



Prison Service  
Pay Review Body

# Prison Service Pay Review Body

Eighteenth Report on  
England and Wales 2019

*Chair:* Jerry Cope



# **Prison Service Pay Review Body**

**Eighteenth Report**

on

**England and Wales**

**2019**

*Chair: Jerry Cope*

**Presented to Parliament by the  
Prime Minister and the Lord Chancellor and Secretary of State  
for Justice by Command of Her Majesty  
July 2019**



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Any enquiries regarding this publication should be sent to us at:  
Office of Manpower Economics  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

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# Prison Service Pay Review Body

## Standing terms of reference

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

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

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

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

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

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

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

The members of the Review Body are:

Jerry Cope (*Chair*)  
Mary Carter  
Nicholas Caton  
Luke Corkill  
Professor Andrew Dickerson  
Leslie Manasseh MBE  
Paul West QPM

The secretariat is provided by the Office of Manpower Economics.

## **The International Labour Organization 336th Report of the Committee on Freedom of Association**

The POA<sup>i</sup> took a complaint to the International Labour Organization (ILO) in August 2004, alleging that legislation deprived Prison Officers of the right to take industrial action and that they did not enjoy adequate compensation guarantees to protect their interests in the absence of the right to strike. In its 336th Report of the Committee on Freedom of Association (March 2005) the ILO noted that the POA saw the Prison Service Pay Review Body (PSPRB) as an inadequate compensatory mechanism because it had no powers to make binding recommendations, only to report and recommend, and there was no duty on the Minister to implement the award promptly or at all.

The Government stated that the establishment of the PSPRB in England and Wales, and Northern Ireland was inextricably linked to the introduction of voluntary agreements in that the Prison Service gave up the right to set pay increases in exchange for the POA's agreement not to organise industrial action. The Government stated that recommendations of the PSPRB are not binding in law, but in practice they would only be departed from in exceptional circumstances and are complied with in practice.

The Committee recommended that the Government continued to ensure that the awards of the PSPRB are binding on the parties and may be departed from only in exceptional circumstances.

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<sup>i</sup> The professional trades union for prison, correctional and secure psychiatric workers.

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## Glossary of Terms

ACH	Additional Committed Hours (for Prison Officers in Band 3)
ACHP	Pensionable Additional Committed Hours
BAME	black, Asian and minority ethnic
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
FTE	Full-time equivalents
GDP	Gross Domestic Product
HMIP	Her Majesty's Inspectorate of Prisons
HMPPS	Her Majesty's Prison and Probation Service (or the Prison Service)
HMT	Her Majesty's Treasury
IDR	Incomes Data Research
ILO	International Labour Organization
LPA	Locality Pay Allowance (refers to the closed rates in Appendix E)
MoJ	Ministry of Justice
NLW	National Living Wage
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
OSG	Operational Support Grade
PCS	Public and Commercial Services union
PGA	Prison Governors' Association
POA	The professional trades union for prison, correctional and secure psychiatric workers
PSPRB	Prison Service Pay Review Body
RHA	Required Hours Addition (allowance)
TOIL	Time Off In Lieu
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006

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

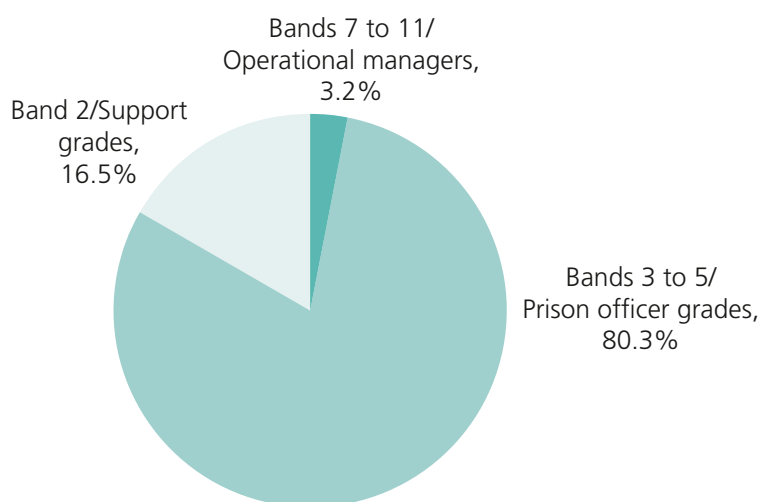
Her Majesty's Prison and Probation Service (HMPPS) is responsible for adult and young offender management services for England and Wales within the framework set by the Government. It is an Executive Agency of the Ministry of Justice. The agency currently manages Her Majesty's Prison Service and the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

On 12 April 2019, the prisoner population across both the public and private sector estates was 82,706 (one per cent lower than a year earlier).

HMPPS paybill costs relating to the remit group in 2018-19 were approximately £1 billion (including social security and other pension costs)<sup>ii</sup>.

At the end of December 2018 there were 28,311 full-time equivalent staff (FTE) in our remit, up from 25,175 a year earlier (an increase of 12.5%). The composition is below.

**Our remit group in England and Wales at 31 March 2018**



<i>Full-time equivalent</i>	
Bands 7 to 11/Operational managers	913
Bands 3 to 5/Prison officer grades	22,722
Band 2/Support grades	4,676

Source: HMPPS

Note: The figures here are FTE for 31 December 2018 and are rounded to the nearest whole number. They are different from those shown in Table 2.2, which are headcount for 31 March 2018.

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

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# Prison Service Pay Review Body 2019 report on England and Wales

## Summary

Our recommendations for 2019 are:

**Recommendation 1:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Bands 2, 4 and 5 base pay points, along with all closed support and officer grade spot rates and base pay points, be increased by 2.2%, as set out in Appendix D. This award to be consolidated and pensionable for all staff.

**Recommendation 2:** We recommend that from 1 April 2019 the consolidated, pensionable salary for Prison Auxiliary and Night Patrol staff be increased to the National Living Wage or by 2.2%, whichever gives the greater amount.

**Recommendation 3:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Band 3 base pay points be increased by 3.0%, as set out in Appendix D. This award to be consolidated and pensionable for all staff.

**Recommendation 4:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Bands 7 to 11 base pay minima and maxima and the closed operational manager scales (including the closed grade Required Hours Addition cash element) be increased by 2.2%. Staff in *Fair and Sustainable* Bands 7 to 11 should have their pay increased by 2.2% so that they remain at the same relative position in the 2019 pay range. This award to be consolidated and pensionable for all staff.

**Recommendation 5:** We recommend that from 1 April 2019 the *Fair and Sustainable* operational graduate and Accelerated Development schemes consolidated, pensionable pay rates be increased by 2.2%.

**Recommendation 6:** We recommend that all staff in *Fair and Sustainable* Bands 3 to 5 who are in post on 31 March 2019 progress by one pay point effective from 1 April 2019, unless they have been placed on formal poor performance procedures.

**Recommendation 7:** We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2019 and receive a performance marking of 'Outstanding' receive an additional one per cent non-consolidated, non-pensionable performance pay award based on 31 March 2019 base pay.

**Recommendation 8:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2019 and receive a performance marking of 'Good' receive a consolidated and pensionable progression increase of four per cent, capped at the new 2019 band maximum.

**Recommendation 9:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2019 and receive a performance marking of 'Outstanding' receive a consolidated and pensionable progression increase of six per cent, capped at the new 2019 band maximum. Those within six per cent of the maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable performance pay award, capped at two per cent of base pay.

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**Recommendation 10:** We recommend that from 1 April 2019, pay point 1 of the *Fair and Sustainable* National Band 2 is removed so that the band becomes a spot rate. All staff on pay point 1 are to be moved to pay point 2, irrespective of eligibility or performance, to facilitate this change.

**Recommendation 11:** We recommend that from 1 April 2019 (and following the uplift in recommendation 4) the *Fair and Sustainable* National Band 7 pay range is shortened from 20 per cent to 15 per cent by raising the minimum so that the new 2019 maximum is 15 per cent above that value. All staff below the minimum at this stage to move onto the new pay range minimum before progression is applied.

**Recommendation 12:** We recommend that from 1 April 2019 the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones are increased by 2.2% and continue to be applied consistently across all bands, positioning maxima at £2,659 and £4,046 respectively above the base 37 hour National zone pay. We also recommend adjusting minima and intermediate points so that progression steps are the same percentage as on the National bands. The increases to be consolidated and pensionable.

**Recommendation 13:** We recommend that the temporary £5 increase to the rates for Payment Plus, Operational Support Grade overtime and Tornado currently in place be made permanent from 1 April 2019.

**Recommendation 14:** We recommend the introduction of a new non-pensionable and annualised on-call allowance of £6,670 for the National Tactical Response Group and the National Dog and Technical Support Group with effect from 1 April 2019.

**Recommendation 15:** We recommend that the Prison Governors' Association and Her Majesty's Prison and Probation Service present to us, in evidence for our 2020 report, an update on the workloads of operational managers and the new workload management tool.

## Introduction

This report sets out our recommendations on pay and allowances for operational prison staff from 1 April 2019. We have made recommendations for our remit group based on the evidence we received. The objectives we have set out to address this year are:

- To provide all staff with a consolidated pay increase;
- To maintain the competitiveness of our remit group's pay scales and ranges in a tight labour market;
- To recognise Her Majesty's Prison and Probation Service's (HMPPS) affordability constraints;
- To target pay to support the recruitment and retention of Band 3 Prison Officers;
- To improve the current low levels of morale and motivation; and
- To reduce the pay differentials between *Fair and Sustainable* and closed grades where the gap remains material.

We ask that the Government consider this year's recommendations and publish our report in good time to ensure staff receive their pay award without delay.

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## Role of the Prison Service Pay Review Body

The Prison Service Pay Review Body (PSPRB) was established under statute in 2001 to examine and report on matters relating to the rates of pay and allowances to be applied in the public sector prison services in England and Wales and in Northern Ireland. It was set up by the Government as a compensatory mechanism for the remit group's loss of the right to take industrial action of any form. This was reinforced in the 336th report of the International Labour Organization (ILO) in 2005, in which the Government gave a clear and unequivocal commitment to depart from the PSPRB's recommendations only in "exceptional circumstances" and agreed that such recommendations would be complied with in practice. This commitment by the Government to the ILO remains.

## Our remit and approach this year

On 21 November 2018 the then Minister of State for Prisons, Rory Stewart OBE MP, wrote to us asking us to commence our work for the 2019 to 2020 pay round. The letter drew our attention to the three central principles of the Government's pay policy: current and future affordability to the taxpayer; targeting awards to ensure the Prison Service can recruit and retain the best public servants; and accompanying workforce reform and improvements in productivity, allowing savings to be reinvested into higher pay. Additionally, the Minister drew our attention to HMPPS's policy commitment to *Fair and Sustainable* and its preference for greater investment in those grades rather than in the closed grades. We have considered all of these factors in coming to our recommendations.

