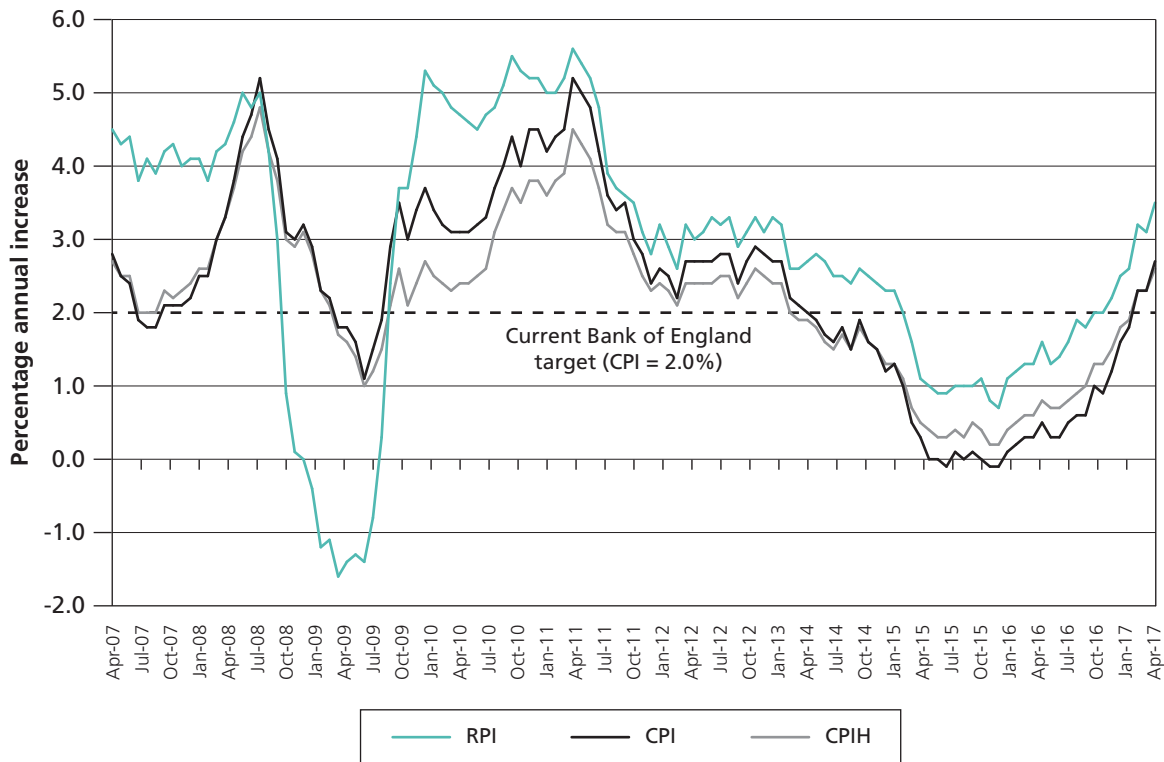


Source: Office for National Statistics

2.4 As part of our standing terms of reference, we are asked to take the Government’s inflation target into account. Inflation as measured by the annual percentage change in the Consumer Prices Index (CPI), was 2.7 per cent in April 2017, again an increase from 2.3 per cent in March and from 0.3 per cent in April 2016.¹² This is above the Government’s current CPI target for the Bank of England of 2.0 per cent. On 21 March 2017, the Consumer Prices Index including owner occupiers’ housing costs (CPIH) became the headline inflation measure of the ONS and the focus of the commentary in its monthly statistical release. Headline inflation, as measured by the annual percentage change in CPIH, was 2.6 per cent in April 2017, an increase from 2.3 per cent in the previous month and from 0.7 per cent in April 2016. The annual percentage change in the Retail Prices Index (RPI) was 3.5 per cent in April 2017. All three measures have gradually increased over the last two years (for ten years of data see Figure 2.2) due to rising fuel prices and food prices. Prior to February 2017, food prices had been falling for two years. Increased energy prices are expected to take inflation up further during 2017. In its March report, the OBR stated it expected CPI inflation to peak at 2.7 per cent in the final quarter of 2017, before gradually declining. The CPI independent forecasts published in April by Her Majesty’s Treasury for 2017 are between 2.0 and 4.0 per cent and the inflation rate is expected to remain above the Bank of England target for the next two years.

¹² The target set by the Government for the Monetary Policy Committee is to maintain inflation (measured by the CPI) at 2.0 per cent. Unlike the Retail Prices Index (RPI), the CPI excludes mortgage interest payments and some other housing components. The two indices also have differences in the coverage of goods and services, and are calculated using a different formula. The RPI measure is still widely used for pay bargaining, despite being dropped as a National Statistic in 2013, while the CPI measure is used for the 2.0 per cent target, as well as pension and benefit upratings.

Figure 2.2: Inflation (CPIH, CPI and RPI), April 2007 to April 2017



Source: Office for National Statistics

Labour market

2.5 There were 5.44 million people employed in the public sector in December 2016, little changed from September or a year earlier. However, public sector employment had been generally falling since December 2009. There were 26.41 million people employed in the private sector in December 2016. This was 317,000 more than for a year earlier and 92,000 more than in September 2016. In March 2017, the OBR said expected slow growth in cash spending and low annual wage growth would result in general government employment falling by 0.1 million between the first quarter of 2016 and the first quarter of 2022, leading to a total fall from early 2011 of 0.4 million. However, the OBR said that it expected this fall to be more than offset by a rise in market sector employment.

2.6 The employment level¹³ has grown to reach 31.95 million people in work (for January to March 2017). This is 381,000 more than the level in the equivalent period a year earlier and 122,000 more than for October to December 2016. The employment rate (which ONS defines as the proportion of people aged from 16 to 64 who are in work) was 74.8 per cent, the highest since comparable records began in 1971. In March 2017, the OBR projected that employment would continue to increase, from 31.7 million in 2016 to 32.5 million in 2021.

2.7 According to Labour Force Survey (LFS) data, there were 1.54 million unemployed people in the three months from January to March 2017. This was 152,000 fewer unemployed people than a year earlier. The unemployment rate¹⁴ was 4.6 per cent (January to March 2017), down from 5.1 per cent a year earlier. It has not been lower since 1975. In March 2017, the OBR stated that unemployment would rise slightly from its current rate to reach 5.2 per cent by 2019. It said the unemployment rate was then expected to fall back a little, reaching 5.1 per cent by the end of the forecast period. The OBR noted this was higher than the current rate, in part as a result of a higher National Living Wage (NLW) putting upward pressure on equilibrium unemployment.

¹³ This is the number of people in work aged 16 and over from the Labour Force Survey (LFS).

¹⁴ The unemployment rate is the proportion of the economically active population (those in work plus those seeking and available to work) who were unemployed. (Number of unemployed people aged 16 and over divided by the sum of employed people aged 16 and over plus unemployed people aged 16 and over.)

2.8 At a regional level, figures are available on employment, unemployment and inactivity, see Table 2.1 below. These figures indicate that the south of the country, outside London, has higher employment rates – and lower unemployment rates – than the remainder. This tight labour market in the south of the country impacts on recruitment and retention for our remit group in those areas.

Table 2.1: Summary of latest headline estimates for regions of the UK, seasonally adjusted, January to March 2017

	Employment rate ¹ (%) aged 16 to 64	Unemployment rate ² (%) aged 16 and over	Inactivity rate ³ (%) aged 16 to 64
United Kingdom	74.8	4.6	21.5
Great Britain	75.0	4.6	21.3
England	75.2	4.6	21.1
<i>North East</i>	71.6	5.9	23.8
<i>North West</i>	74.0	4.3	22.6
<i>Yorkshire and The Humber</i>	73.9	4.9	22.2
<i>East Midlands</i>	75.6	3.9	21.3
<i>West Midlands</i>	71.4	5.7	24.2
<i>East</i>	77.5	3.9	19.2
<i>London</i>	73.3	6.1	21.9
<i>South East</i>	78.4	3.5	18.7
<i>South West</i>	78.7	3.6	18.2
Wales	73.7	4.8	22.4
Scotland	74.0	4.4	22.5
Northern Ireland	68.4	5.3	27.7

Source: Office for National Statistics

Notes:

1. Calculation of headline employment rate: Number of employed people aged from 16 to 64 divided by the population aged from 16 to 64. Population is the sum of employed plus unemployed plus inactive.
2. Calculation of headline unemployment rate: Number of unemployed people aged 16 and over divided by the sum of employed people aged 16 and over plus unemployed people aged 16 and over.
3. Calculation of headline economic inactivity rate: Number of economically inactive people aged from 16 to 64 divided by the population aged from 16 to 64. Population is the sum of employed plus unemployed plus inactive.

Pay

2.9 Our last five years of pay recommendations have been made as *Fair and Sustainable* was introduced, staffing levels reduced and against a backdrop of public pay restraint. This is a brief summary of our main pay recommendations which were accepted by Government:

- In 2012, *Fair and Sustainable* pay Bands 2 and 3 were introduced, and a public sector pay freeze was applied for the second year to all staff earning more than £21,000.
- In 2013, the remaining *Fair and Sustainable* pay Bands were formally introduced with our recommendations that pay maxima be adjusted so that it was possible for staff in some National Bands to receive a pay award of one per cent or more when opting in (this did not cover prison officers or senior officers). We recommended that closed grade prison officers at the top of the pay scale and senior officers be awarded a non-consolidated payment of £250.

- In 2014, we recommended a one per cent consolidated pay increase for all officers and support staff on all pay structures and changed some *Fair and Sustainable* National Band 7 to 11 pay structures to provide two per cent to staff who opted in.
- In 2015, we recommended an increase of 1.8 per cent to the maxima of the *Fair and Sustainable* National Bands, but did not provide pay awards for those on closed grades. The Government then provided non-consolidated retention bonus payments (£300 for prison officers and support staff, £325 for senior officers and £350 for principal officers) shortly after the publication of our 2015 report.
- In 2016, we recommended an increase of 1.0 per cent to the maxima of the *Fair and Sustainable* National Bands and provided non-consolidated awards of £300 for prison officers and support staff, £325 for senior officers and £350 for principal officers.

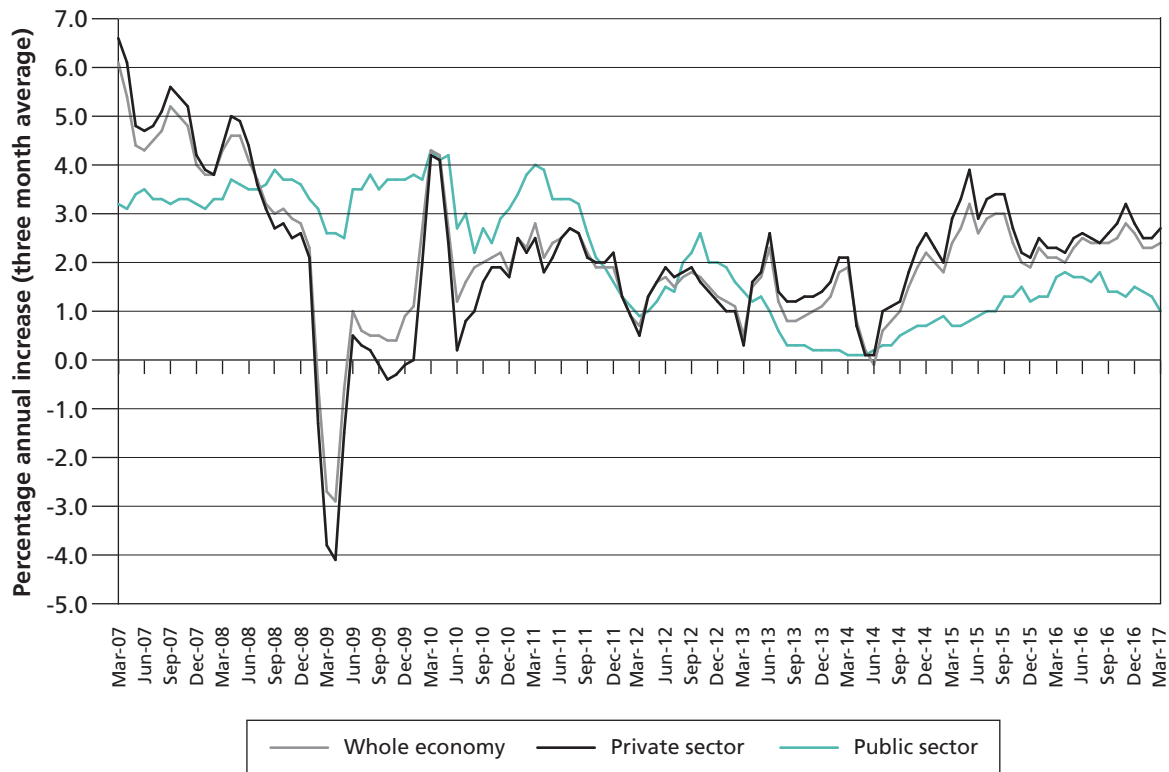
2.10 Public sector pay settlements remain at 1.0 per cent. The last Government accepted one per cent pay recommendations from 1 April 2017 from the NHS Pay Review Body, the Review Body on Doctors' and Dentists' Remuneration and the Armed Forces' Pay Review Body. Also local government employees in England and Wales received a one per cent general increase in April, with increases to the lowest pay points of up to 3.4 per cent. The main pay settlement information providers (XpertHR, IDR, LRD and EEF) recorded a private sector median pay review of between 2.0 per cent and 2.4 per cent for the three months to April 2017. Whole economy pay settlement medians were concentrated around 2.0 per cent in the first quarter of the year, having been around this level through all of the last 12 months and fairly stable since the start of 2014. The Chartered Institute of Personnel and Development forecasts the 12 month median to December 2017 as 1.0 per cent for the public sector and 2.0 per cent for the private sector. The XpertHR forecast for the 12 month private sector median to February 2018 is 2.0 per cent. The Bank of England 2017 average pay settlement forecast is 2.2 per cent for the private sector.

2.11 Between January to March 2016 and January to March 2017 in real terms (that is, adjusted for consumer price inflation in the form of CPIH) total Average Weekly Earnings (AWE) pay for employees in Great Britain increased by 0.1 per cent, the lowest growth rate since 2014.¹⁵ The growth rate of the whole economy AWE total pay index unadjusted for inflation was 2.4 per cent in the three months to March 2017; this is the increase when comparing average weekly earnings for those three months with the same period a year earlier.¹⁶ Over the three months to March 2017, and as compared with the same period in the previous year, private sector annual AWE increased by 2.7 per cent while public sector earnings increased by 1.0 per cent (see Figure 2.3 for the last ten years of data). The latter figure includes the Royal Bank of Scotland; although if it is excluded then public sector average earnings annual growth was 1.2 per cent.

¹⁵ Between January to March 2016 and January to March 2017 in real terms (that is, adjusted for consumer price inflation) regular pay for employees in Great Britain fell by 0.2 per cent, the lowest growth rate since 2014.

¹⁶ The AWE regular pay index was 2.1 per cent higher in the three months to March 2017 compared with the same period a year earlier. Annual private sector regular pay grew by 2.3 per cent over the three months while public sector regular pay (including finance, notably Royal Bank of Scotland) increased by 1.3 per cent over the same period compared with the previous year.

Figure 2.3: Average weekly earnings, percentage change year on year, three month averages from the quarter ending in March 2007 to March 2017



Source: Office for National Statistics

2.12 In November 2016, the OBR revised down its forecast for average earnings, reflecting lower productivity growth, greater labour market slack and a modest decline in the share of labour in national income. It has since revised its judgement regarding the labour share, assuming for its March report a flatter profile, which would increase the forecast for earnings. However, downward revisions to the forecasts for growth in productivity per worker and the GDP deflator – the key inputs into the earnings forecast – have offset this. The OBR forecast suggests average earnings growth of 2.6 per cent in 2017 rising gradually to 3.6 per cent in 2021. In the light of low out-turn data and persistent weak productivity growth, the Bank of England is now assuming only 2 per cent average earnings growth in 2017 – a year ago its 2017 projection was 3.75 per cent.

Public sector pensions

2.13 Changes to the pension schemes offered to prison staff are a matter for the Government and pensions are not formally within our remit. The value of the pension, and pension contribution, is nevertheless an important element when looking at total reward for our remit group which we take account of when considering the competitiveness of the overall employment package compared to the private sector.

2.14 The Coalition Government’s public sector pensions’ reforms moved public sector schemes in April 2015 from a final salary basis to career average revalued earnings for future accrual. At the same time, normal scheme retirement ages were aligned with the State Pension Age. These pension reforms covered the National Offender Management Service (NOMS)/HMPPS staff, who are members of the Civil Service Pension Schemes, including operational staff in our remit. These career average schemes have tiered contributions whereby higher-paid employees contribute a higher proportion of their earnings and the reforms saw these contribution rates rise significantly for most staff.

2.15 The current pension scheme is called ‘alpha’ and contribution rates for this scheme are shown in Table 2.2. Employees on the lowest rate who were previously in the classic scheme have seen an increase in their contribution rate to bring them in line with those who were not previously on classic. This increase was phased in over three years and the two rates are the same from April 2017.

Table 2.2: Alpha scheme employee contribution rates for 2017-18

Actual pensionable earnings (annual) £	Rate for all members %
Up to 15,000	4.60
15,001 – 21,422	4.60
21,423 – 51,005	5.45
51,006 – 150,000	7.35
150,001 and above	8.05

Source: <http://www.civilservicepensionscheme.org.uk/members/contribution-rates/> (accessed on 26 June 2017).
Note: In the alpha scheme, member contribution rates are based on actual salaries. This means that part-time employees may pay at lower rates.

2.16 The civil service has published employer contribution rates on its website. It stated that the average employer contribution rate that applies from 1 April 2015 was 21.1 per cent. The amount paid depends on pensionable earnings; HMPPS pays the highest amount for the group of officers with a pre-Fresh Start¹⁷ pension (the number of which is decreasing over time).

National Insurance

2.17 NICs effectively rose from 6 April 2016 and this affected staff in our remit. From this date, the current basic state pension and state second pension (S2P) were abolished and replaced by a single-tier state pension. The abolition of S2P resulted in the end of contracting-out.¹⁸ In the past, contracted-out schemes had to provide a certain level of Defined Benefit benefits, and in return both employer and employees paid lower NICs. The abolition of contracting-out therefore had cost implications for both employees and employers as a result of the loss of the NIC reductions; employees' Class 1 NICs increased by 1.4 per cent (of relevant earnings between Her Majesty's Treasury thresholds¹⁹).²⁰ Whilst NICs are a matter for the Government, we are aware that this change affected the take-home pay of our remit group; it was raised frequently on visits this year, and has impacted on morale and motivation.

Her Majesty's Prison and Probation Service and our remit group

The Spending Review, public sector pay policy and affordability

2.18 The last Government published a joint Spending Review and Autumn Statement on 25 November 2015.²¹ In that document, the then Chancellor reiterated his public sector pay policy from the first Budget of the Government: namely that to help protect jobs and the quality of public services the Spending Review would fund public sector workforces for an average pay award of one per cent in each of the four years from 2016-17. HMPPS said its approach to its pay proposals this year was consistent with the principles of these measures.

