



HM Prison &
Probation Service



**HM PRISON
SERVICE**

Public Sector Prisons

HMPPS Submission to the Prison Service Pay Review Body

HMPPS (England & Wales) Evidence

2018/19

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Introduction

- a. This document sets out the evidence from the HM Prison and Probation Service Agency (HMPPS) to the Prison Service Pay Review Body (Review Body) to inform the 2018/19 pay round. HMPPS is the new Agency responsible for Prisons and Probation in England and Wales which replaced the National Offender Management Service (NOMS) on 1 April 2017.
- b. This evidence provides wider context on relevant factors including: public sector pay policy, the financial position of the Ministry of Justice (MoJ) and HMPPS, and details of operational and policy changes that have affected prison staff. We are mindful of the Review Body's comments in last year's report and this document provides an update on our overall strategy for addressing the issues identified.
- c. Broadly, our workforce issue is that HMPPS needs to maintain operational stability in 2018/19 recognising that our operational staff continue to face challenging working conditions. This year, we believe it is particularly important to maintain experience and capability whilst aiming to reduce attrition, and these are key drivers for our approach for 2018/19. In operational terms we continue to recruit to improve workforce capacity and capability, supporting our new staff to become more confident and resilient.

Targeting the recommendations

- d. The Review Body will appreciate the financial constraints on HMPPS and the MoJ, and the need for recommendations to be affordable. This is explained in greater detail later in the evidence. With this context in mind, we have considered the areas we believe would most benefit from further targeted investment and which we would like the Review Body to pay particular attention to:

- Fair and Sustainable (F&S) as our agreed pay strategy while we continue to encourage staff to move over from closed grades. We therefore recommend a variable award, where more is invested for staff on F&S terms than equivalent closed grades. However, in light of the continuing challenging circumstances our staff are facing, and in line with last year's Review Body outcomes, we are of the view that all members of the Prison Service should receive a pay rise for 2018/19, and that this should be effective from April 2018. We are of the view that the value and form of this award should be varied.
- **Market Supplements** – Last year, we introduced market supplements that enabled us to target specific recruitment and retention issues in our most difficult to recruit to prisons in London and the South East. It is our intention to continue to use these in a targeted and job-specific manner whilst we undertake a full and detailed evaluation of their effectiveness that will then inform our future strategy and Review Body evidence in 2019/20.
- **Operational Managers (Bands 7-11)** – Our prison leaders are key to delivering our reform agenda whilst providing additional operational resilience and support to stabilising the system. Targeted awards – specifically focussed on those at the lower end of these pay bands – will not only support our long-term reform ambitions but also offer additional incentive for those outside of F&S to opt in. We have consistently stated that there is value in incentivising managers to join F&S given their leadership role, and should lead by example by being seen to be part of F&S.

HMPPS's Workforce Priorities

- e. Our key workforce strands underway are as follows:
- Developing an agreed Workforce Strategy for HMPPS across Prisons and Probation;
 - Continued recruitment of, and support for, operational staff;
 - Work to address the two tier workforce; and



- Establishing the Youth Custody Service from April 2018.
- f. Our key workforce proposals for the next year are as follows:
- Recognising both F&S and closed grade staff through maintaining experience and capability, reducing attrition and seeking to improve morale and motivation;
 - Continued investment in F&S pay structures; and
 - Rewarding outstanding performance and improving the operational graduate scheme. Developing our senior leaders across HMPPS through the Empowered Senior Leaders Programme.

1 Summary of Proposals

- 1.1 In recent reviews, the Government has indicated a preferred option for the annual uplift in pay for prison staff. This has been consistent with public sector pay restraint and guided by public sector pay policy.
- 1.2 Budget 2017 re-confirmed the Government's intention to move away from the average 1% public sector pay award policy for 2018/19 to a more flexible approach to address both areas of skills shortages and in return for improvements to public sector productivity. However, pay discipline remains central to the Government's overall approach to fiscal consolidation and Departments have been funded in the current Spending Review for a 1% average increase in public sector pay awards.
- 1.3 This evidence will provide an assessment of the key changes since last year's Review Body evidence.
- 1.4 In line with our strategy to maintain the F&S structure, and the need to target awards due to constraints on resourcing, we recommend that:
 - a. Everyone receives an award

Our preference is for

- b. consolidated awards over non-consolidated for Bands 3-5
- c. F&S staff receiving higher awards than closed grade staff in line with our workforce reform strategy.

Band 7-11: It is also essential that we improve the morale, motivation and performance of our Governors and managers in Bands 7-11.

There is a risk that we will lose their commitment when we are absolutely reliant on their efforts to improve safety and deliver reform. Also they are vital in managing contingency arrangements in the event of industrial action by Prison Officers. Therefore we would propose to the PSPRB that in F&S Bands 7-11 we consider a combination of

consolidated and non-consolidated awards to improve affordability, with consolidated awards focused on those lower down the pay band.

- 1.5 We recommend that more is invested in F&S Bands 2-11 than equivalent closed grades. We continue to experience recruitment and retention pressures for both Prison Officers and OSGs (our core Operational staff). Adopting this approach will support our recruitment and retention strategy as we seek to stabilise the system through targeted market supplements in challenging labour markets. It will also enable us to continue incentivising opt-in to F&S where it is financially beneficial to do so.
- 1.6 We are also mindful of last year's Review Body outcomes and therefore are proposing a further **extension to the current Payment Plus rate of £22 per hour** and the **higher Operational Support Grade (OSG) overtime rate** together with including proposals to **revise our promotions policy** and our continued **compliance with the National Living Wage (NLW)**.
- 1.7 We hope that this year's Review Body recommendations will help us to maintain stable employee relations and improve staff morale while we continue our journey of reform. We are working hard to resolve the issue of the two-tier workforce (F&S and closed grades) and detailed plans for doing so will form the basis of our 2019/20 evidence submission.
- 1.8 It is HMPPS's view that all members of the Prison Service should receive a pay rise for 2018/2019, within what is affordable for HMPPS, and that this should be effective from April 2018. The value and form of this award should be varied however, and we have set out the areas where we ask the Review Body to apply a particular focus.
- 1.9 The proposals will also include a full evidence-based evaluation of the additional allowances we have introduced to address recruitment and

retention problems in difficult-to-recruit-to prisons and we ask the Review Body to endorse our continued approach to zonal pay and not recommend changes to the current zonal pay model.

- 1.10 In making its recommendations, we ask that the Review Body continues to consider the question of affordability for the Prison Service as well as the conditions set out in the CST's letter for when more flexibility is needed in pay awards, such as to address particular recruitment and retention pressures or to facilitate improvements in productivity.

Productivity gains in HMPPS

- 1.11 Our evidence this year includes a number of initiatives that will improve the capacity and productivity of the workforce.
- 1.12 Our proposals include:
- a. Plans to introduce a new promotions policy that will help us to reduce the number of staff who are currently unable to take a promotion for financial reasons and offer career opportunities for circa 2,700 staff who can choose to become new Specialist Prison Officer roles at Band 4.
 - b. Changes to permanent contract hours, both for new starters and our existing Band 2-5 Prison Officers will improve productivity through staff working additional hours at standard hourly rates rather than the current enhanced (and higher) Payment Plus rate. Payments for additional hours would have the added benefit for staff of being pensionable (with existing Band 3 officers in receipt of non-pensionable ACH payments given the opportunity to convert).
 - c. Significantly reducing use of Payment Plus.
- 1.13 Delivering improvements in our retention rates and staff sickness are priorities for HMPPS. Addressing both issues will increase the number of staff who are

actually at work, which in turn will improve productivity and outputs. Furthermore, retaining the experience of staff will help with operational stability, and reducing attrition will save the significant time and money that it currently takes to train a new recruit.

- 1.14 To address the number of Average Working Days Lost to sickness we are investing heavily in measures to improve the operational environment, and have introduced a new sickness absence policy with effect from January 2017, which improves the support provided to both staff and managers dealing with sickness absence.

2 The Remit Group

- 2.1 The Review Body remit group comprises all Prison Governors, Operational Managers, Prison Officers and Operational Support Grades (OSGs) (in closed grades and F&S). However, the vast majority (c. 95%) of non-operational / semi-operational staff (who are not within the National Probation Service (NPS) delivery arm of HMPPS) have their pay indirectly determined by the Review Body as a result of either:
- An historical equal pay settlement that links pay awards for closed grade Prison Officers to those for non-operational colleagues with similarly weighted roles, or
 - Common pay and grading structures (F&S or the closed Managerial structures).
- 2.2 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, the newly formed Youth Custody Service (YCS) and the NPS. 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.

Table 1: Operational (Review Body Remit Group) Closed Grade F&S Split (September 2017 Headcount)

Staff Group	Number in Closed Grade	Number in F&S	Total Number of Staff	% of Staff in F&S
OSG	1,392	3,251	4,643	70.02%
Prison Officer	9,072*	7,453**	16,525	45.10%
Senior Officer	1,064	986	2,050	48.10%
Principal Officer / Custodial Manager	190	1,231	1,421	86.63%
Governors / Operational Managers	109	790	899	87.88%
Total	11,827	13,711	25,538	53.69%

*Number of Prison Officers in closed grade includes those who would map to F&S Band 4 as Prison Officer Specialists.

**Number of Prison Officers in F&S includes those who have mapped to Band 4 as Prison Officer Specialists.

- 2.3 This is the first evidence submission in which we have been able to report that over 50% of the remit group are now in F&S.
- 2.4 HMPPS' long-term pay strategy is to transition the workforce into F&S and realise the benefits of a fair, affordable and market-facing pay structure. This transition needs to be supported by market evidence. One of the key design principles of F&S was to introduce market-facing rates of pay and currently a large number of staff who were employed before April 2012 are paid above these rates and are therefore unable to opt-in to the new structures without incurring a reduction in pay. To inflate pay in F&S to the levels required to enable opt-in without financial detriment would be: contrary to the market-facing design; make us uncompetitive against private sector comparators; and be unaffordable. Government pay policy has meant that F&S pay has not increased to the extent that was assumed in 2012, which has meant that there

remains a £5k pay differential between F&S and staff on the higher closed grade pay scale.

- 2.5 There is also evidence that a significant number of staff are choosing not to opt into F&S despite it being beneficial to do so. Of the groups of staff in Table 1 above, the majority of OSGs and Principal Officers (those who are not in receipt of the higher value Local Pay Allowance (LPA) or other allowances) would benefit financially from opting in. OSGs in particular were offered an additional opt-in incentive in 2016/17 which would have provided a typical increase in pay of £734 per annum. This was £385 more than under standard assimilation rules. Despite this, only 19% of the staff who were in scope at the time accepted the offer.
- 2.6 Our assessment is that the unwillingness to accept F&S pay terms is due to concerns that they are inferior to the legacy closed pay terms. There are a number of misconceptions about F&S and how this will impact other terms and conditions, either now or in the future. We are continuing to work hard to improve communications and engagement with staff and the trade unions to address these misconceptions and to provide assurances to staff that opting into F&S only changes their pay.
- 2.7 It has not been possible to accurately gauge progress in this area as the delayed announcement of the Review Body outcome for 2017/18 has resulted in the annual opt-in exercise now being delayed until early 2018. However, a significant number of staff remain unwilling to opt-in under current arrangements, which demonstrates the need for longer-term reform.
- 2.8 Since 2012, our pay strategy continues to support investment in F&S and encourage our staff to move over to the revised pay structures. In general, until recently, this approach has been endorsed by the Review Body. We are now, however, facing issues with morale, in particular amongst closed grades staff who have received 2 consolidated pay rises since 2012. This has been evidenced by the Review Body members' recent round of visits but more importantly following the introduction of the exit interviews and recent people

survey results. The people survey cited pay and reward as the lowest scoring index at only 19% with “I feel pay adequately reflects my performance” as the highest negative score at 66%. We do not have any usable data from the exit interviews yet but will continue to develop this evidence base to inform future pay rounds.

- 2.9 We must also accept that there is a large group of staff (in particular c. 8,700 Prison Officers who are not in specialist roles and for whom closed grade and F&S pay differentials will not be eroded for a number of years) who will not opt-in as they would incur a reduction in pay. Reducing the number of staff in closed grades over time through natural wastage has always been a design factor of transition to F&S. However, this is not a sustainable position because it will require too long a period (c. 15 years) with a two-tier workforce, and we want and need our experienced staff to stay, be motivated, and engaged. For this reason, we are exploring other pro-active ways to incentivise closed grades staff to move onto F&S terms, some of which are detailed in this evidence, such as the Band 4 Advanced Prison Officer proposals.
- 2.10 Our evidence for 2019/20 will outline proposals to address the two-tiered workforce and for the 2018/19 pay round.

Informing Our Evidence

3 Economic Outlook

Introduction

- 3.1 The economic and fiscal context in which the Pay Review Bodies (PRBs) will make their recommendations was set out in detail in the November 2017 Budget. However, as in previous years, this section summarises points that may be of particular relevance to the pay review process, notably the latest Office for Budget Responsibility (OBR) projections for the economy, and recent trends in the labour market, both in the public and the private sector. This should be considered alongside the rest of HMPPS' evidence when making recommendations.
- 3.2 In 2017, the Government adopted a more flexible approach to public sector pay, to address areas of skills shortages and in return for improvements to public sector productivity. The Government will continue to ensure that the overall package for public sector workers is fair to them and ensures that we can deliver world class public services, while also being affordable within the public finances and fair to taxpayers as a whole. This makes it all the more important that Pay Review Bodies continue to consider affordability, alongside wider economic circumstances, when making their recommendations.

Public Finances

- 3.3 As usual, it is important that the PRBs take into account the wider fiscal context when making their recommendations. As set out in the November Budget, the UK economy has demonstrated its resilience. Gross Domestic Product (GDP) has grown continuously for 19 quarters and employment has risen by 3 million since 2010 to a near record high. However, over the last year business investment has been affected by uncertainty, and productivity – the ultimate driver of wage growth – has been subdued. Productivity growth

has slowed across all advanced economies since the financial crisis, but it has slowed more in the UK than elsewhere. The OBR has revised down expectations for productivity growth over the forecast period compared to Spring Budget 2017.

- 3.4 The Government has made significant progress since 2010 in restoring the public finances to health. The deficit has been reduced by three quarters from a post-war high of 9.9% of GDP in 2009/10 to 2.3% in 2016/17, its lowest level since before the financial crisis. Despite these improvements, borrowing and debt remain too high. The OBR forecast debt will peak at 86.5% of GDP in 2017/18, the highest it has been in 50 years. In order to ensure the UK's economic resilience, improve fiscal sustainability, and lessen the burden on future generations, borrowing needs to be reduced further.
- 3.5 The fiscal rules approved by Parliament in January 2017 commit the Government to reducing the cyclically-adjusted deficit to below 2% of GDP by 2020/21 and having debt as a share of GDP falling in 2020/21. These rules will guide the UK towards a balanced budget by the middle of the next decade. The OBR forecasts that the Government will meet both its fiscal targets, and that borrowing will reach its lowest level since 2001/02 by the end of the forecast period. Debt as a share of GDP is forecast to fall next year and in every year of the forecast. These targets will require ongoing discipline in public spending,
- 3.6 Public Sector pay currently accounts for around £1 in every £4 spent by the Government and the public sector pay bill figure for 2016/17 is £179.41bn, up from £173.19bn in 2015/16. Public sector pay policy necessarily plays an important role in controlling public spending.
- 3.7 Departments are also facing longer-term pressures. The OBR's Fiscal Sustainability report highlighted the significant impact that demographic changes are likely to have on the public finances. Discipline in public spending remains central to achieving the Government's fiscal targets. The last Spending Review budgeted for one per cent average basic pay awards, in

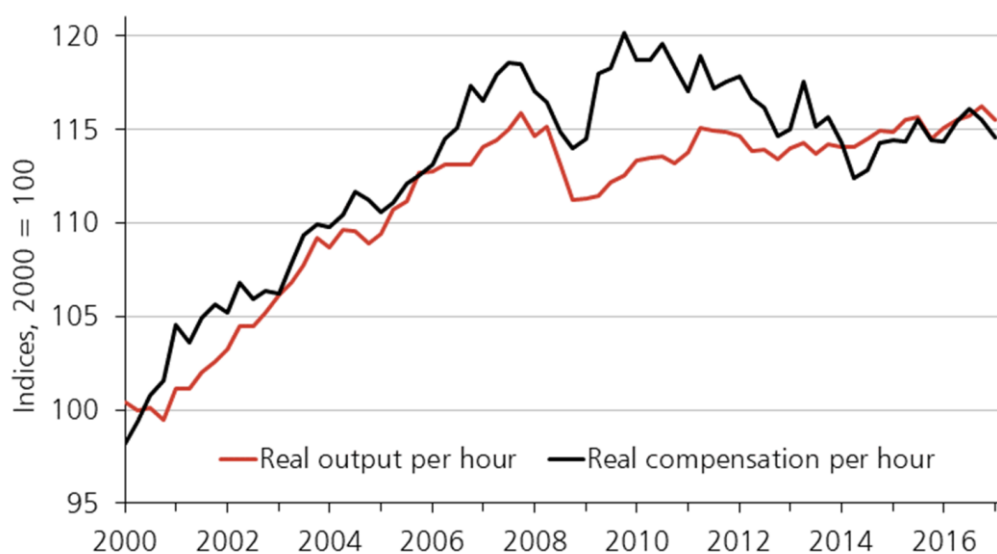
addition to progression pay for specific workforces, and there will still be a need for pay discipline over the coming years to ensure the affordability of the public service and the sustainability of public sector employment.