We received written submissions from the Public and Commercial Services (PCS) union, the Prison Governors' Association (PGA) and HMPPS. We also received some individual submissions from staff in our remit group. The POA<sup>iii</sup> has maintained its position of not submitting evidence to us, as mandated by its membership at its 2015 Conference. Therefore, we have not received written submissions from, nor been able to hold oral evidence sessions with, the POA since 2015.

## 2019 pay award

Our overarching priorities have been for all staff to receive an affordable consolidated increase that would see no further real-terms erosion of their pay and, as a minimum, not to worsen the competitiveness of our remit group's rates of pay in the labour market. Our terms of reference require us to consider a number of factors, including the need to recruit, retain and motivate suitably able and qualified staff. We have therefore considered the following factors when determining the headline pay award for all staff:

- Key economic benchmarks for March 2019<sup>iv</sup>. These include the Consumer Prices Index including owner occupiers' housing costs (CPIH) rate of inflation at 1.8%, the level of external pay awards and settlements at 2.5% and average earnings growth across the whole economy at 3.3%, alongside HMPPS's affordability position.
- HMPPS's concern in its written evidence that base pay was falling behind, both nationally and in Inner and Outer London, when compared to the wider public and private sectors.
- The increase in overall leaving rates for all grades across the Prison Service to 10 per cent in the year to March 2018. In order to keep staffing levels steady, HMPPS informed us that it will have to recruit 2,700 additional Prison Officers annually, which costs the Prison Service an average of £14,000 for each new recruit. This is an estimated cost of £38 million each year.

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<sup>iii</sup> The professional trades union for prison, correctional and secure psychiatric workers.

<sup>iv</sup> We have used published data that were available at the time of reaching our decisions in April 2019.

- 
- More demanding and violent working conditions, with the number of assaults against staff in the 12 months to December 2018 up 21 per cent from the previous year – the highest number on record.
  - The unique position of the PSPRB, having been explicitly created as a compensatory mechanism for the remit group's loss of the right to take industrial action of any form.

We again saw a need for a broadly consistent approach to pay awards for staff in the *Fair and Sustainable* bands and their equivalents in closed grades. This is in line with our 2017 and 2018 reports. We wanted to recognise frontline staff in both pay structures, who are continuing to carry out demanding roles in the face of difficult conditions. We therefore recommend a consolidated, pensionable increase of 2.2% for all staff, except for *Fair and Sustainable* Band 3 Prison Officers (see below). For Prison Auxiliary staff and Night Patrol staff, we recommend that their consolidated, pensionable salary is increased to the Government's National Living Wage (NLW) or by 2.2%, whichever is the greater. These recommendations will deliver the same percentage increase to staff irrespective of whether they are on *Fair and Sustainable* or closed scales.

We also concluded that there was a need to target additional investment at *Fair and Sustainable* Band 3. In determining the awards for Band 3 Prison Officers, we considered several additional pieces of evidence:

- HMPPS is currently successfully able to recruit operational staff at Band 3 in most areas of England and Wales. In order for the Service to continue recruiting 2,700 Prison Officers each year in a very tight labour market, base pay must be competitive and broadly keep pace with levels of pay in the wider private and public sectors.
- The leaving rate is highest among frontline Band 3 Prison Officers and Band 4 Specialist Officers (11.1% at 31 March 2018) and continues to increase.
- More experienced Band 3 Prison Officers, many of whom are at the top of their scale, are being relied upon to train, induct and mentor new recruits, adding to their already significant workloads.
- Band 3 is the one band where there remains a significant gap between the maximum of the band and that of the equivalent closed scale, meaning that closed grade officers are unable to opt in to *Fair and Sustainable* terms without suffering a significant financial detriment.
- The Office for Budget Responsibility assumes that earnings growth will be maintained at 3.1% in 2019.

We believe this evidence supports targeting additional investment at *Fair and Sustainable* Band 3. Band 3 is the main recruitment grade to the Prison Service and is facing significant challenges both with recruitment in some regions and with the retention of staff at that grade. HMPPS informed us in its written evidence that base pay, particularly for Band 3 Prison Officers, is falling behind the wider public and private sectors. Given the current pressures on the Prison Service and the criticality of the Band 3 Prison Officer role, we think it is essential that *Fair and Sustainable* pay scales and ranges are as attractive as possible within affordability constraints. We therefore recommend a consolidated, pensionable increase of 3.0% for staff in *Fair and Sustainable* Band 3. This recommendation also supports HMPPS's intent to continue to reduce the differential between the two pay structures.

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## Pay progression and performance awards

In previous years we have raised concerns with HMPPS about its performance management system being insufficiently robust to base performance-related pay decisions on its outputs for staff in Bands 4 and below. This year, we were provided with new evidence that strongly suggested that the system was not working effectively for any of the staff in our remit group, including operational managers. As a result, we seriously considered removing all forms of performance-related pay progression from our recommendations this year. We ultimately concluded however, that this would be unfair to staff who had completed the performance year with the expectation of receiving performance-related pay progression. We have therefore decided to make performance-related recommendations consistent with our 2018 report.

Following the uplift to the pay scales, we recommend that all staff in Bands 3 to 5 progress to the next pay point unless they are subject to formal poor performance measures. We recommend four per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Good', capped at the band maximum. We recommend six per cent pay progression in Bands 7 to 11 for staff who achieve a performance marking of 'Outstanding', capped at the new maximum.

In addition, we repeat our recommendation from last year that Band 5 staff who achieved an 'Outstanding' performance marking should receive an additional one per cent non-consolidated, non-pensionable performance award. We recommend that those staff in Bands 7 to 11 who achieve an 'Outstanding' marking and are within six per cent of the band maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable performance award, capped at two per cent of base pay.

We wish however, to make it clear that if HMPPS does not set out a firm programme to improve the operation of its performance management system, including its impact on equality, then we will be unlikely to continue to recommend performance-related pay progression or performance awards for any grades of staff going forwards.

## Workload of operational managers

For the past two years the PGA has raised concerns to us about the lack of recognition for the additional responsibilities borne by operational managers. In response, HMPPS said it had launched a new workload management tool and is committed to investing in additional staff if further resource is required. We believe this is the most appropriate way forward. We are keen to see this work progress and therefore commit to reconsider this issue again next year.

## Changes to *Fair and Sustainable*

We recommend a number of changes this year to the *Fair and Sustainable* pay structure. We recommend that Band 2 becomes a spot rate, which will ensure that the base pay of Band 2 remains meaningfully above the increase to the NLW. We further recommend that the Band 7 pay range be shortened from 20 per cent to 15 per cent<sup>v</sup> to incentivise Band 5 officers to apply for promotion to operational manager roles.

Our other recommendations, alongside our analysis of the evidence, are set out at the beginning of this summary and are explained in Chapter 3 of this report.

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<sup>v</sup> The previous maximum was 120 per cent of the minimum, following our recommendations the new maximum would be 115 per cent of an increased minimum.



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## Cost of our recommendations

We estimate that our recommendations will result in an ongoing increase of approximately 2.25%<sup>vi</sup> (£24 million) to the total paybill for our remit group. This equates to approximately 0.5% of HMPPS's £4.6 billion budget for operational expenditure<sup>vii</sup> as of 2017-18. If the pay baseline is taken to include the money spent last year on the 0.75% non-consolidated payments, our recommendations will equate to a net increase of approximately 1.75% (£18.5 million) to the remit group paybill. As we have set out in previous reports, we do not consider that the costs of pay progression and performance awards, whether contractual or non-contractual, should be included when calculating the cost of an annual pay award.

We know that HMPPS faces financial pressures within its current resources. However, we believe that our recommendations strike a fair balance, offer sound value for money and represent an appropriate level of investment in operational prison staff in the current circumstances. They should contribute to improving the productivity of the Service through increased recruitment and retention of staff and thereby also support the Government's crime reduction and prisoner rehabilitation objectives.

## Looking ahead

Looking ahead to the next pay round, we have asked the parties to address several issues in evidence for our 2020 report so that we may consider them more fully. These cover a range of data requests as well as evidence about the effectiveness of HMPPS's proposed reforms, performance management, market supplements, motivation and morale, recruitment and retention, workloads, and workforce productivity and efficiency. We ask that HMPPS submit timely written evidence to us for our 2020 report, so that we can deliver it in time for a 1 April 2020 implementation date.

We have commissioned Incomes Data Research (IDR) to undertake a pay comparability exercise for all operational Prison Service staff in order to provide us with clear and transparent data to inform our recommendations in future years. We anticipate that IDR's report may in addition shed light on the anecdotal evidence that operational managers' pay in particular is not comparable to workers in other sectors. We will be sending the IDR report to the parties to comment on before the 2020 pay round after which it will be published on our website.

There are still a number of significant issues that need addressing, and we look forward to receiving evidence on these matters for our 2020 report. However, many of these will not be solved without investment in pay and related expenditure over the coming years and we are confident that the Government will wish to consider this for future Spending Reviews.

## Conclusion

The staff in our remit group are responsible for delivering a service in increasingly demanding and violent conditions. We consider that all staff should receive financial recognition for the difficult job they are doing in protecting prisoners in their care and the public. Our recommendations reflect the difficult circumstances that the Prison Service and its staff face at present and start to establish a better foundation upon which to address future staffing challenges.

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<sup>vi</sup> This overall percentage takes account of both our recommended increase to pay scales and those elements of the paybill that are not subject to any increase.

<sup>vii</sup> Gov.uk, (2018). *HMPPS Annual Reports and Accounts 2017-18*. (online) Available at: <https://www.gov.uk/government/publications/hmpps-annual-report-and-accounts-2017-18> [accessed on 20 May 2019].



Jerry Cope (*Chair*)

Mary Carter

Nicholas Caton

Luke Corkill

Professor Andrew Dickerson

Leslie Manasseh MBE

Paul West QPM

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## Chapter 1: Introduction

### Our role

1.1 The Prison Service Pay Review Body (PSPRB) was established under statute<sup>1</sup> to examine and report on matters relating to the rates of pay and allowances to be applied in the public sector prison services in England and Wales and in Northern Ireland.

1.2 We have standing terms of reference which supplement our statutory remit. They emphasise that we should provide independent advice based on the range of evidence available to us. There are several elements in our terms of reference which we are asked to take account of when making our independent recommendations to Government, these are:

- Recruitment and retention factors for example, can the Service recruit and retain the numbers of suitably able staff that it requires;
- Remit group morale;
- Labour market issues, including regional and local data, and the effects on recruitment and retention;
- The legal obligations placed on the Prison Service;
- Affordability of our proposals, which includes the Government's inflation target, and the funds available to the Prison Service;
- The competitiveness of the Prison Service with the private sector, along with any differences in terms and conditions and taking account of the broad employment package; and
- The economic and other evidence submitted by the Government, staff, professional associations and others.