2.19 HMPPS told us that, in addition to complying with public sector pay policy, it had to operate within strict financial constraints. HMPPS said it had already delivered £898m (24 per cent) in savings since 2010 against the 2010-11 baseline budget position. It noted that the period of financial constraint was set to continue as the 2016 Spending Review required the Ministry of Justice (MoJ) to deliver further significant savings. When the Spending Review was published it showed that the MoJ would have its Departmental Programme and Administration Budget reduced from £6.2 billion in 2015-16 to £5.6 billion in 2019-20, a cumulative real rate of

¹⁷ A new pay and grading structure was introduced to HM Prison Service in England and Wales in 1987. The agreement was known as *Fresh Start* and the present pay and grading system for officer grades is founded on that agreement. Officers appointed before it was introduced may be on older pension arrangements: "Pre-Fresh Start".

¹⁸ The measures to implement the single-tier state pension and abolition of contracting-out are contained in the Pensions Act 2014.

¹⁹ The relevant earnings for employees for this purpose being £5,824 (the Lower Earnings Limit) and £40,040 at 2016-17 rates.

²⁰ In addition, employers' Class 1 NICs increased by 3.4 per cent (of relevant earnings), to the standard rate of 13.8 per cent.

²¹ HM Treasury. *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> (accessed on 26 June 2017).

reduction over the Spending Review period of 15 per cent.²² Since then, reforms have been announced which include plans to recruit additional prison officers. HMPPS has been allocated an additional £100 million funding to allow this.

2.20 HMPPS reiterated this year that the new National Living Wage (NLW) had been introduced with effect from April 2016. It noted that the NLW would rise from £7.20 per hour to £7.50 per hour from 1 April 2017 and that the Government had a target for the rate to increase to 60 per cent of median earnings by 2020, subject to sustained economic growth. HMPPS told us it would ensure adherence to this requirement and HMPPS has proposed increases this year to some support grades to ensure they continue to be paid at or above the NLW.

Apprenticeships

2.21 We are also aware that the Government's new apprenticeship arrangements, introduced in April 2017, will affect HMPPS. The apprenticeship levy on larger employers, announced in the Summer 2015 Budget, has been introduced from April 2017. It is set at a rate of 0.5 per cent of an employer's paybill. Each employer receives an allowance of £15,000 to offset against their levy payment. This means that the levy will only be paid on any paybill in excess of £3 million.²³ The White Paper, *Prison Safety and Reform*, which is considered later in this chapter, stated that a new prison officer apprentice scheme would be run for "over 1,000" new officers. HMPPS told us that apprentices in the Prison Service will be paid as Band 2 operational support grades (OSGs) or Band 3 officers, depending on the level at which they are recruited.

Reform of Her Majesty's Prison Service

2.22 Reform of Her Majesty's Prison Service has been an important objective of the last two Governments. The aims of reform have been reviewed both in terms of the purpose of prison and also the cost to the taxpayer. The main changes during the earlier Coalition Government included revisiting staffing roles and levels and replacing the older, more expensive parts of the prison estate. The recent Government announced its plans for prison reform in a White Paper on *Prison Safety and Reform*.²⁴ The White Paper set out wide ranging reforms and announced four broad areas that prisons would be required to deliver on effectively:

- protecting the public;
- maintaining safety and order;
- reforming offenders to prevent more crimes being committed; and
- preparing prisoners for life outside prison.

2.23 Many of the reforms set out in the White Paper would have no direct impact on our remit. However, some were of interest and relevance to us:

- Ensuring the Prison Service had the staff it needed, referencing improving market rates where they were needed and utilising recruitment and retention premia.
- Greater autonomy for governing governors. NOMS began this in April 2016, prior to the publication of the White Paper, with six pilot reform sites clustered²⁵ under four executive governors (now directors of public prisons) at senior civil servant level.
- Additional staffing – 2,500 extra Band 3 prison officers. This followed a previous announcement that the ten most challenging prisons²⁶ would receive the first 400 of these additional prison officer recruits.

²² The source is the *Spending Review and Autumn Statement 2015*, Table 2.1. This excludes capital expenditure.

²³ This means that only two per cent of UK employers will pay it.

²⁴ Ministry of Justice. *Prison Safety and Reform*. Cm 9350. TSO, 2016. Available at: <https://www.gov.uk/government/publications/prison-safety-and-reform> (accessed on 26 June 2017).

²⁵ These sites were clustered as: Holme House and Kirklevington Grange, Coldingley and High Down, Ranby, and Wandsworth.

²⁶ Those prisons are: Chelmsford, Eastwood Park, Exeter, Guys Marsh, Leeds, Liverpool, Moorland, Nottingham, Wayland and Winchester.

- Development of a supervising and support role for prison officers to act as a key worker to approximately six offenders.
- Developing new recruitment methods, including targeting graduates, apprentices and attracting former members of the Armed Forces.
- Annual league tables based on new performance measures.
- A transparent funding formula to allocate resources to prisons based on their function.

2.24 The Lord Chancellor and Secretary of State for Justice announced²⁷ on 8 February 2017 that NOMS would be replaced by a new agency, Her Majesty's Prison and Probation Service. This new agency came into effect on 1 April 2017 and the Government said it would have full responsibility for the operational management of offenders in custody and the community. We note that the Government's Prisons and Courts Bill was making progress through Parliament but this ended due to the 2017 General Election on 8 June 2017. We therefore await the new Government's direction for Prison Service policy and reform with interest.

2.25 Whilst the Bill did not complete its passage through Parliament before the General Election was called, as we write this report, the Service is continuing with its reform pilot²⁸ sites and has expanded its use of this approach. In oral evidence, HMPPS told us that public sector prisons are now being clustered under directors of public prisons (formerly executive governors). It has also expanded some of the measures that governing governors can adopt to the wider Service. HMPPS told us in written evidence that governors were being given greater control over their own budgets and with this would come greater accountability for the performance of individual prisons.

Workforce restructuring and efficiency

2.26 As we noted in our previous reports, NOMS, as it then was, and its workforce completed a substantial programme of change during the term of the Coalition Government. These included changes to pay structures and staffing levels. In particular, they included the introduction of the new *Fair and Sustainable* and its pay structure which included new pay bands intended to allow public sector prisons to compete with private sector prison providers when market tested. The effects of the public sector workforce reforms of the Coalition Government reduced staff numbers in our remit from around 35,000 in 2010 to closer to 25,000 in the last three years.

2.27 HMPPS stated in its evidence this year that these changes delivered £92 million worth of "cashable savings" and that the new pay structure had been designed to maintain the long-term affordability and competitiveness of public sector prisons. This year, HMPPS again provided us with the cost per prisoner per place in public and private prisons. The last five years are given in Table 2.3 overleaf (with some caveats). The proposals to increase staffing levels mentioned overleaf will presumably affect these figures in the future.

²⁷ Ministry of Justice press release, *Justice Secretary launches new prison and probation service to reform offenders*. Available at: <https://www.gov.uk/government/news/justice-secretary-launches-new-prison-and-probation-service-to-reform-offenders> (accessed on 26 June 2017).

²⁸ HMPPS has told us that Wandsworth is now part of a cluster – London & Thames Valley Prisons.

Table 2.3: Cost per prisoner per place in public and private prisons

Sector	2011-12	2012-13	2013-14	2014-15	2015-16
<i>Public direct</i>	£24,653	£24,368	£23,643	£21,115	£20,953
Public overall	£34,507	£34,517	£33,378	£33,226	£32,394
<i>Private direct</i>	£32,944	£34,122	£31,724	£29,859	£28,952
Private overall	£35,967	£37,802	£35,922	£33,599	£33,029

Notes:

1. Due to differences in scope and financing method, public sector costs are not directly comparable with the private sector. For example, some private sector sites include health and education costs and Private Finance Initiative sites include interest; these are not part of HMPPS public sector costs.
2. Due to changes in accounting treatment, the figures may not be comparable over time.
3. Direct costs are those met directly by the establishment (public sector) or charged to the private sector cost centre.
4. Overall costs are direct costs plus relevant expenditure met at regional or national level.
5. The 2014-15 direct costs for public sector prisons have been revised to ensure a more accurate comparison with 2015-16 figures.

2.28 Since *Fair and Sustainable* was introduced in 2012, staff have occupied both *Fair and Sustainable* and the closed grades. As part of the implementation of the *Fair and Sustainable* pay structure, all staff on the closed pay structures have been given the opportunity in each of the years since its introduction to “opt in” to the *Fair and Sustainable* pay structure. For this exercise, HMPPS provides each staff member with information about what the move would mean for them in financial terms. We see this as an annual opportunity for staff to make an informed choice about whether to move to the new structure and encourage staff to consider this afresh each year in light of any new or updated information about reward, terms and conditions.

2.29 HMPPS said in written evidence that the proportion of remit group staff on *Fair and Sustainable* terms and conditions had been at 41 per cent prior to the opting in exercise in 2016. However, it noted that the results from that opt in exercise were “disappointing” and there were staff who were not doing so, despite HMPPS communicating that it would be of financial benefit to them. We heard on visits that some staff did not opt in because they believed that the unsocial working hours element of their pay might be taken away at some future point as it was separately identified on salary slips, despite HMPPS assurances that this would not happen. We note that staff choosing to remain on their existing terms and conditions will, for the present, continue to have an annual opportunity to opt in.

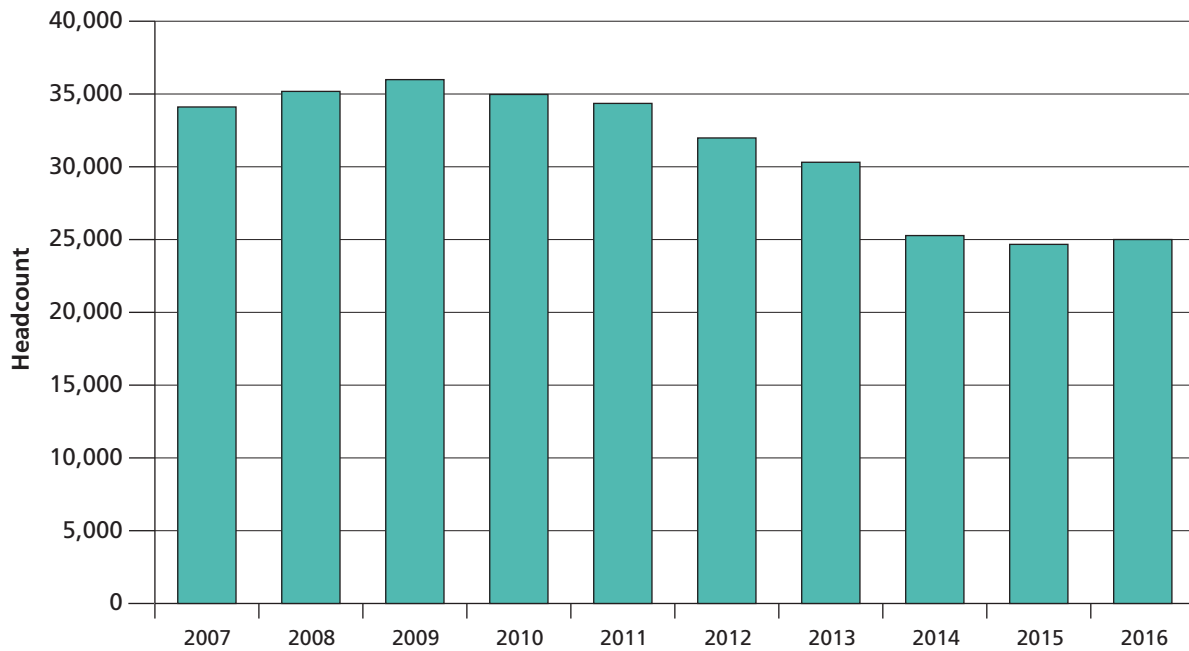
*Staffing*²⁹

2.30 We receive staffing data from the Service on an annual basis and use these figures in our report. The dataset is provided in the early autumn and includes the data available at that time. This year, as our report has been delayed substantially, we have also provided updated figures in this report where newer information is available.

2.31 There were 25,003 staff in our remit group at the end of March 2016.³⁰ The headcount for the last three years (for the end of March each year) are at a much lower level than the earlier years in the decade, see Figure 2.4. Staffing was at its highest in 2009 (35,988 staff at the end of March 2009). The largest annual percentage decrease in staff took place between 2013 and 2014 (16.6 per cent), as well as the largest annual absolute decrease in staff (5,036). This was when the majority of the establishments went through the Benchmarking exercise. We have no more recent headcount figures, but more recently published full-time equivalent (FTE) data show that staffing fell from 24,034 FTE as at 31 March 2016 to 23,865 FTE as at 31 March 2017, a reduction of 0.7 per cent.

²⁹ Following a change of publication policy in NOMS, the system of Treasury Rounding is no longer applied to staffing figures (this is the process whereby figures have been rounded to the nearest 10, with integer values ending in 5 rounded to the nearest 20 to avoid systematic bias).

³⁰ This is headcount.

Figure 2.4: Remit group size, 2007 – 2016

Source: NOMS/HMPPS

Note: Annual headcount figures are as at 31 March.

2.32 Table 2.4 shows the number of remit staff in post by grade at 31 March each year from 2012 to 2016. At 31 March 2016 there were 25,003 staff in our remit group, a small increase of 1.3 per cent from the previous year. Staffing changes within grade groups took place in (by order of magnitude in percentage terms):

- Band 2 / support staff (an increase of 4.1 per cent or 196 staff);
- Bands 3 to 5 / officers (an increase of 0.7 per cent or 131 staff); and
- Bands 7 to 11 / operational manager grades (an increase of 0.6 per cent or six staff).

More recent FTE data shows that the number of Bands 3 to 5 / officers increased slightly to March 2017 (by 0.4 per cent) whilst Band 2 / support staff and Bands 7 to 11 / operational managers experienced a decrease to March 2017 (by 4.4 and 3.3 per cent respectively). These suggest that the recruitment to fill vacancies is not fully working.

Table 2.4: Headcount of remit group staff in post, 2012 to 2016

Broad staff group	Headcount of staff in post at 31 March					Change between 2015 and 2016	
	2012	2013	2014	2015	2016	No.	%
Bands 7 to 11 / operational manager grades	1,283	1,196	1,011	958	964	6	0.6
Officer grades:							
Band 5 / principal officers	693	660	1,369	1,385	1,368	-17	-1.2
Band 4 / senior officers / specialists	3,541	3,259	2,654	2,669	2,735	66	2.5
Band 3 / prison officers	19,325	18,455	14,911	14,904	14,986	82	0.6
<i>Total Bands 3 to 5 / prison officer grades</i>	<i>23,559</i>	<i>22,374</i>	<i>18,934</i>	<i>18,958</i>	<i>19,089</i>	<i>131</i>	<i>0.7</i>
Band 2 / operational support grades	7,139	6,741	5,330	4,754	4,950	196	4.1
Total (remit group)	31,981	30,311	25,275	24,670	25,003	333	1.3
Source: NOMS/HMPPS							
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.							
3. In the past two years, prison officer specialists were included separately. At the time, these were identified as main grade (Band 3 equivalent) officers with specialist skills, they have now been identified as Band 4 specialists. Any current prison officer (Band 3) staff with specialist allowances are in with the Band 3 / prison officer category.							

2.33 NOMS/HMPPS data showed that staffing was below its funded full-time equivalent level.³¹ The Service had 23,499 full-time equivalent remit group staff, excluding those in headquarters, at 30 June 2016, compared with a funded full-time equivalent of 24,838, an overall deficit in staffing of 5.4 per cent (slightly down from 6.0 per cent for March 2015). There were:

- 4.4 per cent fewer staff in Bands 7 to 11 / operational managers, than specified in the funded full-time equivalent;
- 4.0 per cent fewer staff in Bands 3 to 5 / officers, than there were funded posts; and
- 10.4 per cent fewer staff in Band 2 / support grades.

More recent figures³² of all staff in establishments indicate that the deficit has grown, despite recent recruitment. At 31 March 2017 it was 6.9 per cent for all staff, 4.8 per cent for officers and 13.0 per cent for support grades.

2.34 The Service continues to make use of Payment Plus to help address the staffing deficit. At the end of March 2016, the equivalent of 847 full-time equivalent staff in Bands 3 to 5 / officer grades were in receipt of Payment Plus for staffing reasons, which was equivalent to 4.5 per cent of the staffing requirement.³³

³¹ The current funded staffing requirement by grade (named the Benchmark). 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.

³² This is calculated on a different basis to the figures above as it includes non-operational staff in establishments and there is no separate figure for operational managers.

³³ 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 2016). Because of the nature of how and when the payment is made (not necessarily in the same month as the duty was performed), this does not necessarily mean that the estate was over-staffed.

2.35 Time Off In Lieu (TOIL) is a debt HMPPS 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 the relevant staff time off. The outstanding TOIL balance at 31 March 2016 for staff in Bands 2 to 5 / support grades and officers was reported to be 340,000 hours across all establishments or an average of 14 hours per staff member. TOIL balance averages were provided by grade:

- 35 hours per Band 5 staff member or equivalent (slightly up from 34 in 2015);
- 14 hours per Bands 3 and 4 staff member or equivalent (the same as in 2015); and
- 10 hours per Band 2 staff member or equivalent (slightly down from 11 in 2015).

In summary, TOIL has remained around roughly the same levels as for end March 2015.