- 3.8 This makes it ever more important to ensure that our pay bill spending delivers maximum value for money. Between 2010 and 2016, public service productivity increased by 3%, an average of 0.5% per year. But although public service productivity has improved, further improvements are vital in order to deliver government objectives and meet rising demand. In its response to the PRBs, the Government will consider where pay awards can be agreed in return for improvements to public sector productivity, which also plays an important role in the UK's productivity growth overall.

Labour market

- 3.9 The UK labour market necessarily forms an important backdrop to the PRB process. The OBR forecast that the number of people in employment will continue to increase to 32.7 million in 2022. The unemployment rate is forecast to increase slightly over the forecast horizon as it returns to the OBR's new estimate of its equilibrium rate, remaining at 4.6% from 2020 onwards.
- 3.10 Despite the continued strength of the labour market, weak growth in labour productivity has been weighing down on wages and, ultimately, the public finances. As set out in the November 2017 Economic and Fiscal Outlook, the OBR expects productivity to remain flat in 2017, before increasing 0.9% in 2018 and 1.0% in 2019. Productivity growth is then forecast to increase to 1.3% in later years. This compares to the Spring Budget 2017 forecast of 1.7% on average over the forecast period.

Figure 1: Real output per hour and real compensation per hour, year on year growth (ONS November 2017)



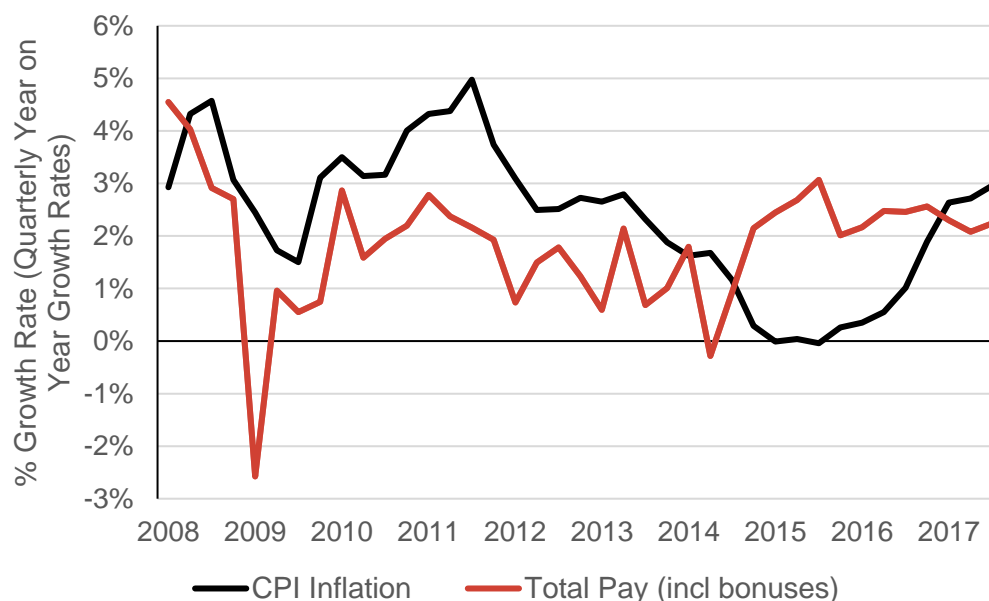
3.11 With a lower forecast for productivity growth the OBR expects average earnings growth of 2.3% in 2017, 2018 and 2019. It then increases to 2.6% in 2020, 3.0% in 2021 and 3.1% in 2022. A pickup in productivity is vital for the recovery of cross-economy wage growth rates to pre-recession levels. Public and private sector wages tend to move in similar directions, both because of pay expectations and the implications of tax receipts on public sector budgets. The £31 billion National Productivity Investment Fund and our Industrial Strategy will help to boost productivity and earning power throughout the UK.

3.12 We recognise that higher inflation is putting pressure on all households as well as our hardworking public servants. But historically the relationship between pay and inflation has been a weak one, in part due to the temporary nature of many inflation fluctuations. Most forecasters expect this period of above target inflation to be temporary, as inflation has been pushed above the target by the boost to import prices that had resulted from the past depreciation of sterling¹. The OBR and the Bank of England both expect inflation to peak at the end of this year and then fall again over 2018 and

¹ Monetary Policy Summary and minutes of the Monetary Policy Committee meeting 13 December 2017

2019. The appropriate level of public sector pay award is complex and determined by a variety of factors, notably retention and recruitment. Rates of price inflation are important, but not the only consideration.

Figure 2: Whole economy average earnings growth and inflation (ONS November 2017)



Public sector pay and pensions

3.13 Specific evidence on the pay of our workforce is presented elsewhere in this document. However, wider trends in pay and remuneration are also relevant. Following the last recession, public sector wages did not undergo the sharp fall seen in the private sector, and have since grown at a slower pace than private sector wages: for the three months to October 2017 private sector total pay grew by 2.7% on the same period the previous year, compared to 1.8% in the public sector (excluding financial services). However, the overall remuneration of public sector employees when taking employer pension contributions into account remains at a significant premium, as seen in Figure 3 below.

Figure 3: Percentage public sector pay premium, hourly pay for all employees, controlling for personal characteristics (ONS ASHE)



3.14 When considering changes to remuneration, PRBs should take account of the total reward package. Public service pension schemes continue to be amongst the best available and significantly above the average value of pension provision in the private sector. Around 17% of active occupational pensions scheme membership in the private sector is in defined benefit (DB) schemes, with the vast majority in defined contribution (DC) schemes. In contrast, over 95% of active members in the public sector are in DB arrangements.

3.15 In April 2016, the NLW was introduced at £7.20 for workers aged 25 and over (increased to £7.50 an hour in April 2017, and will increase to £7.83 in April 2018). The introduction of the NLW marked an increase in pay for over a million workers across the UK labour market, including in the public sector. Estimates indicate that approximately 53,000 public sector workers were paid the NLW in 2017. In 2018/19, 1.2 million people on low incomes across the economy will have been taken out of income tax altogether (compared to 2015/16), and a typical taxpayer will pay £1,075 less income tax, compared to

2010/11. Overall, since 2015, we have cut income tax for 31 million people, while freezing fuel and alcohol duty.

Conclusion

- 3.16 This section summarises the economic and fiscal evidence which is likely to be relevant to the recommendations of the PRBs. This is intended to inform their usual consideration of the affordability of specific pay awards, on top of the workforce specific evidence presented elsewhere in this evidence.
- 3.17 Much of the economic context presented here will feed into retention and recruitment across public sector workforces. Retention and recruitment will vary considerably across geographies, specialisms and grades, where public sector workers face different labour market structures. We would welcome specific comment and analysis from the PRBs on any trends and how pay systems could help address these issues.

4 Current Prison Environment and Update on Prison Reform Programme

Violence and self-harm has been increasing

- 4.1 The operational context in which our prison staff work remains highly challenging. Levels of violence in our prisons, both against other prisoners and against staff, have continued to increase. There was a record high of 27,193 assaults in the 12 months to June 2017, up 14% from the previous year. Of these, 19,678 were prisoner-on-prisoner assaults, 10% up from the previous year, and the highest figure on record. There were 7,437 assaults on staff, up 25% from the previous year. Serious assaults on staff reached 798 in the same period, up 14% on the previous period. It is therefore an imperative that a safe, decent and secure environment for our staff and prisoners is delivered, and this remains our overarching priority.
- 4.2 Self-harm incidents and numbers of self-inflicted deaths also remain at high levels. Self-harm reached a record high of 41,103 incidents in the 12 months to June 2017, up 12% from the previous year. In the same period, the number of incidents requiring hospital attendance rose by 9% to 2,833. In the 12 months to September 2017 there were 77 self-inflicted deaths, which although down 33 from 110 compared to the previous 12-month period, remains an extremely worrying figure.
- 4.3 As part of the Prison Safety and Reform White Paper published in November 2016, the Government committed to an increase of 2,500 prison officers by the end of 2018. Between the end of October 2016 (the closest data point in time to when the commitment was made) and the end of December 2017, the number of Band 3 to 5 prison officers (FTE) has risen from 17,955 to 19,925, a net increase of 1,970 FTE officers.
- 4.4 The additional staffing levels will underpin the implementation of a new “key worker” role for Residential Officers as part of the new Offender Management in Custody (OMiC) model. The introduction of the key worker responsibilities

to Band 3 Residential Officer duties will provide dedicated officer time for one-to-one interaction with prisoners. Key workers will hold a small caseload of around 6 prisoners with greater interaction between staff and prisoners considered to be an important factor in improving prison safety and stability. They will meet regularly (on average 45 minutes per prisoner, per week) and provide supportive challenge to prisoners to motivate them to use their time in custody to best effect. The introduction of key workers will provide a consistent individual with whom prisoners can establish a relationship, build trust and receive encouragement. Key workers are already operating in a number of pathfinder² sites and this is being rolled out nationally, starting with establishments in the North West. Rollout will be by region and we will iterate our approach as we learn, to refine the model to best effect. The speed of rollout will be aligned to our recruitment plans.

Security threats to prisons continue to evolve, and drive instability and violence

- 4.5 Illicit items such as drugs (including psychoactive substances) and mobile phones, are a key driver of debt and violence in the estate. In 2016 we recovered 225kg of illicit drugs across the prison estate. In the same year, we recovered over 13,000 mobile phones and 7,000 sim cards. The organised crime networks that supply many of these items have driven a significant increase in the illicit economy in recent years, in particular during the period where psychoactive substances were available legally in the community and began to take hold in prisons.
- 4.6 Mandatory drug tests for psychoactive substances were introduced to prisons in September 2016, a significant step in tackling the supply and use of these drugs. In addition to this we have provided every prison with signal detection equipment and trained more than 300 sniffer dogs to detect psychoactive substances. Every prison in England and Wales has been equipped with portable detection poles which can be deployed at fixed points such as

² Pathfinder prisons receive additional resource to tackle violence, self-harm and suicide

reception, and extra portable signal detectors to use on the wings to support searches. An additional concern is that staff may be suffering from the effects of secondary inhalation of Psychoactive substances. A pilot assessment, supported by the POA, is currently in progress at HMP Holme House to test this and determine what further is needed to support staff if there is found to be a direct link.

- 4.7 We are investing heavily in our capability to understand and get ahead of the criminal networks that lie behind the supply of illicit items: for example, through creation of national and regional intelligence teams to work in partnership with law enforcement agencies to disrupt those involved in the illicit economy on either side of prison walls. We have introduced across the estate body-worn cameras for Prison Officers alongside “Five Minute Intervention” training, to support better staff-prisoner relationships and improved evidence where assaults take place.
- 4.8 During 2017 we have also successfully rolled out smoke free prisons with the help of local and national partners. In a challenging programme our staff have managed the transition of a significant number of prisons to being smoke free, whilst maintaining order and control. There have been no large scale incidents in the roll out requiring the deployment of national resources where the smoking ban was considered a causal factor. We are doing ground breaking work with Mobile Network Operators to deliver technology to block mobile phones’ signals in prisons.

Rising Prison Population

- 4.9 The prison population is nearing capacity, there is a long-term issue with available spaces and we are dealing with increasingly prolific offenders who are serving longer sentences. On 24 November 2017, the prison population was 86,129 and the useable operational capacity of the estate was 87,370.
- 4.10 Across 2016/17, crowding levels were at 24.5%, unchanged since 2015/16 (and remaining at around 25% since 2003/4). HMPPS defines crowding as a

prison cell shared by more people than it was originally designed to hold. Crowding is highest in male local prisons.

- 4.11 The Average Custodial Sentence Length (ACSL) was 16.5 months in the year ending June 2017, up from 13.8 months in the year ending June 2010, a rise of 20%. Just under a third (31%) of offenders sentenced for indictable offences in the year ending June 2017 had 15 or more previous convictions or cautions, up from 20% in the year ending June 2010.

Employee Relations

- 4.12 In accepting the 2017/18 Review Body recommendations in full, we hope this has gone some way to recognising the outstanding work of staff on the front line in prisons. We also recognise the need for our pay, reward and wider workforce strategy to consider factors such as recruitment, retention, morale and motivation. We remain committed to engaging appropriately with trade unions in these considerations.

5 HMPPS Workforce Strategy

- 5.1 Our Workforce Strategy has a strong focus on professionalising the service and providing opportunities for career development and will create new specialist roles. We are introducing new specialist Prison Officer roles within the newly established YCS and across the adult estate. We will engage with the trade unions and consult fully with the recognised trade union for these grades. These new roles are very much dependent on the planned revisions to the pay on promotion policies, including revised arrangements for ensuring no financial detriment as a result of losing LPA. The creation of these roles will provide career development opportunities for c. 2700 existing staff. While opportunities to move into these roles will be open to all staff it is expected that, given the experience and aptitude required to undertake these advanced roles, the majority of movement will be from the closed grades.
- 5.2 It is recognised that, in addition to the number of career development opportunities being limited, not all Prison Officers will have the aptitude or desire to progress into these advanced roles.
- 5.3 Since submitting our last evidence and taking on board the Review Body recommendations, HMPPS with MoJ have developed a new HMPPS Workforce Strategy. This will support our work to improve operational delivery of safe, rehabilitative regimes and continue the probation reform journey. This strategy sets out a vision to:
- establish a professional, confident and highly effective leadership cadre with a range of internal and external experience who have the capability to run and transform the culture of Offender Management services and engage with a wide range of partners to improve outcomes for offenders; and
 - ensure Public Sector Prisons, the new Youth Custody Service (YCS), and the NPS have an inclusive talent pool by creating a variety of entry routes into the Service; creating a range of specialisms and career paths; ensuring the

capability of the whole workforce is raised and over time is more representative of the UK and offender population.

- 5.4 We will nurture and develop our staff and supplement this with the high quality external recruitment seeking to complement our workforce with talent from the wider public, private, and the voluntary sectors. We will introduce defined career paths that facilitate movement and interchange between the prison and probation services. We will support our senior leaders by equipping them with the skills to meet their new responsibilities whilst also helping everybody from first line managers up to the most senior staff in HMPPS, to be great managers and leaders, and to communicate enthusiastically the vision for improved offender management. This includes having the confidence and capability to transform the culture within prisons and deliver positive outcomes for offenders.
- 5.5 For too long, working in prisons has not had the recognition that it deserves. A career working in prisons is one where an individual can make a real and tangible difference to the lives of people who are often vulnerable. Our ambition is to make staff working in prisons a first-choice career option, with appropriate recognition for the valuable work that is done and a working environment that supports people to thrive in often challenging circumstances.
- 5.6 We are developing a pay and reward strategy which will support our ambition to:
- attract the best talent and retain more of our experienced staff by recognising their work;
 - refresh relationships with the trade unions that help to implement the reforms that our prison system needs; and
 - create an effective and supportive working environment in which our staff can operate. This will help our dedicated staff in offender services to succeed in supporting offenders to turn their lives around.

The workforce reform story so far

- 5.7 To supplement the work of the recruitment programme, and to boost our leadership pipeline, we have launched and recruited the first cohort of candidates onto the new graduate Unlocked scheme. This is a programme aimed at bringing high-calibre graduates into the Prison Service, and the first recruits began their Summer Institute programme in July 2017 and were deployed into prisons from the end of August 2017. The recruitment for this programme was so successful that it took on 50 candidates. The new recruits will experience a two-year development programme where they will work as Prison Officers. We will incentivise those who are successful to stay by ensuring they can progress quickly through the ranks, which will help to refresh our talent pool for the next generation of senior leaders. Feedback on the quality of Unlocked graduate staff has so far been very positive. Applications are now open for cohort 2 with assessment centres running in November-February. We plan to offer 115 places on this programme, starting in July 2018. Participants will be placed into the Youth Estate as well as the adult estate.
- 5.8 We launched a Direct Entry Senior Leadership Scheme last year and successful candidates will commence in April 2018 which is targeted at experienced managers from across government and the private and voluntary sectors. Just over 100 applicants were called to assessment, and we have accepted 25 of these to start in the first year, adding to the skills that are already available within the Prison Service and broadening the range of experiences and backgrounds from which the organisation benefits.
- 5.9 In addition to looking at alternative ways to bring in new leaders to the organisation, we will have a series of new apprenticeship development entry schemes launched under the 'Securing Futures' banner over the next year, which will support existing staff with career development and help more people to enter the organisation at a variety of levels.