1.3 The PSPRB was set up in 2001 as a compensatory mechanism for the remit group's loss of the right to take industrial action of any form. This was outlined in the 336th report<sup>2</sup> (2005) by the International Labour Organization (ILO), in which the Government gave a clear and unequivocal commitment to depart from the PSPRB's recommendations only in "exceptional circumstances" and agreed that such recommendations would be complied with in practice. The pledge by the Government to the ILO has not been rescinded. This therefore places a responsibility on us, that we take very seriously when formulating our recommendations. We consider that, if the Government does decide to reject any of our recommendations, the remit group should receive a full explanation of the "exceptional circumstances" that have led to that outcome.

### Outcome of our last report

1.4 In our 2018 report for England and Wales<sup>3</sup>, we made recommendations relating to staff on both the *Fair and Sustainable* and closed pay structures. We recommended a headline award of 2.75% for all *Fair and Sustainable* and closed grade staff, with higher awards for those at the Band 3 and Band 4 maxima. We also made several recommendations relating to performance-related pay progression, performance awards and allowances. All our recommendations from our 2018 report are at Appendix H.

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<sup>1</sup> The Prison Service (Pay Review Body) Regulations 2001, (SI 2001 No. 1161). Available at: [http://www.legislation.gov.uk/ukxi/2001/1161/pdfs/ukxi\\_20011161\\_en.pdf](http://www.legislation.gov.uk/ukxi/2001/1161/pdfs/ukxi_20011161_en.pdf) [accessed on 20 May 2019]. PSPRB covers England and Wales, and Northern Ireland; the Scottish Prison Service is outside our remit.

<sup>2</sup> The International Labour Organization, (2005). *336th Report of the Committee on Freedom of Association*. (online) Available at: [https://www.ilo.org/public/libdoc/ilo/P/09604/09604\(2005-88-series-B\).pdf](https://www.ilo.org/public/libdoc/ilo/P/09604/09604(2005-88-series-B).pdf) [accessed on 20 May 2019].

<sup>3</sup> Prison Service Pay Review Body, (2018). *PSPRB Seventeenth Report on England and Wales*. (online) Available at: <https://www.gov.uk/government/publications/psprb-seventeenth-report-on-england-and-wales-2018> [accessed on 20 May 2019].

1.5 In response to our 2018 report, the Government rejected eight of our recommendations, accepting the other nine. The Lord Chancellor and Secretary of State for Justice announced in Parliament that all staff would instead receive a 2.75% pay award, with 2.0% to be consolidated into base pay and 0.75% to be paid as a non-consolidated payment<sup>4</sup>. The Secretary of State wrote to us on 24 July 2018 outlining the Government's position on consistent awards across public sector workforces as the reason for rejecting these recommendations. A copy of the letter from the Secretary of State for Justice can be found at Appendix B.

1.6 Our Chair responded (see Appendix B), highlighting that achieving a consistent approach across public sector workforces was not part of the PSPRB's terms of reference and reminding the Secretary of State of the Government's commitment to the ILO. To date, we have not been provided with an explanation of the "exceptional circumstances" that led the Government to reject eight of our recommendations in 2018 or a response to our letter at Appendix B.

1.7 In our 2017 report, we raised concerns about the fragmented nature of the pay arrangements for staff in our remit group, setting out several questions for Her Majesty's Prison and Probation Service (HMPPS) to address. We repeated these concerns in our 2018 report and, as a result, received some evidence from HMPPS this year that attempted to address the questions we asked. However, the evidence we received was not sufficient to enable us to make decisions on how to resolve some of the more fundamental issues in the pay system, such as the two-tier pay structure and the market supplements. HMPPS has indicated that some of this information is now not likely to be provided to us until 2020 at the earliest.

### Our remit this year

1.8 In the Autumn Budget on 22 November 2017<sup>5</sup>, the Chancellor of the Exchequer confirmed the Government's revised approach to public sector pay and the move away from the previous policy of awards of an average of one per cent. The Chancellor said that the Government would ensure that pay awards were fair to both public sector workers and taxpayers, and that it would consider the reports and evidence submitted by the eight public sector Pay Review Bodies. The Government's approach, as laid out in our activation letter, has not changed for this current pay round.

1.9 The then Minister of State for Prisons, Rory Stewart OBE MP, wrote to our Chair on 21 November 2018 asking us to commence our work for the 2019-20 pay round (at Appendix A). The Minister's activation letter drew our attention to the three central principles of the Government's pay policy: current and future affordability to the taxpayer; targeting awards to ensure the Prison Service can recruit and retain the best public servants; and accompanying workforce reform and improvements in productivity, allowing savings to be reinvested into higher pay. Additionally, the Minister drew our attention to HMPPS's policy commitment to *Fair and Sustainable* and its preference for greater investment in those grades rather than the closed grades.

1.10 We have considered our full remit group and made recommendations that we consider appropriate in light of all the evidence made available to us and in accordance with our standing terms of reference.

### Our timetable

1.11 Our standard timetable assumes we receive written evidence at the start of October and that our report is submitted to Government in mid to late February with the expectation that the Government implements our recommendations for April, which is the pay award effective date for our remit group. Due to delays in the Government providing us with evidence and subsequently implementing the award, we have been unable to follow this timetable for the past three years. This has resulted in staff being paid after the 1 April pay effective date. We again ask the Government to consider the implications of delays to its evidence on the remit group and urge it to submit its evidence to us next year on our standard timetable to ensure that staff are paid in time for a 1 April 2020 pay effective date.

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<sup>4</sup> Parliament, (2018). *Justice Update: Written Statement*. (online) Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-07-24/HCWS915/> [accessed on 20 May 2019].

<sup>5</sup> HM Treasury, (2017). *Autumn Budget 2017: documents*. (online) Available at: <https://www.gov.uk/government/publications/autumn-budget-2017-documents> [accessed on 20 May 2019].

## Our evidence base

1.12 Our secretariat invited all the parties who represent our remit group to submit written evidence. We received written submissions from the Public and Commercial Services (PCS) union, the Prison Governors' Association (PGA), HMPPS and some individual submissions from staff in our remit group. We heard representations in oral evidence sessions from:

- The then Minister of State for Prisons, Rory Stewart OBE MP, the Ministry of Justice's Permanent Secretary, Sir Richard Heaton, and HMPPS officials led by its interim Director General for Prisons, Phil Copple. A representative from Her Majesty's Treasury was also present.
- The PGA, led by Andrea Albutt, PGA President, and members of the PGA National Executive Committee.
- The PCS, represented by Dave Vickers, HMPPS branch Chair, and a PCS branch official.

Regrettably the POA<sup>6</sup> continues to maintain its position of not submitting evidence to us, as mandated by the membership vote at its 2015 conference. Therefore, we have not received written submissions from, nor been able to hold oral evidence sessions with, the POA since 2015.

1.13 We base our recommendations in this report on evidence from several sources including:

- Written and oral evidence from the parties (as above);
- Economic data from the Office for National Statistics;
- Statistical data provided by HMPPS, which we shared with all the parties;
- The 2018 Civil Service People Survey results for HMPPS as a whole and separately for the Prison Service;
- Information gathered during our 2018 visits to prison establishments (see below); and
- Her Majesty's Inspectorate of Prisons' (HMIP) inspection reports and the HMIP 2017-18 annual report.

## Visits

1.14 In 2018 we visited eleven public sector establishments and one private sector establishment (at Appendix C), to hear the views of our remit group and, at the private sector prison, to explore the differences and similarities with the private sector. As in previous years, these visits gave us a valuable opportunity to meet remit group staff at all levels. We heard their views and concerns on: remuneration and the 2018 pay award; the recent large scale Prison Officer recruitment programme; retention, particularly of newly recruited Band 3 Prison Officers and experienced closed grade Prison Officers; staffing levels in prisons; the performance management system; morale and motivation; and other issues covered by our terms of reference.

1.15 Visits typically included: separate discussions with support staff, the three officer grades, and with operational managers; a briefing with the Governor; meetings with local trade union representatives; and a tour of the establishment during which we talked informally to staff. The POA continues to instruct its local branch officials and membership not to engage with us during our visits, which we believe is a missed opportunity to influence our recommendations.

1.16 We place a great importance on our visits as they enable us to meet staff directly and add to and update our knowledge and understanding of our remit group's duties, working environment and current concerns. We are grateful for those staff who take the time to provide first-hand accounts and experiences of what it is like to work in the Prison Service. The visits provide us with an evidence base which complements and allows us to test the written and oral evidence from the parties. We know that arranging our visits requires considerable effort and we thank all of those involved for making our 2018 visits possible.

<sup>6</sup> The professional trades union for prison, correctional and secure psychiatric workers.

### **Our 2019 report**

1.17 This report follows our usual format. We set out in Chapter 2 the economic context, the staffing statistics, along with evidence on our remit group which we considered when reaching our decisions. We also address in Chapter 2 the evidence received from the parties, along with the evidence gathered from our visits. We analyse the evidence and set out our conclusions in Chapter 3, along with our recommendations for 2019. In Chapter 4 we comment on several issues to which we believe the parties should give further attention for our next report.

## Chapter 2: Context and evidence

### Introduction

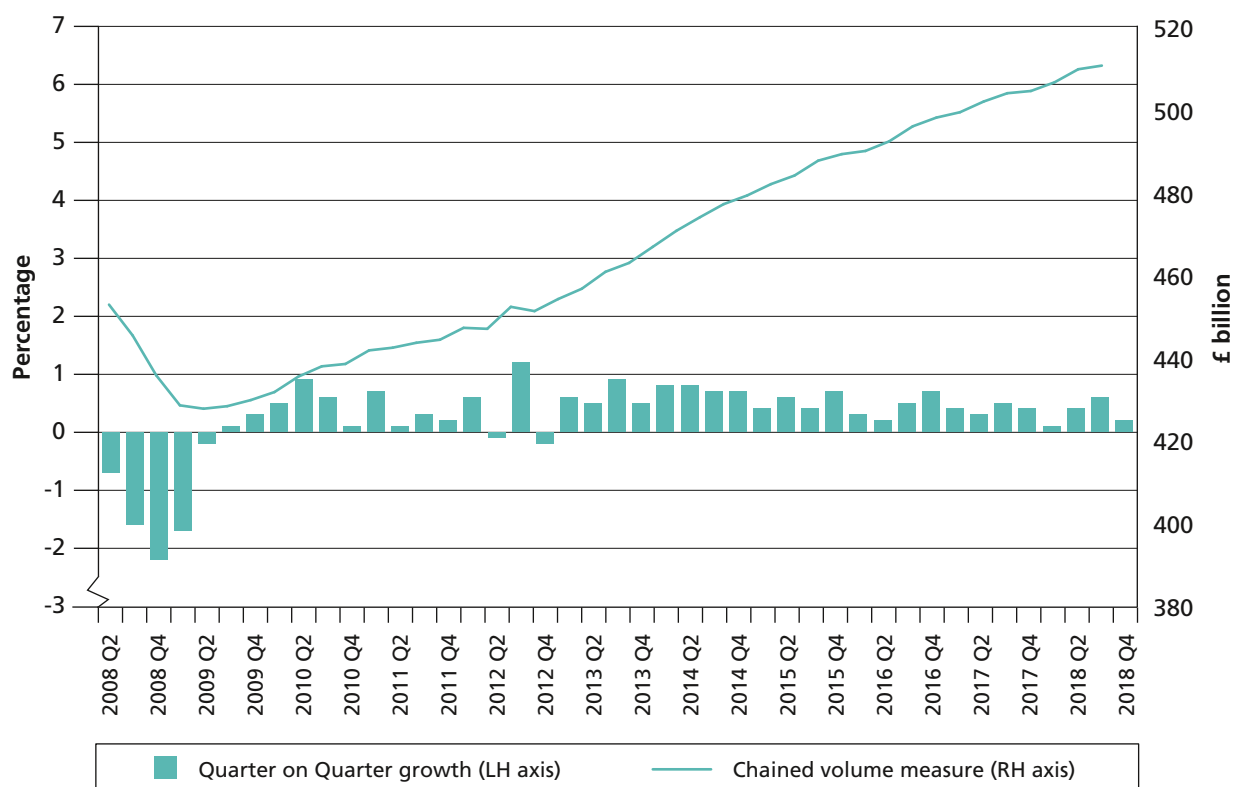
2.1 This chapter sets the context for our recommendations. It provides information on the economic situation and describes the current state of Her Majesty's Prison and Probation Service (HMPPS), including its current priorities and the financial context in which it made its proposals. The chapter presents background information and evidence on our remit group in terms of recruitment and retention, motivation and morale, and equality and diversity. The chapter concludes with a summary of the main points that arose from our visits round in Autumn 2018 and the parties' proposals to us this year.