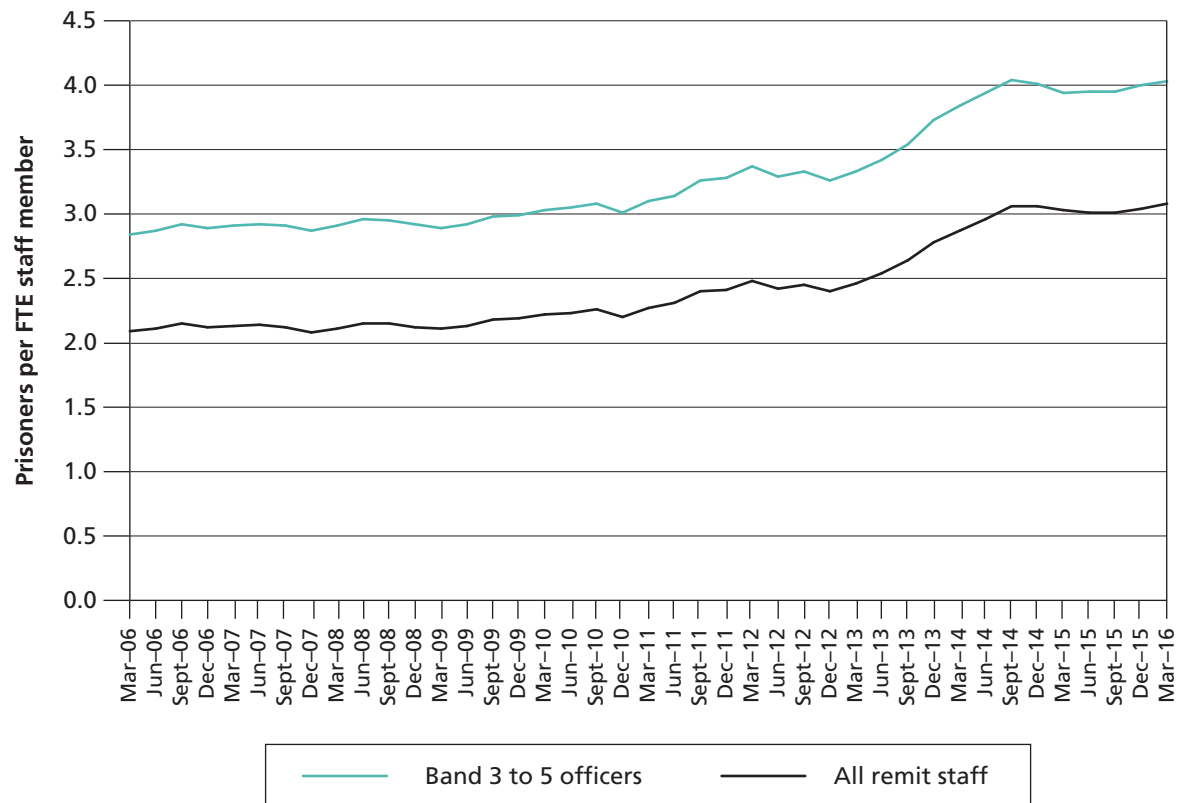
2.36 Overall, the evidence shows that staffing levels have mostly remained stable with no large changes since 2014, although the most recent figures suggest that staffing levels have reduced slightly in the last twelve months. The most recent data also show that the proportion of vacant posts has started to grow, currently around seven per cent after four years of being consistently between four and six per cent. We note that vacancies for officer grades continue to be addressed by the use of Payment Plus³⁴ whilst TOIL remains at high levels. The numbers on temporary cover have increased from 590 at the end of March in 2015 to 852 in 2016. This indicates that vacancies have increased in grades more senior than those to which staff are recruited and these are being covered by more junior staff with knock-on effects.

Prisoner responsibility ratios

2.37 When looking at staffing, we also consider the number of prisoners our remit group are responsible for within the public sector estate. The ratio of the number of prisoners to the number of staff is an important factor for the day-to-day work of our remit group. NOMS/HMPPS figures show that, across the estate, the number of prisoners per full-time equivalent remit group member has stabilised to between 3.0 and 3.1. This is likely a result of staffing levels stabilising, in turn an effect of increased recruitment. This level is much higher than it was 10 years earlier, when the number of prisoners per remit group member was 2.1, see Figure 2.5. We expect that successful recruitment of the additional Band 3 prison officers will reduce these ratios from their current levels.

³⁴ Payment Plus is paid to prison officers for undertaking additional hours for specific duties. The current permanent rate is £17.00 per hour, but it was raised temporarily to £22.00 from 14 August 2016.

Figure 2.5: Prisoners per staff member – March 2006 to March 2016

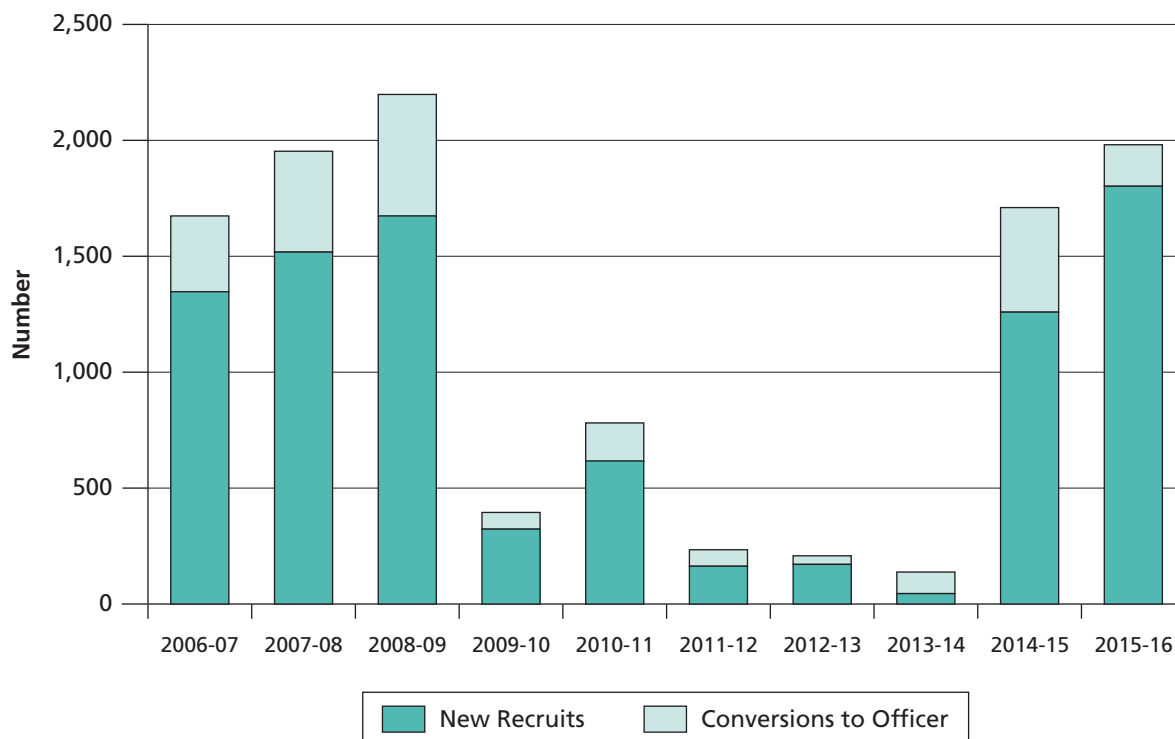


Source: NOMS/HMPPS

Recruitment and retention

2.38 NOMS carried out a large recruitment campaign during 2015-16. This was for the second year running after several years of low recruitment. Across 2015-16, NOMS recruited 1,981 Band 3 officers. This consisted of 1,802 new recruits and 179 conversions from Band 2 and equivalent grade staff. See Figure 2.6 for the recruitment figures for the last decade.

Figure 2.6: Band 3 prison officer recruits and conversions 2006-07 to 2015-16



Source: NOMS/HMPPS

2.39 Band 2 recruitment has similarly increased. NOMS recruited 910 Band 2 staff, compared to 566 the previous year. HMPPS said in its evidence that it was the highest annual total since at least 2008-09. Of those 910 recruits, 97 per cent were on permanent contracts and 3 per cent on fixed-term contracts.

2.40 HMPPS evidence stated the annual leaving rate for officers within the first year of service had increased in the last year to 13.5 per cent in 2015-16 for officers recruited in 2014-15 from 8.8 per cent in 2014-15 for officers recruited in 2013-14 (although based on a small group in that year).³⁵ This seems more in line with turnover rates seen in earlier years and suggests that last year's rate was unusually low.

2.41 Staff turnover in the remit group overall in 2015-16 rose to 8.6 per cent from 7.6 per cent in the previous year. This was down from a peak of 13.4 per cent in 2013-14 when the majority of the voluntary redundancy schemes were running to bring establishments to their benchmark staffing levels. Figure 2.7 shows percentage turnover figures for the last four years. Looking at the staff groups, turnover was highest for the most junior staff and lowest for more senior staff:

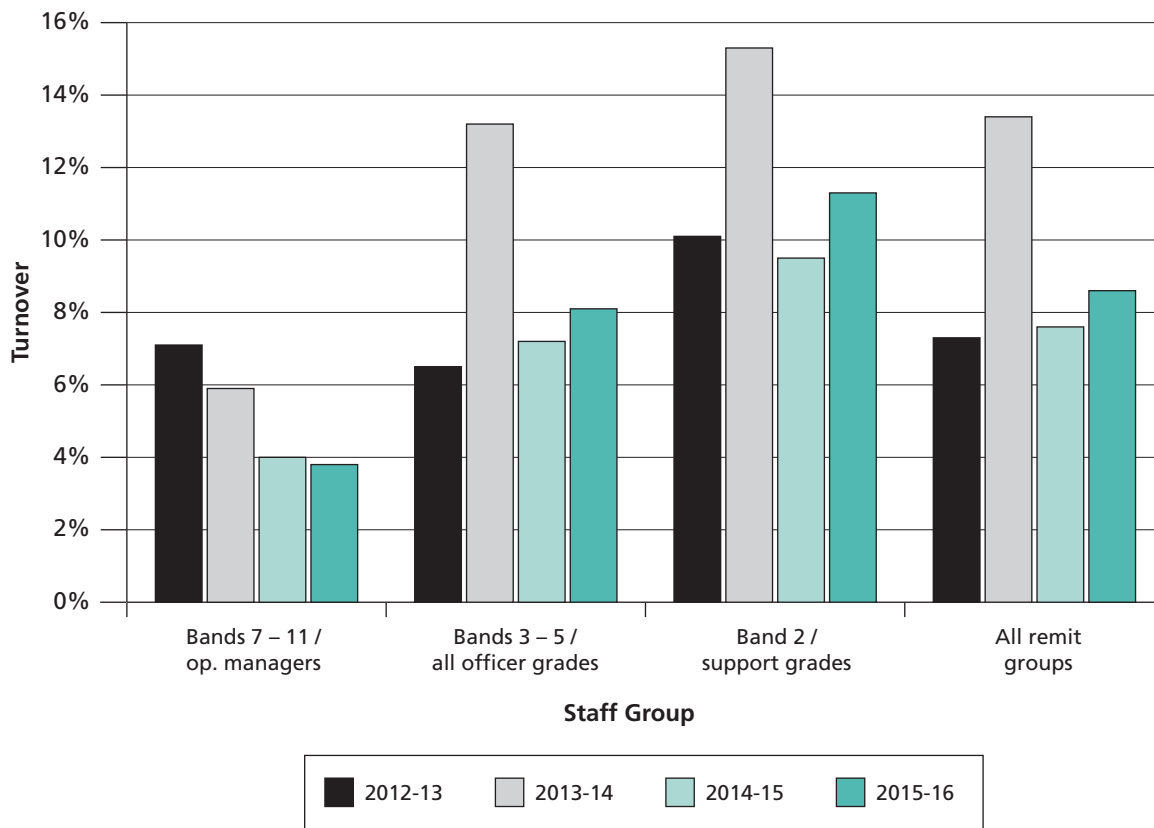
- Band 2 staff and equivalents had 11.3 per cent turnover (535 staff);
- Bands 3 to 5 staff and equivalents had 8.1 per cent turnover (1,545 staff); and
- Bands 7 to 11 staff and equivalents had 3.8 per cent turnover (36 staff).

More recent figures are available on a slightly different basis³⁶ and these indicate that the turnover rate had risen again by 31 March 2017.

³⁵ In evidence for our 2014 report NOMS told us that the rate was 16.6 per cent for 2013-14 (for officers recruited in 2012-13). This compares with 15.8 per cent for 2012-13 (for officers recruited in 2011-12) and 10.8 per cent in 2011-12 (for officers recruited in 2010-11).

³⁶ These are calculated as the percentage of staff with a permanent contract of employment who left NOMS/HMPPS for reasons other than voluntary early departure schemes (VEDS) or redundancy and also by the average numbers of staff across the year. These figures show a rate of 7.9 per cent for the year to March 2016 which has risen to 9.4 by March 2017.

Figure 2.7: Annual turnover of remit group staff, 2012-13 to 2015-16



Source: NOMS/HMPPS

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

2.42 HMPPS said in its written evidence that, excluding exits through VEDS and retirements, the turnover rate had increased to 6.5 per cent in 2015-16 from 5.6 per cent in 2014-15.³⁷ It also noted that, on reaching normal retirement age, only around a quarter of officers retire.

2.43 HMPPS carries out a staff exit survey. However, it said that this year the response rate was only three per cent for support staff (16 people), five per cent for officers (84 people) and only four operational managers (HMPPS did not say what percentage of the total that was). Consequently, these are not high enough rates for the information gathered to be considered as applying more generally.

2.44 Overall, recruitment has increased slightly but retention has reduced. The number of new officers starting in 2015-16 was higher than in the previous year and was much greater than during the previous five years when the Service was reducing in size. Retention overall has worsened in 2015-16 compared to the previous five years (apart from 2013-14 when there was a voluntary redundancy exercise). The trend seems to be of increasing turnover amongst those in Bands 2 to 5, the support staff and officers. The response from HMPPS has been the new market supplements given to officers in some areas (see paragraph 2.65).

Motivation and morale

2.45 Our terms of reference require us to have regard to the need to motivate staff. The evidence we received on this issue took a variety of forms. We received updated information from the sources we regularly consider in this context: the annual report from Her Majesty’s Inspectorate of Prisons (HMIP), published statistics on assaults on staff, the NOMS People Survey, feedback to the unions from their membership, information provided by staff to us on visits, NOMS operational performance measures, and sickness absence data. In addition, for the second year running, we received a submission from the Independent Monitoring Board (IMB) at HMP Woodhill. We set out the evidence here and return to the matter of motivation in our analysis and

³⁷ For Band 3 to 5 officers, the turnover rate had increased to 6.3 per cent in 2015-16 from 5.5 per cent in 2014-15.

recommendations in Chapter 3. The overall picture from the full range of evidence we received indicates that motivation was still at the very low levels observed in recent years and that the high and increasing level of violence was having a very significant effect throughout the Service.

Her Majesty's Inspectorate of Prisons

2.46 The new Chief Inspector of Prisons, Peter Clarke, commented in the HMIP 2015-16 Annual Report³⁸ that he had found that the “grim situation” referred to by his predecessor had not improved, and in some key areas it had, if anything, become even worse. He noted that this was despite a slight upturn in HMIP’s overall assessment scores of adult prisons and young offender institutions, see Figure 2.8. He went on to say that any improvement was welcome, but it was far too soon to say whether these improvements would be sustained. Assessment scores overall were, in any event, still at historically low levels, and in all bar one area far below where they were five years earlier.

Figure 2.8: Percentage of prisons and young offender institutions assessed as ‘good’ or ‘reasonably good’ by category in full inspections 2006-07 to 2015-16



Source: HMIP

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

Assaults on staff

2.47 All the parties highlighted concerns about violence across the Service. HMPPS evidence commented on the “marked deterioration” in prison safety in recent years. It noted that the levels of assaults on staff and across the prison estate were the highest on record. It noted that the availability of new psychoactive substances in prisons was one of a number of factors driving the increase. HMPPS said its focus was on addressing these long-standing problems. The Prison Governors’ Association (PGA) began its written evidence by commenting on the rising violence, noting that all recorded “violence measures” continued an upward trend. The Public and Commercial Services (PCS) Union referred to the “alarming increase in the number of

³⁸ HM Chief Inspector of Prisons for England and Wales. *Annual Report 2015-16*. HC 471. TSO, 2016. Available at: <http://www.justiceinspectorates.gov.uk/hmiprison/inspections/annual-report-2015-2016/> (accessed on 26 June 2017).

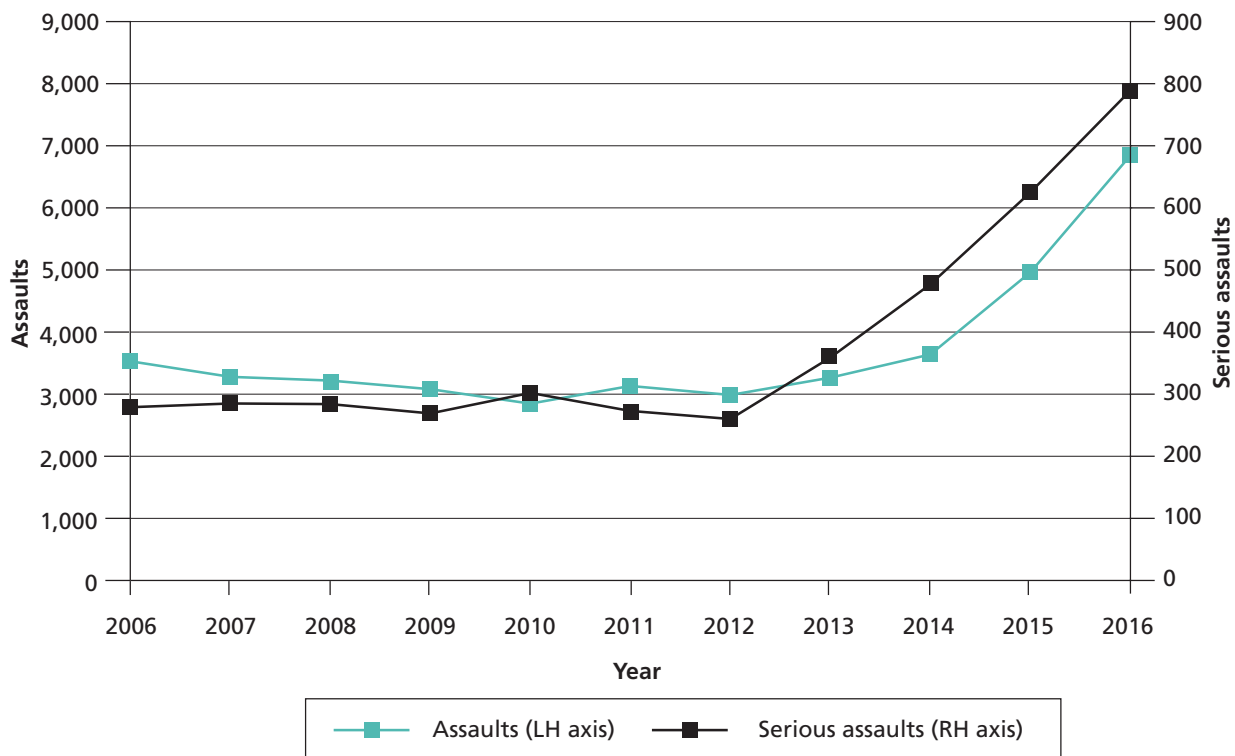
assaults". In correspondence, the POA³⁹ reminded us that it had stated in previous years that violence was rising and this would affect retention and recruitment.

2.48 Figures on assaults on staff are published by the MoJ.⁴⁰ The most recent annual data were for 2016 and these showed:

- an increase in the total number of assaults on staff, from 4,963 in 2015 to 6,844 in 2016 (38 per cent), and
- an increase in the number of serious assaults, from 625 in 2015 to 789 in 2016 (26 per cent).

The last three years are the highest figures for a decade, see Figure 2.9.

Figure 2.9: Assaults and serious assaults on staff 2006 to 2016 (annual figures)



Source: Ministry of Justice

*Civil Service People Survey*⁴¹

2.49 As part of a wider civil service process, NOMS/HMPPS carries out a staff survey every autumn and publishes its results either in December or early the following year.⁴² We received results of the 2016 Civil Service People Survey for NOMS overall and for the Prison Service (as a unit within NOMS) in time for us to consider as part of our evidence this year. These survey results indicated that the proportion of positive responses to positively-worded questions were mainly rising and most increases were statistically significant across the organisation. However, the response rate was poor, at 35 per cent for NOMS (down from 41 per cent) and 29 per cent for the Prison Service (down from 37 per cent), and we believe it was particularly operational staff, our remit group, who did not answer the survey. This is because the POA passed a motion at conference in 2010 not to participate in the NOMS survey and they continue to hold this line. We therefore treat these

³⁹ The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.
⁴⁰ Ministry of Justice. *Safety in Custody Statistics Bulletin, England and Wales, Deaths in prison custody to March 2017, Assaults and Self-Harm to December 2016*. Available at: <https://www.gov.uk/government/collections/safety-in-custody-statistics> (accessed on 26 June 2017).
⁴¹ Information on the Civil Service People Survey is available at: <https://www.gov.uk/government/collections/civil-service-people-surveys> (accessed on 26 June 2017).
⁴² Most questions are asked in all civil service departments, although some are tailored for the specific department or agency. For example, the Prison Service asks questions about control and discipline in prison establishments. The positively worded question statements usually have five response categories – strongly agree; agree; neither agree nor disagree; disagree; and strongly disagree. The usual measurement of “positive responses” is the sum of the percentages of respondents in the first two of these categories.

positive results with caution. In addition, we note that this is the only source to suggest that motivation and morale may have improved since our last report.