- 5.10 We have launched an internal Accelerated Development Scheme for our most talented Band 3 and Band 4 Prison Officers who have both the talent and aspiration to quickly move up the ranks and become an Operational Manager. To date, 18 staff have been identified and they have moved into temporary Band 7 roles as part of an 18-month development programme, incorporating a Level 5 Apprenticeship in Leadership and Management.
- 5.11 We aim to reform pay to end the two-tier system and ensure that we have a pay and reward strategy that attracts the best talent and retains more of our experienced staff. F&S remains our clear pay strategy and we remain convinced that the reforms introduced in 2012 remain appropriate to deliver long-term pay bill efficiencies, and mitigate significant equal pay risk supported by fair and transparent pay and grading arrangements. We recognise the need for more creative solutions to addressing the current two-tier workforce and review our competitiveness in all labour markets across England and Wales, particularly in the South East and London.

A professional and skilled workforce

- 5.12 The Prison Service of the future will be one where specific tasks, and even roles, that are unique to prisons are professionalised and recognised for the value that they add. We will provide opportunities for our hard-working staff to develop their careers.
- 5.13 We are currently reviewing the content and structure of Prison Officer Entry Level Training (POELT) to make sure that it is relevant for the modern prison world. We have plans to run a pilot focused on a more experiential learning approach through the summer of 2018, and our longer-term ambition remains to introduce a Prison Officer Apprenticeship in 2019.
- 5.14 We will establish a clear link between career progression and learning and are in the process of revising our internal assessment processes for future talent. We have just revised the Band 5 Custodial Manager Assessment and that is

now live – along with the Operational Manager Assessment. Changes to the Deputy Governor Assessments will be phased in during the early part of 2018.

Specialist Prison Officers and Promotions Policy

- 5.15 One of the ambitions set out in the Prison Safety & Reform White Paper is the professionalisation of the role of Prison Officer. From 2018/19 we are planning to create c. **2,700 new opportunities** for existing, staff to progress into new Band 4 Prison Officer roles that focus on enhanced skills that include covering Tornado, mentoring and negotiation.
- 5.16 The new Band 4 Prison Officer roles will have a strong focus on continued professional development and the post-holder will be supported to undertake further relevant study and/or training in carrying out the duties associated with the roles. There is an expectation that these key skills will need to be refreshed on a regular basis, and that staff will not take up post until the mandatory skills requirements are met. These new roles are separate and distinct from other Band 4 roles including Supervising Officer, Prison Offender Manager and Prison Officer Specialist roles. The distinguishing factor is the combined specialist skills the Prison Officer can develop in negotiation, ACCT Assessment, Control & Restraint (C&R), mentoring and delivering first aid. The mentoring role, in particular, is also viewed as an important part of our retention strategy in the context of the number of relatively inexperienced staff that are currently employed across the estate and the need to support them in their development.
- 5.17 The Specialist Prison Officer role is a crucial step towards supporting career development and our long-term ambition of moving all staff into F&S. The introduction of this role with advanced and specialist functions will also enable us to pilot plans for a wider professionalisation agenda.

Promotions Policy

- 5.18 A key enabler to encouraging our experienced closed grade staff to develop and take promotion will be through planned changes we want to make to HMPPS promotions policy. We are updating our pay policy to align to the wider Civil Service and the changes will mean that taking up a promotion will be beneficial to the majority of staff.
- 5.19 Current promotion policies, under which staff would often incur a reduction in total pay as a result of losing certain allowances, is impacting on the career opportunities of our staff and we are reliant upon use of temporary cover arrangements to cover the higher level role. This in turn means that the backfill of the person covering the higher grade is only temporary as well so a permanent replacement cannot be recruited. The hours are often covered through payment plus and the lack of certainty in our managerial grades is impacting on our future talent pipeline.
- 5.20 By improving our promotions policy we expect more staff to apply for permanent promotion, allowing us to reduce the number of roles being backfilled on a temporary cover arrangement with Payment Plus hours. The change should also act as an incentive for staff to further their careers and allow us to promote talent and improve capability. This is particularly an area of concern in our middle manager cadre and being able to invest and develop our future talent and leaders represents a sound investment, particularly as we look to develop leadership in the service. Our new promotions policy will improve incentives for staff to take up substantive posts, with corresponding savings of circa £1m p.a. through this route, meaning the proposal is cost neutral overall.
- 5.21 Whilst we want the promotions policy to incentivise our staff to take a promotion across the Service, we do have two significant issues which are unique to the South:
- A number of staff are on temporary cover to Band 4 or Custodial Manager (CM) and will not take the promotion as they would be financially worse off

due to the loss of LPA. This means the post they have vacated cannot be substantively back filled because the permanent incumbent is only temporarily advanced and this is causing resourcing issues across the system.

- The system as currently designed does not incentivise moves sideways or to another prison because they would lose LPA or the market supplements. Having the new policy will allow staff to be promoted with a small increase in pay that gets them into F&S and frees up the movement both laterally as well as upwards.

5.22 Where previously in a large number of cases a promotion did not always mean extra pay and often required a pay cut, the vast majority of staff will now see an immediate increase under this policy. Where this is not the case (as a result of losing allowances such as LPA), we currently operate mark-time arrangements (within the F&S pay range). Our revised policy will remove this arrangement in favour of an additional uplift to base pay (after the initial promotion calculation). This means that staff will always be able to benefit in real terms from the next pay settlement. Staff in Bands 2-5 will almost always receive an immediate increase due to being uplifted to the nearest higher pay point which does not currently happen under the mark-time arrangements. Supporting measures will also include special arrangements within specific establishments, for time limited retention of LPA balances would otherwise take staff over F&S pay range maxima.

5.23 Staff promoted between Bands 2-11 will receive the full base pay percentage increase (capped at the pay range maxima) of 10% for a promotion of one Band and 15% for a promotion of two Bands or more.

Permanent Contract Hours

5.24 In addition to the promotions policy, we are also introducing new arrangements for permanent contracted hours which will allow Prison Officers and Support staff who are in F&S to vary their working hours over and above 37 per week. Existing Band 3 staff (the only Band in which more than 37

hours, unless under transitional arrangements, can already be worked) will also be able to vary their current working hours. The intention is that staff will be able to agree permanent, contracted hours, and receive pensionable payment for anything between the following hours:

- Band 2 (37 – 43 hours);
- Band 3 (37 – 43 hours);
- Band 4 (37 – 43 hours);
- Band 5 (37 – 39 hours)

5.25 This policy change will also be applied on recruitment to new Prison Officers at Bands 3-5 and Band 2 OSGs who will be brought in on a 39 hour week contract with the option to vary this upwards or revert to a 37 hour week.

5.26 Changing the contracted hours will improve productivity and deliver savings as it will:

- Reduce the reliance on additional hours worked which are commensurate with additional payments at enhanced Payment Plus rates, as well as reduce the need to deploy staff from one prison to another on detached duty;
- Provide additional operational resilience with a greater number of guaranteed weekly hours being worked across the estate;
- Provide opportunities for employees to increase their guaranteed earnings whilst continuing to work 39 hours or more;
- Facilitate movement within F&S both on level transfer and promotion by avoiding the loss of transitional ACHP payments; and
- Over time reduce our continued recruitment demand through improving retention and the level of experience within the organisation.

5.27 We estimate that over 80% of operational staff (11,921) will be working a permanent contracted 39 hours or more, which will reduce the reliance on Payment Plus and generate savings of £13m per annum from 2020/21. This would represent a significant step change in productivity through additional profiled tasks being covered by guaranteed hours rather than through overtime. This proposal should over a longer period of time also reduce our recruitment and training requirements, which will reduce costs and in turn should improve retention rates as the workforce becomes more stable.

5.28 Table 2 below shows the additional cost that is incurred according to the various Payment Plus hourly rates. Reducing reliance on these higher more expensive rates will therefore generate savings for HMPPS. Savings will also be made where recruitment costs are reduced as the number of vacancies fall.

Table 2: Contracted Additional Hours (Payment Plus)

Vacancies	£m	Additional Cost £m							
	Annual Cost at £17 per hour	£20 per hour	IRC	£22 per hour	IRC	£25 per hour	IRC	£30 per hour	IRC
500	15.8	2.8	0.20%	4.6	0.30%	7.4	0.60%	12	0.90%
600	18.9	3.3	0.20%	5.6	0.40%	8.9	0.70%	14.5	1.10%
700	22.1	3.9	0.30%	6.5	0.50%	10.4	0.80%	16.9	1.30%
800	25.2	4.4	0.30%	7.4	0.60%	11.9	0.90%	19.3	1.50%
900	28.4	5	0.30%	8.3	0.60%	13.3	1.00%	21.7	1.60%
1000	31.5	5.6	0.40%	9.3	0.70%	14.8	1.10%	24.1	1.80%

Cost would be driven by number of FTE vacancies covered, examples of various rates given
 All costs include NIC
 IRC calculation is based on net pay

Table 3: Increasing the permanent contracted hours reduces reliance and overall cost of Payment Plus

Contracted Rate (per hour)	Compared to £17 per hour (£m)	Savings from Increased ACH (£m)	Overall Additional Cost of New PP scheme (£m)
£20	1.4	-1.3	0.1
£22	2.0	-1.5	0.8
£25	3.7	-1.9	1.9
£30	6.0	-2.4	3.7
750 FTE will now work 43 hour weeks 50% of PP will be worked as Contracted Hours 500 Vacancies £13.86 per hour for ACH			

5.29 For illustration purposes, based on 500 vacancies, Table 3 shows that increasing permanent contracted hours reduces the reliance and overall cost of Payment Plus. This is in line with our strategy to improve productivity and to reduce the number of vacancies through improved recruitment and retention of staff. We envisage that by reducing the vacancies to 100 per year, there will be savings of approximately £1m per year overall. Here, we have assumed that 5% of staff do ACH to 43 hours which is approximately 875 staff out of 17,500 Band 3 Officers.

5.30 We are currently progressing the draft promotions and contract hours policies through our internal governance procedures. The draft policy can be found at Annex A.

YCS Workforce (the introduction of two new roles in the YCS: a Band 3 Youth Justice Trainee and a Band 4 Youth Justice Specialist)

5.31 The number of under-18s in the youth custodial estate has fallen from a peak of 3,200 in 2006/07 to 920 as of October 2017. The operating environment has however become more complex and challenging. We are seeing increased levels of violence and self-harm, and assault rates have almost doubled in the last six years to 19 assault incidents per 100 young offenders

in custody per month. Moreover, with almost 70% of young people reoffending within 12 months of being released, it is clear that the youth secure estate is underperforming in its express function to maintain safety and order, protect the public and rehabilitate young offenders.

- 5.32 Published in December 2016, Charlie Taylor’s Review of the Youth Justice System rightly praised the “dedication, determination and courage” of staff in the youth secure estate, but found that many did not have “the skills and experience to manage the most vulnerable and challenging young people in their care, nor have they had sufficient training to fulfil these difficult roles”. The Taylor Review linked this lack of staff capacity and appropriate skillset to the ongoing difficulties in maintaining safety within the estate, and the poor rehabilitative outcomes.
- 5.33 In response, the Government committed to the establishment of a YCS as a distinct and discrete branch of HMPPS, with a workforce recruited and trained to work in the youth estate. This workforce would acquire therapeutic skills as exhibited in youth work and social work, and have a grounding in topics such as child development and the effects of trauma to provide a well-informed and effective rehabilitative service.
- 5.34 To fulfil this commitment, the Youth Justice Reform Programme (YJRP), in conjunction with the newly-formed YCS within HMPPS, has developed proposals for two new roles: a Band 4 Youth Justice Specialist and a Band 3 Youth Justice Worker. These bandings are subject to the Job Evaluation Scheme and union consultation. We have had initial discussions with unions on key themes and will engage in full consultation on all of these proposals in due course.
- 5.35 These roles have been designed to ensure alignment with the broader HMPPS workforce strategy and professionalisation agenda and to enable the YCS’ vision to address the challenges set out above. Both strategies seek to build the capability of the workforce, enhance the status of the profession, improve career progression and offer appropriate incentives to do so. These

are both Prison Officer roles so that those working in the YCS will have the opportunity to transfer these skills between the YCS and other parts of HMPPS.

YJ Specialists

- 5.36 The Youth Justice Specialist role is aligned to other Specialist Prison Officer roles in requiring a higher level of training and specific knowledge. The design of the YJ Specialist role followed the principles of the “therapeutic alliance” – focused on relationships-based practice which has been proven to be more effective at rehabilitating offenders, particularly young people.
- 5.37 To meet Charlie Taylor’s recommendations regarding a workforce that has the specialist skills, behaviours and knowledge for working with vulnerable young people, a comprehensive and accredited training framework for youth justice will be established, much of which we aim to make applicable across HMPPS. The training will be vocational and designed to embed the desired skills and behaviours. Progression to the YJ Specialist role will be tied to the completion of this training.

YJ Worker

- 5.38 The Youth Justice Worker role is aligned to other non-specialist Prison Officer roles and will be a transitional position for those who are working towards a qualification enabling them to undertake the YJ Specialist role. Once completing this, they will have the opportunity to progress to the Specialist role.

YJ Custodial Manager

- 5.39 In addition to the development of Prison Officer roles and to ensure managers have the appropriate skills to manage a newly specialised workforce, we will develop commensurate training to be provided to them. This will sit alongside additional duties with regards to reflective supervision, mentoring and oversight of complex cases. The new job description has been drafted and is

pending JES and business agreement before moving to union consultation. This role will be aligned to the Custodial Manager role within the F&S framework. To facilitate these new duties, we will increase the Custodial Manager bench mark in the YCS by 33 additional posts.

Resourcing

5.40 In addition to up-skilling the workforce, the Government also committed to expanding capacity and increasing the staff to young person ratio by boosting the number of frontline posts in public sector YOIs by 20%.

Transition

5.41 The Government's ambition is to fully transition the YCS residential frontline onto these new roles by the end of 2023, via training the existing workforce and launching new recruitment processes.

Lammy Review

5.42 The Lammy Review on the treatment of, and outcomes for, BAME individuals in the Criminal Justice System (published in September 2017) made two recommendations that specifically relate to increasing the proportion of new BAME prison officer recruits; and improving representation of BAME leaders in the prison workforce. Both recommendations were accepted in the Government's response to the Lammy Review in December. HMPPS has set an objective of 14% of all recruits being BAME, by December 2020, this reflects the proportion of working age BAME people in the wider population.

6 Recruitment, Retention and Staffing

Recruitment & Retention

- 6.1 Our efforts to improve recruitment and retention have traditionally been focused on incentivising new staff into public sector prisons, and on addressing the significant number of newly recruited staff who leave the service within two years. We do however recognise the importance of retaining experienced staff, and have sought to improve retention rates amongst this group in particular over the past performance year. We are pleased to see that the attrition rate of Bands 3 to 5 Officers has stabilised over three quarters at between 9-10% following a significant and sustained rise in the rate over the last few years (it was 3.7% in March 2010).
- 6.2 We recognise that pay restraint has, amongst other factors, been a contributor to the rise in voluntary resignations. This has particularly been a problem for staff in closed grades, where the experience of working in a two-tier pay system has adversely impacted on staff motivation and morale. As referenced throughout this evidence submission, our overarching medium to long-term strategy is to implement ways to bring closed grade staff into F&S so that they can benefit from the annually determined pay increases within the new structures.
- 6.3 For every 1% point reduction in leaving rates per year nationally, we will save £2m in recruitment and training costs per year (based on cost of £11K for each recruit). This will also reduce the reliance on relatively expensive Payment Plus hours, and deployment of staff on Detached Duty, that are currently being used as measures to cover Prison Officers who are leaving the service whilst new recruits get up to speed.
- 6.4 Through a data driven approach to staff retention, using a dashboard and local toolkit, we are supporting our Senior Leaders locally to improve retention rates through targeted interventions and the embedding of a culture of staff wellbeing backed by local ownership.