### Economic context<sup>1</sup>

2.2 The UK economy grew by an estimated 1.4% in 2018, with Gross Domestic Product (GDP) growth slowing to 0.2% in the fourth quarter of 2018. Growth in the three months to February 2019 remained modest at 0.3%. Economic growth was driven by private consumption, with net trade and business investment decreasing over 2019.

2.3 Given the UK and general global weakening of economic growth, the Office for Budget Responsibility (OBR) revised its growth forecast for 2019 down to 1.2% in February<sup>2</sup>. The OBR's medium-term forecast has not been substantially changed, with GDP growth expected to settle between 1.4% and 1.6% per year<sup>3</sup> from 2020 to 2023.

**Figure 2.1: Quarterly GDP, Q2 2008 to Q4 2018<sup>4</sup>**



<sup>1</sup> We have used published data that was available at the time of reaching our decisions in April 2019.

<sup>2</sup> OBR forecasts assume that the UK makes an orderly transition to a new – though, as yet, undefined – long term relationship with the EU. Its remit does not allow it to produce scenarios based on alternative government policy, such as the UK leaving the EU without the implementation of a Withdrawal Agreement.

<sup>3</sup> Office of Budget Responsibility, (2019). *Economic and Fiscal Outlook March 2019*. (online) Available at: <https://obr.uk/download/economic-and-fiscal-outlook-march-2019/> [accessed on 20 May 2019].

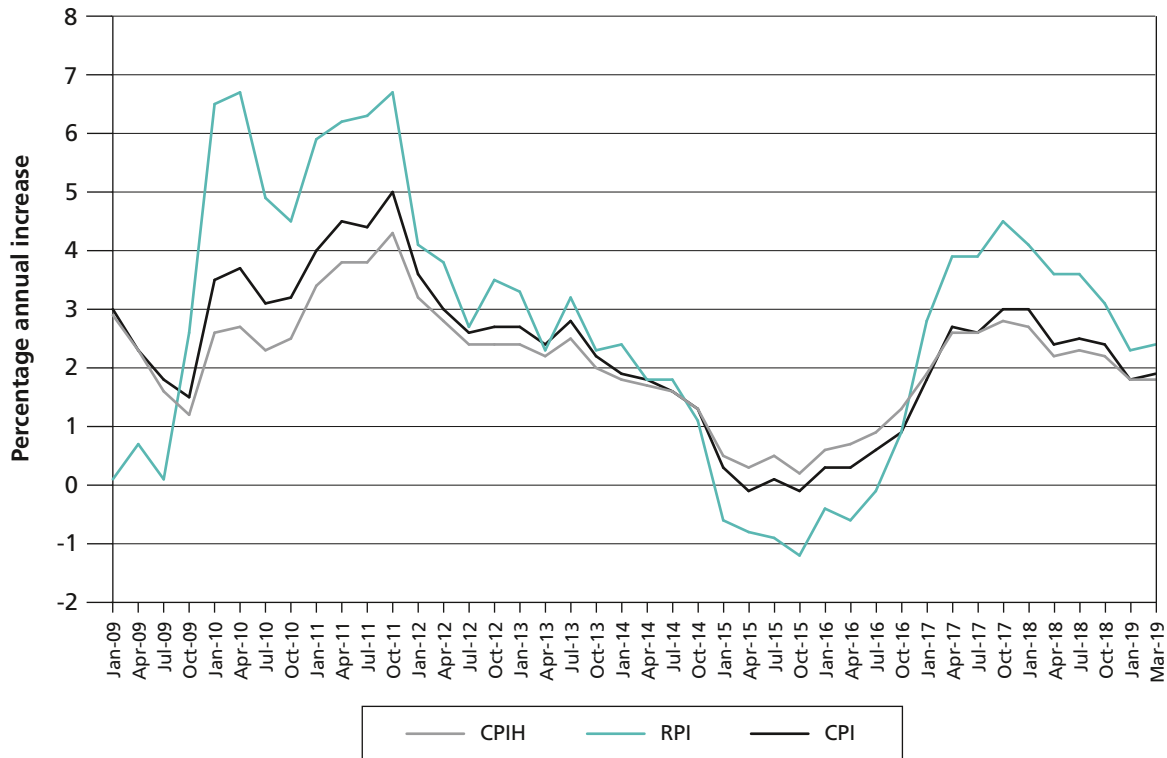
<sup>4</sup> Office of Manpower Economics analysis of Office for National Statistics Gross Domestic Product data. (online) Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp> [accessed on 20 May 2019]

Inflation

2.4 As part of our standing terms of reference, we are asked to take the Government’s inflation target of two per cent CPI (Consumer Prices Index) inflation into account. CPI inflation was at 1.9% in March 2019, down from 2.5% in March 2018. The CPI including owner occupiers’ housing costs (CPIH)<sup>5</sup> 12-month rate was 1.8% in March 2019, down from 2.3% in March 2018. The Retail Price Index (RPI) 12-month inflation rate was 2.4% in March 2019, down from 3.3% in March 2018 (see figure 2.2).

2.5 The OBR expects CPI inflation of 2.1% in 2019 and 1.9% in 2020, returning to the 2.0% target thereafter.

Figure 2.2: Inflation (CPIH, CPI and RPI), January 2009 to March 2019<sup>6</sup>



Labour market

2.6 The employment level continued to show strong growth in 2018, with the employment rate reaching 76.1% in the three months to February 2019, the joint highest since comparable records began in 1971. In this three-month period there were 32.72 million people in employment, 457,000 more than in the three months to February 2018. The latest UK estimates are given in table 2.1, which shows little variation between regions. The annual increase was due to more full-time workers (up 473,000 on the year). Part-time working showed a small decrease of 15,000 in the year to reach 8.57 million.

2.7 Unemployment has continued to decrease, to a rate of 3.9% (1.34 million) in the three months to January 2019, the lowest figure since January 1975. Underemployment, a measure of those who wish to work more hours and are available to do so, is at its lowest level since 2010. The number of unemployed people per vacancy reduced from 5.8 in the three-month period to December 2011 to 1.6 in the three months to February 2019. These indicators all point to a tightening labour market, which may cause recruitment problems for employers due to a shortage of new recruits<sup>7</sup>.

<sup>5</sup> CPIH is the most comprehensive measure of inflation. It extends the CPI to include a measure of the costs associated with owning, maintaining and living in one’s own home and is the preferred measure for the ONS.

<sup>6</sup> Office for National Statistics, (2019). *Inflation and Price Indices*. (online) Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/february2019> [accessed on 20 May 2019].

<sup>7</sup> Office for National Statistics, (2019). *Labour Market Overview UK* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/march2019> [accessed on 20 May 2019].

2.8 The OBR does not expect the labour market to tighten further. It forecasts the unemployment rate to rise marginally to 4.1% in 2019 as output falls below potential, returning to the estimated equilibrium rate of 4.0% by the end of 2022.

**Table 2.1: Summary of latest headline estimates for regions of the UK, seasonally adjusted, December 2018 to February 2019**

	Employment rate <sup>1</sup> (%) aged 16 to 64 years	Unemployment rate <sup>2</sup> (%) aged 16 years and over	Inactivity rate <sup>3</sup> (%) aged 16 to 64 years
UK	76.1	3.9	20.7
Great Britain	76.3	4.0	20.5
England	76.4	4.0	20.4
<i>North East</i>	<i>71.0</i>	<i>5.6</i>	<i>24.8</i>
<i>North West</i>	<i>75.1</i>	<i>3.9</i>	<i>21.8</i>
<i>Yorkshire and The Humber</i>	<i>74.9</i>	<i>4.9</i>	<i>21.2</i>
<i>East Midlands</i>	<i>76.3</i>	<i>4.2</i>	<i>20.3</i>
<i>West Midlands</i>	<i>74.3</i>	<i>5.2</i>	<i>21.4</i>
<i>East</i>	<i>79.2</i>	<i>3.1</i>	<i>18.2</i>
<i>London</i>	<i>74.8</i>	<i>4.5</i>	<i>21.6</i>
<i>South East</i>	<i>78.9</i>	<i>3.3</i>	<i>18.4</i>
<i>South West</i>	<i>80.0</i>	<i>2.6</i>	<i>17.8</i>
Wales	75.5	4.5	20.9
Scotland	75.6	3.3	21.8
Northern Ireland	71.2	3.0	26.6

Source: Office for National Statistics – Labour Force Survey

Notes:

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

### *Wage settlements*

2.9 For the 12 months to the end of March 2019, XpertHR and EEF recorded the median pay award at 2.5%. The Labour Research Department recorded a median settlement of 2.8%. The middle half of pay awards (the interquartile range) was between 2.1% and 3.0%. Downward pressure on pay due to economic uncertainty has been balanced by record levels of employment. According to XpertHR, 2.5% is the likely benchmark pay award across the economy for 2019, the same as the average throughout 2018.

### *Earnings growth*

2.10 Average weekly earnings, excluding bonuses, grew by 3.3% or 1.5% in real terms (adjusted for CPIH inflation) in the year to March 2019, a notable increase from 2.9 per cent in March 2018 (see figure 2.3). In the private sector, average regular earnings growth was at 3.1% in the same period, whereas in the public sector growth was at 2.5%. This growth has outstripped the sum of labour productivity growth and whole economy inflation, resulting in a rise in the proportion of the cost of labour in national expenditure.