Evidence from HMP Woodhill Independent Monitoring Board

2.50 IMBs (formally Boards of Visitors until April 2003) were set up under the Prison Act 1952 as statutory bodies to monitor the welfare of prisoners and to ensure they are properly cared for under prison rules. This function was extended to Immigration Removal Centres and detainees under the Immigration and Asylum Act 1999.⁴³ For our 2016 report three IMBs, at HMPs Coldingley, Wandsworth and Woodhill, sent us evidence which consisted of annual reports with a covering letter. We were again pleased to receive evidence this year from the IMB at HMP Woodhill, again in the form of its annual report⁴⁴ and a covering letter. We thank the Chair and her members for this addition to our evidence base.

2.51 This report stated that, whilst HMP Woodhill appeared to be relatively stable, the establishment's stability was fragile. It commented that staff shortages had continued to impact on the regime offered to prisoners. The prison had received a number of staff on detached duty from other establishments, although the underlying issue, a lack of dedicated Woodhill staff, persisted. More positively, it was noted that the prison had received a significant number of new Band 3 prison officer recruits. However, the IMB was concerned that the number of inexperienced staff was placing a strain on those experienced staff expected to support them. The IMB also considered there were a number of specific locality issues that impacted on staff at HMP Woodhill, namely a thriving local jobs market and the higher than average cost of living in Milton Keynes. The IMB was concerned that violence against staff and prisoners had increased.

Evidence from the trade unions on motivation

2.52 As noted earlier, the PGA began its written evidence by stating "the financial year 2015-16 was, without doubt, the worst year experienced by the vast majority of staff within the National Offender Management Service (NOMS), particularly those working in prisons". It went on to reference the rising levels of violence and the increasing ratio of prisoners to staff members. The PGA said its members were suffering stress at higher levels than previously experienced and operational managers were having to work large amounts of additional, unpaid hours in order to sustain their responsibility to the employer, the public and other stakeholders. The union noted the high level of absences relating to mental and behavioural disorders in 2015-16 and the consequent number of working days lost to the Service. In addition, it told us there were "feelings of demotivation and bitterness" amongst operational managers following a number of "failed promises" from NOMS and politicians. In oral evidence the union commented on the cumulative instances of Tornado call-outs and the cumulative numbers of prisoners moved. Levels were higher in 2017 than for the same period in 2016, which themselves had been higher than for the same period in 2015.⁴⁵

2.53 The PCS said in its evidence that staff had suffered unprecedented wage cuts for nearly a decade and their total reward package continued to be eroded. The union commented that, with huge reductions in staff and the introduction of new streamlined ways of working, it was hardly surprising that people felt demotivated when these additional demands had not delivered improvements in rewards or pay. The PCS referred to the last NOMS Monthly Pulse Survey it had seen at that time (from May 2016). Among the key results were that only 31 per cent of staff said they were motivated to achieve the Service's objectives, only 21 per cent of staff would recommend the Service as a great place to work, and less than half (48 per cent) felt safe in their working environment.

⁴³ Each establishment has its own Board, which consists of between 10 and 20 members, one of whom is the Chair. The members are ordinary members of the public (subject to security checks), over 18 years old, who are selected and appointed for three years by the Lord Chancellor and Secretary of State for Justice. There is no requirement for members to have prison experience. Generally most IMB members are local to the prison they apply to.

⁴⁴ Available at: <http://www.imb.org.uk/wp-content/uploads/2016/10/Woodhill-2015-16.pdf> (accessed on 26 June 2017).

⁴⁵ 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, hostage incidents, or any incident where the establishment does not have the resources to cope, such as a need to transfer large numbers of prisoners at short notice.

Chapter 2

Evidence from visits

2.54 We visited seven public sector prisons, one young offender institution (YOI) and one private sector prison/YOI this year. We have grouped the issues raised into main categories for ease of reference, although many span more than one.

2.55 The main pay and allowances issues raised with members on the visits to the public establishments within our remit were:

- The majority of staff commented that take-home pay had decreased and was too low for the job they did. This was as a result of low or no consolidated pay increases in recent years, combined with increases to pension and NICs. The cost of living was now too high compared to staff earnings.
- *Fair and Sustainable* Band 3 prison officers, particularly in London and the South East, were not paid enough to retain them.
- Operational managers were generally pleased that the required hours addition (RHA) had been increased in our 2016 report from 15 to 17 per cent. They felt this better reflected the demands put on them by the Service for work undertaken outside the core day.

2.56 The main recruitment and retention issues raised were:

- Many staff said colleagues on both *Fair and Sustainable* and closed terms and conditions were leaving the Service to work in other job sectors for similar, or lower, salaries, where they did not have to face the daily risk of violence.
- The turnover of Band 3 prison officers was too high and some staff reported that some recruits were only being retained for a couple of months or less. However, staff felt in general that retention was a bigger issue in the South of England.
- Increased labour market activity had resulted in a number of staff leaving for jobs in the public and private sectors. There was an issue at some establishments of officers leaving for other civil service jobs, which allowed them to retain existing pension arrangements, the loss of which might have deterred long-serving staff from leaving.
- With all the issues facing prisons, coupled with pay restraint, the Service no longer offered enough to recruit and retain the staff it needed.

2.57 The main motivation and morale issues raised were:

- Many staff were concerned about the level of assaults on prisoners and staff and general levels of violence, which had been increasing since our last report.
- Motivation and morale in the Service was felt to be very low and was still decreasing. Increased workloads had impacted on this and job satisfaction had decreased.
- Staff felt that the public, media and Government ignored the good work that they undertook in prisons, tending to focus on when things went wrong.
- Some long-serving closed grade officers spoke of how disillusioned they were with the Service.

2.58 Other issues raised were:

- There was no confidence in the performance management system, with some staff having large spans of control that were not manageable. Staff felt the system was ineffective and should not inform pay progression.
- Whilst not in our remit, staff reported concerns about the retirement age for prison officers being linked to the state pension age. It was felt that this was too high for operational staff, who had to manage violent prisoners on a daily basis. Staff felt it would be fair to have a similar retirement age to the police or fire services and saw these as comparator services.
- There were mixed reactions to greater freedoms for governing governors as part of the Government's reform agenda. Some saw increased autonomy as a great opportunity for the Service, but others were concerned about how this would impact on staff.
- Band 4 / senior officers expressed some concerns about rumoured changes NOMS wanted to implement in respect of their roles.
- A significant number of staff said they did not trust NOMS or the Government to treat them fairly.
- As in previous years, staff routinely mentioned how poor their recent pay awards had been when compared to the increases to MPs' pay made by the Independent Parliamentary Standards Authority.

NOMS operational performance measures

2.59 In its 2015-16 Annual Report,⁴⁶ NOMS published a number of key operational performance measures comparing the outcomes for 2015-16 with those from 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 2014-15 to 2015-16 included some improvements and some declines and one area where there was no change.

- Improvements included a decrease in the proportion of overcrowding, a decrease in staff sickness absence (see paragraphs 2.60 – 2.61) and an increase in the number of black and minority ethnic (BME) staff (across NOMS and Probation Trusts).
- Reductions in performance included an increase in the rate of prisoner escapes from establishments and escorts, an increase in the rate of drug misuse as identified through random drug tests,⁴⁷ an increase in the rate of self-inflicted deaths, and an increase in the rate of assault incidents on both staff and prisoners (see paragraphs 2.47 – 2.48).

In its report, NOMS included a performance measure for re-offending: the July 2013 – June 2014 cohort had a 35.2 per cent re-offending rate compared with 42.4 per cent for the 2003 cohort.

Sickness absence

2.60 Sickness absence is often used as an indicator of motivation and morale. During 2015-16 NOMS recorded the average number of days' absence across the Service (excluding the National Probation Service) as 10.0, a decrease from 11.2 days the previous year. For remit group staff, the average number of days absent also decreased, to 11.1 days in 2015-16 from 12.1 in 2014-15. Between 2014-15 and 2015-16 rates of stress-related and long-term absence decreased, but those for absences caused by assault and injury increased slightly. More recent data for 31 March 2017 show that the 12 month rate for the remit group had increased to 11.3 days on average.

⁴⁶ Ministry of Justice. *National Offender Management Service Annual Report and Accounts 2015-2016*. HC 286. TSO, 2016. Available at: <https://www.gov.uk/government/publications/noms-annual-report-and-accounts-2015-2016> (accessed on 26 June 2017).

⁴⁷ NOMS noted in the report that it had developed new drug tests for prisoners to test for psychoactive substances.

2.61 Sickness absence rates (the average number of working days lost):⁴⁸

- decreased for staff in Bands 3 to 5 and equivalents to 11.6 in 2015-16 from 12.8 in 2014-15;
- decreased for staff in Band 2 and equivalents to 10.3 in 2015-16 from 10.9 in 2014-15; and
- increased for those in Bands 7 to 11 and equivalents to 4.9 in 2015-16 from 4.7 in 2014-15.

Locality pay

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

2.63 With the introduction of *Fair and Sustainable* across 2012 and 2013, NOMS replaced LPA with three zones: a basic National pay range and enhanced ranges for those working in Outer London and Inner London establishments and NOMS headquarters. The *Fair and Sustainable* pay range maxima for the Outer and Inner London scales, for staff working 37 hours per week and without an unsocial hours payment, were set respectively £2,500 and £3,800 higher than the National maxima at that time. 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. The implementation of our 2014 and 2015 proposals mean that these are now £2,525 and £3,840 respectively.

2.64 In our 2014 report we said that the most appropriate way to review locality pay in future would be to consider it as a labour market issue and review it in detail every two or three years rather than expect substantial evidence from the parties on an annual basis. At the time, we planned to review locality pay in more detail the following year and we asked the parties to include information about, and an analysis of, locality pay as part of their evidence to us in the autumn. However, the evidence we received in the following two years did not show a clear pattern for us to address; so we recommended in our last report that NOMS should arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets. However, HMPPS/NOMS did not provide this to us and instead referred to the new market supplements it had introduced in February 2017.

2.65 On 19 February 2017, the Secretary of State for Justice announced a new set of incentives for prison staff in what were called 'red' and 'amber' sites. These were sites with recruitment and retention issues – 'red' sites⁴⁹ being those at which NOMS was unable to recruit the staff it required and 'amber' sites⁵⁰ those where recruitment was still possible but there were difficulties. At this point 31 establishments (30 prisons and Medway Secure Training Centre) are in these two categories. The following measures were introduced from 1 February:

- All the 'amber' and 'red' sites, almost a third of the prisons in England and Wales, are now recruiting to Band 3 at the mid-point (with existing staff not already at the mid-point moved up to it).
- All staff in Band 3 (both new recruits and existing staff) in those locations will receive a £3,000 ('amber') or £5,000 ('red') yearly supplement (which is not pensionable).

⁴⁸ According to the ONS: "An estimated 137.3 million working days were lost due to sickness or injury in the UK in 2016. This is equivalent to 4.3 days per worker (the lowest recorded since the series began in 1993, when the number peaked at 7.2 days per worker). Sickness absence rates were higher for public sector workers (2.9 per cent versus 1.7 per cent for private sector workers) calculated as a percentage of working hours lost." If prison staff are assumed to generally work 46 five-day weeks a year, the rate from 11.3 days a year is roughly five per cent. Office for National Statistics. *Sickness absence in the labour market: 2016*. Published on 9 March 2017. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2016> (accessed on 26 June 2017).

⁴⁹ The 'red' sites are HMPs Aylesbury, Bedford, Bullingdon, Coldingley, Cookham Wood, Downview, Elmley, Feltham, Grendon/Springhill, High Down, Highpoint, Huntercombe, Send, Standford Hill, Swaleside, The Mount, and Woodhill and also Medway Secure Training Centre.

⁵⁰ The 'amber' sites are HMPs Belmarsh, Brixton, Chelmsford, Erlestoke, Guys Marsh, Isis, Lewes, Littlehey, Pentonville, Rochester, Wandsworth, Whitmoor, and Wormwood Scrubs.

- Staff promoted to Band 4 from Band 3 in these sites will retain up to half of the supplement as part of their increased pay on promotion.
- These allowances will replace any existing recruitment and retention premia and also any existing market force supplements.⁵¹
- These measures are going to continue for at least the next four years.

2.66 In its written evidence to us, HMPPS stated that it was also reviewing the impact on Band 2 support staff and allowances currently offered to them. It said in evidence that those Band 2 support staff at 'red' sites were currently in receipt of a market supplement of £1,300 during the first two years of employment. It commented that its view was these changes sat "outside of the general Pay Review Body pay round". HMPPS proposed that we did not recommend a blanket local pay allowance across London and the South East, but otherwise did not offer any significant review of locality pay arrangements overall as we had recommended.

2.67 The unions submitted their written evidence before these supplements were announced. Both the PGA and the PCS said in oral evidence that they had not been consulted on them. The PGA told us it saw the new market supplements as effectively replacing the legacy LPA rates and saw the legacy approach as better. The PCS was concerned about the impact on the staff that did not receive these, including what happened on promotion. The union commented that it seemed unrealistic to think that these supplements could be removed after four years. In general, the PCS felt that the blanket £3,000 or £5,000 was not the answer to the recruitment and retention problems; it would be better to ask the establishments to propose levels that suited their individual circumstances, as had been the case under the legacy LPA arrangements. We return to the issue of locality pay and the new market supplements in Chapter 3.

Competitiveness with the private sector

2.68 Our standing terms of reference ask us to take account of the competitiveness of the Prison Service in England and Wales with the private sector. We are asked to take into account the broad employment package, including any differences in terms and conditions of employment and job security.

HMPPS evidence

2.69 The Service provides tables in its evidence each year giving comparisons between its *Fair and Sustainable* salaries and those elsewhere in the public and private sector. Last year we reproduced two of these within our report. This year fewer tables were provided and the two we published last year were not among those included. HMPPS did not present us with base pay private sector comparators or base pay public sector comparators outside of Whitehall. Also, the Whitehall base pay comparators did not include values for Band 3 prison officer equivalents; these were excluded as HMPPS told us it did not have accurate comparator information. The remaining, total cash, tables were a less straightforward comparison as the additional money included for HMPPS staff was the unsocial working hours/RHA. These tables suggested that, on total cash comparisons, the Service rates were above the upper quartile for the public sector, but most public servants do not have the same requirement to work unsocial hours and so these comparisons are of limited use. The similar private sector comparisons suggested that, even with unsocial hours included, which is similarly not appropriate for comparisons, the Service paid closer to the median (and below the median for operational managers). Consequently, we have not included these tables this year.

2.70 Last year the evidence showed that *Fair and Sustainable* base salaries were between the lower quartile and the median of the market rates. The comparability information we have received this year is incomplete but does not suggest that things have substantially changed from this position. The overall labour market trends and the tightening of the market indicates that, if anything, private sector pay has increased faster than public sector pay.

⁵¹ HMPPS will ensure that no-one get less money as a result of the changes.

Equality and diversity

2.71 As we said last year, we are concerned that different people are receiving significantly different pay for the same work. Our standing terms of reference ask us to take into account:

“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”.

2.72 We monitor the diversity of our remit group from the data available. The most recently available figures (headcount for March 2016) show that the new *Fair and Sustainable* pay structure has a greater proportion of women at the prison officer entry grade (32 per cent of Band 3 operational staff are women) than in the closed prison officer grades (23 per cent). However, there is a considerable pay gap between the maxima of the *Fair and Sustainable* scale and that of the closed grade scale which is expected to persist for more than ten years.

2.73 We asked HMPPS in oral evidence whether this was of concern given that men and women performing work of “equal value” should receive equal pay. The Service told us that when *Fair and Sustainable* had been introduced in 2012 it had not been operationally viable to either reduce the pay of every closed grade officer or pay that closed grade rate to new officers. However, as the numbers in *Fair and Sustainable* increased and those in closed grades decreased then HMPPS would need to carefully consider how it tackled the pay differential and equal pay implications.

The parties’ joint discussions on pay, pensions and prison reform

2.74 As we discussed briefly in Chapter 1, our pay round for this year was delayed in order to allow NOMS to enter into discussions with two trade unions, the PGA and the POA, covering pay, pensions and prison reform. We understand that these discussions were to consider areas the parties could agree with a view to submitting joint evidence to us on those elements of the agreements that relate to our remit. We were not party to these discussions and therefore we can provide only limited detail. However, the discussions have had an impact on our round and the submissions received from the parties.

2.75 We noted from the announcement⁵² by the Lord Chancellor and Secretary of State for Justice and the circular⁵³ from the POA National Executive Committee, that the parties had reached agreement towards the end of 2016, subject to a vote of the POA membership, on the following package:

- A reduction in the pension age to 65 years for those staff with a State Pension Age of 68 years. The offer to existing staff would be fully funded by the employer.
- A three year pay deal for *Fair and Sustainable* staff in Bands 2 to 5 of consolidated pay awards in each of the three years of between 0.5 and 1.0 per cent dependent upon the terms and conditions staff were on. This was in addition to the performance-related progression in *Fair and Sustainable*.
- A 0.5 per cent non-consolidated, non-pensionable payment in the first year for closed grade prison officers and support grades.
- A non-consolidated, non-pensionable payment of £500 for *Fair and Sustainable* Bands 2 to 5 and closed grade equivalents in 2017 and 2018.
- Introduction of a new local and national dispute procedure with independent binding arbitration.

The total offer was put to the POA membership who subsequently voted by 65.7 per cent to reject the offer.

⁵² The announcement is available at: <https://www.gov.uk/government/news/proposed-agreement-for-prison-safety-and-reform-programme> (accessed on 26 June 2017).

⁵³ The circular is available at: http://www.poa.uk.org.uk/index.php?circulars&newsdetail=20161201-992_prison-reform-agreement-2016 (accessed on 26 June 2017).

2.76 We understand an offer including similar elements was put to the PGA Executive in early 2017 covering *Fair and Sustainable* Bands 7 to 11 and its closed grade equivalents. The PGA informed us in oral evidence that it had held a special delegates conference to discuss the offer. It told us that this conference overwhelmingly decided that the union should reject this offer and that it should not proceed to a full vote of the PGA membership.

The parties' proposals

2.77 As noted in Chapter 1, the written evidence from the parties arrived at different times. The PCS evidence was sent to us in October, the PGA evidence was sent to us in February, following rejection of the NOMS proposals, and the HMPPS evidence arrived in April.