- 6.5 We are looking to improve the quality of the initial Prison Officer training, improve staff induction, bolster the mentoring support provided to new joiners through additional Specialist Prison Officers and promote staff wellbeing through a range of local initiatives. In this way we aim to improve retention, in particular among the high number of staff currently leaving within the first two years of service

Recruitment efforts

- 6.6 In our 2017/18 evidence submission, we reported that in most parts of the country, the Prison Officer role continued to be considered an attractive position and that we consequently did not face particular difficulties in recruiting sufficient numbers of high calibre candidates. This remains the case and is evidenced by the progress we have made in increasing the number of Prison Officers by 1,255 full time equivalent staff compared to the end of October last year. We currently have 19,120 Prison Officers in post (September 2017) which is the highest number since 2013.
- 6.7 From June 2017, we ran a series of recruitment pilots trialling changes to reduce the time it takes to hire new prison staff and offer an improved candidate experience. We will evaluate these approaches and use them to continuously improve the system for recruiting staff in prisons and help us to meet the commitment to increase Prison Officer numbers.
- 6.8 We have improved the quality of our advertising to ensure that job adverts are more effectively and accurately promoting the total reward package, and are more prominent on the HMPPS website and social media. We have also appointed local Recruitment Advisors who have supported candidates applying to join the Prison Service and contributed to increasingly successful recruitment.
- 6.9 However, despite the generally positive position on Prison Officer recruitment for the majority of the country, in the 2017/18 evidence, HMPPS reported recruitment and retention challenges in 31 establishments (located primarily in

London and the South East) in addition to an upturn in attrition (particularly of staff in the closed grades) across the estate. To address these issues, we have introduced a wide range of measures to improve and support recruitment and retention. In February 2017, the Secretary of State announced enhanced pay arrangements including the payment of increased market supplements for Prison Officers on F&S terms working within, or recruited into the 31 establishments at which we were experiencing our most pronounced recruitment and retention challenges.

- 6.10 In the short-term we can cover resource gaps through the use of Payment Plus, overtime and Detached Duty and expect to see a gradual reduction in use of overtime as the number of permanent staff increases in the latter part of 2018. We continue to believe that localised market pay supplements to address recruitment and retention pressures for Prison Officers remain the most appropriate and sustainable approach. Analysis of broad geographical regional pay comparators set out between Table 14 and Table 23 supports this and the argument that a return to blanket regional payments is, aside from being unaffordable, unwarranted.
- 6.11 Evidence strongly suggests that recruitment and retention pressures, even within London and the South East (both operationally and where they exist for certain non-operational roles) also tend to be very much role-specific (for example, while we continue to experience some difficulties in recruiting and retaining Prison Officers and OSGs, the same is not necessarily true of an Administrative Assistants or Administrative Officers who would be recruited to the same Bands). We have therefore developed targeted interventions to address these highly localised and role-specific pressures. These include the payment of market supplements to both OSGS and Prison Officers, which have boosted the overall earnings prospects of staff currently in, or who will be recruited into, Prison Officer or support roles in our most difficult to recruit establishments by either £3,000 or £5,000 per annum.
- 6.12 It is too early to fully assess how successful these interventions will prove to be. There are, however, early indications that things are beginning to improve

both in terms of the number of applications received and the numbers of staff that we are ultimately recruiting and retaining.

- 6.13 The reward incentives (market supplements) are currently time limited and subject to review in 2020/21. If, and when, these were to be removed it is possible that this could lead to a reverse in any trend towards improved recruitment and retention as a result of implementing these. This, however, has yet to be tested in what may by then be a very different climate in terms of both economic factors and the recruitment and retention outlook. As part of our medium to longer-term work on our Workforce Reform Strategy, we will also be looking to develop a sustainable, fit for purpose approach to how the additional allowances are used. This will form part of our 2019/20 Review Body Evidence following a full evaluation of their impact on recruitment and retention.
- 6.14 As these payments have been in place since April, there is some emerging evidence of the success of the additional allowances. Attrition within London and the South East has started to reduce since the introduction of the payments. As illustrated at Figure 5 below, the leaving rate for Bands 3-5 Officers across establishments in London and the South East (31 red and amber sites) for the year to 30 June 2017 was 13.03% compared to 14.40% for the year to 31 March 2017.
- 6.15 Since the introduction of the additional payments there has been a 59% upturn in the number of applications for posts submitted to the prisons in which they are paid, with 26 of these prisons experiencing increased applications ranging from 13% (Bedford) to 187% (Brixton).
- 6.16 Our evidence suggests that recruitment and retention pressures are highly localised and role specific. Permanent and blanket revisions to regional pay arrangements would be a disproportionate response as this would offer higher pay to groups of staff where we are not experiencing difficulty in attracting or retaining people. Having the flexibility to turn the allowance on and off as local

labour markets fluctuate represents the best value for money and allows us to target specific staff groups.

- 6.17 In addition to the introduction of Market Supplements, we have launched a new localised recruitment process for 27 of the 31 establishments referred to above, specifically designed to reach into local communities to attract new staff and to give them a better introduction to the prison environment. By putting Governors in charge of the process of selection at establishments the time to recruit is reduced and the risk of losing candidates as they work through the vetting process, which can be lengthy, is reduced as they have already built a relationship with their prospective employer.
- 6.18 Similarly, across the estate we have ways of reducing the time-to-hire so that the process works better for people who want to join the Prison Service and we are able to bring in more of the excellent candidates who apply. Lessons learnt are being shared with other establishments. A commitment has been given to reducing the average time it takes to recruit from 118 days to a target of 70 days. Through piloting new recruitment processes, we have achieved further reductions against our 70 day target and are now looking to scale the model to operate nationally.
- 6.19 As an employer we have become more flexible in terms of accommodating reduced hours (part-time) and flexible working patterns in order to support caring responsibilities and other dependencies. Future recruitment drives will also have a stronger focus on diversity and achieving a more representative workforce and we have committed to longer-term targets to improving the representation of the HMPPS workforce.

Figure 4: Number of Bands 3-5 Officers in post on a FTE basis, 31 March 2010 to 30 June 2017

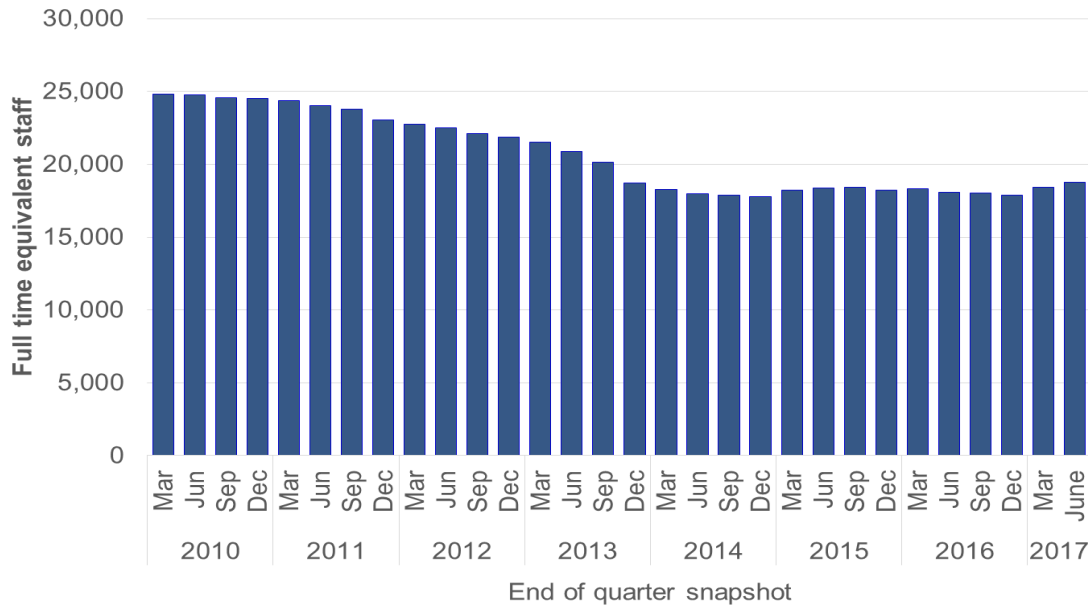
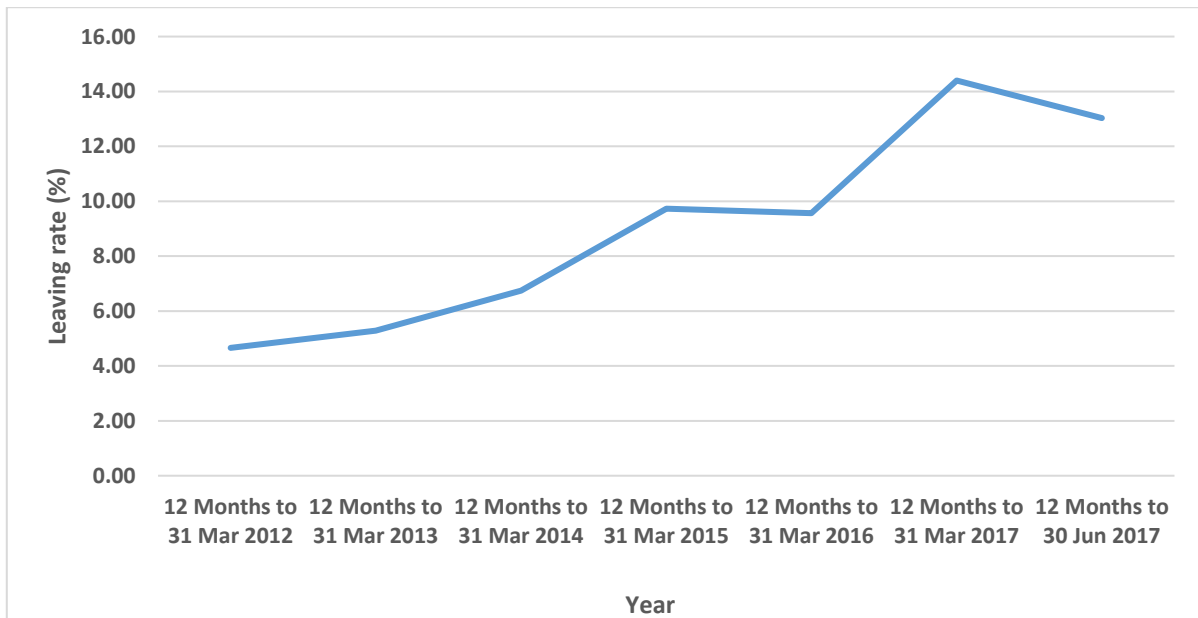


Figure 5: Average leaving rate for Prison Officers in London and the South East



Retention

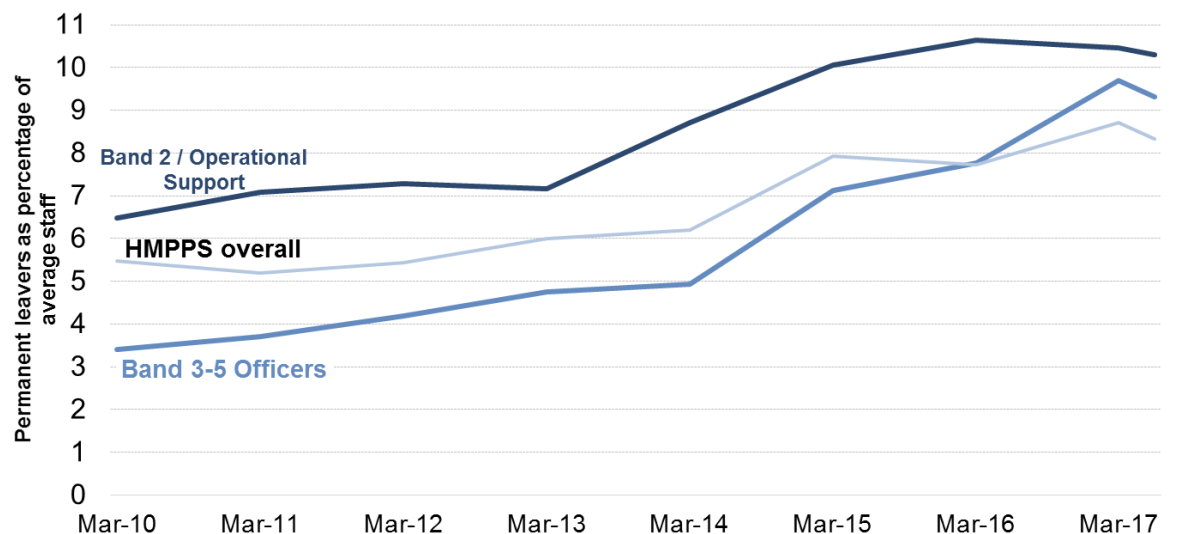
- 6.20 While there is evidence of candidates applying in the quantity required and early indications that the rate of attrition within London and the South East may be beginning to turn in our favour, we must also look at the retention picture more generally. The leaving rate for Bands 3-5 Officers for the year ending 30 September 2017 was 9.4%. This represents a 0.3% decrease on the year ending March 2017.
- 6.21 For Prison Officers, the national average voluntary resignation rate has risen from 1.2% in 2011 to 4.7% in 2017. There are a number of factors behind this increase, including changes in the labour market, increases in levels of violence, staff shortages and public sector pay restraint.
- 6.22 While the national average compares favourably with external benchmarks, it masks a number of individual sites with voluntary resignation rates well above what we might consider 'healthy'. Five establishments were above 10% in the 12 months prior to March 2017 and a further 22 sites were above 7%. We expect the rate to remain high with such large numbers of new starters joining the Service. It is normal across most workforces that new joiners have a higher leaving rate than more experienced staff.
- 6.23 Table 4 below shows the leaving rates at our pathfinder (OMiC) prisons that have seen increased staff numbers. The overall leaving rate across these ten sites has increased in recent months, however this is mainly driven by a few establishments (Leeds, Wayland and Winchester) whilst an individual site, Chelmsford, has seen a significant reduction in leaving rates. This suggests there may be individual emerging factors at these sites that are not necessarily applicable to the wider Public Sector Prisons network. We are doing further work to understand the trends at these sites and the reasons behind the changes.

Table 4: Bands 3-5 Officer leaving rate at Pathfinders

	12 Months to 31 Mar 2017			12 Months to 30 Sept 2017		
	Leavers	Average SIP	Rate (%)	Leavers	Average SIP	Rate (%)
Chelmsford	37	181	20.5	23	191	12.0
Eastwood Park	9	153	5.9	7	158	4.4
Exeter	26	146	17.8	33	161	20.5
Guys Marsh	25	120	20.8	22	122	18.1
Leeds	36	246	14.6	68	257	26.4
Liverpool	17	275	6.2	28	319	8.8
Moorland	30	206	14.6	34	220	15.5
Nottingham	30	227	13.2	40	254	15.7
Wayland	18	196	9.2	29	208	14.0
Winchester	22	180	12.2	36	192	18.8

6.24 Crucially, however, there are no obvious trends within specific regions, category or prominence of Pathfinder or the previously identified 31 difficult to recruit and retain establishments.

Figure 6: Annual leaving rates of permanent staff in key operational grades (year to March 2010 to year to June 2017)



- 6.25 There is some evidence that Prison Officer pay compares less favourably against certain comparator occupations such as the Police and Border Force and anecdotal evidence suggests we lose disproportionate numbers of staff to the Border Force (hence recruitment and retention pressures at HMYOI Feltham which is in close proximity to Heathrow Airport and HMP Chelmsford in relation to Stansted Airport).
- 6.26 As noted above, recruitment and retention pressures are not driven solely by pay. Our analysis of regional pay demonstrates that HMPPS maximum pay is well within the upper to median quartiles for comparator Prison Officer Bands when compared against both the public and private sectors in London and the South East generally. In the same way as for recruitment, we do not believe that rates of pay are the primary driver for retention pressures and our regional pay analysis supports this view.
- 6.27 We re-launched the Exit Interview Survey in June this year and carried out some qualitative analysis to build an understanding of the reasons Prison Officers leave. This work included focus groups, workshops and asking Human Resources Business Partners and Prison Governors to retrospectively assess why Prison Officers had left. The results of this work confirmed the

fact that pay is only one relevant factor driving the attrition, and it is important not to overstate this or underestimate other relevant drivers.

6.28 Using this data we thematically grouped the reasons into 10 drivers of attrition. These were:

- Leadership;
- Pay and Reward;
- Career Progression;
- Induction;
- Learning and Development;
- Environment;
- Roles and Responsibilities;
- Health and Wellbeing;
- Staffing; and
- Ways of Working.

6.29 This has provided a consistent national framework and way of thinking about why Prison Officers leave, that can be tailored based on which drivers are most relevant at individual sites. We have used this framework and the hypothesis that while national issues are linked to voluntary resignation, local influences have a big impact on staffs' decision to stay or leave the Prison Service, to build a four step approach. The approach provides establishments with Prison Officer leavers' data, guidance and advice on understanding why Prison Officers are leaving. In August this year, we launched a dedicated intranet site with step by step guidance templates, the Retention Toolkit and an eLearning module to support establishments in building local

understanding on reasons for leaving and to broaden the conversations around why Prison Officers are leaving the job.