2.11 The OBR forecasts that some of this momentum in earnings growth will be maintained, with growth of 3.1% in 2019. Average earnings growth is forecast to reach 3.3% by 2023, reflecting a modest increase in productivity growth.

**Figure 2.3: Average weekly earnings, percentage change year on year, three month averages from the quarter ending January 2008 to March 2019<sup>8</sup>**



**Financial context**

*The Spending Review*

2.12 The previous Government published a joint Spending Review and Autumn Statement on 25 November 2015<sup>9</sup>, stating that public workforces would be funded for an average pay award of one per cent in each of the four years from 2016-17. In the 2017 Autumn Budget<sup>10</sup>, the Government subsequently announced a change in approach in relation to public sector pay awards and the move away from the previous policy of awards of an average of one per cent. Despite this, in 2018 and again this year, the Government has said that pay discipline remains central to its overall approach and Departments have only been funded for a one per cent average increase in public sector pay awards as outlined in the 2015 Spending Review.

2.13 HMPPS has received additional funding from Her Majesty’s Treasury (HMT) since 2017, including £100 million to recruit additional Prison Officers<sup>11</sup> and a further £10 million to improve security and boost leadership capability at the ten most challenging prisons<sup>12</sup>.

<sup>8</sup> Office of Manpower Economics analysis of Office for National Statistics labour market statistics. (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours> [accessed on 20 May 2019]  
<sup>9</sup> HM Treasury, (2015). *Spending Review and Autumn Statement 2015*. Cm 9162. TSO, 2015. Available at: <https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents> [accessed on 20 May 2019].  
<sup>10</sup> HM Treasury, (2015). *Summer Budget 2015*. HC264. TSO, 2015. Available at: <https://www.gov.uk/government/publications/autumn-budget-2017-documents> [accessed on 20 May 2019].  
<sup>11</sup> Civil Service World, (2017). *Justice Secretary Confirms MoJ Prison Recruitment Plan*. (online) Available at: <https://www.civilserviceworld.com/articles/news/justice-secretary-confirms-moj-prison-recruitment-plan> [accessed on 20 May 2019].  
<sup>12</sup> Ministry of Justice, (2018). *Minister announces ‘10 Prisons Project’ to develop new model of excellence*. (online) Available at: <https://www.gov.uk/government/news/minister-announces-10-prisons-project-to-develop-new-model-of-excellence> [accessed on 20 May 2019].

### *Approach to public sector pay*

2.14 In its evidence last year, HMPPS did not include a headline figure and instead, asked the Prison Service Pay Review Body (PSPRB) to target awards at areas of genuine pressure. It said that the key drivers were to maintain experience, whilst aiming to reduce attrition and to continue to recruit to improve workforce capacity and capability. We were concerned about the retention of staff at Band 3 and Band 4 and subsequently recommended higher awards to the maxima of these two bands in 2018. These recommendations were rejected by the Government and a flat two per cent consolidated award was implemented for most staff and across most public sector workforces (excluding the National Health Service).

2.15 This year, the activation letter sent by the then Minister of State for Prisons, Rory Stewart OBE MP, made no reference to consistent awards across public sector workforces but asked that awards are again targeted to ensure the Prison Service can recruit and retain the best public servants.

### *Affordability*

2.16 In its evidence, HMPPS stated that the main rationale behind its recommendations this year was to: support the introduction of wider reforms; provide all staff with a consolidated pay increase; support recruitment and retention with higher starting pay; lessen equal pay risks between *Fair and Sustainable* and closed grades; and adhere to public sector pay policy and affordability.

2.17 HMPPS costs its proposals for our remit group for 2019-20 at approximately £19.3 million (including progression), which it states has a headline increase in paybill of 1.75%. We have never considered progression within a pay scale to be part of the annual award as progression is an integral part of a fully functioning pay system that evens itself out over time through staff movements between grades and in and out of the Service. On that basis we note that the actual cost of the pay award component of HMPPS' proposals (including both changes to scales and allowances) is £8.2 million. We calculate this has a headline increase in ongoing paybill of 0.74%.

2.18 During oral evidence this year, the Review Body questioned both HMPPS and HMT on the upper limit of what is affordable within the current budget. HMPPS acknowledged that, with a limited budget, it had to strike the right balance between investing in the infrastructure of the prison estate and investing in the pay of staff. HMPPS indicated that, this year, it intends to prioritise investment in the estate, and any pay award above those contained in its proposals would have to compete with these demands. HMPPS stressed that affordability should be a "principal consideration" when making our recommendations this year.

### *Productivity*

2.19 As detailed in the activation letter this year, one of the three central principles of the Government's pay policy is; accompanying workforce reform and improvements in productivity, which could then be reinvested in higher pay. Although HMPPS recognised in oral evidence that it had already made large productivity savings since the introduction of *Fair and Sustainable* in 2012 through staffing cuts and the implementation of 'Benchmarking'<sup>13</sup>, it was planning to introduce a number of smaller workforce reforms over the next year to bring down reliance on allowances such as Payment Plus. These reforms include additional contracted hours and the Advanced Prison Officer role.

2.20 HMPPS states that it has anticipated productivity savings from these reforms in its proposals and therefore told us that any award above that detailed in its evidence would be unfunded and not off-set by the savings that it had already identified.

<sup>13</sup> The Government's approach to achieving efficiencies across the prison estate, also known as the Prison Unit Cost Programme.

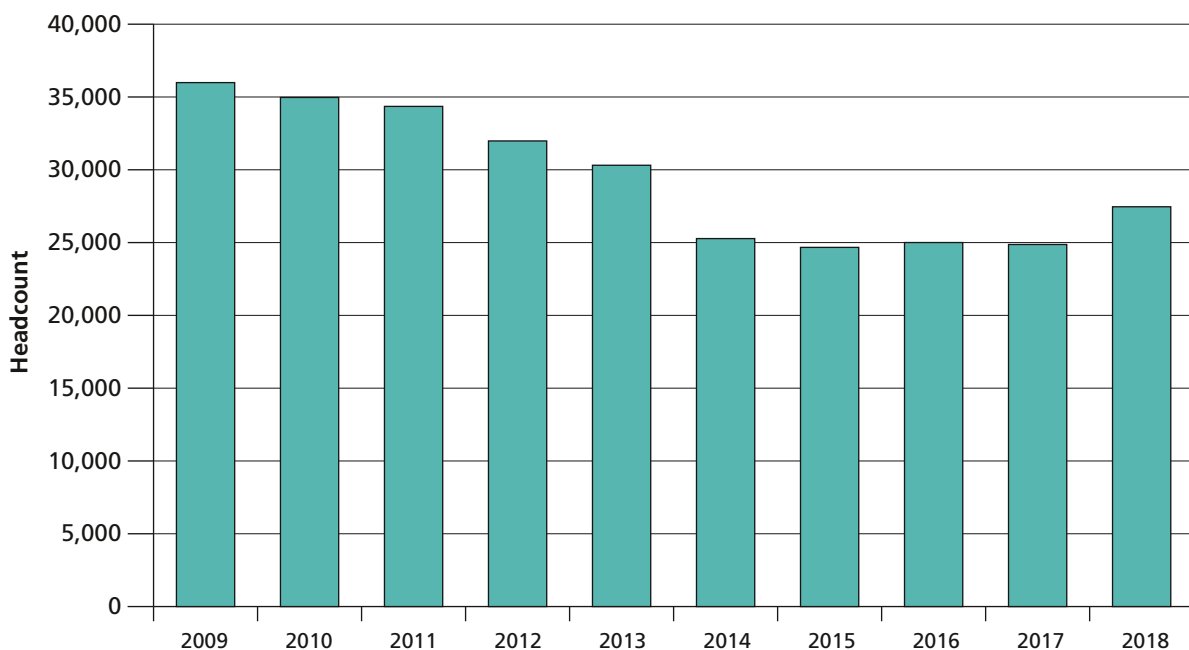
### Evidence on the workforce

#### Staffing

2.21 We receive the latest available staffing data from HMPPS on the Prison Service annually and use these figures when formulating our recommendations. This year the dataset was provided to us in late 2018 but is generally to March 2018. This means that at the time of writing our report, we are again having to use data that is almost a year out of date. Where more up-to-date figures are available, we have used them.

2.22 There were 27,460 staff in our remit group at the end of March 2018<sup>14</sup>, an increase of 10.4% since March 2017. Figure 2.4 shows the largest annual percentage decrease in staff took place between 2013 and 2014 (16.6%), which reflected the largest absolute annual decrease in staff (5,036). This was when most establishments went through the Benchmarking exercise.

**Figure 2.4: Remit group size, 2009 to 2018<sup>15</sup>**



2.23 Table 2.2 shows the number of remit group staff in post by grade at 31 March each year from 2013 to 2018. At 31 March 2018, staffing changes within grade groups varied:

- Band 2 / support staff – a decrease of 0.5% or 24 staff;
- Band 3 to 5 / officers – an increase of 13.8% or 2,647 staff; and
- Band 7 to 11 / operational managers – a decrease of 3.3% or 31 staff.

2.24 More recent full-time equivalent (FTE) data shows that the number of Bands 3 to 5/officers increased further between 31 March 2018 and December 2018 from 21,041 to 22,722 (by 8.0%), whilst Band 2/support staff and Bands 7 to 11/operational managers also increased (by 4.0% and 3.0% respectively). The Prison Governors' Association (PGA) have consistently raised a concern that there are now fewer operational managers with increasingly larger workloads, we welcome this increase in operational managers.

<sup>14</sup> This is headcount.

<sup>15</sup> Office of Manpower Economics analysis of HMPPS workforce statistics.

Table 2.2: Headcount of remit group staff in post, 2013 to 2018

Broad staff group	Headcount of staff in post at 31 March						Change between 2017 and 2018	
	2013	2014	2015	2016	2017	2018	No	%
Bands 7 to 11 / Operational manager grades	1,196	1,011	958	964	934	903	-31	-3.3%
Officer grades:								
Band 5s / Principal Officers	660	1,369	1,385	1,368	1,407	1,428	21	1.5%
Band 4s / Senior Officers/Specialists	3,259	2,654	2,669	2,735	2,737	2,922	185	6.8%
Band 3s / Prison Officers	18,455	14,911	14,904	14,986	15,030	17,471	2,441	16.2%
<b>Total Band 3s / Prison Officer grades</b>	<b>22,374</b>	<b>18,934</b>	<b>18,958</b>	<b>19,089</b>	<b>19,174</b>	<b>21,821</b>	<b>2,647</b>	<b>13.8%</b>
Band 2 / Operational Support grades	6,741	5,330	4,754	4,950	4,760	4,736	-24	-0.5%
<b>Total (remit group)</b>	<b>30,311</b>	<b>25,275</b>	<b>24,670</b>	<b>25,003</b>	<b>24,868</b>	<b>27,460</b>	<b>2,592</b>	<b>10.4%</b>
Source: NOMS/HMPPS								
Notes:								
1. Figures are on a headcount basis (that is part time staff count as one).								
2. These show the number of staff in the remit group at the end of March each year.								
3. In the past two years, Prison Officer Specialists were included separately. At the time, these were identified as main grade (Band 3 equivalent) officers with specialist skills, they have now been identified as Band 4 specialists. Any current Prison Officer (Band 3) with specialist allowances are in the Band 3 / Prison Officer category.								