2.78 HMPPS included the existing contractual arrangements in its evidence to us and also made the following proposals:

- A one per cent increase to all pay points of the *Fair and Sustainable* Bands 2 to 5 pay scales for all *Fair and Sustainable* zones.
- A one per cent increase to the minima and maxima of the *Fair and Sustainable* Bands 7 to 11 open pay ranges for all *Fair and Sustainable* zones.
- The one per cent increase to *Fair and Sustainable* is applied to the Inner and Outer London pay scales and ranges thereby slightly adjusting the locality differentials between the two London zones and the National pay zone (effectively to ensure that all pay points in all zones increase by one per cent).
- To ensure all staff, both those on *Fair and Sustainable* and closed grades, are paid at or above the NLW. As part of this it proposed increases to the spot rates for prison auxiliaries and night patrol staff.
- Progression in Bands 7 to 11 for 'Good' or 'Outstanding' performance of 1.5 per cent capped at the band maxima.
- Progression in Bands 2 to 5 for 'Good' or 'Outstanding' performance of one pay point for those below the maxima.
- No progression for 'Improvement Required' performance marking for staff in all *Fair and Sustainable* bands.
- 'Outstanding' performance in Bands 2 to 5 to receive an additional non-consolidated, non-pensionable payment of one per cent of base pay.
- 'Outstanding' performance in Bands 7 to 11 to receive an additional non-consolidated, non-pensionable payment of two per cent of base pay.
- A non-consolidated, non-pensionable payment of 0.6 per cent of base pay for all closed grade staff on pay maxima and spot rates that would not financially benefit from opting in to *Fair and Sustainable*, subject to an 'Outstanding' or 'Good' performance marking.
- Extending the two per cent annual *Fair and Sustainable* opt in for closed grade operational managers until 31 March 2018.
- Closed grade principal officers opt in to the penultimate pay point of *Fair and Sustainable* Band 5 and closed grade principal officer specialists opt in to the maxima of *Fair and Sustainable* Band 5.
- Closed grade prison officer specialists opt in to the maxima of *Fair and Sustainable* Band 4.

Chapter 2

- Whilst not listed amongst the other recommendations, the evidence made clear that HMPPS was also proposing one per cent increases to the spot rates paid to those within the operational graduate scheme.

2.79 The PGA made the following proposals in its written evidence:

- A consolidated five per cent increase for Bands 7 to 11 and for those closed manager grades for whom opting in would not be financially beneficial.
- Four per cent pay progression in the Bands 7 to 11 for a 'Good' or 'Outstanding' performance appraisal marking. Those at the band maxima should have the maxima of the scale increased to ensure a reward is delivered in cash terms.
- No progression for those with an 'Improvement Required' performance marking.
- Staff who receive an 'Outstanding' performance marking should receive an additional two per cent consolidated award on base pay. Where the award is capped by the band maxima, these maxima should be increased.
- Recognition from us that its members consistently worked more than a 37 hour week. As part of this, the introduction of a payment for operational managers Bands 7 to 11 for working over the contracted 37 hour week (similar to Payment Plus received by staff in Bands 3 to 5). This rate should also be more in value than the Payment Plus rate received by staff in Bands 3 to 5.
- An increase to the number of Bands at the top of *Fair and Sustainable* that relate to governing governor, currently Bands 10 and 11, to allow roles to be allocated in a way that better reflects the complexities of the prison estate.
- The Review Body to recommend rewards such as paid membership of a private healthcare scheme, a company car and other financial rewards as found in the private sector, or financial compensation of equal value.

2.80 The PCS HMPPS branch made the following proposals in its written evidence:

- A minimum five per cent consolidated award with a £1,200 "underpinning" on all pay points and ranges, which reflects the union's national position. The award should be for all staff, including those on the closed grades, and take into account inflation and address the erosion of take-home pay since 2010.
- All staff should earn a minimum of £10 per hour and the Living Wage Foundation's living wage to underpin all pay structures. It also asked us to focus specific attention on low pay.
- Staff in Bands 7 to 11 should receive four per cent progression, capped at the Band maxima.
- Shorter pay scales and contractual pay progression should be introduced.
- The current performance management system should be scrapped.
- A reintroduction of the legacy LPAs (Appendix E).

2.81 We regret that we did not receive evidence from the POA for a second year. This was a result of several motions, passed at its 2015 Annual Conference, not to engage with us and to withdraw from the Review Body process.

2.82 On 27 February 2017 the POA wrote an open letter⁵⁴ to each Member of the Review Body. In this letter the POA communicated its views on the PSPRB as a compensatory mechanism, reaffirming its position that it does not provide oral or written evidence to us because it feels we are not an adequate compensatory

⁵⁴ The open letter is available at: http://www.poauk.org.uk/index.php?circulars&newsdetail=20170301-9_open-letter-to-pay-review-body-members (accessed on 26 June 2017).

mechanism for the loss of the right to take industrial action. The POA made a number of points relating to how its members had been negatively impacted by a number of factors; namely pay freezes, pay restraint and increases to pension contributions that have eroded its members' take-home pay. It also asked us to review its previous written evidence from 2010 until 2015, which we have done. The union included an annex that outlined the staffing levels at each of the public sector prisons. We thank them for this information.

2.83 As part of our usual evidence exchange with the parties we informed the POA that we would welcome any comments on matters of fact it had as a result of the information contained in the other parties' evidence. On 22 May 2017 the POA wrote a further open letter to us in response to the evidence submitted by HMPPS. On matters of factual information the POA drew our attention to the CPI rate released by the ONS on 16 May 2017 which indicated it now stood at 2.7 per cent and that this had now overtaken wage growth. It also drew our attention to the Bank of England's May inflation report referencing that the real value of wages was expected to fall by 0.8 per cent in 2017.



Chapter 3: Our recommendations on pay for 2017

Introduction

3.1 We have made recommendations for our remit group this year based on all the evidence we received. These aim to address the particular challenges that are currently faced by the Service, with very low levels of motivation, difficult and deteriorating working conditions; and issues with recruitment, training and retention; and the overall competitiveness of the remuneration package. We also have significant concerns about the fragmented nature of Service pay arrangements, their durability for the long term, and the implications for the ability of Her Majesty's Prison and Probation Service (HMPPS) to deliver what is an essential public service. Where we feel that we need further information next year or see a need for longer-term action, we have addressed this in Chapter 4.

3.2 We are aware that we are submitting this 2017 report after the usual implementation date of 1 April. As we noted in Chapter 1, this is a consequence of HMPPS submitting evidence to us six months late, as a result of a number of factors, including failed attempts to agree joint evidence with both the POA⁵⁵ and the Prison Governors' Association (PGA).

3.3 We regret that the late arrival of evidence will result in our remit group receiving their pay award later than usual this year. We hope that for our 2018 report we will receive more timely evidence from the Service.

Analysis

Her Majesty's Prison Service

3.4 Her Majesty's Prison Service is an important part of the UK public sector. Under normal circumstances, it is rarely in public view, but provides an essential service. However, it is currently in considerable difficulty. There is general recognition, supported by evidence, that it is currently understaffed and overstretched, with chronic problems in London and the South East of England. In addition, it is facing an increasing challenge in terms of violence against staff and between prisoners. Drug use and the availability of new psychoactive substances are at an unprecedented level, and both are getting worse not better.

3.5 The last Government recognised these problems and was in the process of addressing wider issues in the Service. It was committed to recruiting more staff and building new public sector prisons, and was changing the approach to the management of prisons by increasing autonomy for governing governors. Also, HMPPS had introduced additional recruitment and retention incentives, outside of the usual pay round, to attempt to address the issues they were facing in London and in other locations mainly in the South East of England. While the *Prisons and Courts Bill 2016-17* did not ultimately complete its journey through Parliament by the time of the General Election, a number of non-legislative changes the Government planned, such as the deployment of additional staff and the additional recruitment incentives, had already been agreed and funded when the election was called. It is clear to us that, in the current year, a considerable workload will remain on all frontline staff working in prisons – not least on those experienced frontline staff who will train and induct the new recruits.

Context of Prison Service pay

3.6 Pay arrangements for operational prison staff have been complex for a number of years now. Our remit covers two main pay structures: the older closed pay scales and spot rates, and the newer *Fair and Sustainable* pay bands. Some of the closed grades have been part of our remit for many years – such as the night patrol and prison auxiliary grades⁵⁶ – and some are comparatively new – such as those staff who have transferred into our remit group when private sector establishments moved into the public sector. This latter group includes

⁵⁵ The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

⁵⁶ These are Band 2 equivalent roles that pre-date the operational support grade (OSG).

the staff on former G4S pay arrangements who transferred when HMP Wolds moved to the public sector⁵⁷ and, more recently, staff at Medway Secure Training Centre who also now come under our remit.⁵⁸ Whilst staff remain in these closed grades they continue to be within our remit and form an important part of the workforce.

3.7 Since *Fair and Sustainable* was introduced, we have made a variety of annual awards which have taken different approaches to these two categories of open and closed pay structures. These awards have been, in part, in response to the evidence and the feedback we received from staff on visits each year. Our past awards have included giving a pay increase only to the *Fair and Sustainable* Bands (in our 2015 report) and also making a uniform, consolidated award to all officers and support grades on all structures (in our 2014 report). We heard on our visits that these variations in award type have had different impacts on the different groups of staff, including impacting on their levels of morale and motivation differently.

3.8 This year, the pay arrangements have become even more complicated as a result of the introduction of new market supplements across roughly one-third of the estate. These apply both to new staff and existing *Fair and Sustainable* Band 3 staff, and cover a significant proportion of the staff in our remit group. The effect is that yet more of our remit group are being paid differently for doing essentially the same role. In addition, HMPPS is considering whether to introduce revised market supplements for Band 2 staff. Whilst these are in some ways a simplification of the various approaches that were previously being used, they now affect a significant number of staff in our remit group and have added another layer of complexity. Finally, our remit continues to cover a substantial number of closed grades. Even though all new recruits join on *Fair and Sustainable* terms, the majority of our remit group are still on closed pay scales, which are higher for the majority of those staff. Consequently, we see a need for the pay arrangements to be comprehensively reviewed and return to this matter in Chapter 4.

Economic context

3.9 As we described in Chapter 2, the economic situation in the UK is mixed. Inflation has been increasing over the past 12 months and is now expected to stay above its two per cent target for the next two years. On the other hand, pay settlements and earnings growth have been modest, although those for private sector employees are forecast to rise faster than for their public sector counterparts. Indications are that pay increases in real terms (that is, with inflation taken into account) are likely to remain around zero or become negative. Alongside this, the labour market is tightening, particularly in the South. Overall, we consider these conditions are likely to have a negative impact on recruitment and retention in the Prison Service over the next few years.

Recruitment and retention

3.10 Our remit requires us to consider the need to recruit and retain suitably able and qualified staff. After the financial crisis and the 2008-09 recession, there were several years of low recruitment as the operational staffing requirement in establishments across the Service was reduced. However, since 2014-15, HMPPS has undertaken officer recruitment at levels more consistent with the pre-recession years and it aims to continue this. HMPPS told us in written evidence that it had little difficulty in recruiting sufficient numbers of high calibre candidates in most parts of the country. It considered recruitment and retention issues to be localised and primarily based in London and the South East. We note, however, that national staffing levels have been little changed by this because of turnover.

3.11 Staffing figures for 2015-16 show that turnover rose to 8.6 per cent for our remit group from 7.6 per cent the previous year. Figures published, on a slightly different basis, for the time period since March 2016 indicate that the turnover rate has risen further. The annual turnover for prison officers within their first year of service has also increased to 13.5 per cent in 2015-16 (for officers recruited in 2014-15) from 8.8 per cent in 2014-15 (for officers recruited in 2013-14). In connection with this, we are aware that staff who are planning to leave are likely to be demotivated and this effect is likely to precede actual turnover.

⁵⁷ Staff at HMP Wolds joined our remit group on 1 July 2013, at which point the prison became part of the newly formed HMP Humber. NOMS told us that these staff moved on existing terms and conditions under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements.

⁵⁸ Staff at Medway Secure Training Centre joined our remit group in June 2016 following the institution's transfer to the public sector.

3.12 We note the increasing turnover but, from evidence to date, accept the argument that recruitment and retention may not yet be national issues. However, we will continue to monitor the leaving rates as, if the issues are indeed local, then the recent measures taken by HMPPS in the form of introducing market supplements should have a noticeable effect upon them. If the introduction of these new supplements do not reduce turnover then that would imply either that the supplements are not working or that the retention matter is a national one.

Locality pay

3.13 In our 2016 report, we requested that the National Offender Management Service (NOMS) arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult local labour markets. We have not received the report of this review but note that the number of locations that have significant difficulties in recruiting and retaining operational staff has risen since our last report. As we described fully in Chapter 2, HMPPS told us in written evidence that there were now 31 establishments (30 prisons and Medway Secure Training Centre) facing “significant difficulties” with the recruitment and retention of prison officers. It divided these into 18 ‘red’ sites,⁵⁹ being those at which it was unable to recruit the staff it required, and 13 ‘amber’ sites,⁶⁰ those where recruitment was still possible but there were difficulties. Notably, these 31 locations include all the prisons in the Outer and Inner London zones.

3.14 In order to address these issues, the Service introduced £5,000 and £3,000 supplements at the ‘red’ and ‘amber’ sites respectively from 1 February, replacing some existing supplements for new staff. Also, following a shift in strategy, NOMS announced that these would also be available to existing staff. It also started all new recruits at the mid-point of Band 3. In addition to these supplements for Band 3 staff, there are also supplements offered to new Band 2 recruits at the 18 ‘red’ sites of £1,300 per annum, payable in the first two years of service, along with starting these new recruits at the mid-point of that scale.

3.15 This recruitment problem is a substantial issue as it covers roughly a third of the estate. Whilst HMPPS has pointed out that these supplements only apply to operational staff in Band 3, and to a lesser extent in Band 2, we note that they are given to existing staff as well as new recruits in Band 3. In addition, starting at the mid-point is effectively a reworking of the *Fair and Sustainable* pay scale design in Band 3 at those 31 locations. We return to this matter later in this chapter when discussing locality pay.

Motivation

3.16 Staff motivation, morale and confidence in the Service are undoubtedly very low. Published figures on assaults and other forms of violence in establishments show that these are at their highest levels since 2000 (the start of the current published time series) and are still rising. In the annual report from Her Majesty’s Inspectorate of Prisons, the Chief Inspector said that prisons had “become unacceptably violent and dangerous places”. All the parties, and many staff themselves, commented on the rising number of assaults, general conditions in prisons and the demotivating effect this had.

3.17 Evidence from the parties and our visits indicates that staff are also demotivated by the decrease in take-home pay in real terms over recent years, at a time when staff shortages mean the work is getting harder and less rewarding. The reduction to take-home pay has been caused by a combination of pay restraint, pension contribution rate rises and last year’s increase in National Insurance contributions associated with changes to the state pension. In addition, staff are aware that, when compared with other public services, media coverage of their work is usually rare, unless there are problems to report. Staff frequently told us that they felt disregarded and overlooked by the Government, their employer and the public.

3.18 These factors affect staff across the grades, all of whom have key roles to play in running the Service.

⁵⁹ The ‘red’ sites are HMPs Aylesbury, Bedford, Bullingdon, Coldingley, Cookham Wood, Downview, Elmley, Feltham, Grendon/Springhill, High Down, Highpoint, Huntercombe, Send, Standford Hill, Swaleside, The Mount, and Woodhill and also Medway Secure Training Centre.

⁶⁰ The ‘amber’ sites are HMPs Belmarsh, Brixton, Chelmsford, Erlestoke, Guys Marsh, Isis, Lewes, Littlehey, Pentonville, Rochester, Wandsworth, Whitmoor, and Wormwood Scrubs.

Performance management

3.19 One way of rewarding performance and motivating staff is through linking pay to the performance management system. For some years, there has been a common civil service performance management framework for staff below the Senior Civil Service, including our remit group. The system incorporates a “guided distribution” for performance markings:

- ‘Outstanding’: 10 – 25 per cent of employees.
- ‘Good’: 60 – 80 per cent of employees.
- ‘Improvement Required’:⁶¹ 5 – 10 per cent of employees.

The aim of this distribution is to establish an expectation and set a context for managing performance and conducting consistency checking or validation.

3.20 NOMS told us in past years the percentage against each performance marking is intended to provide an indication of the expected distribution of employees at each band within an establishment or headquarters business group. The Department said it was not prescribing a requirement that this percentage of staff must always be placed within each rating and reiterated this point in oral evidence. In past years we have recommended that staff in Bands 2 to 5 should progress regardless of performance marking unless they were placed on formal poor performance management procedures. This was because the evidence did not suggest the performance management system was working effectively for those staff.

3.21 HMPPS said in evidence this year that it had redesigned the form and approach so there was less focus on paperwork and greater emphasis on holding “quality conversations”. We asked in oral evidence if HMPPS had received confirmation of whether this new approach was working for officers and support staff, and HMPPS said it felt the system now worked although it provided no evidence to support this assertion. The PGA, for the second year running, told us in oral evidence that the guided distribution was effectively a forced distribution and there had been occasions where the regional offices had reduced box markings for certain establishments to meet expected distributions. The Public and Commercial Services (PCS) Union again expressed concerns in written evidence about the performance management system. It told us that the most recent ‘Pulse survey’⁶² showed that only 44 per cent of staff reported they had received regular feedback on their performance and only 43 per cent believed their performance had been evaluated fairly. The union told us that NOMS/HMPPS was working with the Chartered Institute of Personnel and Development on a research trial aimed at enhancing the quality of performance appraisal conversations. The union said the current system remained unfit for purpose. The PCS evidence also observed that some parts of the civil service were rethinking performance management and this was later reported in *Civil Service World*.⁶³ Staff have routinely told us on visits that the distribution of performance box markings was forced rather than guided.

3.22 Performance management, in theory, should provide feedback to staff and an effective performance management system linked to pay should financially reward them for good performance. However, we have not received evidence that the changes to the new system have yet made it fit for purpose for all bands. We return to this point later in this chapter.

⁶¹ This box marking used to be named ‘Must Improve’. Following a review of the performance management arrangements in the summer 2015, the NOMS Executive Management Committee (NEMC) requested a slight rewording of the boxes, and ‘Must Improve’ became ‘Improvement Required’. The NEMC felt that this was a better descriptor for a box that should be used for up to 10 per cent of its staff who have shown that some improvement is required, in either what they were doing or how they were doing it. There was no change to the guided distribution.

⁶² At the time the PCS provided evidence, this was from May 2016.

⁶³ The report is available at: <https://www.civilserviceworld.com/articles/news/civil-service-performance-management-set-major-overhaul-%E2%80%93-full-details-and-reaction> (accessed on 26 June 2017).

Affordability

3.23 As we described in Chapter 2, the last Government aimed to further reduce the fiscal deficit. Its funding allocations, as set out in the last Spending Review,⁶⁴ meant that HMPPS/NOMS operated under severe financial constraints. In addition, the Government was operating a public sector pay policy of an average pay award of one per cent which HMPPS aimed to comply with. As usual, HMPPS included a costing of its pay proposals within its evidence this year. However, for the second year running, these costings covered staff both within and outside⁶⁵ of our remit. In addition, they contained a number of elements that we do not consider should be included in the costs of our recommended annual pay award. We return to the costing and affordability of the award at the end of this chapter.