6.30 We have identified 12 establishments with high voluntary resignation rates to pilot this approach. Six of which, we are providing resources and hands on support; the other six we are supporting through self-management.

6.31 Combining the outputs from our pilots we believe that we will be able to:

- Drive positive change in the sites with highest attrition;
- Collate data from the highest attrition sites to identify common themes nationally; and
- Collect feedback from the sites which are going through the process to develop a sustainable approach and local accountability for improving retention.

6.32 Early evaluation of the tools' effectiveness will conclude in early 2018, and appropriate learning and positive local initiatives will be shared across the prison estate.

6.33 We continue to believe that targeted local payments are the most effective, affordable and sustainable approach to addressing any pay related issues within these establishments than introducing or revising blanket regional pay arrangements. These payments will remain in place until March 2021 while we continue to accumulate further evidence about the recruitment and retention landscape. We will share any relevant conclusions with the Review Body either by writing in year or as part of our 2019/20 evidence submission.

Payment Plus and Overtime

6.34 To address current staff shortages it is essential that we incentivise existing staff to work additional hours. This is currently done through Payment Plus

The Review Body recognised the importance of these arrangements and endorsed an extension to our current hourly rate of £22. Our proposal is to retain the status quo for 2018/19 and continue with the £22 hourly rate whilst we invest time in developing new proposals.

Operational Support Grades' Overtime

6.35 We also propose to extend availability of the temporary £5 per hour additional payment for OSG overtime for 2018/19 to cover staff shortages while we work to develop new proposals in consultation with the relevant trade unions which will provide greater certainty around the availability of staff to provide overtime cover.

Detached Duty bonus incentive scheme

6.36 Detached Duty arrangements were introduced in February 2015 to provide a flexible and nuanced response to operational staff deficits in a number of prisons across the estate, where staff work at another prison other than their “home” prison for short periods to support safe and rehabilitative regimes. They are a fair and transparent approach to the allocation of a scarce resource and were initially intended as a series of interim measures.

6.37 These arrangements remain an effective tool with which to manage staffing levels while HMPPS continues to work towards its strategic goal of resourcing prisons through the development of a long-term national recruitment and retention package. Table 5 below highlights the number of staff currently deployed on Detached Duty, and the number of establishments supplying, or being supported, by Detached Duty staff:

Table 5: Number of staff currently deployed on Detached Duty

Month	Number deployed	Supplying establishment	Receiving establishment
Dec-16	92	40	14
Jan-17	126	41	13
Feb-17	117	41	14
Mar-17	105	42	15
Apr-17	127	40	16
May-17	95	34	12
Jun-17	98	32	11
Jul-17	136	38	15
Aug-17	176	49	14
Sep-17	209	67	16
Oct-17	211	67	16
Nov-17	189	63	17
Average	140.1	46.2	14.4

6.38 The data shows our increasing need to use Detached Duty to cover resourcing gaps across the estate, and whilst this reduced in November 2017, we expect the trend to increase again in 2018 due to temporary closure of The Verne. We will continue to incentivise voluntary take up of Detached Duty, using compulsory Detached Duty only as a last resort.

Detached duty requirements increased in the summer of 2017 following an unforeseen rise in the prison population and stability issues in certain prisons, and therefore our detached duty requirement will be needed for a longer period given the need to maintain accommodation to match our higher prison population projections.



6.39 In addition to managing stability issues, Detached Duty is also used in a small number of sites to support the use of additional accommodation to help manage capacity pressures. In summary, it is aimed at sites that send staff on Detached Duty in sites in Table 12. If staff agree to work for a continuous period at one of the above sites, the bonus payment would be offered as outlined in Table 13.

7 Regional Pay

7.1 HMPPS operates a three zone regional (zonal) pay model comprising National, Outer London and Inner London as part of current F&S arrangements. This is in response to widely accepted evidence that significant locational pay differentials do not really exist outside of London and its outer fringes³. There is no compelling evidence that this has changed.

Public Sector Comparisons – Total Cash

7.2 HMPPS seeks to ensure that F&S pay within each of the three pay zones is competitive with external labour markets. While it is true that the prisons in which recruitment and retention pressures are most pronounced are concentrated mainly in London and the South East, evidence suggests that these are establishment specific and often in relation to either accessibility issues or the presence of a major competing employer in the immediate locality rather than the broader geographical area.

7.3 Whilst our pay is broadly comparable with the labour market in most cases, the demands of the role of a Prison Officer mean that prisons are unable to compete with jobs that pay comparable salaries but are less demanding. Examples include Aylesbury where staff are opting to work at Bicester Village, Feltham which competes with Heathrow airport and prisons on Sheppey which are competing with the Docks.

7.4 Using the most recent Korn Ferry Hay Group pay data as a comparator, maximum total pay⁴, which is widely considered by stakeholders (e.g. Prison Officers' Association, Prison Governors' Association and Public & Commercial Services Union) to be the rate for the job, compares favourably in both

³ HMPPS' three locality pay zones are based on the Office for National Statistics defined London boroughs (for Inner London); rest of the London boroughs and other areas within the M25 (for Outer London); with remaining locations deemed as National. Cabinet Office supports this approach to defining pay zone boundaries and is the most widely used across government departments.

⁴ Base salary and recurring allowances in recognition of additional committed hours and unsocial working

London and Outer London with both the private and public sectors within roles at the levels we experience our greatest recruitment and retention challenges. Comparators tables can be found between Table 14 and Table 23.

- 7.5 We have also compared the F&S base pay maxima with Whitehall quartiles because there are also non-operational staff (including those in administrative roles) in F&S (i.e. not paid inclusive of additional or unsocial hours). There are no direct Hay or Civil Service comparator grades for Bands 5, 8 and 11. However, we have included these along with HEO/Band 6 to show relativity values. When staff join us from other government departments, we treat non-comparator Band 5 as a lower HEO and Band 8 as a higher SEO (i.e. level transfer), but Band 11 as a higher role type than G6.
- 7.6 This analysis tells us that, with the exception of the private sector at more senior levels Table 22 and Table 23 demonstrate that the Band base pay has improved (comparatively) for managers but has fallen away for those in Band 2-4 roles.
- 7.7 It should, however, be noted that these levels of pay exclude the recurring allowances that are paid in recognition of additional committed hours and unsocial hours working, which comprise a significant proportion of the total pay received by those in operational Prison Officer and Support roles, or the required hours addition (RHA) payment which comprises 17% of pay for Operational Managers. As evidenced above, the total cash analysis (that includes additional committed and unsocial hour's payments) for Bands 2-4 compares more favourably to external comparators.
- 7.8 While the PGA has raised concerns, there is currently no compelling evidence of widespread recruitment and retention issues specific to managers⁵ (either operational or otherwise) or to the vast majority of non-operational roles.

⁵ The leaving rate for Operational Managers Bands 9-11 for the Quarter ending September 2017 was 5.4%

- 7.9 As such, our firm view is unchanged from previous evidence submissions, in that targeted interventions remain the most appropriate way to address recruitment and retention pressures that are specific to HMPPS and moreover, to specific establishments within the HMPPS estate and to a limited number of roles within these establishments.
- 7.10 More permanent and all-encompassing solutions, such as amendments to the F&S zonal pay model (or the re-introduction of universal local pay additions) would be a permanent and costly approach to address recruitment and retention pressures.
- 7.11 Regional pay is also contrary to government public sector policy for pay cannot be as easily targeted to when and where interventions may be necessary, or discontinued as and when recruitment and retention pressures dissipate. It can also create more permanent and blanket divisions within the workforce compared to the use of market supplements. **For these reasons, we ask the Review Body to endorse our position and not recommend changes to the zonal pay model.**
- 7.12 We also remain aware of the issue of staff who will not opt-in or be promoted into F&S because they would experience a reduction of pay due to being in receipt of LPA under closed grade pay arrangements. For staff moving into F&S on level transfer, we have improved the arrangements, originally introduced in April 2015, which allowed for any pay reduction incurred as a result of losing LPA on movement into F&S to be protected on a mark-time basis. In the same way, as under the incoming promotions policies, staff now have any deficit simply added to base pay. This often will result in an immediate increase for staff as they will be uplifted to the nearest higher pay point which did not happen under the previous mark-time arrangements.
- 7.13 The new promotions policy will provide some provision for pay protections above pay range maxima. It remains our general principle not to break the market facing F&S structure by doing this. However, it is recognised that there are 10 establishments in which the loss of higher valued LPA payments is

having a disproportionate effect due to these prisons also mapping to the national pay zone and therefore not benefitting from the favourable Outer / Inner London pay differentials⁶. As such, staff in (or moving between) these establishments will exceptionally be able retain the value of the LPA payment above F&S pay range maxima on a time limited basis.

- 7.14 This means that it will no longer be necessary to pay the LPA compensation payments which still currently remain in place for those who cannot protect pay in range under the existing arrangements. These compensation payments are detailed in Table 24.

⁶ Huntercombe; The Mount; Coldingley; Send; Aylesbury; Bedford; Bullingdon; Chelmsford; Grendon; and Woodhill

8 Performance Management

- 8.1 We are committed to recognising and rewarding achievements and positive behaviours. Staff who are achieving good performance outcomes and demonstrating the required behaviours should make progress through the pay ranges. Our proposals in this section therefore support this.
- 8.2 In previous years the Review Body has opposed the payment of non-consolidated awards for Bands 2-4, as well as withholding consolidated pay progression for anyone unless they are subject to formal poor performance measures. It remains our firm belief that performance in these Bands can be objectively assessed and that processes (such as the shorter, quick Staff Performance and Development Review (SPDR) form) and moderations are suitably robust. We strongly believe that our strongest performers in these Bands should be rewarded accordingly. We also believe that staff not meeting their objectives should not automatically benefit from pay increases unless these are a result of increases to pay range minima or defined pay points. Contractual pay progression is no longer a part of other government department pay systems and progression for many is now linked to performance and affordability.
- 8.3 Consistency meetings at the start of the year allow business areas to understand what 'Outstanding', 'Good' and 'Improvement Requirement' ratings look like. An action from the first year evaluation was to produce a manager guide setting out what the three box markings look like. This guide was produced and supports managers at the start of the year and throughout the year and during consistency and validation meetings.
- 8.4 Within HMPPS, guided distribution is a mechanism / tool where staff performance is assessed. The guidance available, and reiterated during the appraisal year, is clear that where there is justified evidence of a marking provided by a manager which aligns with what was agreed at the start of the year, then the box marking should remain regardless of the guided distribution.

- 8.5 In November, HMPPS delivered a pilot of a first line manager course aimed at Band 5 Managers, Senior Officer grades and non-operational equivalent. The course covers a number of modules such as: the performance management system, being a performance manager, managing dips in performance, the first conversation, the follow-up conversation, and the annual performance cycle. The pilot is currently being evaluated and we hope to be able to provide feedback at oral evidence.
- 8.6 The quick SPDR form was launched in January 2016. This was one of the actions from the first year NOMS evaluation. The quick SPDR form was predominantly aimed at operational Bands 2-4, where it was recognised that the generic nature of Bands 2-4 jobs meant objectives were not always necessary to record but that instead job descriptions could be used. The focus therefore shifted to getting the job done and focusing on performance management conversations. During the development of the SPDR form, there was a positive response to the new form from a small staff sample.
- 8.7 In mid-2016, NOMS obtained baseline data via a survey on the quick SPDR form. This data is now being evaluated and, again, we hope to be able to provide feedback at oral evidence.
- 8.8 HMPPS has been working with the Chartered Institute of Personnel and Development (CIPD⁷) on enhancing performance management conversations. This resulted in training a cohort of managers in strength based conversations and then comparing the reaction of team members with a control group of managers who were not trained. The results have been positive, with more team members of the trained managers reporting that the meetings with line managers helped their learning and development and improved their performance. As a result, we are now developing strengths

⁷ <https://www.cipd.co.uk/about/media/press/performance-conversations#>

based conversation training as part of our development offer for new line managers.

- 8.9 HMPPS have taken forward CSEP diversity and inclusion recommendations in relation to appraisals. This has included messages/guidance on considering individual circumstances, undertaking relevant training in unconscious bias and issuing of manager checklists.
- 8.10 The 2017/18 appraisal year has seen the introduction of an equalities objective for all staff. In particular, senior managers have the following mandatory equality objective within their appraisal reports:

“Taking actions within your area of responsibility to advance equality, including setting equality-related objectives for all staff, working to improve declaration of protected characteristics, and ensuring diverse recruitment panels. Being accountable for delivering equality-related actions relevant to your Business Area, consistent with the Equality Strategy and with the Implementing Equality Analysis Instruction (PSI 20/2016 PI 19/2016 AI 14/2016).”

- 8.11 Informal feedback from different business areas has shown that Governors of prison establishments are fully committed to the objective. The objective will be supported by the launch of the system-wide HMPPS Equalities Strategy. Addressing SPDR disparities is one of the priorities of the strategy and therefore one of the key deliverables.
- 8.12 In addition to concerns around performance related pay in Bands 2-4, in its 2017/18 report, the Review Body recommended that the additional 2% for “Outstanding” performance in Bands 7-11 should be consolidated (capped at maximum) in addition to the standard 4% progression. We do not mirror this recommendation in our proposals for 2018/19. We propose non-consolidated



awards, which can be funded from within our established non-consolidated performance related pot, rather than consolidated additions. These awards are affordable within our non-consolidated performance pot.

8.13 The POA opted out of the historic performance-related pay arrangements. As such, Officers and Support staff in closed grades will not receive an additional award in recognition of an 'Outstanding' performance assessment.

8.14 Our proposals for performance related pay (and withholding this for staff who are not meeting their performance objectives) support Cabinet Office and CSEP principles to incentivise and drive forward continuous improvement, ultimately leading to better provision of services to the public.

Pay

9 Proposals for 2018/19

National Living Wage

- 9.1 Our proposals for 2018/19 will ensure that HMPPS remains compliant with the NLW following the recently announced increase to £7.83 per hour from 1 April 2018. Whatever the Review Body chooses to recommend should be compliant with the new NLW rates.

MoJ Financial Position

- 9.2 The financial position for 2017/18 and the rest of the Spending Review (SR) is extremely challenging. The SR15 settlement means that the Department will need to deliver around £1 billion savings by 2019/20. By the end of the Spending Review, we will have made significant reductions from our administrative spend as well as the running costs of our courts and prisons. We will also take advantage of the opportunity to further reform our courts and prisons to deliver a one nation justice system which is more efficient and rehabilitative.
- 9.3 We ask the Review Body to be mindful of this wider context in making their recommendations and to consider the justifying evidence base for each recommendation, as well as overall value for money. As detailed elsewhere in this evidence, MoJ has invested significant amounts in the Prison Service over the past year to improve working conditions and recognise issues present, including the introduction of market supplements, our ongoing recruitment activity, and our investment in prison safety.
- 9.4 Any recommendations over 1% are unfunded in current plans and will be competing with other demands on the HMPPS budget.

Pay proposals for 2018/19

- 9.5 The Review Body asked (Recommendation 14 of the 2017 report) that HMPPS present in its evidence for 2019, plans for revised arrangements that would integrate the various pay structures, allowances and supplements currently in operation across the country. These are outlined below.
- 9.6 It is our expectation that the 2018/19 proposals will help us to deliver the wider reforms set out in this evidence submission. Our wider proposals, and the continued use of tools such as market supplements, aim to address recruitment and retention issues in addition to improving our ability to deliver real productivity and efficiency gains.
- 9.7 We ask that the Review Body accounts for maintaining the structure, integrity and design principles of the F&S pay arrangements when recommending pay range and pay point uplifts and keeps Inner and Outer London aligned with National. Ideally, we would not wish to see increases in pay range lengths or pay point gaps.
- 9.8 In line with our long-term intention to continue to invest in F&S pay structures, we propose that any member of staff who would benefit financially from opting into F&S and chooses not to, should not be in receipt of a pay rise, either consolidated or non-consolidated.
- 9.9 Given the constraints on resources, as outlined above, we also ask that the Review Body targets awards on areas of genuine pressure.

Pay proposals in detail

- 9.10 Our pay proposals for 2018/19 are detailed as follows:

Proposal 1: F&S zonal pay

- 9.11 We propose that:

- the current locality pay zone structure is not changed;
- The differential between National and Outer / Inner London maxima rates will increase by an amount recommended by the Review Body and which is affordable.

Rationale:

- rather than extending the zone structure to other geographical areas, available pay flexibilities (e.g. 'red' and 'amber' site approach) will apply to address local pay issues linked to roles;
- that the same maxima London/National differentials apply across all Bands in line with our F&S zonal design.

9.12 The base differential between National and Outer London and Inner London maxima for all Bands will be increased by the same amount recommended by the Review Body and pay point gaps and pay ranges will subsequently be aligned with Band National accordingly, within affordability constraints.