2.25 The remit group has remained fairly stable at around 25,000 staff since 2014 but is now starting to grow following the net increase of 2,500 Prison Officers. HMPPS informed us in oral evidence that the Prison Service was reaching a steady state, but that it would need to recruit an additional 2,700 Band 3 Prison Officers annually to maintain these levels. This places an increasing reliance on experienced Prison Officers who have to train, induct and mentor these new recruits. In its written evidence, HMPPS said that base pay was falling behind for operational Prison Service staff compared to the wider private and public sectors. For HMPPS to continue to recruit 2,700 Prison Officers each year, the Band 3 pay scale (the main grade for which external recruitment takes place) must remain competitive.

#### Two-tier pay structure

2.26 Since *Fair and Sustainable* was introduced in 2012, staff have occupied both the *Fair and Sustainable* and the closed grade pay structures. All staff on the closed pay structure are given the opportunity each year to opt in to *Fair and Sustainable*. For this exercise, HMPPS provides each staff member with information about what the move would mean for them financially.

2.27 HMPPS stated in its written evidence that the original *Fair and Sustainable* business case was based on a 15 year strategy to close the pay differentials where they existed between the two pay structures. This strategy was developed at the time based on projected pay increases in excess of one per cent. Considering public sector pay restraint, HMPPS informed us in written evidence that the current trajectory to close this gap is now likely to take it beyond the 2027 target date unless a higher level of investment is available for pay in the coming years. We were informed during oral evidence that such a level of investment is currently not likely and HMPPS is now looking at alternative ways to close the gap, for example, by encouraging closed grade Prison Officers to apply for the new Advanced Prison Officer roles.

2.28 Since 2012, we have recommended annual awards which have taken a variety of approaches to the open and closed pay structures. Last year, HMPPS asked that we continue to support its long-term intention to continue to invest in *Fair and Sustainable* pay structures by recommending higher pay awards for the *Fair and Sustainable* bands rather than the closed grades. We sought to do this last year by recommending targeted increases to Band 3 and Band 4 to help reduce the differential between the pay of closed grade Prison Officers and experienced *Fair and Sustainable* Band 3 Prison Officers. However, the Government rejected these recommendations and implemented a uniform percentage pay award for all staff within both pay structures.

2.29 Throughout HMPPS's evidence this year, the overarching request is that our recommendations continue to target investment within *Fair and Sustainable*, closing the pay differential between the two-tier workforce and encouraging staff to move onto modernised *Fair and Sustainable* terms. HMPPS has proposed a differentiated award and asked that those who would financially benefit from opting in but choose not to, have their pay frozen. It informed us in oral evidence that it had accepted that closing the gap between the two pay structures would take a long period of time and that its priority was to continue to invest in *Fair and Sustainable* and, more importantly, to keep the pay ranges and scales competitive.

2.30 At 30 September 2018, 69 per cent of our remit group were in *Fair and Sustainable*. There are many staff (mainly closed grade Prison Officers) who, understandably, are unwilling to opt in to *Fair and Sustainable* because the pay differential with *Fair and Sustainable* Band 3 remains substantial. However, there is also evidence that a significant number of staff, predominantly Operational Support Grades (OSG), are choosing not to opt in despite it being financially beneficial for them to do so. We continue to hear on visits that some of these staff have not opted in due to a high level of distrust towards HMPPS and, in particular, a concern that certain elements of their pay might be taken away at a future point. We also note a number of staff are still "trapped" because they are in receipt of legacy Locality Pay Allowances (LPAs) which are not paid under the *Fair and Sustainable* pay arrangements.

### Allowances

2.31 The Prison Service continues to place a heavy reliance on the use of allowances. HMPPS has proposed to make the temporary increases to the rate for Payment Plus, OSG overtime and Tornado<sup>16</sup> permanent this year, in order to provide certainty for staff. In 2017-18, expenditure on these three allowances increased significantly:

- Expenditure on Payment Plus increased from £27 million in 2013-14 to just over £50 million in 2017-18<sup>17</sup>.
- Expenditure on Tornado increased from £400,000 in 2013-14 to just over £1 million in 2017-18.
- The cost of OSG overtime payments in 2017-18 was £10.6 million, almost double that of any other year in our time series.

2.32 HMPPS informed us in its evidence this year that it expects the reliance on these allowances to reduce in time due to current and future recruitment volumes, an improvement in retention rates and the take up of additional contracted hours. Despite recent data for 2018-19 showing expenditure on Payment Plus has started to decrease, it remains at a high level.

2.33 Time Off in Lieu (TOIL) is a debt HMPPS accrues of time owed to staff who have carried out additional, unpaid hours of work. This needs to be repaid in future by allowing the relevant staff time off. The outstanding TOIL balance at 31 March 2018 for staff in Bands 2 to 5 / support grades and officers was reported to be 314,805 hours across all establishments, or an average of 12 hours per staff member. TOIL balance averages vary by grade:

- 38 hours per Band 5 staff member or equivalent (up from 34 hours in 2017);
- 11 hours per Band 3 and 4 staff member or equivalent (down from 13 hours in 2017); and

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<sup>16</sup> Operation Tornado teams are trained to deal with serious incidents in prisons.

<sup>17</sup> The rate of Payment Plus was temporarily increased from £17 to £22 an hour in August 2016 and remained at this temporary rate in 2017 and 2018.

- 8 hours per Band 2 staff member or equivalent (down slightly from 9 hours in 2017).

2.34 In summary, the total hours of TOIL continue to see a slight downward trend, in particular, the number of hours of TOIL per Bands 3 and 4 / Senior and Prison Officer, which has historically remained fairly stable at around 14 hours, is now starting to decrease. This could be attributed to the net increase of 2,500 Prison Officers that HMPPS have recruited since 2017, reducing the need to work extra hours or allowing staff the time off to take TOIL.

2.35 Detached duty is a period of service at a new or temporary workplace, used when additional resource is required to support operational stability. Staff on detached duty remain on their current pay and allowances but receive additional payments for travel, subsistence and accommodation during their detached duty posting. There is no publicly available data on expenditure on detached duty but internal data from HMPPS shows that, although the level of expenditure has decreased slightly in 2018-19, it remains a significant cost to the Prison Service.

2.36 As of 31 March 2018, there were 1,622 staff<sup>18</sup> in receipt of a temporary cover payment, 55 per cent of whom were covering Band 4 or Senior Officer grade roles<sup>19</sup>. The number of staff receiving a temporary cover payment has been growing rapidly, almost tripling between March 2015 and March 2018. Last year, HMPPS assured us that these numbers would decrease as it introduced reforms to its internal promotion assessments. We have yet to see evidence of a decline and more recent data to January 2019, suggests this number has risen again.

2.37 The PGA expressed concern about these numbers both in written and oral evidence. They stated in oral evidence that data provided by HMPPS on temporary cover payments was inaccurate and that there are more staff on temporary cover arrangements than the Service was reporting.

2.38 In our 2018 report, we highlighted our concern that HMPPS were not paying staff the allowances and associated payments based upon the grade they were temporarily covering but rather upon their substantive grade. Although we were pleased to read in HMPPS's evidence this year that this will be rectified, we now understand that this has been implemented in such a way that staff receive two sets of allowance: those for their substantive grade and those for the grade which they are covering. This may unintentionally discourage substantive promotion from Band 5 to Band 7. We will continue to monitor this issue.

### *Prison population*

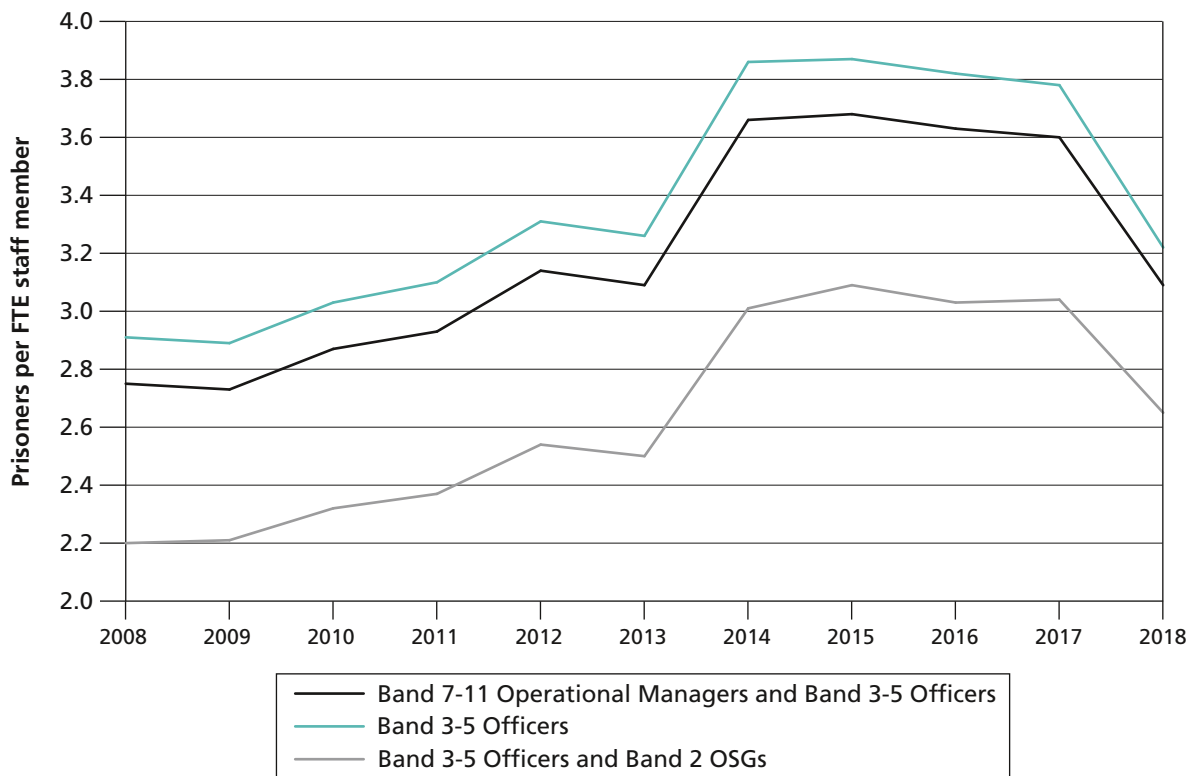
2.39 When looking at staffing, we also consider the number of prisoners for which members of our remit group are responsible. The prison population as at 12 April 2019 was 82,769<sup>20</sup>, a decrease of around 800 prisoners since 12 April 2018. As staffing numbers have increased in this time, the HMPPS figures show that, across the estate, the number of prisoners per FTE remit group member has therefore decreased. We expect this ratio to continue to reduce from its current level as the Prison Service reaches its full staffing complement for Band 3 Prison Officers.