Recommendations on pay increases

3.24 As summarised in Chapter 2, we received pay proposals from HMPPS, the PGA and the PCS this year. As we noted in the previous two chapters, we did not receive evidence from the POA for the second year running; although, the union did write to us to comment on certain matters in the HMPPS written evidence. HMPPS held negotiations with the POA and separately with the PGA with the aim of reaching joint proposals; however, these were ultimately not successful (see below). For this report, we have given careful consideration to the submissions we received. We were also cognisant of the fact that the staff in our remit group are not able to strike and that we are regarded as a compensatory mechanism (see Appendix A).

3.25 It is worth reporting more on the negotiations HMPPS had with the POA and the PGA. NOMS/HMPPS entered into these with the POA in late 2016 with the aim of reaching agreement on joint evidence to us for officers and support grades. However, as we stated in Chapter 2, the proposals were rejected by a vote of the POA membership. NOMS/HMPPS then entered negotiations with the PGA with the aim of reaching agreement on joint evidence to us for operational managers, but these too failed to result in agreement. These discussions considered a consolidated award for staff on the *Fair and Sustainable* bands and an award for the closed grades that consisted of both consolidated and non-consolidated elements. These would have applied over three years. We note from the announcement made by the Secretary of State at the time that the consolidated awards would have varied between 1.0 per cent for the *Fair and Sustainable* staff and 0.5 per cent for the closed grades for each of the three years. Also for the closed grades, there was a non-consolidated 0.5 per cent award in the first year. In addition, all officers and support staff on all pay structures would have received a non-consolidated, non-pensionable 'recognition and retention' award of £500 for each of the first two years and were offered a reduction in the retirement age by up to three years for eligible operational staff.

3.26 After the rejection of their multi-year proposals, the HMPPS evidence to the Review Body proposed 1.0 per cent to staff on *Fair and Sustainable* and a 0.6 per cent non-consolidated, non-pensionable payment for those on the closed pay structures who would not financially benefit from opting in and received a 'Good' performance marking or better. It also made separate proposals for prison auxiliaries and night patrol staff which related to the National Living Wage (NLW), see paragraphs 3.48 and 3.49. HMPPS told us that its proposals reflected public sector pay policy and affordability, ensured that Band 2 remained above the NLW, helped recruitment and retention and continued to close pay differentials between the closed grade prison officers and senior officers and the *Fair and Sustainable* equivalents while taking account of market comparators.

3.27 The PGA evidence proposed a five per cent increase for the *Fair and Sustainable* grades it represents and for those on the closed grades for whom opting in would not be of financial benefit. It asked that the maxima of all *Fair and Sustainable* Bands 7 to 11 be increased sufficiently so that any performance pay increases would be "delivered in terms of hard cash".

⁶⁴ HM Treasury. *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> (accessed on 26 June 2017).

⁶⁵ The *Fair and Sustainable* pay structure also incorporates those staff not in our remit who occupy administrative functions in HMPPS and who have opted in to the new structure.

3.28 The PCS proposed a minimum five per cent consolidated award with a £1,200 “underpinning” on all pay points and ranges for both closed and *Fair and Sustainable* grades. It also asked us to focus specific attention on low pay and asked for pay progression for all staff because of its ongoing concerns about the performance management system.

Overall approach

3.29 As we indicated earlier, we see our recommendations this year, for a late award effective 1 April 2017, as a response to the particular challenges that are currently faced by the Service. Our key concerns are: motivation, employee relations and the difficult and deteriorating conditions in which our remit group serve the public; recruitment, retention and the competitiveness of the pay arrangements. We are adopting different approaches this year for uniformed grades and operational managers although, in both cases, we have attempted to make our recommendations simple to understand.

Officers and support grades – pay award

3.30 We see a need this year for a consistent approach to a pay award for all officers and support grades in Bands 2 to 5 and their equivalents in the closed grades. This is to recognise that all these staff are carrying out demanding roles which keep the prison estate functioning despite increasingly difficult conditions. Also, we note that where salaries would fall below the NLW, this needs to be addressed.

3.31 We recommend that all staff in Bands 2 to 5 and the equivalent closed grades,⁶⁶ other than prison auxiliaries and night patrol staff who are affected by the NLW (see below), receive a consolidated, pensionable increase of £400. We are aware that these officers and support grades, regardless of their pay structure, are facing a situation that is increasingly violent, that motivation and morale are extremely poor, and that retention is a growing concern. We want to provide a consistent award for all these operational staff in recognition of the vital job they are all doing in the face of considerable difficulties. This flat cash award delivers different percentage amounts depending on an individual's level of pay. For example, looking at lower-paid staff, it will deliver a targeted increase to the minimum of National Band 3 by 2.3 per cent which we hope will help in the ongoing recruitment that will continue across the country. Recruitment in London and other hard-to-recruit areas mainly in the South East is additionally supported by the new market supplements.

Recommendation 1: We recommend that from 1 April 2017 the *Fair and Sustainable* National Bands 2 to 5 base pay points and all their closed grade equivalents be raised by £400 as set out in Appendix D. This award would be consolidated and pensionable for all staff on these scales.

3.32 In addition, we recommend some changes to Band 2. We recommend that Band 2 be changed to be a two point scale with the maximum set as above (that is, £400 above the 1 April 2016 level) and the new minimum set so staff receive a five per cent increase when moving to the new 1 April 2017 maximum, in line with the broad HMPPS pay design in place in *Fair and Sustainable*. This is again to assist with recruitment, and in recognition that we believe a two point scale better reflects the time it takes to become fully competent in this role. We ask HMPPS to implement this to ensure that no staff lose out from the change from a three point scale to a two point scale. We also considered shortening the length of the Band 3 scale in light of it already effectively being a three point scale in the ‘red’ and ‘amber’ sites. However, we concluded any such change should be part of a fuller review of the pay structures. We return to this matter in Chapter 4.

Recommendation 2: We recommend that from 1 April 2017 the *Fair and Sustainable* National Band 2 be changed to be a two point pay scale with the maximum set at £400 above the 1 April 2016 base pay level and the new minimum set at a level where staff will receive a five per cent increment when moving to the maximum, as set out in Appendix D.

⁶⁶ This includes the staff on former G45 pay and terms at HMP Wolds and Medway Secure Training Centre.

Officers and support grades – pay progression

3.33 Officer and support grades on the closed scales below the maxima are entitled to contractual progression to the maxima.⁶⁷ That said, the majority of staff in the closed grades are now at the maximum and contractual progression effectively only applies to a few OSGs. Staff on *Fair and Sustainable* do not have contractual progression and we make recommendations on progression for them each year.

3.34 HMPPS proposed that staff in Bands 2 to 5 below the maxima who received a performance marking of 'Outstanding' or 'Good' should progress to the next pay point. Also, it proposed that staff who receive an 'Outstanding' performance marking be awarded an additional one per cent non-consolidated payment. It said in written and oral evidence that it had improved its performance management system through introducing a new, shorter form with less focus on paperwork and emphasis on holding quality conversations. However, evidence from the PGA and the PCS, as well as from staff themselves, indicated that there was not generally felt to be an improvement in the system – or the spans of control – from last year.

3.35 We recommend that all staff in *Fair and Sustainable* Bands 2 to 4 below the maximum should receive progression of one pay point unless they have been placed on formal poor performance management procedures.⁶⁸ We support the principle of relating pay progression to performance. However, whilst HMPPS has informed us that the system has been changed and improved, we are not convinced this is the case as we have not yet seen evidence of this. We will continue to monitor this. For the same reason, we do not agree with the NOMS proposal for staff receiving an 'Outstanding' performance marking in Bands 2 to 4 to be given a non-consolidated, non-pensionable one per cent award this year and therefore we do not support this.

3.36 In the case of staff in *Fair and Sustainable* Band 5, we signalled our intention in our last report to apply performance-related pay this year. However, having yet to see firm evidence that the changed system is working properly, we have concluded that we will not do so yet. Instead, we will treat staff in Band 5 the same as those in Bands 2 to 4 for progression purposes. However, as last year, we recommend that 'Outstanding' performance for Band 5 staff should be rewarded with an additional one per cent non-consolidated, non-pensionable award.

Recommendation 3: We recommend that all staff in *Fair and Sustainable* Bands 2 to 5 who are in post on 31 March 2017 progress by one pay point effective from 1 April 2017, unless they have been placed on formal poor performance management procedures.

Recommendation 4: We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2017 and achieve a performance marking of 'Outstanding' receive an additional one per cent non-consolidated, non-pensionable pay award based on their 31 March 2017 base pay.

Operational managers – pay award

3.37 We have considered operational managers separately from the uniformed grades, since we do not think that a flat cash award would be appropriate for this group. The pay structures for operational managers cover a much larger range of salaries than those for officers and support staff, and a flat cash award would compress these ranges and could make promotion less attractive. In addition, operational managers in *Fair and Sustainable* receive all of their increase in the form of progression payments within open ranges. Finally, we consider that the performance management system works for these staff and therefore that performance-related pay is more appropriate.

3.38 Operational managers in the closed grades below the maxima, like officers and OSGs, are entitled to contractual progression of one pay point each year (for managers this is subject to a 'Good' performance marking or better). Staff on the maximum are additionally entitled to a contractual non-consolidated but pensionable award depending on performance (one per cent for 'Improvement Required' and two per cent

⁶⁷ We understand that this includes the former HMP Wolds G45 grades of prison officer (Band 3 equivalent) and security officer (Band 2 equivalent).

⁶⁸ We understand that this will apply to a discrete subset of those receiving an 'Improvement Required' marking.

for 'Good' or 'Outstanding'). In addition, all staff on these closed grades with an 'Outstanding' marking receive a one per cent non-consolidated, non-pensionable award. These awards at the maxima and for 'Outstanding' performance are not given to officers or support grades. Staff in these closed grades on national pay arrangements would receive a two per cent consolidated pay increase on opting in to *Fair and Sustainable* (with the exception of some in receipt of Locality Pay Allowance (LPA) rates on the closed structure).

3.39 This year HMPPS proposed increasing (both maxima and minima of) Bands 7 to 11 by one per cent. The PGA proposed a five per cent increase and asked that all maxima be increased sufficiently so that any performance pay increases would be "real" rather than notional payments. The PCS asked for a minimum five per cent consolidated award (with a £1,200 "underpinning" on all pay points and ranges).

3.40 We recommend a one per cent increase for National pay Bands 7 to 11 (maxima and minima) and for their closed grade equivalents.^{69,70} As with officer and support grades, we feel that all staff should see some consolidated increase in recognition of the job they are doing in difficult circumstances and an increase in the ranges is necessary to give the headroom to do this. We feel that a percentage increase in this case better provides an award that is broadly consistent for all operational managers across the wide range of salaries.

3.41 For *Fair and Sustainable*, this pay recommendation relates to the positioning of the ranges for Bands 7 to 11 as distinct from rewarding staff in those Bands. We consider that any increase in pay for these management grades should be related to performance and that staff on open ranges should not necessarily receive a pay increase simply because the range has moved in relation to the external market. We therefore propose that staff do not move automatically with the ranges but rather through the progression award recommended overleaf. This is the same approach as we proposed last year when we introduced it to better reflect the principles of performance-related pay. In the case of the closed grades, these managers are on pay scales and therefore it is an award of one per cent.

Recommendation 5: We recommend that the National maxima and minima of *Fair and Sustainable* Bands 7 to 11 be raised by one per cent from 1 April 2017, as set out in Appendix D. This change to the ranges should have no automatic effect on an individual's pay.

Recommendation 6: We recommend that the closed operational manager scales (including the full range of non-*Fair and Sustainable* scales or spot rates equivalent to Bands 7 to 11) and the cash amount of RHA which applies are raised by one per cent from 1 April 2017, as set out in Appendix D. This will deliver an increase to consolidated, pensionable pay of one per cent.

Operational managers – pay progression

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

3.43 HMPPS proposed that staff in Bands 7 to 11 below the maxima who are awarded a performance marking of 'Outstanding' or 'Good' should receive 1.5 per cent progression. This is different from the last two years when NOMS proposed 4.0 per cent and 2.5 per cent progression respectively. HMPPS stated that this year's recommendation was because of affordability; its priority was pay progression for officers and support grades. In addition, HMPPS proposed that staff who receive an 'Outstanding' performance marking should be awarded an additional 2.0 per cent non-consolidated payment (as was our recommendation last year). The PGA requested 4.0 per cent progression for those with an 'Outstanding' or 'Good' performance marking and a further 2.0 per cent for an 'Outstanding' performance marking, neither capped. The PCS asked for

⁶⁹ This includes the staff on former G4S pay and terms at HMP Wolds and Medway Secure Training Centre.

⁷⁰ In the case of those operational managers who receive a separate cash amount of required hours addition/allowance (RHA) we have increased it to ensure that the overall amount (including RHA) has increased by one per cent.

4.0 per cent progression capped at the band maximum and again asked that there be a long-term plan to deliver progression from minima to maxima within a reasonable and realistic time scale.

3.44 We want pay progression in the *Fair and Sustainable* ranges to deliver pay increases broadly comparable with the increases between pay points in Bands 2 to 5.⁷¹ In addition, we want a rate of progression through the Bands which better matches the time taken to become fully competent in the role. HMPPS indicated in its evidence this was five to six years.

3.45 In line with these aims, we recommend six per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Outstanding'. We continue to consider that the performance management system for operational managers is performing sufficiently well for it to be used for Bands 7 to 11 and that the differentiation for those receiving an 'Outstanding' marking should be greater. Staff who receive this marking should have their salary on 31 March 2017 increased by six per cent, capped by the new maximum. In addition, we recommend that for staff in Bands 7 to 11 who are within six per cent of the Band maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay.

Recommendation 7: We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2017 and achieve a performance marking of 'Outstanding' receive consolidated pay progression of six per cent effective from 1 April 2017, capped at the new 2017 Band maximum. In addition, we recommend that staff in Bands 7 to 11 who are within six per cent of the maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay.

3.46 We recommend four per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Good'. Staff who receive this marking should have their salary on 31 March 2017 increased by four per cent, capped by the new maximum.

3.47 Those staff who receive an 'Improvement Required' performance marking (and any on formal poor performance management procedures) should not receive any performance progression. Following the application of this progression award, if any staff remain below the minimum for their pay range⁷² then they should be moved to that new minimum.

Recommendation 8: We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2017 and achieve a performance marking of 'Good' receive consolidated pay progression of four per cent effective from 1 April 2017, capped at the new 2017 Band maximum. Any staff who would be paid less than the minimum of their pay range after progression has taken place should be moved to the new 2017 Band minimum.

National Living Wage

3.48 HMPPS told us in evidence that salaries for prison auxiliary staff and night patrol staff would fall below the NLW. It proposed that the former be increased from £14,660 to £15,575 and the latter be increased from £16,540 to £17,575 (for a 44-hour week).

3.49 We recommend that from 1 April 2017 the salary for prison auxiliary staff be raised to £15,575 and the salary for night patrol staff be raised to £17,575.

Recommendation 9: We recommend that from 1 April 2017 the consolidated, pensionable salary for prison auxiliary staff be raised to £15,575 and the consolidated, pensionable salary for night patrol staff be raised to £17,575 as set out in Appendix D.

⁷¹ Our recommendations for the scales for Bands 2 to 5 will deliver percentage increases between pay points ranging from 2.0 per cent to 5.0 per cent. There are a range of possible increases as the increments in the pay scales vary as NOMS aimed to reflect the perceived pace of learning by making the first increment larger than the others.

⁷² We understand this should only occur when staff in the bottom of the pay range do not receive a 'Good' or 'Outstanding' marking.

Operational graduate pay

3.50 HMPPS included proposals for its operational graduate pay scheme in evidence to us this year. It proposed that these spot rates be increased by one per cent (as for the other *Fair and Sustainable* pay structures).

3.51 We recommend that the operational graduates receive a consolidated, pensionable increase of £400. This is in line with their Band 3 and Band 5 counterparts. See Appendix D for these pay rates.

Recommendation 10: We recommend that from 1 April 2017 the *Fair and Sustainable* operational graduate scheme consolidated pay rates be raised by £400 as set out in Appendix D.

Opting in to Fair and Sustainable

3.52 HMPPS included three measures in its proposals to us to apply when staff opted in to *Fair and Sustainable*. These were for:

- the two per cent opt in incentive for operational managers to be extended to 31 March 2018;
- principal officers to opt in to the penultimate point of Band 5 and principal officer specialists to opt in to the maximum of Band 5; and
- prison officer specialists to opt in on the maximum of Band 4.

3.53 We are aware that some staff within our remit group are not opting in to the *Fair and Sustainable* structure despite it being financially beneficial for them to do so. Having spoken to staff on visits, we are aware that the reason behind this is a lack of trust and confidence in HMPPS. Whilst it is down to individual staff members to make this decision, we want to ensure that they are aware of what opting in would mean for them so that they can make an informed decision. It is important that HMPPS continues to individually inform them of the financial implications of opting in.

Locality pay

3.54 Our remit covers “regional/local variations in labour markets and their effects on the recruitment and retention of staff”. We therefore consider the evidence presented to us on all these forms of ‘locality’ pay as part of this report. The locality payments available to staff in our remit cover a wide range of measures across the pay structures: from the legacy LPA rates to the *Fair and Sustainable* zones and the newly introduced market supplements.

3.55 Last year, we recommended that NOMS arrange for a full review of its current approach to recruitment and retention issues in establishments in difficult labour markets. As HMPPS noted in its evidence, the intention of this review was to enable us to fully consider whether the existing approach, particularly the *Fair and Sustainable* zonal boundaries, was fit for purpose in the current labour market. The HMPPS evidence went on to say that NOMS commissioned HAVAS People to carry out this independent review and included extracts from the review in its evidence. However, when we requested the full report that had been produced to address our recommendation, we were astonished to learn that HMPPS refused to share it. We are bewildered by this outcome and do not understand the logic of it. We do not wish to base significant decisions on only partial extracts of significant reports; we do not see them as sufficient for us to review the approach across the whole Service.

3.56 As we described earlier, there are now 31 locations (30 prisons and Medway Secure Training Centre) facing “significant difficulties” with the recruitment and retention of prison officers; roughly a third of the Service. In order to address this growing problem, HMPPS announced that, from 1 February 2017, Band 3 operational staff in these locations would be paid £3,000 (‘amber’ site) or £5,000 (‘red’ site) per year in market supplements for the next four years. As part of the arrangements, new Band 3 recruits are also now starting at

the mid-point of the scale in all these establishments. HMPPS commented that its view was these changes sat “outside of the general Pay Review Body pay round” and proposed that we did not recommend a blanket local pay allowance across London and the South East. HMPPS did not offer any significant review of locality pay arrangements overall for us to consider. HMPPS made one proposal to us on locality pay: it recommended that pay differentials between the *Fair and Sustainable* zones be increased by one per cent. This was to make pay awards a consistent one per cent in all zones (that is, across England and Wales) under its proposals.