Proposal 2: F&S Bands 2-5

9.13 We propose:

- increasing all pay points in the all zonal Bands by an amount to be determined by the Review Body, subject to affordability. In line with our strategy to maintain the F&S structure, we recommend that more is invested in F&S Bands 2-5 than equivalent closed grades;
- ensuring that all staff continue to be paid at or above the Government's NLW.

Rationale:

- act as a vital enabler to wider reforms set out in this evidence submission;
- support recruitment and retention with higher pay;
- provide all staff with some form of pay increase;
- ensure the base pay minimum of Band 2 remains above the expected increase to the Government's NLW for 2018/19;
- lessen equal pay risks as part of F&S design principles;
- maintain pay point spacing at the closer rates resulting from the 2017 pay award to ensure consistent applicable progression pay increases compared to last year;
- Improved services delivered to offenders in amore stable operating environment; and
- Enabler for OMiC and longer-term workforce reform.

Proposal 3: F&S Bands 7-11

9.14 We think that it is essential that the Review Body continues to make recommendations which recognises and rewards our prison leaders (Bands 7-11) in a way that sees them progress in line with the settlements of the past few years. Furthermore it is proposed that consideration is given to a combination of consolidated and non-consolidated awards, at or near the top of their Bands to improve affordability. In line with our strategy to maintain the F&S structure we recommend that more is invested in F&S Bands 7-11 than equivalent closed grades.

9.15 We therefore propose:

- All Band pay range minima and maxima values for Bands 7-11 to be increased by an amount to be determined by the Review Body, subject to affordability.

Rationale:

- provide pay increases for all staff following many years of pay restraint as an enabler to longer-term workforce reforms;
- mitigate equal pay risks as part of F&S design principles;
- help attract new staff and retain current staff; and
- continue to encourage the remaining managerial grades to opt into F&S where possible by making F&S financially attractive.

Proposal 4: Performance related pay progression in F&S

9.16 We propose that where performance is rated as 'Good' or 'Outstanding':

- A consolidated pay increase for staff below maxima in Bands 7-11 by an amount to be determined by the Review Body, subject to affordability;
- Consideration of awards being a combination of consolidated and non-consolidated elements;
- That those below maxima in Bands 2 to 5 progress to the next available higher pay point effective 1 April 2018; and
- no pay progression where performance is rated as 'Improvement Required'.

Key drivers:

- recognise and reward performance and behaviours;
- improve rates of retention by progressing staff towards pay range maxima (rate for the job);
- provide all staff with a pay increase following many years of pay restraint.

9.17 The cost⁸ of 2018/19 progression for 8,600 FTE operational staff in Bands 2-5 is **£6.8m**. The cost of progression for 860 FTE operational staff in Bands 7-11 for operational staff is:

- **£1.1m** if progression is 2%;
- **£1.7m** if progression is 3%; and
- **£2.2m** if progression is 4%

9.18 There is no automatic entitlement to an annual progression increase under F&S pay arrangements, as this is subject to performance, affordability, public sector pay policy and Review Body recommendations.

9.19 Where there are open pay ranges (i.e. F&S Bands 7-11) the minima and maxima to be increased by an amount to be determined by the Review Body (subject to affordability) and those staff in their Band on 31 March and in post on 1 April who gain at least a “Good” performance assessment to progress (subject to maxima) through a percentage increase in their pay to be determined by the Review Body.

9.20 Those staff receiving “Improvement Required” rating will only receive an increase if they fall below the new pay range minima, and then they will only be adjusted to that point and not higher.

9.21 For Bands 2-4, we propose that progression to the next pay point will apply to staff who are below the maximum of their Band on 31 March and in post on 1 April who gain at least a “Good” performance assessment. If staff who are subsequently identified as not receiving a ‘Good’ or ‘Outstanding’ marking (e.g. the payroll department was not notified in time) they will be returned to their pre-progression pay point in the month that this is advised to payroll.

⁸ On costs are included.

Proposal 5: Rewarding ‘Outstanding’ performance markings for phase one managerial staff on closed terms and staff in Bands 2-5 and 7-11

9.22 We propose that:

- Staff in F&S pay arrangements who receive an ‘Outstanding’ performance marking will receive an additional non-consolidated payment on base pay as at 31 March 2018 by an amount to be determined by the Review Body which is affordable;
- operational phase one Managers and Senior Managers on closed terms who attain an ‘Outstanding’ performance marking will receive an additional non-consolidated payment on base pay as at 1 April by an amount determined by the Review body (subject to affordability); and
- uniformed closed grades will not receive any form of performance recognition payment as the POA previously opted out of these arrangements.

Rationale:

- ability to reward high performing staff in Bands 2-4;
- strengthen the link between reward and performance, where performance can be adequately measured;
- support Cabinet Office and CSEP principles to incentivise and drive forward continuous improvement, ultimately leading to better provision of services to the public.

9.23 These awards are in addition to any consolidated performance (progression).

Proposal 6: Allowances

- 9.24 The rate of Payment Plus was temporarily increased from £17 per hour to £22 per hour from 14 August 2016 to the financial year end on 31 March 2017 and was extended at the recommendation of the Review Body to 31 March 2018. This was introduced at this stage to encourage more staff volunteers and therefore improve staff availability in support of prison stability and safety. OSG overtime and the Tornado payment were also increased by £5 for the same period to maintain their parity with Payment Plus. We propose extending these arrangements for the duration of 2018/19 while we work towards more permanent arrangements for Payment Plus and overtime, the reliance upon which is expected in any case to reduce in time as a result of future recruitment and improvements in retention rates.
- 9.25 There are no changes to any other allowances unless they are calculated as a percentage of base pay, these will increase in cash terms at the same percentage as base pay increases. These allowances are unsocial hours working and RHA both of which are currently paid at 17% of base salary.

Proposal 7: Operational Graduate Scheme

- 9.26 In last year's evidence to the Review Body, we included a summary of the Operational Graduate scheme and described that this was designed to rapidly progress staff with high potential from a Prison Officer role to that of an Operational Manager over two to three years.
- 9.27 The rates of pay for the Operational Graduate scheme are set at rates higher than F&S Band maxima. This recognises that these staff are expected to attain this level very quickly and more is expected of Operational Graduates from day one than is the case for a newly recruited Prison Officer as there is a far greater focus on career development.
- 9.28 All Operational Graduates are paid fixed and common spot rates of pay at the grade they are working (i.e. Prison Officer and Custodial Manager) to ensure that staff progressing to the next Band will do so on the same rate.

Progression to the higher spot rate is based solely on successfully passing assessments from Prison Officer to Custodial manager and then to Functional Head at Band 7, at which point they join F&S pay arrangements.

- 9.29 Subject to satisfactory performance and competence, Operational Graduates wishing to leave the scheme will be offered a place at the role they were working on F&S pay arrangements. Similarly, when staff are unable to pass the relevant Job Simulation Assessment Centre (JSAC) within two attempts to progress to the next Band, the employee, line manager and leadership team will determine what role would be suitable. It is anticipated that the majority of Operational Graduates will succeed and will become Functional Heads (Band 7) within 2 to 3 years.
- 9.30 Our proposals for 2018/19 are to increase the spot rates for the Operational Graduate Band 3 and 5 roles by the same amount applied to F&S base pay.

Proposal 8: Opt-in to F&S

9.31 We propose:

- to extend the 2% annual opt-in incentive up to 31 March 2019 for remaining operational phase one Managers to opt into F&S;
- normal opt-in policy applies for all other grades

Rationale – Enabling longer term reforms by:

- continuing to encourage the remaining operational managerial grades, OSGs, Prison Custody Officers (PCOs), Prison Officer 2s (PO2s), Principal Officers and Principal Officer Specialists to opt into F&S and for other closed grades to opt-in when it is beneficial for them to do so.

- 9.32 Most of the operational phase one Managers who can opt-in to F&S pay arrangements have already done so. Nevertheless, we wish to continue incentivising those remaining on closed terms to opt into F&S by extending our offer to apply a 2% consolidated increase to base pay through to 31 March 2019. We will again review the situation in our submission for 2019/20.
- 9.33 Additionally, we will maintain the current pay calculation to establish the initial assimilation rate for operational phase one Managers. This means that operational phase one Managers who opt-in will benefit both in terms of the increased RHA awarded last year and the previously enhanced RHA rate in F&S to provide an annual total pay increase ranging from 1.74% to 1.98%. These higher increases will also give staff with the lower rates of LPA the opportunity to opt-in with a financial benefit. After joining the open Bands there will be additional 'headroom' for progression pay uplifts in the future ranging from 2.82% to 5.93%.
- 9.34 We have consistently stated that we consider there is value in incentivising Managers to join F&S given their leadership role locally, leading by example and as a key group being seen to be part of F&S.
- 9.35 In last year's evidence we detailed a number of targeted opt-in enhancements that we would apply to a range of uniformed grades for the 2017/18 opt-in exercise, which would provide significant financial benefits over the standard opt-in process. Due to the late implementation of the pay award this financial year we will be running this opt-in exercise during February. As a result, pay uplifts from opt-ins will be processed in the March payroll and eligible staff will then immediately benefit from the 2018/19 pay award for April. This opt-in will include a non-pensionable lump sum comprising the value of back-pay to 1 April 2017. We continue to encourage staff to take full advantage of opting in during our 2017/18 opt-in exercise where this is of benefit.
- 9.36 **Principal Officers:** In our 2017/18 evidence we advised the Review Body that we would offer Principal Officers the chance to opt-in to the penultimate Band 5 pay point (point 4) because under our pay proposals they would only

have increased their pay by £51 by moving to the third point under the normal opt-in policy process. The pay changes resulting from the Government accepting the Review Body recommendations mean that they will now move to the penultimate point under normal policy. In addition to the £400 received in the closed grade, their pay will increase by a further £614 for a 39-hour week inclusive of unsocial hours working for a move to the National zone without any current LPA. This will provide a total £1,014 in 2017/18 with headroom to progress in 2018.

Table 6: Principal Officer 2017/18 award and opt-in gain

Principal Officer						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain
2017	£33,872	£34,272	£400	£34,886	£614	£1,014

9.37 **Principal Officer Specialists** receive an additional £1,200 for their specialism, and in last year's evidence we advised that would offer these staff an opt-in to the maximum of Band 5 (point 5) in the 2017/18 exercise. With the now agreed pay rates for 2017/18, an opt-in with 39-hour week inclusive of unsocial hours working for a move to the National zone without any current LPA will deliver an annual increase of £241. In addition to the closed grade uplift of £400 this will total £641 this year. Implementation of Review Body recommendations to increase the maximum for 2018/19 will provide a further pay uplift for these opted in staff from April.

Table 7: Principal Officer Specialist 2017/18 award and opt-in gain

Principal Officer Specialist						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain
2017	£35,072	£35,472	£400	£35,713	£241	£641

9.38 The application of our standard opt-in policy means that closed grade **Prison Officer Specialists** with a Band 4 Job description are not able to opt into F&S without a financial detriment due to the loss of their specialist allowance of either £1,200 or £1,296 per annum. In our 2017/18 evidence we advised that for the 2017/18 annual opt-in exercise, we would offer this cohort of staff the opportunity to move directly to the maximum Band 4 pay point (pay point 5). Based on the pay award applied this year, moving to the National Band and where LPA is not a factor, their total annual salary for 2017/18 will increase by £947 (£851 for those in receipt of the £1,296 allowance) inclusive of the £400 received on closed terms. Implementation of Review Body recommendations to increase the maximum for 2018/19 will provide a further pay uplift for these opted in staff from April.

Table 7a: Prison Officer Specialist 2017/18 award and opt-in gain

Prison Officer Specialist (with £1,200 specialist allowance)						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain
2017	£30,419	£30,819	£400	£31,366	£547	£947

9.39 **Prison Officer 2s (PO2)**: are now at the maximum on closed terms and there are only 11 remaining. These staff were not offered an enhanced opt-in for 2017/18 as the standard offer could still provide a significant financial benefit.

The 2017/18 award has increased PO2 pay by £494 for a 39 hour week with unsocial working. An Officer joining F&S on the National Band 3 in March could increase pay by a further £699 to give an in year total of £1,193. This will be increased further by any progression in April 2018 and any pay point revalorisation applied as a result of Review Body recommendations. However, failure to take advantage of opt-in until 2018/19 may reduce the financial benefit over the same period.

Table 8: Prison Officer 2 2017/18 award and opt-in gain

Prison Officer 2						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain
2017	£21,203	£21,697	£494	£22,396	£699	£1,193

9.40 **Prison Custody Officer** (closed G4S terms) will for the first time be able to opt-in to F&S Band 3 National without financial loss in 2017/18. On the basis of working a 39 hour week with unsocial hours they will now gain £219 in addition to their £400 uplift upon opting in. Additionally, joining F&S will give these staff the opportunity to flex their weekly hours up to 41 per week and ensure they benefit from future investment in F&S. If they delay their opt-in until 2018/19 they will still go to the Band 3 maximum but will lose out on the extra £219 in year pay for 2017/18.

Table 9: Prison Custody Officer 2017/18 award and opt-in gain

G4S Prison Custody Officer						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain

2017	£24,278	£24,678	£400	£24,897	£219	£619
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9.41 **Operational Support Grade (OSG):** In our evidence last year, we advised for 2017/18 that OSGs on closed terms maximum would be offered an opt-in directly to the maximum of Band 2 as a special incentive. In addition to the £400 closed grade maximum increase, the Review Body recommendations will result in pay for the majority of staff being uplifted by a further £823 on the National Band to £20,166 to provide total increase of £1,223 for a 39 hour week with unsocial hours working payments. Implementation of Review Body recommendations to increase the maximum for 2018/19 will provide a further pay uplift for these opted in staff from April.

Table 10: Operational Support Grade 2017/18 award and opt-in gain

Operational Support Grade (OSG)						
Opt-In Year	31/03/17 Closed Pay	01/04/17 Closed Pay	Pay Award Gain	01/04/17 F&S Pay	Opt-in Gain	Total Gain
2017	£18,943	£19,343	£400	£20,166	£823	£1,223

Proposal 9: Staff remaining on closed (pre-F&S) pay arrangements

9.42 For uniformed and Phase One managerial grades, we propose:

- there is an award for all operational staff on closed terms of an amount to be determined by the Review Body, with due consideration of affordability;
- that all staff are paid at or above the Government's NLW;
- that Operational Managers who are still below the maximum of their pay scale will be eligible for contractual pay progression increases of one pay point. We are honouring contractual pay progression, including non-consolidated payments at the maxima for Operational Managers;

- that the Review Body determine the amount that staff in phase one managerial grades will receive as a non-consolidated payment based on their 31 March scale pay for an 'Outstanding' SPDR marking; and
- that eligible staff in phase one managerial grades on maxima at 31 March will receive their contractual non-consolidated payment of 2% of scale pay for a 'Good' or 'Outstanding' performance marking for the preceding year.
- that in line with our long-term intention to continue to invest in F&S pay structures, any member of staff who would benefit financially from opting into F&S during the 2017/18 options exercise and chooses not to, should not be in receipt of a pay rise, either consolidated or non-consolidated. If the Review Body is to decide that an award is to be consolidated, this should be less than what is received in F&S.

Rationale and key drivers:

- retain experienced staff and reverse current increased attrition;
- help to maintain operational and employee relations stability;
- act as a key enabler for implementing workforce reforms;
- provide all staff with a pay increase following many years of pay restraint;
- compliance with the Government's NLW;
- meet contractual obligations relating to progression and non-consolidated payments; and
- apply performance-related pay policy.

9.43 The Government has recently accepted the recommendation of the Low Pay Commission that the hourly NLW rate is increased by £0.23p to £7.83 per hour from 1 April 2018. The Review Body are to determine the new hourly

rate for the very few remaining obsolete support grades (two Night Patrol and four Auxiliary staff) who currently earn less than this and are unable to join F&S pay arrangements on their current terms.