<sup>18</sup> This is headcount.

<sup>19</sup> These figures include non-remit group Prison Service and HQ staff, as well as the National Probation Service. This was the only time series of data available to us when drafting our report.

<sup>20</sup> Ministry of Justice, (2019). *Prison Population Figures 2019*. (online) Available at: <https://www.gov.uk/government/statistics/prison-population-figures-2019> [accessed on 20 May 2019].

Figure 2.5: Prisoners per staff member – March 2008 to March 2018<sup>21</sup>



*Her Majesty's Inspectorate of Prisons annual report*

2.40 Her Majesty's Inspectorate of Prisons (HMIP) is an Arm's Length Body of the Ministry of Justice, whose purpose is "to ensure the independent inspection of places of detention, report on conditions and treatment and promote positive outcomes for those detained and the public"<sup>22</sup>. In 2017, a new 'Urgent Notification' protocol was introduced, allowing HMIP directly to alert the Lord Chancellor and Secretary of State for Justice if the Inspectorate had an urgent and significant concern about the performance of a particular prison<sup>23</sup>.

2.41 In the HMIP 2017-18 Annual Report<sup>24</sup>, the Chief Inspector commented that the Inspectorate in that year had documented some of the most disturbing prison conditions ever seen – conditions which he suggested had no place in an advanced nation in the 21st century. He continued that the prominent themes were violence, drugs, suicide and self-harm, squalor, poor access to education and a failure of one-third of inspected prisons to act on previous recommendations.

2.42 In the past three years, adult male prisons have caused HMIP the most concern. Across the adult male estate levels of violence continue to increase and self-harm and assaults have reached new highs. The Chief Inspector noted that this had happened when large reductions in staff numbers were taking effect and prisons were now struggling to maintain even basic standards of safety and decency.

<sup>21</sup> Office of Manpower Economics analysis of HMPPS workforce statistics.

<sup>22</sup> Her Majesty's Inspectorate of Prisons, (2014). *What we do*. (online) Available at: <https://www.justiceinspectorates.gov.uk/hmiprison/about-hmi-prisons/> [accessed on 20 May 2019].

<sup>23</sup> Her Majesty's Inspectorate of Prisons, (2017). *Urgent Notification Process*. (online) Available at: <https://www.gov.uk/government/collections/urgent-notification-process> [accessed on 20 May 2019].

<sup>24</sup> Her Majesty's Inspectorate of Prisons, (2018). *HM Chief Inspector of Prisons Annual Report 2017 to 2018*. (online) Available at: <https://www.gov.uk/government/publications/hm-chief-inspector-of-prisons-annual-report-2017-to-2018> [accessed on 20 May 2019].



2.43 In the year to 31 March 2018, HMIP published 77 inspection and thematic reports. Of these 77 inspections, 49 were for establishments covered by the PSPRB England and Wales remit. The data provided by HMIP highlighted that prison inspections in 2017-18 saw, on average, a markedly lower score across all measures than in the ten previous years.

**Figure 2.6: Percentage of prisons and young offender institutions assessed as 'good' or 'reasonably good' by category in full inspections 2008-09 to 2017-18<sup>25</sup>**



### HMPPS workforce strategy

2.44 In 2017, HMPPS developed a workforce strategy across prisons and probation to help address some of the "systemic challenges" in the Prison Service. The strategy focused on professionalising the Service by building a professional and diverse workforce, and confident and highly effective leaders. It also sought to address longer term issues such as the two-tier workforce.

2.45 HMPPS informed us in its evidence that the workforce strategy will form a critical element of its longer-term business planning over the 2019 Spending Review period and it is currently in the process of seeking funding allocations. We look forward to seeing how this work progresses for our 2020 report.

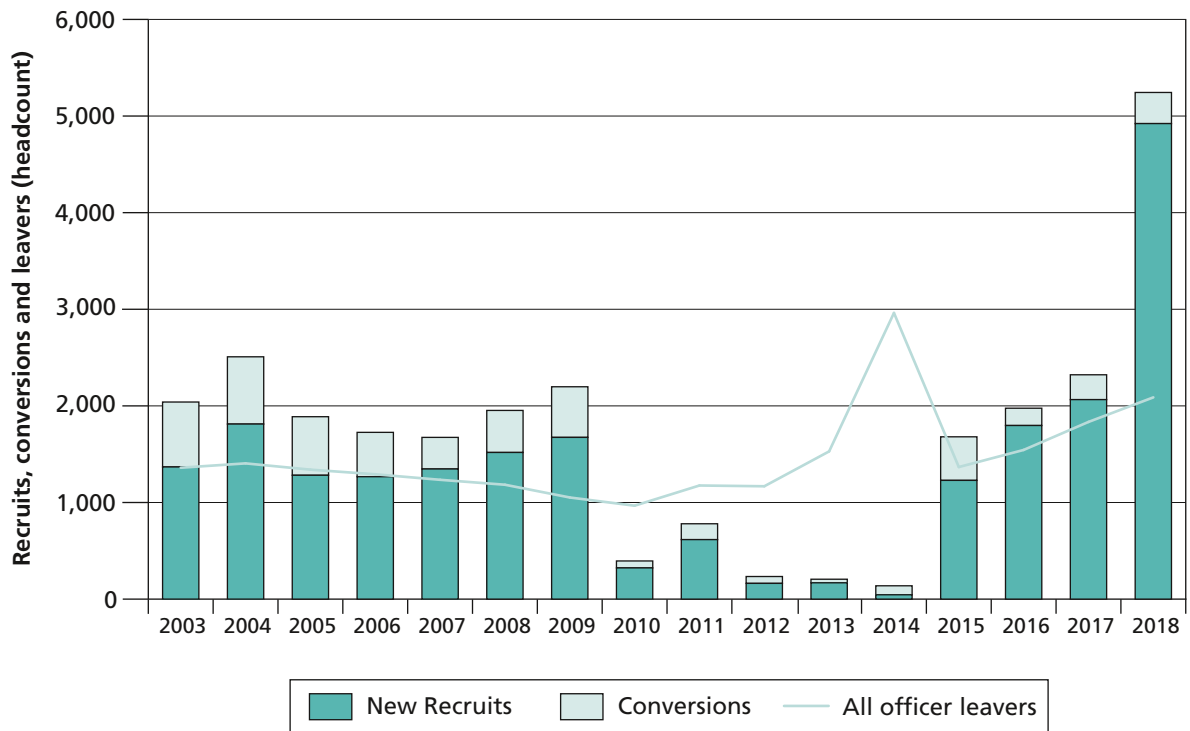
### Recruitment and retention

2.46 In its written evidence this year, HMPPS informed us that it had achieved its target to recruit a net increase of 2,500 Prison Officers ahead of schedule and it now has the highest number of officers in post since 31 January 2013. In 2017-18 there were 5,244 new officers, of whom 4,922 were new recruits to the Service and 322 conversions from other Prison Service roles. This figure is a considerable increase on 2016-17 and is over double any of the annual figures since 2003. We are pleased to see this increase in staffing but note that a failure to invest appropriately in the pay structure of Band 3 Prison Officers will risk creating retention problems and high wastage rates amongst this cohort of new and recently recruited staff. See Figure 2.7 for the recruitment figures for the last 15 years.

<sup>25</sup> Office of Manpower Economics analysis of Her Majesty's Inspectorate of Prisons statistics.



Figure 2.7: Band 3 prison officer recruits and conversion April 1998 to March 2018<sup>26</sup>



2.47 During oral evidence, HMPPS told us that it has done a substantial amount of work to improve the recruitment process, such as: using local recruitment advisors and a localised recruitment process; launching a new Prison Officer recruitment process; setting up familiarisation visits for new recruits; and introducing a mentoring scheme. HMPPS noted that it considered total cash pay (at the maxima of each pay point) to be competitive in most parts of the country and the recent recruitment exercise had shown that starting pay, particularly for Band 3 Prison Officers, was set at a suitable level. However, it also acknowledged that when comparing base pay with the wider public and private sectors, it was falling behind both nationally and in Inner and Outer London. The need for widespread use of market supplements across the prison estate further indicates that base pay is falling behind in large parts of the country.

2.48 Figure 2.8 shows percentage leaving rates for the five years ending March 2018. In the year to March 2018, the overall leaving rate for all grades across the Prison Service increased to 10.0%, up from 9.6% a year earlier. This overall rate is heavily weighted towards Band 3-4 Prison Officers (including specialists) who had the highest leaving rate, demonstrating that there is an issue at this grade. This is not unexpected given the recent increase in staffing, but it is still concerning given the cost of continually high volumes of recruitment and the need to retain experienced staff. HMPPS informed us in oral evidence that each new recruit cost the Service between £12,000 to £14,000, which included recruitment, training and salary costs. The overall leaving rate has risen from 4.1% in 2010 to 10.0% in 2018. This should be a cause of significant concern to HMPPS.