3.57 The PGA told us in oral evidence it saw the legacy LPA approach as better than the existing combination of zonal pay arrangements and the market supplements. In written evidence, the union also commented on the wide spread use of “acting up” to cover vacancies and told us that HMPPS was advertising posts in the private sector, having failed to recruit operational managers, including governor in charge, from the public sector estate.

3.58 In evidence, the PCS commented that the locality pay arrangements introduced by NOMS, blanket amounts of £3,000 and £5,000 at ‘amber’ and ‘red’ sites, were not the answer when each prison had individual concerns associated with it. The PCS said that given the “cost of living crisis”, and in the interests of fairness, we should seriously consider re-introducing the legacy LPAs for all staff.

3.59 Looking at the evidence presented to us, we note that the recently introduced market supplements are substantial and, unlike previous supplements, apply to existing staff, in contradiction to the definition of such payments in the original *Fair and Sustainable* agreement. In addition, by giving the same amount to all operational Band 3 staff on all pay points, it is inconsistent with the way in which zonal pay currently applies. We would have expected HMPPS to have raised the need for supplements with us and ask for our endorsement, even if it were outside of our usual round. It is clear to us that these payments and the *Fair and Sustainable* zones require a comprehensive review, as we asked for last year, to look at the overall picture of remuneration and allowances. We return to this matter in Chapter 4.

3.60 For this current report, and in the absence of a full review, we have restricted ourselves to the pay differentials between the zones and considered the evidence from the parties on these. While we have recommended a different pay award for operational managers to officers and support grades, we have concluded that we will continue with the current application of locality pay for this year and have the same differential across all bands.

3.61 We recommend that the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones be increased by one per cent as proposed by HMPPS. This means the maxima should now be placed £2,550 and £3,880 above the National maxima for Outer and Inner London respectively. As for previous years, other points should be adjusted so that progression is the same percentage as on the National bands.

Recommendation 11: We recommend that from 1 April 2017 the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones should be increased by one per cent and continue to be applied consistently across all bands (positioning maxima at £2,550 and £3,880 respectively above the base 37 hour National zone consolidated pay and adjusting other points and minima so that progression is the same percentage as on the National bands), as set out in Appendix D.

Allowances

3.62 This year HMPPS proposed no changes to allowances. It stated in evidence that the development of revised Payment Plus and Tornado arrangements were still being pursued and these arrangements were viewed by it as being components of a broader package of both short and longer term workforce reforms. We also received a proposal from the PGA for a payment for hours worked by operational managers above the “conditioned” 37 hour week. In addition, the union again asked for reward package changes to reflect private health care and company cars.

Officers and support grades: Payment Plus and Tornado

3.63 There are two main forms of additional hours for officers and support grades – Payment Plus and time off in lieu (TOIL), although they arise in different circumstances and are treated differently. Payment Plus is paid to prison officers for undertaking additional hours for specific duties such as to cover for vacancies. TOIL is a debt HMPPS accrues of time owed to staff because they have carried out additional, unpaid hours of work. This needs to be repaid in future by allowing staff time off. TOIL can be accumulated by Bands 2 to 5 / prison officers, senior officers, principal officers and also OSGs.⁷³

3.64 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, hostage incidents, or any incident where the establishment does not have the resources to cope, such as a need to transfer large numbers of prisoners at short notice. The National Tactical Response Group incident response teams would, in contrast, typically be called out to deal with incidents at height or involving barricades, hostages and/or concerted indiscipline. Team members of both are paid the same Tornado rate when called out. We recognise that incidents requiring the deployment of Tornado teams can be dangerous and this duty is not a core component of the prison officer role, but is undertaken by volunteers.

3.65 In its evidence for our last report, NOMS told us that it was looking at replacing Payment Plus with a “contracted hours scheme”. We noted this planned review in our last report and expected to hear more for this report. However, instead HMPPS has informed us that negotiations with the POA are continuing following the union’s rejection of an earlier proposal. Also in last year’s evidence, NOMS told us that it was looking at revising the emergency response (Tornado) model for this year’s submission. Again, this is not complete and it is in consultation with the POA about the introduction of a revised Tornado policy. In the meantime, the rates for Payment Plus, OSG overtime and Tornado have all been temporarily increased by £5 per hour until 30 September 2017.⁷⁴ HMPPS has told us that it is looking to develop revised arrangements for contracted hours whilst this arrangement continues.

3.66 We note the ongoing discussions and are keen to see them reach agreed conclusions and for proposals to be put to us. In the interim we recommend that the £5 increase to the rates for Payment Plus, OSG overtime and Tornado be extended to 31 March 2018 to enable it to continue in place until our next report when we will consider the proposals from these reviews. We return to this matter in Chapter 4.

Recommendation 12: We recommend that the £5 increase to the rates for Payment Plus, OSG overtime and Tornado currently in place be extended to 31 March 2018 as proposals for new arrangements are developed.

Other allowances and payments

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

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

Operational managers: reward

3.69 This year, the PGA asked we acknowledge that “consistently working more than the conditioned 37 hours per week in the pressurised and violent environment that we call ‘being at work’, is not representative of the attendance model that a modern, business focused organisation such as NOMS purported to be”. It

⁷³ Paid overtime is available to OSGs and Band 2 staff but not to the uniformed officer grades nor to operational managers.

⁷⁴ For Payment Plus this is an increase from £17 to £22, for officers Operation Tornado payment this is an increase from £19.86 to £24.86, for support staff Operational Tornado payment this is an increase from £14 to £19, for OSG (pre-*Fair and Sustainable*) overtime this is added to a multiple of 1.2 per hour and for Band 2 this is added to a multiple of 1.33 per hour on weekdays and 1.75 per hour at weekends and public holidays.

asked for us to recommend payment for additional hours worked over the conditioned 37 hours at an hourly rate greater than that associated with Payment Plus rate for prison officers. We note that HMPPS/NOMS has carried out an, as yet unseen, review of the duty governor role that the PGA has informed us would cover the volume of work undertaken.

3.70 We have considered the proposal from the PGA on an hourly payment for operational managers for each hour worked above the 37-hour week. We are concerned about the detrimental effects of increased workload, staffing shortages and sickness absence that operational managers – and other staff – are subject to. However, we are not convinced that the best solution in this case is to introduce this sort of payment for these public sector managers. We await the publication of the HMPPS review into the duty governor role with interest and look forward to seeing it – and the comments of the unions – in time for our next report.

3.71 For the second year running, the PGA proposed that we recommend financial reward/benefits in kind to address differences with the private sector (such as private health care and company cars) for operational managers. The union again drew on evidence from the Incomes Data Services (IDS) report⁷⁵ which looked at private sector comparisons. We see the matter as a difference between the public and private sectors. The private sector provides taxable benefits in kind of private health care and company cars to a wide range of managers. Such elements are not offered in the public sector. Conversely, the public sector offers terms and conditions that are beneficial in other areas – in particular, public sector pensions are considered more valuable than their private sector counterparts. We make no recommendations on this issue.

Other issues

3.72 The PGA referred to “cover pay” arrangements in both its written and oral evidence this year. This is the amount paid to someone on temporary cover/promotion, often called “acting up”, covering the work of a higher grade. The PGA told us that the amount currently paid, which is five per cent of the annual salary, could leave them below the pay of the band minima for the role which they were covering and, that it was “financially beneficial for a Band 5 Custodial Manager to refuse to act up to cover an empty post as they will be better off remaining at Band 5 and working Payment Plus arrangements”. The union also told us that some staff were left on temporary promotion/cover for a considerable length of time.

3.73 We recommend the temporary promotion/cover payment should be the greater of either the minimum for the role or five per cent of annual salary and that this payment should be pensionable. Whilst we see such payments as being mainly a matter for HMPPS, we think it is unreasonable for someone to earn less than the minimum salary for the role they are covering.

Recommendation 13: We recommend the base pay on temporary promotion/cover for staff should be the greater of either the minimum for the role or five per cent of annual salary for each band to which they receive promotion/provide cover; this payment should be pensionable.

3.74 The PGA also asked us to revisit the *Fair and Sustainable* pay band structure for governing governors. The union again told us that two Bands (Band 10 and Band 11) were too few to cover the range of roles and there was little incentive for a governor to move to a more difficult or time consuming command. It provided evidence of the effect on recruiting or retaining governors in some prison categories to support this. We have considered this matter again, but have concluded that, whilst solving some problems, additional bands would create others. By necessity, any grading structure would need to have “cut-off” points established and if too few posts exist within any band then movement between them will reduce.

3.75 Finally, we received evidence this year on what were called ‘executive governors’ and are now referred to as ‘directors of public prisons’. We believe these should be considered within – or attached to – the current *Fair and Sustainable* pay structure. We return to this matter in Chapter 4.

⁷⁵ Incomes Data Services. *Pay, pensions, and reward packages for private custodial service staff. March 2015*. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/409341/IDS_report_on_private_custodial_staff_March_2015_FINAL.pdf (accessed on 26 June 2017).

Affordability of our recommendations

3.76 As we stated earlier, we see our recommendations this year as a response to a deteriorating environment for the Service. We repeat that our concerns are wide ranging, covering motivation, employee relations and the difficult and deteriorating conditions in which our remit group serve the public; recruitment, training and retention; and the competitiveness of the remuneration package. Our recommendations seek to recognise that all our remit group, whether on "closed" or "open" pay structures, have been facing significantly tougher challenges. In percentage terms, the awards will be greatest for the lowest paid and least for the highest paid, but in terms of cash, all the uniformed grades should benefit equally. As in all previous years, we do not consider that any costs of staff progression within the pay scales form part of the cost of our pay recommendations.

3.77 This award will increase base pay by £400 for all uniformed staff which, as at 31 March 2017, was 22,947 full-time equivalents. In addition, it will cost around one per cent for all operational managers which, at the same point in time, was 919 full-time equivalents. The precise cost will vary depending on the number of hours worked and the zone of the country in which these staff are located.

3.78 The success of the Service is highly dependent on its staff. There are significant potential costs, to the Service and to society at large, if it proves difficult to recruit, retain and motivate suitable people. In that context, we consider that our recommendations strike a fair balance, offer sound value for money and represent an appropriate level of investment in operational prison staff in the current circumstances.

Chapter 4: Looking ahead

Introduction

4.1 As in previous reports, this final chapter offers comments on a range of issues to which we think the parties should give attention over the coming year and address in their evidence for our next report. It includes a formal recommendation where we think additional work is important to ensure the remuneration of our remit group remains appropriate and is covered by our terms of reference.

4.2 Our concerns this year have been wide ranging; covering motivation and the difficult, deteriorating conditions in the Service, and recruitment, retention and the competitiveness of the remuneration package. We have addressed these matters in our pay recommendations and will continue to monitor these issues. Looking to the longer term, and the context in which we make our recommendations, we wish to address the fragmented nature of the pay arrangements, their appropriateness and durability in attracting and retaining suitable staff. We also comment on industrial relations as these affect the evidence we receive.

Remuneration arrangements

4.3 The current pay and allowance arrangements for staff in our remit group are increasingly fragmented and inconsistent. This has been the case for many years as Her Majesty's Prison and Probation Service (HMPPS) and its predecessors have sought to replace older grades, such as prison auxiliaries and prison officers, with newer ones such as the operational support grade (OSG) and prison officer 2. In 2012, what was then the National Offender Management Service (NOMS) introduced *Fair and Sustainable* which included a new pay structure that was ultimately intended to cover all staff. When it was introduced, *Fair and Sustainable* aspired to make pay and grading transparent, address pay inequalities in the long term, and save money. We recognised and welcomed that *Fair and Sustainable* was a collective agreement between NOMS and the POA⁷⁶ and was supported by a ballot of POA members at that time. It made an important contribution to the modernisation of the pay structure for the Service.

4.4 Five years on, the latest figures we received indicate that still over half of operational staff remain on closed pay structures, including some who would financially benefit from opting in. Labour market conditions, the operational context for the Service and other factors have changed from those prevailing when *Fair and Sustainable* was agreed. The Service itself has made a number of additions, such as the new market supplements, that seem inconsistent with the principles of *Fair and Sustainable*. In addition, we think it is important for a pay system to command the confidence of the Service staff and what we have heard from our remit group on visits suggests this is not the case with the current arrangements.

Locality pay and market supplements

4.5 The pay system in the Service has always allowed some flexibility for establishments to adopt local pay solutions to meet local requirements. The legacy Locality Pay Allowance (LPA) approach allowed a local business case to be made for one of a number of levels of allowance. *Fair and Sustainable* replaced this approach with Inner and Outer London zones, but also explicitly allowed management limited scope to introduce recruitment allowances for newly recruited staff at specific sites with problems.

“It is our intention to introduce a system of non-consolidated payments to provide support with recruitment and/or retention difficulties. These will only be paid where there is clear evidence of necessity and will be used in the following circumstances:

- Market supplements to address recruitment and retention of professional/specialist staff, which will be paid on a reviewable basis

⁷⁶ The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

- To address recruitment issues in specific locations/areas

Such payments will not apply to those staff already in post, as market factors affecting the decision to make an exceptional payment would not apply to previous recruitment campaigns" (*Fair and Sustainable*, paragraphs 147 and 148).

4.6 At the start of 2017 a range of such allowances were in place across the UK, primarily in the South East, to address particular problems. These were targeted at the main grades to which operational staff are externally recruited – Bands 3 and 2. Recognising that greater numbers of prison officers were required, HMPPS started an initiative to recruit significant numbers of Band 3 staff and, in the face of ongoing recruitment problems, it took the decision that further recruitment incentives should be brought in urgently.

4.7 The Service introduced new arrangements from 1 February 2017 which replaced the existing spectrum of local allowances with a consistent approach across the estate in sites defined as 'red' and 'amber'. As described in previous chapters, these had two basic elements: the recruitment of Band 3 staff at 'red' and 'amber' sites at the mid-point of the relevant Band 3 scale (point three of five); and the payment of £5,000 or £3,000 to new recruits and also to existing staff at Band 3 with the commitment that this would remain in place for at least four years. These allowances give the same cash amount to all Band 3 prison officers in contrast with zonal pay where the amount above the National pay zone varies dependant on where staff are on the pay scale.

4.8 While HMPPS presented these new allowances as a necessary use of the management flexibility allowed in *Fair and Sustainable*, the arrangements go beyond the scope set out above in applying the allowances to existing staff. Perhaps more significantly, the fact that this arrangement applies to nearly one-third of establishments means that it is operating at a level that creates significant distortions within the *Fair and Sustainable* pay structure.

Directors of public prisons

4.9 As we stated in earlier chapters, we received evidence this year on what were called 'executive governors' and are now referred to as 'directors of public prisons'. These are posts which manage clusters of prisons in a common locality or with a common purpose but which are outside our remit. We believe these directors should be considered within – or attached to – the pay arrangements for our remit group. We also believe an additional band or bands to accommodate them should be informed by a job evaluation scheme, which would fall to HMPPS to undertake.

Tornado payments and Payment Plus

4.10 HMPPS is considering replacing Payment Plus with a "contracted hours scheme" and revising the emergency response (Tornado) model, as we noted in Chapter 3. These reviews were first reported to us in evidence for our 2016 report and have already taken over a year to conclude. In both cases, the Service is in consultation with the POA and HMPPS told us that the union rejected its earlier proposal for a contracted hours scheme. Whilst these reviews are taking place, the rates for Payment Plus, OSG overtime and Tornado have all been temporarily increased by £5.

4.11 We have recommended extending the period for this increase to 31 March 2018 in order for it to still be in place for our next report and the outcome of these reviews. We remain keen to see the HMPPS revised models when these conclude and expect to have them in time to consider the rates for the allowances affected in our next report. We would expect these models to be constructed to fit with the pay arrangements and other allowances for our remit group.

Review

4.12 We believe that HMPPS now needs to review its pay and allowance arrangements. The Service requires that these be long-term, fit-for-purpose, competitive and command the confidence of staff. Recent changes include prison reform, recruitment and retention payments introduced within the 31 'red' and 'amber' sites, and the creation of the new organisation that has integrated a large, relatively new group of staff, those in

the National Probation Service (NPS). This would suggest that it is now appropriate to develop a new long-term workforce strategy for the Prison and Probation Service. The review should seek to identify future organisation needs and assess future pay structure revisions to support the required changes.

4.13 Below are some of the questions, short-term and long-term, which we think will now need to be resolved by HMPPS when reviewing its pay structure and any related remuneration arrangements. HMPPS should start its review by applying these questions to the current arrangements:

- *Workforce strategy:* How many staff are required to meet the aims and workforce strategy for the Service? In what roles? Do current rates of recruitment and retention meet present and future needs of the Service? Should additional groups or specialist positions be added (eg. directors of public prisons)?
- *National or core pay rates:* How do we measure competitiveness; what are the competitive rates of remuneration for the roles within the Service? How does this vary from current arrangements? Do/ will staff receive the same levels of pay at a consistent level of experience across the Service? What organisational problems are caused by the continuation of two different pay systems (closed grades and *Fair and Sustainable* bands) amongst front line prison officers? Are there plans for future harmonisation of pay and allowances between these groups?
- *Locality pay (long-term):* When looking at long-term local variations in the market, what approach would be most consistent alongside national pay arrangements? Should there be separate pay and/ or allowances to address locality pay? How will the Service encourage and enhance mobility between locations?
- *Locality pay (short-term):* How best should temporary problems with recruitment be tackled? Beyond what length of time would recruitment/retention problems in an establishment stop being considered as temporary and instead would be better addressed as a long-term feature of the local labour market? Under what circumstances, is it realistic to envisage removing additional remuneration (even if described as time-limited), and thereby imposing an equivalent pay cut?
- *Training and development:* Are the pay arrangements compatible with HMPPS current aspirations for how it sees prison staff developing their careers? Does the pay system appropriately reward staff in line with current and future expectations of the roles?
- *Other pay and allowance requirements:* What allowances and other arrangements are needed other than pay? Are these arrangements compatible with the core pay structure? Do they address key operational issues?

We also remain cognisant of the fact that HMPPS may wish to consider reform of the pay structure alongside its plans for integrating NPS staff with those in the Prison Service.

4.14 We therefore recommend that HMPPS, in its evidence to us for our 2019 report, present plans for revised pay arrangements that properly integrate the various different pay structures, allowances and supplements currently in operation across the country. We expect to be consulted and to contribute to this review. This recommendation should allow the Service the time required to produce plans and we expect an update on progress in its evidence for our 2018 report. As part of this review, HMPPS should consider properly positioning the new role of director of public prisons, establishing a compatible contracted hours arrangement and consider the need to integrate the NPS staff pay structure with that for other HMPPS staff. We would also welcome comment from the unions for our next report on any and all of these matters.

Recommendation 14: We recommend that Her Majesty's Prison and Probation Service present to us, in its evidence for our 2019 report, its plans for revised arrangements that would integrate the various different pay structures, allowances and supplements currently in operation across the country.

Motivation and morale

4.15 As we have noted for several years running, the evidence we received showed that staff motivation and morale remain very low. This is partly in response to high and increasing levels of violence in prisons and staff concerns about their safety. We ask HMPPS to keep us informed of its own monitoring of this unwelcome trend and its evidence on how effective its counter-measures, such as increased staffing, are at tackling this issue. We would also like to see proposals for increasing response rates to the People Survey, or some alternative approach for measuring motivation and morale. We ask all the parties to provide evidence for our next report of the concerns, in terms of motivation and morale, that most affect our remit and whether these issues are changing and/or being addressed.