Longer-term plans

- 9.44 The Review Body asked (Recommendation 14 of the 2017 report) that HMPPS presents in its evidence for 2019/20 plans for revised arrangements that would integrate the various pay structures, allowances and supplements currently in operation across the country.
- 9.45 Our workforce strategy sets out our long-term vision for the HMPPS workforce and our reward proposals for 2018/19 will support our workforce ambitions. The evidence in this submission represents the first stage in introducing greater agility and flexibility of movement within our workforce across Public Sector Prisons, the NPS and YCS.
- 9.46 A key issue that needs to be addressed is the two-tier workforce that now exists following the introduction of F&S in 2012. There are currently c. 8,700 Prison Officers who remain in grades that were closed to new entrants upon the introduction of F&S and remain subject to more generous legacy pay arrangements.
- 9.47 HMPPS proposals since 2012 have prioritised those in F&S in order to close the pay differential between the closed Prison Officer grade and the corresponding F&S Band 3 Prison Officer. The continued need for pay restraint in recent years has meant that we are still a long way from being able to close the pay differential. This remains a key part of our strategy and although we believe that an award for staff on closed grades is the right approach for this year, proposals for future years are likely to revert to the position of concentrating investment within F&S.
- 9.48 Since 2012, staff in the closed grades have received two consolidated pay increases. This lack of regular pay increases has, amongst other factors, led

to demotivation and rising levels of attrition among our most experienced staff at a time when we need them to restore operational stability and reduce levels of violence whilst supporting new recruits to acquire experience (“jailcraft”) and grow in confidence. The need to retain more experienced staff was recognised by the Review Body in 2017 by recommendations which, for the first time since 2014, awarded staff in the closed grades consolidated pay increases, which were commensurate to those for staff in F&S. We have invested significantly in other areas of the Prison Service, such as prison safety, with an aim to reducing the other factors which we know to be driving attrition.

Conclusion

- 10.1 We believe that our proposals will help to reverse the current higher rates of attrition amongst our most experienced staff; maintain operational stability; and provide pay awards for all members of staff. This year however, we would welcome the Review Body's input on where and in what format reward should be focused in line with the Government's revised position on public sector pay and HMPPS's wider ambitions for reform.
- 10.2 Any recommendations above a 1% award are unfunded and would create significant affordability issues for HMPPS and MoJ, both of which have significant financial gaps and operational pressures. It is important to remember that this award can be targeted however, for example by giving reduced awards to some groups to fund higher awards elsewhere.
- 10.3 In making its recommendations the Review Body is asked to note this financial pressure as well as the current public sector pay policy position and need for continued fiscal responsibility.



Additional Tables & Annexes

Table 11: Weekly Applications for Prison Officer Roles

Location	Weekly Applications (week ending)														
	25-Dec	01-Jan	08-Jan	15-Jan	22-Jan	29-Jan	05-Feb	12-Feb	19-Feb	26-Feb	05-Mar	12-Mar	19-Mar	26-Mar	02-Apr
Aylesbury	7	15	47	31	41	26	11	12	11	15	40	28	30	22	15
Bedford	10	27	76	78	85	58	54	31	32	35	70	50	45	29	24
Bullingdon, Grendon	2	8	33	18	33	20	15	19	15	26	19	25	25	19	9
Coldingley	6	5	37	42	28	29	18	11	11	10	33	29	18	11	19
Cookham Wood	6	10	52	36	36	45	23	19	18	35	22	17	13	18	17
Downview	14	19	63	59	48	48	26	14	16	28	39	39	36	41	29
Elmley, Swaleside, Standford Hill	7	11	57	32	41	51	20	25	29	38	45	49	33	31	30
Feltham	21	35	116	173	135	89	43	40	46	76	82	59	65	52	55
High Down	14	19	44	67	120	52	25	12	20	31	47	32	24	31	30
Highpoint	3	12	43	37	55	38	25	8	12	15	28	28	23	14	20
Huntercombe	6	10	26	49	26	22	11	8	13	13	13	11	9	7	14
Medway Secure Training Centre				71	40	47	27	10	10	26	40	37	25	33	23
Send	4	4	24	43	26	17	9	9	12	20	33	15	15	11	27
The Mount	11	14	38	35	48	35	24	16	15	24	33	23	15	27	14
Woodhill	10	21	60	64	84	78	45	20	50	40	69	64	36	30	36
Brixton	23	22	124	158	166	103	68	23	53	66	95	82	60	67	69
Belmarsh, Isis	13	20	146	73	72	48	38	36	48	66	107	67	54	45	51
Pentonville, Wormwood Scrubs	25	11	150	87	69	76	50	37	50	75	66	35	52	57	54
Rochester	8	13	67	41	56	58	28	17	16	30	44	33	23	22	2
Wandsworth	15	8	100	68	76	56	28	44	47	62	57	54	50	46	53
Erlestoke	8	17	42	43	32	28	30	26	25	19	37	29	37	25	23
Lewes	7	29	93	71	72	63	103	79	49	58	75	57	38	35	28
Whitemoor	6	16	57	51	49	50	28	19	32	35	56	60	42	36	28
Chelmsford	11	31	91	43	34	50	32	27	41	46	87	58	44	37	45
Guys Marsh	7	11	16	14	10	7	14	5	11	14	26	20	22	12	14
Littlehey	4	12	15	19	13	15	11	11	10	15	40	30	27	25	24

Table 12: Establishments that are eligible for the Detached Duty arrangements

Establishment	Stability/Capacity	Establishment	Stability/Capacity
Aylesbury	Stability	Highdown	Stability & Capacity
Bedford	Stability & Capacity	Highpoint	Stability
Belmarsh	Stability	Isis	Stability
Brixton	Stability	The Mount	Stability
Bullington	Stability	Rochester	Stability
Cookham Wood	Stability	Swaleside	Stability
Erlestoke	Stability	Winchester	Stability
Feltham	Stability	Woodhill	Stability
Guys Marsh	Stability		

If staff agree to work for a continuous period at one of the above sites, the bonus payment would be offered as outlined below:

Table 13: Bonus payments paid at the end of various Detached Duty periods

Length of DD commitment	Bonus payment at end of DD period
4 weeks	£500
8 weeks	£1200
13 weeks (12 working weeks)	£2000

Table 14: HMPPS / London Public Sector Total Cash Comparator

London public sector Total Cash					HMPPS 2017			
Grade	Band	UQ	Med	LQ	Inner	Outer	Inner	Outer
	11				£93,871	£92,315		
Grade 6	10	£97,943	£83,858	£74,166	£83,516	£81,960	Med-LQ	Med-LQ
Grade 7	9	£82,457	£72,087	£64,154	£76,280	£74,724	UQ-Med	UQ-Med
	8				£60,551	£58,995		
SEO	7	£61,445	£53,967	£47,734	£52,575	£51,019	Med-LQ	Med-LQ
HEO	6	£45,497	£40,417	£36,419	£44,742	£43,185	UQ-Med	UQ-Med
	5				£40,462	£38,834		
EO	4	£36,113	£32,152	£28,529	£36,116	£34,488	UQ+	UQ-Med
AO – L11	3	£28,516	£25,347	£22,551	£29,689	£28,046	UQ+	UQ-Med
AO – L10		£25,146	£22,548	£20,113			UQ+	UQ+
AA	2	£21,169	£18,551	£17,157	£24,916	£23,288	UQ+	UQ+

Table 15: HMPPS Outer London / South East excl. London Public Sector Total Cash Comparator

South East excl. London - Public Sector Total Cash					HMPPS 2017	
Grade	Band	UQ	Med	LQ		
	11				£92,315	
Grade 6	10	£89,198	£76,366	£67,544	£81,960	UQ-Med
Grade 7	9	£75,094	£65,650	£58,426	£74,724	UQ-Med
	8				£58,995	
SEO	7	£55,959	£49,148	£43,472	£51,019	UQ-Med
HEO	6	£41,434	£36,809	£33,167	£43,185	UQ+
	5				£38,834	
EO	4	£32,889	£29,282	£25,981	£34,488	UQ+
AO – L11	3	£25,970	£23,084	£20,537	£28,046	UQ+
AO – L10		£22,901	£20,535	£18,317		UQ+
AA	2	£19,279	£16,894	£15,625	£23,288	UQ+

Table 16: HMPPS / London Private Sector Total Cash Comparator

London private sector Total Cash					NOMS 2016			
Grade	Band	UQ	Med	LQ	Inner	Outer	Inner	Outer
	11				£93,871	£92,315		
Grade 6	10	£142,086	£115,381	£97,228	£83,516	£81,960	LQ-	LQ-
Grade 7	9	£114,303	£94,684	£79,674	£76,280	£74,724	LQ-	LQ-
	8				£60,551	£58,995		
SEO	7	£74,978	£63,372	£54,440	£52,575	£51,019	LQ-	LQ-
HEO	6	£53,889	£45,533	£38,629	£44,742	£43,185	Med-LQ	Med-LQ
	5				£40,462	£38,834		
EO	4	£39,773	£33,936	£29,053	£36,116	£34,488	UQ-Med	UQ-Med
AO – L11	3	£31,850	£26,795	£23,055	£29,689	£28,046	UQ-Med	UQ-Med
AO – L10		£29,450	£24,376	£20,647			UQ+	UQ-Med
AA	2	£24,932	£20,857	£17,939	£24,916	£23,288	UQ-Med	UQ-Med

Table 17: HMPPS Outer London / South East excl. London Private Sector Total Cash Comparator

South East excl. London private sector Total Cash					HMPPS 2017	
Grade	Band	UQ	Med	LQ		
	11				£92,315	
Grade 6	10	£127,747	£103,737	£87,416	£81,960	LQ-
Grade 7	9	£102,768	£85,129	£71,633	£74,724	Med-LQ
	8				£58,995	
SEO	7	£67,411	£56,967	£48,946	£51,019	Med-LQ
HEO	6	£48,450	£40,938	£34,730	£43,185	UQ-Med
	5				£38,834	
EO	4	£35,759	£30,511	£26,121	£34,488	UQ-Med
AO – L11	3	£28,636	£24,091	£20,728	£28,046	UQ-Med
AO – L10		£26,478	£21,916	£18,563		UQ+
AA	2	£22,416	£18,752	£16,129	£23,288	UQ+

London to National pay differentials are also reasonably competitive for roles in Prison Officer and support staff comparator roles, although they are less favourable against managerial comparators

Table 18: HMPPS / National Public Sector Total Cash Comparator

Nat'l exc. London - Public Sector Total Cash					HMPPS 2017	
Grade	Band	UQ	Med	LQ		
	11				£89,322	
Grade 6	10	£85,700	£73,372	£64,896	£78,976	UQ-Med
Grade 7	9	£72,150	£63,076	£56,134	£71,741	UQ-Med
	8				£56,011	
SEO	7	£53,764	£47,221	£41,767	£48,036	UQ-Med
HEO	6	£39,810	£35,375	£31,867	£40,201	UQ+
	5				£35,713	
EO	4	£31,599	£28,133	£24,963	£31,366	UQ-Med
AO – L11	3	£24,951	£22,179	£19,732	£24,897	UQ-Med
AO – L10		£22,003	£19,729	£17,599		UQ+
AA	2	£18,522	£16,232	£15,013	£20,166	UQ+

Table 19: HMPPS / National Private Sector Total Cash Comparator

Nat'l exc. London private sector Total Cash					HMPPS 2017	
Grade	Band	UQ	Med	LQ		
	11				£89,322	
Grade 6	10	£125,140	£101,620	£85,632	£78,976	LQ-
Grade 7	9	£100,670	£83,391	£70,171	£71,741	Med-LQ
	8				£56,011	
SEO	7	£66,036	£55,813	£47,947	£48,036	Med-LQ
HEO	6	£47,461	£40,102	£34,021	£40,201	UQ-Med
	5				£35,713	
EO	4	£35,029	£29,889	£25,588	£31,366	UQ-Med
AO – L11	3	£28,051	£23,600	£20,305	£24,897	UQ-Med
AO – L10		£25,937	£21,468	£18,184		UQ-Med
AA	2	£21,958	£18,370	£15,800	£20,166	UQ-Med

Table 20: HMPPS / Public Sector London to National Total Cash Differentials

Public Sector Total Cash London / National Difference					HMPPS 2017			
Grade	Band	UQ	Med	LQ	Inner	Outer	Inner	Outer
	11							
Grade 6	10	£12,243	£10,486	£9,270	£4,540	£2,984	LQ-	LQ-
Grade 7	9	£10,307	£9,011	£8,020	£4,540	£2,984	LQ-	LQ-
	8							
SEO	7	£7,681	£6,746	£5,967	£4,540	£2,984	LQ-	LQ-
HEO	6	£5,687	£5,042	£4,552	£4,540	£2,984	LQ-	LQ-
	5							
EO	4	£4,514	£4,019	£3,566	£4,750	£3,122	UQ+	LQ-
AO – L11	3	£3,565	£3,168	£2,819	£4,791	£3,149	UQ+	Med-LQ
AO – L10		£3,143	£2,819	£2,514			UQ+	UQ+
AA	2	£2,647	£2,319	£2,144	£4,750	£3,122	UQ+	UQ+

Table 21: HMPPS / Private Sector London to National Total Cash Differentials

Private Sector Total Cash London / National Difference					NOMS 2016			
Grade	Band	UQ	Med	LQ	Inner	Outer	Inner	Outer
	11							
Grade 6	10	£16,946	£13,761	£11,596	£4,540	£2,984	LQ-	LQ-
Grade 7	9	£13,633	£11,293	£9,503	£4,540	£2,984	LQ-	LQ-
	8							
SEO	7	£8,942	£7,559	£6,493	£4,540	£2,984	LQ-	LQ-
HEO	6	£6,428	£5,431	£4,608	£4,540	£2,984	LQ-	LQ-
	5							
EO	4	£4,744	£4,047	£3,465	£4,750	£3,122	UQ+	LQ-
AO – L11	3	£3,799	£3,195	£2,750	£4,791	£3,149	UQ+	Med-LQ
AO – L10		£3,513	£2,908	£2,463			UQ+	UQ-Med
AA	2	£2,974	£2,487	£2,139	£4,750	£3,122	UQ+	UQ+

Table 22: HMPPS / Whitehall National Pay Comparator

Nat'l exc. London – Whitehall Base Pay					HMPPS 2017	
Grade	Band	UQ	Med	LQ		
	11				£76,352	
Grade 6	10	£68,403	£67,162	£64,326	£67,501	UQ-Med
Grade 7	9	£57,111	£55,501	£54,080	£61,317	UQ+
	8				£47,873	
SEO	7	£40,777	£40,002	£39,035	£41,056	UQ+
HEO	6	£33,191	£32,158	£31,328	£34,360	UQ+
	5				£29,176	
EO	4	£26,713	£26,120	£25,188	£25,625	Med-LQ
AO	3	£20,848	£20,352	£19,866	£20,162	Med-LQ
AA	2	£17,400	£16,880	£16,506	£16,475	LQ-

Table 23: HMPPS / Whitehall London Pay Comparator

London – Whitehall Base Pay					HMPPS 2017			
Grade	Band	UQ	Med	LQ	Inner	Outer	Inner	Outer
	11				£80,232	£78,902		
Grade 6	10	£73,627	£70,375	£69,333	£71,381	£70,051	UQ-Med	Med-LQ
Grade 7	9	£61,647	£60,130	£58,209	£65,197	£63,867	UQ+	UQ+
	8				£51,753	£50,423		
SEO	7	£45,306	£43,190	£42,762	£44,936	£43,606	UQ-Med	UQ-Med
HEO	6	£37,618	£36,879	£35,872	£38,240	£36,910	UQ+	UQ-Med
	5				£33,056	£31,726		
EO	4	£30,193	£29,743	£29,105	£29,505	£28,175	Med-LQ	LQ-
AO	3	£24,280	£23,575	£23,283	£24,042	£22,712	UQ-Med	LQ-
AA	2	£21,012	£20,491	£19,883	£20,355	£19,025	Med-LQ	LQ-

Table 24: Compensation payments for loss of locality pay upon promotion⁹

LPA Rate	Applicable Locations	Zones	Compensation	Rule
Rate 1 £4,250	Brixton Pentonville Wandsworth Wormwood Scrubs	Inner London	£900	The compensation will apply to promotions: <ul style="list-style-type: none"> • in situ at these sites; and • promotions within the locations listed (e.g. moving on promotion from Pentonville to Brixton)
Rate 2 £4,000	HQ Westminster	Inner London	£400	The compensation will only apply to promotions in situ at this site.
	Feltham	Outer London	£3,000	The compensation will apply to promotions in situ at this site.
Rate 3 £3,100	Huntercombe The Mount	National	£15,000	The compensation will apply to promotions: <ul style="list-style-type: none"> • in situ at these sites; and • promotions within the locations listed (e.g. moving on promotion from Huntercombe to The Mount)
	Belmarsh Downview Highdown Isis	Outer London	£1,200	The compensation will apply to promotions: <ul style="list-style-type: none"> • in situ at these sites; and • promotions within the locations listed (e.g. moving on promotion from Belmarsh to Isis)
Rate 4 £2,600	Send Coldingley	National	£11,000	The compensation will apply to promotions: <ul style="list-style-type: none"> • in situ at these sites; and • promotions within the locations listed (e.g. moving on promotion from Send to Coldingley)
	Aylesbury Bedford Bullingdon Chelmsford Grendon/Springhill Woodhill	National	£9,000	The compensation will apply to promotions: <ul style="list-style-type: none"> • in situ at these sites; and • promotions within the locations listed (e.g. moving on promotion from Bullingdon to Woodhill)

⁹ These are not applicable where arrangements for eroding LPA protection on promotion are applied, or where promotion pay exceeds previous rate plus LPA. Compensation rates reflect the impact. For example, rates are reduced where the establishment is in the Inner or Outer London pay zones and some recompense is received by virtue of a higher pay range.