Performance management

4.16 NOMS implemented the new Civil Service Employee Policy performance management process from 1 April 2014. It carried out a review of this system in 2015 which the Public and Commercial Services (PCS) Union provided to us in its evidence. This review suggested problems, particularly for its use with staff in Bands 2 to 4 and also with the outcomes for black and minority ethnic (BME) staff.

4.17 As we noted in Chapter 3, HMPPS said in evidence this year that it had redesigned the form and approach so there was less focus on paperwork and greater emphasis on holding “quality conversations”. We asked in oral evidence if HMPPS had received confirmation of whether this new approach was more effective, and HMPPS said it felt the system now worked. However, we noted that there was no direct evidence from the staff themselves, their managers or their unions; in particular because the first reporting year under the new approach was not over at the point when we took evidence. Consequently, we have not linked the pay of the staff in Bands 2 to 4 to the performance management system this year.

4.18 Until we hear evidence that confirms the performance management system is fit for purpose for all the staff in our remit, we will not recommend linking it to pay for staff in Bands 2 to 4. We would like to receive information from all the parties for our next report of the impact of recent changes and, in particular, of any further reviews that consider whether the system is now fit for purpose.

Medway Secure Training Centre

4.19 HMPPS told our secretariat in correspondence that the staff at Medway Secure Training Centre now fall within our remit.⁷⁷ We have learned that there were 120 full-time equivalent operational staff as at 31 March 2017. HMPPS told us that nearly all of the operational staff at Medway were now on *Fair and Sustainable* terms. It said the few that remained on G4S terms were on spot rates of pay. All staff at Medway will be covered by our recommendations this year. We would like more information on this group for our next report, including how many staff there are on which remuneration arrangements and any other aspects of their reward package.

Industrial relations

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

4.21 Until last year, industrial relations between NOMS/HMPPS and the unions had generally been good in terms of regular dialogue. However, for the second year running, the unions have commented on a lack of communication and, this year, all the parties noted in their evidence that there were problems with industrial relations. These relations are a matter for the parties but, as we have said in previous years, we have found they

⁷⁷ Staff at Medway Secure Training Centre joined our remit group in June 2016 following the institution’s transfer to the public sector.

also impact on our ability to fully evidence our decisions. Good communication and relations with and between the parties are very important to us and this will continue to be the case.

4.22 The staff in our remit group are responsible for running the prison estate in increasingly demanding and violent conditions. We have concluded that all staff require financial recognition this year for the difficult job they are doing in protecting the public. It is important that the Service recruits and retains people who will be well-trained, continuously developed and motivated to do this job. The recommendations we make in this report, reflect these circumstances and aim to establish a better basis upon which the Service can build future pay arrangements.



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.

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

Appendix B: Minister's activation letter



Sam Gyimah MP
Parliamentary Under-Secretary
of State for Justice

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

16th August 2016

Dear Peter

THE PRISON SERVICE PAY REVIEW BODY (PSPRB) - 2017/18 PAY ROUND

I am writing firstly to express my thanks for your valuable work on the 2016-17 pay round and secondly, to formally commence the 2017-18 pay round.

The Chief Secretary to the Treasury wrote to you and all other Pay Review Body Chairs on 17 July 2016 to set out the government's approach to public sector pay and reaffirm the government's policy to fund public sector workforces for pay awards of an average of 1 per cent a year, up to 2019/20.

In accordance with the government's public sector pay policy, the PSPRB will want to consider what awards are justified within the bounds of pay restraint, and in doing so, consider whether there is a case for targeted pay to address workforce issues such as recruitment and retention. My department is committed to providing you with targeted pay proposals supported by high-quality evidence to inform your recommendations.

I recognise the independent nature of the PSPRB and am grateful for the valuable work that you and your colleagues perform to develop your recommendations for your remit group.

I would be grateful if your recommendations could be forwarded no later than mid-February 2017.

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

SAM GYIMAH MP

Appendix C: Prison establishments visited in 2016

The 2016 visit programme covered the following establishments:

HMP Cardiff

HMP Coldingley

HMP & YOI Forest Bank*

HMP Holme House

HMP Kirklevington Grange

HMP Leeds

HMP Maidstone

HMP Manchester

HMYOI Wetherby

* privately managed by Sodexo Justice Services

Appendix D: Current and recommended pay levels

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

Fair and Sustainable ranges – National

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2017	
		£ a year	£ a year	£ a year	£ a year
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
Governor (Band 11)	Max	75,596	88,447	76,352	89,332
	Min	62,997	73,706	63,627	74,444
Governor (Band 10)	Max	66,832	78,193	67,501	78,976
	Min	55,691	65,158	56,248	65,810
Deputy governor (Band 9)	Max	60,709	71,030	61,317	71,741
	Min	50,592	59,193	51,098	59,785
Deputy governor / Head of function (Band 8)	Max	47,399	55,457	47,873	56,011
	Min	39,497	46,211	39,892	46,674
Head of function (Band 7)	Max	40,649	47,559	41,056	48,036
	Min	33,873	39,631	34,212	40,028

Notes:

1. The Bands 7 to 11 ranges do not have fixed incremental pay points.
2. Base pay ranges are calculated by rounding up to the nearest £ after the uplift is applied. Pay with RHA is presented as rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. The required hours addition (RHA) is pensionable.

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2017
	£ a year	£ a year
Operational graduate custodial manager (Band 5)	28,750	29,150
Operational graduate prison officer (Band 3)	26,450	26,850

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2017		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
Custodial manager (Band 5)	28,776	33,668	35,223	29,176	34,136	35,713
	28,100	32,877	34,396	28,500	33,345	34,886
	27,440	32,105	33,588	27,840	32,573	34,078
	26,794	31,349	32,797	27,194	31,817	33,287
	25,520	29,858	31,238	25,920	30,326	31,727
Supervising / Specialist officers (Band 4)	25,225	29,513	30,877	25,625	29,981	31,366
	24,730	28,934	30,271	25,130	29,402	30,760
	24,245	28,367	29,677	24,645	28,835	30,167
	23,770	27,811	29,096	24,170	28,279	29,585
	22,640	26,489	27,713	23,040	26,957	28,202
		37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
Prison officer (Band 3)	19,762	23,122	24,403	20,162	23,590	24,897
	19,376	22,670	23,927	19,776	23,138	24,421
	18,995	22,224	23,456	19,395	22,692	23,950
	18,624	21,790	22,998	19,024	22,258	23,492
	17,736	20,751	21,902	18,136	21,219	22,396
		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
OSG (Band 2)	16,075	18,808	19,677	16,475	19,276	20,166
	15,761	18,440	19,292	15,691	18,358	19,207
	15,009	17,561	18,372			

Notes

1. Base pay for Bands 2 to 5 staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent which is pensionable.
2. Base pay scales are rounded up to the nearest £. Those which include 17 per cent unsocial working hours, and/or ACH (not pensionable and has a 1.2 multiplier) or ACHP (pensionable) are rounded to the nearest £ at the end of the calculation.

Appendix D

Fair and Sustainable ranges – Outer London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2017	
		£ a year	£ a year	£ a year	£ a year
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
Governor (Band 11)	Max	78,121	91,402	78,902	92,315
	Min	65,101	76,168	65,753	76,931
Governor (Band 10)	Max	69,357	81,148	70,051	81,960
	Min	57,795	67,620	58,373	68,296
Deputy governor (Band 9)	Max	63,234	73,984	63,867	74,724
	Min	52,696	61,654	53,224	62,272
Deputy governor / Head of function (Band 8)	Max	49,924	58,411	50,423	58,995
	Min	41,601	48,673	42,017	49,160
Head of function (Band 7)	Max	43,174	50,514	43,606	51,019
	Min	35,977	42,093	36,337	42,514

Notes:

1. The Bands 7 to 11 ranges do not have fixed incremental pay points.
2. Base pay ranges are calculated by rounding up to the nearest £ after the uplift is applied. Pay with RHA is presented as rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. The required hours addition (RHA) is pensionable.
5. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2017
	£ a year	£ a year
Operational graduate custodial manager (Band 5)	31,625	32,025
Operational graduate prison officer (Band 3)	29,095	29,495

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

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2017		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
Custodial manager (Band 5)	31,301	36,622	38,314	31,726	37,119	38,834
	30,566	35,762	37,414	30,991	36,259	37,935
	29,848	34,922	36,536	30,274	35,421	37,057
	29,145	34,100	35,675	29,572	34,599	36,198
	27,759	32,478	33,979	28,187	32,979	34,502
Supervising / Specialist officers (Band 4)	27,750	32,468	33,968	28,175	32,965	34,488
	27,205	31,830	33,300	27,631	32,328	33,822
	26,671	31,205	32,647	27,098	31,705	33,169
	26,148	30,593	32,007	26,576	31,094	32,530
	24,905	29,139	30,485	25,334	29,641	31,010
		37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACH & 17% unsocial
Prison officer (Band 3)	22,287	26,076	27,521	22,712	26,573	28,046
	21,852	25,567	26,984	22,278	26,065	27,510
	21,422	25,064	26,453	21,849	25,563	26,981
	21,004	24,575	25,937	21,432	25,075	26,466
	20,003	23,404	24,701	20,432	23,905	25,231
		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial		37 hour inc 17% unsocial	39 hour inc ACHP & 17% unsocial
OSG (Band 2)	18,600	21,762	22,767	19,025	22,259	23,288
	18,237	21,337	22,323	18,120	21,200	22,180
	17,367	20,319	21,258			

Notes:

1. Base pay for Bands 2 to 5 staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent which is pensionable.
2. Base pay are rounded up to the nearest £. Those which include 17 per cent unsocial working hours, and/or ACH (not pensionable and has a 1.2 multiplier) or ACHP (pensionable) are rounded to the nearest £ at the end of the calculation.
3. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

Appendix D

Fair and Sustainable ranges – Inner London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2017	
		£ a year	£ a year	£ a year	£ a year
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
Governor (Band 11)	Max	79,436	92,940	80,232	93,871
	Min	66,197	77,450	66,861	78,227
Governor (Band 10)	Max	70,672	82,686	71,381	83,516
	Min	58,891	68,902	59,482	69,594
Deputy governor (Band 9)	Max	64,549	75,522	65,197	76,280
	Min	53,792	62,937	54,332	63,568
Deputy governor / Head of function (Band 8)	Max	51,239	59,950	51,753	60,551
	Min	42,697	49,955	43,126	50,457
Head of function (Band 7)	Max	44,489	52,052	44,936	52,575
	Min	37,073	43,375	37,446	43,812

Notes:

1. The Bands 7 to 11 ranges do not have fixed incremental pay points.
2. Base pay ranges are calculated by rounding up to the £ after the uplift is applied. Pay with RHA is presented as rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. The required hours addition (RHA) is pensionable.
5. Inner London covers – Brixton, Holloway,[#] Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.
[#] Closed in 2016.

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2017
	£ a year	£ a year
Operational graduate custodial manager (Band 5)	33,120	33,520
Operational graduate prison officer (Band 3)	30,469	30,869

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

[#] Closed in 2016.

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2017		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
	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)	32,616	38,161	39,924	33,056	38,676	40,462
	31,850	37,265	38,986	32,291	37,780	39,526
	31,102	36,389	38,071	31,544	36,906	38,612
	30,370	35,533	37,175	30,813	36,051	37,717
	28,926	33,843	35,407	29,370	34,363	35,950
Supervising / Specialist officers (Band 4)	29,065	34,006	35,577	29,505	34,521	36,116
	28,495	33,339	34,879	28,936	33,855	35,419
	27,936	32,685	34,195	28,378	33,202	34,736
	27,389	32,045	33,526	27,832	32,563	34,068
	26,087	30,522	31,932	26,531	31,041	32,475
Prison officer (Band 3)	23,602	27,614	29,145	24,042	28,129	29,689
	23,141	27,075	28,576	23,582	27,591	29,121
	22,686	26,543	28,014	23,128	27,060	28,560
	22,243	26,024	27,467	22,686	26,543	28,014
	21,182	24,783	26,157	21,628	25,305	26,708
OSG (Band 2)	19,915	23,301	24,377	20,355	23,815	24,916
	19,526	22,845	23,901	19,387	22,683	23,731
	18,594	21,755	22,760			

Notes:

1. Base pay for Bands 2 to 5 staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent which is pensionable.
2. Base pay scales are rounded up to the £. Those which include 17 per cent unsocial working hours, and/or ACH (not pensionable and has a 1.2 multiplier) or ACHP (pensionable) are rounded to the nearest £ at the end of the calculation.
3. Inner London covers – Brixton, Holloway.# Westminster headquarters, Pentonville, Wandsworth and Wormwood Scrubs.
Closed in 2016.

Appendix D

Pay levels for pre-Fair and Sustainable grades

Pre-Fair and Sustainable operational manager scales

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2017 £ a year
Senior manager A	82,892	83,721
	80,460 [#]	81,265 [#]
	75,195 [#]	75,947 [#]
	71,730 [#]	72,448 [#]
	69,025 [#]	69,716 [#]
	66,620 [#]	67,287 [#]
	64,765 [#]	65,413 [#]
Senior manager B	80,458	81,263
	75,195 [#]	75,947 [#]
	71,730 [#]	72,448 [#]
	69,025 [#]	69,716 [#]
	66,620 [#]	67,287 [#]
	64,765 [#]	65,413 [#]
	60,980 [#]	61,590 [#]
Senior manager C	72,458	73,183
	67,710 [#]	68,388 [#]
	65,340 [#]	65,994 [#]
	62,690 [#]	63,317 [#]
	58,970 [#]	59,560 [#]
	56,920 [#]	57,490 [#]
Senior manager D (post-2009 scale)	61,038	61,649
	56,595 [#]	57,161 [#]
	52,960 [#]	53,490 [#]
	51,277 [#]	51,790 [#]
	50,630 [#]	51,137 [#]
	45,700 [#]	46,157 [#]
Senior manager D* (pre-2009 scale) (RHA inclusive)	66,567	67,233
	61,239 [#]	61,852 [#]
	56,964 [#]	57,534 [#]
	54,894 [#]	55,443 [#]
	50,909 [#]	51,419 [#]
	47,244 [#]	47,717 [#]

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2017 £ a year
Manager E	46,024	46,485
	41,545 [#]	41,961 [#]
	39,645 [#]	40,042 [#]
	36,425 [#]	36,790 [#]
	34,700 [#]	35,047 [#]
	33,335 [#]	33,669 [#]
Manager F	39,041	39,432
	34,745	35,093
	33,070	33,401
	31,745 [#]	32,063 [#]
	30,700 [#]	31,007 [#]
	29,685 [#]	29,982 [#]
Required hours addition (D*-F)[†]	5,529	5,584

* The pre-2009 senior manager D scale has the RHA payment (currently £5,529 and recommended to increase to £5,584) incorporated into the pay scale and is not paid separately.

[#] These scale points are now, and will remain, unoccupied.

[†] This is pensionable.

Appendix D

Pre-Fair and Sustainable officer and support grades

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2017 £ a year
Principal officer	33,872	34,272
	32,080 [#]	32,480 [#]
Senior officer	31,481	31,881
Prison officer	29,219	29,619
	26,174 [#]	26,574 [#]
	24,111 [#]	24,511 [#]
	22,898 [#]	23,298 [#]
	21,777 [#]	22,177 [#]
	20,962 [#]	21,362 [#]
	18,821 [#]	19,221 [#]
Prison officer 2*	17,170	17,570
	16,665 [#]	17,065 [#]
	16,160 [#]	16,560 [#]
	15,342 [#]	15,742 [#]
Operational support grade	18,943	19,343
	18,023	18,423
	17,493 [#]	17,893 [#]
	16,983 [#]	17,383 [#]
	16,493 [#]	16,893 [#]
	16,115 [#]	16,515 [#]
Night patrol	16,540 [†]	17,575
Prison auxiliary	14,660 [†]	15,575

* 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.

[#] These scale points are now, and will remain, unoccupied.

[†] These salaries were increased, following our last report, to ensure that they were not below the National Living Wage. The changes were made to be effective from 1 April 2016.

Closed former G4S grades

*Former G4S staff at HMP Wolds**

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2017 £ a year
Prison officer	24,278	24,678
	23,111	23,511
	22,272	22,672
	18,916	19,316
Security officer <i>(Operational support grade equivalent)</i>	18,661	19,061
	17,882	18,282
	15,562	15,962

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

Former G4S staff at Medway Secure Training Centre

We understand that those staff still on the G4S pay arrangements at Medway Secure Training Centre are on individual salaries.

Appendix E: Locality Pay Allowance rates

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

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

Establishments/sites covered:

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

Notes:

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

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

Closed in 2016.

Appendix F: Allowances and payments

We make no recommendations on the permanent rates for allowances and payments (given below), although we do recommend continuing the temporary £5 increase to Payment Plus, operational support grade overtime and Tornado until 31 March 2018. Below are all the allowances with the continuing permanent rates from 1 April 2017.

<i>Allowances</i>	<i>Closed Scales</i> From 1 April 2017	<i>Fair and Sustainable Scales</i> From 1 April 2017
<i>Care and maintenance of dogs¹</i>		
(rate 1) – single dog	£1,526 a year	£1,526 a year
(rate 2) – multiple dogs	£1,908 a year	£1,908 a year
<i>Specialist allowance[#]</i>		
Healthcare officers	£1,296 a year	
Caterers, dog handlers, librarians, physical education instructors, trade instructors and works officers	£1,200 a year	
<i>Payments</i>		
Operation Tornado payment (Officers)	£19.86 per hour	£19.86 per hour
Operation Tornado payment (OSG) ²	£14.00 per hour	£14.00 per hour
Payment Plus	£17.00 per hour	£17.00 per hour
<i>Allowances</i>		
<i>Dirty protest allowance</i>		
four hours or less per day	£10.00 per day	£10.00 per day
over four hours per day	£20.00 per day	£20.00 per day
<i>On-call (radio pager)</i>		
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	

Appendix F

<i>Allowances</i>	<i>Closed Scales</i> From 1 April 2017	<i>Fair and Sustainable Scales</i> From 1 April 2017
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	
public and bank holidays	£25.47 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home) ³ Weekdays and privilege holidays		£9.00 per period of 12 hours or more
weekends and public holidays		£25.00 per period of 24 hours or more or proportionately for periods of less than 24 hours
(hourly rate)		(£1.04 per hour whilst on call outside of normal office hours)
Stand by (office) Weekdays	£13.43 per period of more than 12 hours	
weekends and privilege holidays	£38.46 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£48.26 per 24 hour period or proportionately for periods of less than 24 hours	

Notes:

1. We introduced a second rate for the care and maintenance of dogs allowance in our 2016 report. This means there is now two rates – one for care of a single dog (amount is £1,526 a year) and one for care of multiple dogs (amount is 25 per cent more than the single rate – £1,908 a year).
2. NOMS introduced a new rate for OSGs as part of a joint agreement with the POA in 2015.
3. 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.

These allowances are pensionable.

Appendix G: Notional rent

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

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