Annex A: Draft Revised Pay on Promotion Policy

1. We are committed to recognising and rewarding staff who demonstrate the necessary professional skills and capability to achieve promotion and move to a higher pay band. To do this, we have introduced four changes to incentivise you to apply for promotion opportunities.
2. We also want to ensure that wherever possible when you successfully achieve a promotion, you are able to gain financially. For promotions **within** the Fair and Sustainable (F&S) pay arrangements, your earnings will increase unless you:
 - Change pay zone, moving from
 - Inner/Outer London to the National pay zone, or
 - Inner to Outer London pay zone;
 - Reduce your working hours
 - Cease to work unsocial hours or RHA if these are payable in your existing role but not available in the new one
3. For promotions **from** closed grades, your earnings will increase unless you lose an allowance – for example, Local Pay Allowance (LPA) – which is not payable within the F&S pay arrangements, or reduce your working hours.
4. This revised policy sets the principle that operational staff working in Bands 3, 4, and 5 roles will have the option to retain, increase or decrease their weekly contracted hours upon promotion.
5. The terms of this NTS, aside from paragraphs 9-11 relating to varying working hours, apply retrospectively to 1 April 2017. Any promotions that have occurred between this date and the issue of this NTS will be recalculated accordingly.

Change 1: Staff in Band 2 to 11 roles

6. Staff promoted between Bands 2 to 11 are to receive the full base pay percentage increase (capped at the pay range maxima) of:
 - 10% for a promotion of one band higher
 - 15% for a promotion of two bands or more higher
7. Staff in Bands 2 to 5 roles will no longer receive a one-off non-pensionable 'underpin'¹⁰ payment as a result of being placed on the nearest higher pay point. Instead, staff will receive the full percentage on base pay, followed by an additional uplift to the nearest higher pay point where necessary. This is capped at the Band maximum and is a permanent and consolidated pensionable increase.

¹⁰ An underpin is the difference between the actual promotion base pay salary and the cash value of the relevant percentage increase.

8. The new 10% and 15% values will also be adopted for temporary cover payments at this level and re-grades to a lower role within these Bands. Temporary cover arrangements will also be further improved to guarantee that the payment that staff receive in addition to their existing base pay is never any less than the difference between the minimum base pay for the higher Band and existing base pay¹¹.

Change 2: Varying working hours for promotions to a full time operational role in Bands 3 to 5

9. All Band 3 to 5 Officers can increase their permanent contracted hours subject to Governor approval. Additional hours will be paid in the form of Additional Committed Hours Pensionable (ACHP). Staff can choose to retain, increase, or decrease their current working hours subject to establishment needs and the following parameters:
 - Promotion into Bands 3 and 4 – 37, 39 (37+2 ACHP), and 43 (37+6 ACHP) hours;
 - Promotion into Band 5 – 37 and 39 (37+2 ACHP) hours
10. If you are promoted from closed terms you will remain eligible to receive the 2 hours of ACHP and maintain a 39 hour a week working pattern. Operational staff will be able to retain and carry their ACHP for subsequent promotions up to and into Band 5, subject to the limits in paragraph 8 above.
11. If you are promoted into Bands 3, 4 and 5 operational roles from within F&S you will have the option of increasing your working hours as set out in paragraph 8 above.
12. We are unable to apply this aspect of the policy retrospectively because it would amount to paying staff for hours that have not been worked and this would be contrary to Government Pay Policy. Staff will be permitted to vary working hours from the date of issue of this NTS.

Change 3: Retaining the balance of the Local Pay Allowance (LPA) for staff in closed grades with LPA

13. If you are a member of staff in the closed grades and are receiving LPA, going for a promotion means that you will be opted into our F&S pay arrangements. Since F&S operates a zonal pay structure (National, Inner and Outer London), the payment of allowances such as LPA are no longer paid on promotion. In some occasions, this may mean that your total pay on promotion will actually be less than your total pay before promotion due to the loss of LPA.
14. Under current arrangements, you are able to keep the difference between your higher total pay before promotion and lower pay on promotion on a mark-time basis¹². With effect from 1 April 2017, we are removing the mark-time restriction and will simply add the difference to your new base pay provided that you do not

¹¹ Due to RHA eligibility issues the minimum cover payment for staff in Bands 2-5 (or equivalent posts) covering operational roles at Bands 6-11 will be equivalent to the difference between existing base pay and the RHA inclusive minimum of the Band 6-11 pay range.

¹² provided that this can be accommodated within the F&S pay range

exceed the pay range maximum. Where applicable (Bands 3 to 5) you will also be moved to the next nearest higher pay point.

15. Where there is not an immediate pay increase upon promotion as a result of having to protect an LPA balance, you will also receive a one-off non-consolidated payment equal to 10% or 15% as applicable of the value of your base pay prior to promotion.
16. This new arrangement means that if you are below the maximum of your pay range you will be immediately eligible for any future pay progression¹³ and if you are on the maximum of your pay range, you will benefit from any increases to the F&S pay band maxima due to future pay awards. This is particularly beneficial for staff in operational roles where unsocial and additional hours or RHA are paid as the value of these will now be calculated on the higher base pay¹⁴.
17. If you were previously promoted under the terms of NTS 07/2015 between 1 April 2015 and 31 March 2017, you will now have any mark-time balances consolidated into base pay and you will then be moved to the next highest pay point (Bands 3 to 5) capped at the Band maximum on 31 March 2017. Effective from the 01 April 2017, you will then be eligible for any pay increases and progression resulting from annual pay awards.
18. There are currently circumstances where staff seeking promotion are unable to have their LPA balance protected within the F&S pay range, and are expected to incur a reduction in pay in exchange for existing LPA compensation arrangements.
19. The new policy removes LPA compensation arrangements. Instead, staff who cannot protect their LPA deficit within their pay range will be able to carry the full value of their LPA payment on an erodible basis. This ensures an immediate and permanent increase upon promotion (and is therefore favourable to standard mark-time arrangements where there would be no immediate increase). The allowance will, however, then essentially be held on a mark-time basis. There will be no further increase until your F&S base pay¹⁵ has caught up with the total amount payable immediately on promotion (including the retained allowance).

Change 4: Retaining the balance of the additional allowance for Band 3 Prison Officers going on promotion to Band 4

20. Band 3 Prison Officers currently in receipt of an additional allowance (market supplement) will, when promoted into a Band 4 operational role, first have a 10% increase calculated on their pre-promotion base pay. A monetary value based on a percentage of the existing market supplement, as per the matrix below, will then be added followed by a final increase to the nearest higher pay point. This is capped at the Band maximum (although it is not necessary to do this at existing values). The % that is applied to base pay after the promotion increase is as follows:

¹³ Rather than first having to erode a mark-time balance

¹⁴ Mark-Time balances are not factored into the calculation of additional payments

¹⁵ Including where appropriate separate ACH / ACHP, RHA and Unsocial Hours Payments

Position on Band 3 Pay Range	% of additional allowance that can be retained
Red Site (£5k)	
Pay Point 3 (Midpoint)	60% (£3,000)
Pay Point 4 & 5 (Maximum)	55% (£2,750)
Amber Site (£3k)	
All	50%

21. This change ensures that the total pay for newly promoted Band 4 staff should not decrease on promotion.

Change 1: Staff in Band 2 to 11 roles – worked examples

Promotion of one band from F&S Band 3 Prison Officer to Band 4 Supervising Officer, National (remaining on a 39 hour week contract)	
Current F&S Base Pay	£20,162
Unsocial @ 17% of Base	£3,428
ACH (2 additional hours non-pensionable)	£1,307
Total Current Pay	£24,897
Promote (10% increase base)	£22,178
Uplift to Band 4 minimum	£23,040
Add unsocial @ 17% of Band 4 Pay Point	£3,917
Add 2 ACHP (2 additional hours pensionable)	£1,245
Total Pay on Promotion	£28,202
Difference in Pay on Promotion	+ £3,305

Promotion of one band from Closed Grade Prison Officer to Band 4 Supervising Officer, National (remaining on a 39 hour week contract)	
Current Closed Grade Officer Salary (all inc)	£29,619
Total Current Pay	£29,619
Assimilation Pay (divide Current Salary by 1.224 to remove unsocial and additional hours elements)	£24,199
Promote (10% increase base)	£26,619
Increase on Promotion (either nearest higher pay point or capped at maximum)	£25,625
<i>This is the maximum and therefore no headroom to protect LPA deficit if there is one.</i>	
Add unsocial @ 17% of Band 4 Pay Point	£4,356
Add 2 ACHP (2 additional hours pensionable)	£1,385
Total Pay on Promotion	£31,366
Difference in Pay on Promotion	+ £1,747

Promotion of one band from Closed Grade Senior Manager D to Band 10 Governor, National	
Current Closed Grade Salary (all inc)	£67,233
Total Current Pay	£66,233
Assimilation Pay (divide Current Salary by 1.15 to remove RHA)	£58,463
Map onto Band 9	£58,463
+ Consolidated opt-in incentive (2% of assimilation salary = £1,169)	£59,632
Promote (10% increase base)	£65,595
RHA added (£11,151)	£75,988
Total Pay on Promotion	£76,746
Difference in Pay on Promotion	+ £10,513

Change 2: Promotion and then varying your hours – worked example

Promotion of one band from F&S Band 3 Prison Officer (39 hours) to Band 4 Supervising Officer (41 hours), National	
Current F&S Base Pay	£20,162
Unsocial @ 17% of Base	£3,428
ACH (2 additional hours, non-pensionable)	£1,307
Total Current Pay	£24,897
Promote (10% increase base)	£22,178
Uplift to Band 4 minimum	£23,040
Add unsocial @ 17% of Band 4 Pay Point	£3,917
Add 4 ACHP (4 additional hours pensionable)	£2,490
Total Pay on Promotion	£29,447
Difference in Pay on Promotion	+ £4,550

Change 3: Retaining the Balance of the Local Pay Allowance (LPA) for staff in closed grades – worked examples

Promotion of one band from Closed Grade Administrative Assistant in receipt of LPA to Band 3 Administrative Officer, National	
Current Closed Grade Administrative Assistant Salary	£15,599
LPA (Rate 3)	£3,100
Total Current Pay	£18,699
Promote (10% increase base)	£17,159
Increase on Promotion (either nearest higher pay point or capped at maximum)	£18,136
Base Pay increase on Promotion	£2,537
Difference in total pay on Promotion	- £563
<i>Although base pay is increased on promotion, there is a reduction in total pay due to the loss of LPA</i>	
Pay Protection Required (difference in total pay)	£563
F&S pay on promotion + Pay Protection	£18,699
Uplift to nearest higher pay point	£19,024
Total Pay on Promotion	£19,024
Difference in Pay on Promotion	+ £325

Promotion of one band from Closed Grade Operational Support Grade (OSG) in receipt of LPA to Band 3 Prison Officer, National (remaining on a 39 hour week contract)	
Current Closed Grade Operational Support Salary	£19,343
LPA (Rate 2)	£4,000
Total Current Pay	£23,343
Assimilation Pay (divide Current Salary by 1.224 to remove unsocial and additional hours elements)	£15,803
Promote (10% increase base)	£17,383
Increase on Promotion (either nearest higher pay point or capped at maximum)	£18,136
Add unsocial @ 17% of Band 3 Pay Point (£3,083)	£21,219
Add 2 ACHP (2 additional hours pensionable) (£1,177)	£22,396
Base Pay increase on Promotion	+ £3,053
Difference in total pay on Promotion	- £947
<i>Although base pay has increased on promotion, there is a reduction in total pay due to the loss of LPA</i>	
Pay Protection Required (difference in total pay)	£947
F&S pay on promotion + Pay Protection	£19,083
Uplift to nearest higher pay point	£19,395
Add unsocial @ 17% of Band 3 Pay Point (£3,297)	£22,224
Add 2 ACHP (2 additional hours pensionable) (£1,258)	£23,950
Total Pay on Promotion	£23,950
Difference in Pay on Promotion	+ £607

Change 3(a): Carrying Local Pay Allowance (LPA) for staff in closed grades who cannot protect within F&S Pay Range – worked examples

Promotion of one band from Closed Grade Prison Officer in receipt of LPA Rate 2 to Band 4 Supervising Officer, National	
Current Closed Grade Officer Salary (all inc)	£29,619
LPA (Rate 2)	£4,000
Total Current Pay	£33,619
Assimilation Pay (divide Current Salary by 1.224 to remove unsocial and additional hours elements)	£24,035
Promote – 10% increase on base pay (£2,387)	£26,439
Increase on Promotion (either nearest higher pay point or capped at maximum)	£25,625 (max)
<i>This is the maximum and therefore no headroom to protect LPA deficit.</i>	
Add unsocial @ 17% of Band 4 Pay Point (£4,356)	£29,981
2 Hours ACHP (£1,385)	£31,366
Retain £4,000 LPA	£35,366 (£30,877 + £4,000)
Difference in Pay on Promotion compared to Band 3 pay	+£1,747
LPA of £4,000 is then eroded by the cash value of any increase to F&S maximum.	

Promotion of one band from Closed Grade Administration Officer in receipt of LPA Rate 2 to Band 4, National	
Current Closed Grade AO Salary (all inc)	£21,750
LPA (Rate 2)	£4,000
Total Current Pay	£25,750
Promote – 10% increase on base pay	£23,925
Increase on Promotion (either nearest higher pay point or capped at maximum)	£24,170 (pay point 2/5)
Can the balance of the LPA be accommodated within range?	
Difference between their former total pay (with LPA) and their pay on promotion	£1,580
Difference between their pay on promotion and the promotion pay range maxima	£1,455
<i>The difference cannot be accommodated because the proposed protected amount (£1,580) would take them above their promotion pay range maxima (exceeds £1,455). Therefore, LPA is retained.</i>	
Retain £4,000 LPA	£28,170 (£24,170 + £4,000 LPA)
Difference in Pay on Promotion compared to Band 3 AO pay	+ £2,420
LPA of £4,000 is then eroded by the cash value of any increase to F&S maximum once member of staff has reached the pay range maximum.	

Change 4: Retaining the balance of the additional allowance for Band 3 prison officers going on promotion to Band 4 – worked examples

Promotion of one band from F&S Band 3 Prison Officer (on the midpoint) in receipt of £5,000 Market Supplement (Red Site) to Band 4 Supervising Officer, National	
Current F&S Base Pay	£19,395
Unsocial @ 17% of Base	£3,297
ACH (2 additional hours non-pensionable)	£1,258
Market Supplement	£5,000
Total Current Pay	£28,950
Promote (10% increase base)	£21,335
Add 60% (£3,000) of additional allowance to base pay	£24,335
Uplift to nearest Band 4 pay point	£24,645
Add unsocial @ 17% of Band 4 Pay Point	£4,272
Add 2 ACHP (2 additional hours pensionable)	£1,385
Total Pay on Promotion	£30,760
Difference in Pay on Promotion	+ £1,217

Promotion of one band from F&S Band 3 Prison Officer (on the maximum) in receipt of £5,000 Market Supplement (Red Site) to Band 4 Supervising Officer, National	
Current F&S Base Pay	£20,162
Unsocial @ 17% of Base	£3,428
ACH (2 additional hours non-pensionable)	£1,307
Market Supplement	£5,000
Total Current Pay	£29,897
Promote (10% increase base)	£22,178
Add 55% (£2,750) of additional allowance to base pay	£24,928
Uplift to nearest Band 4 pay point	£25,130
Add unsocial @ 17% of Band 4 Pay Point	£4,272
Add 2 ACHP (2 additional hours pensionable)	£1,358
Total Pay on Promotion	£30,760
Difference in Pay on Promotion	+ £863

Promotion of one band from F&S Band 3 Prison Officer in receipt of £3,000 Market Supplement (Amber Site) to Band 4 Supervising Officer, Inner London	
Current F&S Base Pay	£23,128
Unsocial @ 17% of Base	£3,922
ACH (2 additional hours non-pensionable)	£1,500
Market Supplement	£3,000
Total Current Pay	£31,560
Promote (10% increase base pay)	£25,441
Add 50% (£1,500) of additional allowance to base pay	£26,911
Uplift to nearest Band 4 pay point	£27,832
Add unsocial @ 17% of Band 4 Pay Point	£4,731
Add 2 ACHP (2 additional hours pensionable)	£1,505



Total Pay on Promotion	£34,068
Difference in Pay on Promotion	+ £2,508