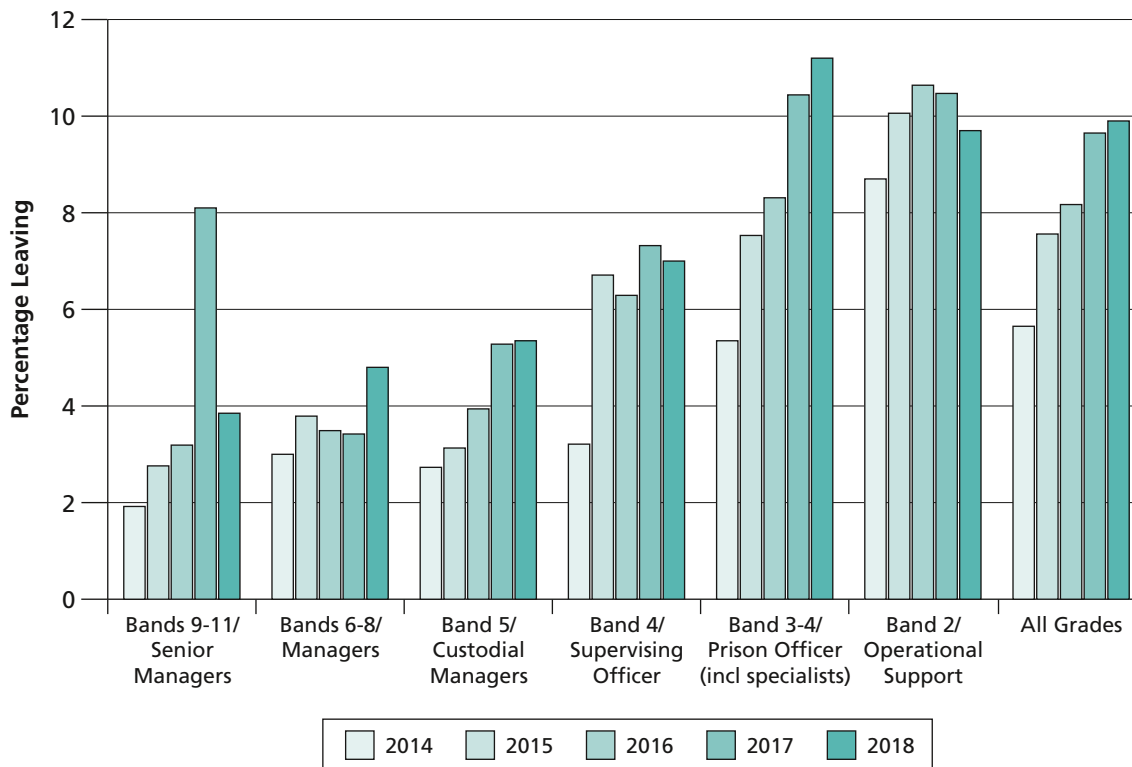
2.49 The data to 31 March 2018, show the leaving rates of permanent staff by grade were:

- 9.7% for Band 2 and equivalent, down from 10.5% the previous year.
- 11.1% for Band 3 Prison Officers and Band 4 Specialist Officers and equivalent, up from 10.4% the previous year.
- 7.1% for Band 4 Supervising Officers and equivalent, down from 7.3% the previous year.
- 5.3% for Band 5 Custodial Managers and equivalent, no change from the previous year.

<sup>26</sup> Office of Manpower Economics analysis of HMPPS workforce statistics.

- 4.7% for Band 6 to 8 operational managers and equivalent, up from 3.4% the previous year.
- 3.7% for Band 9 to 11 senior operational managers and equivalent, a significant drop from 8.1% the previous year.

**Figure 2.8: Leaving rates of remit group staff, 2014 to 2018<sup>27</sup>**



2.50 In its evidence, HMPPS said that internal and external research had found that the main drivers of attrition are: staffing numbers; pay and reward; health and wellbeing; ways of working; physical environment; and working conditions. Interestingly, in oral evidence HMPPS informed us that it had changed its focus from retaining experienced staff to retaining newly recruited staff. It indicated that the retention rate for closed grade officers was now static and it was more concerned about the retention of staff in *Fair and Sustainable* Band 3.

2.51 HMPPS noted in its evidence that there were issues in London with staff leaving for comparable jobs in the Police and UK Border Force. During oral evidence, it reported that it was aiming to achieve a resignation rate of around five per cent for all grades, acknowledging that the current rate was too high. We heard from staff on our visits that new recruits were being trained to work in 'HMP Utopia' and were therefore not prepared when they started work on the landings. HMPPS accepted that the previous training for Band 3 Prison Officers had not fully prepared new recruits for the reality of working in prisons, but this had now been improved.

2.52 The Public and Commercial Services (PCS) union noted in its evidence that too few new recruits were reaching the three year in-service point, which indicated a costly and continuous cycle of recruitment and training. The union believed this money would be better spent on pay that aided retention.

2.53 During oral evidence, the PGA highlighted an issue with operational managers, stating that there were many vacancies across these grades with extensive use of temporary cover arrangements across the estate. It raised a concern that operational managers were being moved out of prisons to fill roles within the newly created Prison Group Director offices, which painted a distorted vacancy picture across England and Wales. During oral evidence, HMPPS said its data suggested there were no issues with Bands 5 and 7 retention and

<sup>27</sup> Office of Manpower Economics analysis of HMPPS workforce statistics.

that the new assessment processes and promotions policy would help address the use of temporary cover in the operational manager grades.

2.54 Overall, the picture of recruitment and retention is mixed. The achievement by HMPPS to reach its target to recruit a net increase of 2,500 Prison Officers shows that HMPPS is able to recruit, at least in some regions. However, we are concerned that HMPPS will need to continue to recruit an even higher number than this each year in order to remain at steady state, particularly if retention remains a significant issue. In its written evidence, HMPPS informed us that it can take up to 60 weeks in several of the hard to recruit sites to receive applications needed to replace leavers. The trend of an increasingly high turnover rate, particularly for Band 3 officers, is an issue that HMPPS needs to address to ensure it maintains an appropriate balance between newly recruited and experienced staff. Reduced turnover will also bring down the high cost of recruitment. As at 31 March 2018, over 21 per cent of officer grades had less than one year's service in the role. More experienced staff will continue to be relied upon to provide on the job training and mentoring to these new recruits, which adds additional pressure onto an already challenging job.

### Locality pay and market supplements

2.55 Two different sets of locality pay arrangements apply to staff in our remit group. Staff in the closed grades at certain establishments continue to qualify for one of six rates of LPA ranging from £250 to £4,250 per year (see Appendix E). Under these old arrangements, the same LPA was paid to all staff at these locations, irrespective of the extent of recruitment and retention difficulties for their particular grade. With the introduction of *Fair and Sustainable* in 2012, LPA was replaced with three pay zones: a basic 'National' pay range and enhanced ranges for those working in 'Outer London' and 'Inner London' establishments and headquarters.

2.56 In February 2017, HMPPS further introduced new market supplements for 31 sites across England and Wales until at least 2021. At 30 September 2018 there were 2,335 Band 3 officers in receipt of the 'red' site £5,000 supplement and 2,035 Band 3 officers in receipt of the 'amber' site £3,000 supplement. These are sites with recruitment and retention issues – 'red' sites<sup>28</sup> where the Service is unable to recruit the staff it requires despite significant efforts and 'amber' sites<sup>29</sup> where recruitment is still possible but difficult. HMPPS further requested in its evidence this year that we endorse an additional site – HMP & YOI Winchester – to be included in the suite of 'red' market supplement sites. We note however, at the time of writing this report that HMPPS has already announced this change.

2.57 HMPPS informed us in its evidence last year that it had commissioned Havas People to undertake independent market research to further understand and evaluate how effective the market supplements have been at recruiting and retaining Prison Officers across the 'red' and 'amber' sites. This year, HMPPS suggested that the picture has improved greatly from the previous year, with the market supplements helping to attract and retain Prison Officers by offering competitive salaries. The research found that 79 per cent of respondents were aware of the supplement when they applied for a job, and three out of four respondents said they would not or probably would not have applied for the role without it. Furthermore, the research found that in February 2017, the first-year officer leaving rates had decreased to 14.4%, compared to the leaving rate of 21.9% in other sites.

2.58 Although HMPPS has not shared a copy of the Havas People report, they informed us in written evidence that they believe the market supplements remain the most appropriate and sustainable approach and are pitched at the right level. However, during oral evidence HMPPS signalled that they did not believe bringing staff in at the mid-point of the pay scale at the market supplement sites had delivered any tangible benefits. Although HMPPS has not formally notified us of any change, we have subsequently heard from the trade unions that the Service no longer intends to bring newly recruited Band 3 Prison Officers at the market supplement sites in at the mid-point from 1 April 2019.

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<sup>28</sup> The 'red' sites are HMPs Aylesbury, Bedford, Bullingdon, Coldingley, Cookham Wood, Downview, Elmley, Feltham, Grendon/Springhill, High Down, Highpoint, Huntercombe, Send, Standford Hill, Swaleside, The Mount, Woodhill and also Medway Secure Training Centre.

<sup>29</sup> The 'amber' sites are HMPs Belmarsh, Brixton, Chelmsford, Erlestoke, Guys Marsh, Isis, Lewes, Littlehey, Pentonville, Rochester, Wandsworth, Whitemoor and Wormwood Scrubs.

2.59 This year, HMPPS did not propose to review the value of the market supplements in the 2019-20 pay round. It also proposed that there should be no change to the three-zone regional pay model this year. HMPPS informed us in its evidence that there is widely accepted evidence that significant locational pay differentials do not exist outside London and its outer fringes, and that recruitment and retention pressures are localised and role specific.

2.60 During oral evidence, both the PGA and PCS commented that it would not be feasible to remove the market supplement from staff at the end of the four year period initially specified for these supplements as staff would simply leave, rather than take a £3,000 or £5,000 pay cut. The PGA commented that this money would have been better invested into the pay system.

2.61 This year we received evidence from staff about the legacy LPA system and the requirement to opt in to *Fair and Sustainable* on promotion. HMPPS's new promotions policy sees closed grade staff in receipt of a legacy LPA being able to retain this allowance on a mark-time basis, should they be required to take a pay reduction on promotion. Evidence received from staff suggested that this created a system whereby those promoted before this arrangement would be earning less than their newly promoted colleagues. We note that this adds a further layer of complexity to an already complex pay system.

### **Competitiveness with the private sector**

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

#### *Research by Incomes Data Research*

2.63 This year, we commissioned Incomes Data Research to undertake a pay comparability exercise for operational Prison Service staff to analyse the pay of prison staff compared to a list of identified roles. We will be using this information as part of the evidence base for our recommendations next year. We return to this matter in Chapter 4.

#### *HMPPS evidence on pay comparisons*

2.64 The Prison Service includes tables in its evidence each year giving comparisons between *Fair and Sustainable* salaries and those elsewhere in the public and private sectors. This year, HMPPS presented us with the most recent Korn Ferry Hay Group pay data as a comparator for both the public and private sectors. These comparisons show that HMPPS compares favourably with the private and public sectors in both London and outer London, apart from at operational manager and Governor grades. HMPPS highlights that, while it considers pay is broadly comparable with the labour market in most cases, the demands of the role of a Prison Officer must also be considered.

2.65 We view this data with caution because Korn Ferry Hay Group bases its calculations on the maxima of each pay point, rather than an average across each band. It also does not take into account the minima of each pay point for recruitment purposes. In its written evidence, HMPPS highlighted that when comparing the remit group's base pay, it is falling behind the wider public and private sectors.

### **Motivation and morale**

2.66 Our terms of reference require us to take staff motivation and morale into consideration when making recommendations. The evidence we received on this issue took a variety of forms. We received updated information from the sources we regularly consider in this context: published statistics on assaults on staff; the HMPPS People Survey results; sickness absence data; union feedback; oral evidence; and information provided to us by staff on visits. We summarise this information here and return to the matter of motivation and morale in our analysis and recommendations in Chapter 3.

2.67 The overall picture from the range of evidence we received indicates that the level of motivation and morale remains at the very low levels observed in recent years. Although HMPPS said it was putting a more focused effort into improving staff wellbeing, it is evident that the high and increasing levels of violence within prisons are having a very significant effect throughout the Prison Service. The Service has seen a large increase in the number of Band 3 Prison Officers in the past year, but it will take some time for the benefits of the additional staff to be felt on the landings as these new staff need to be trained and supported by experienced staff, who already have significant workloads.

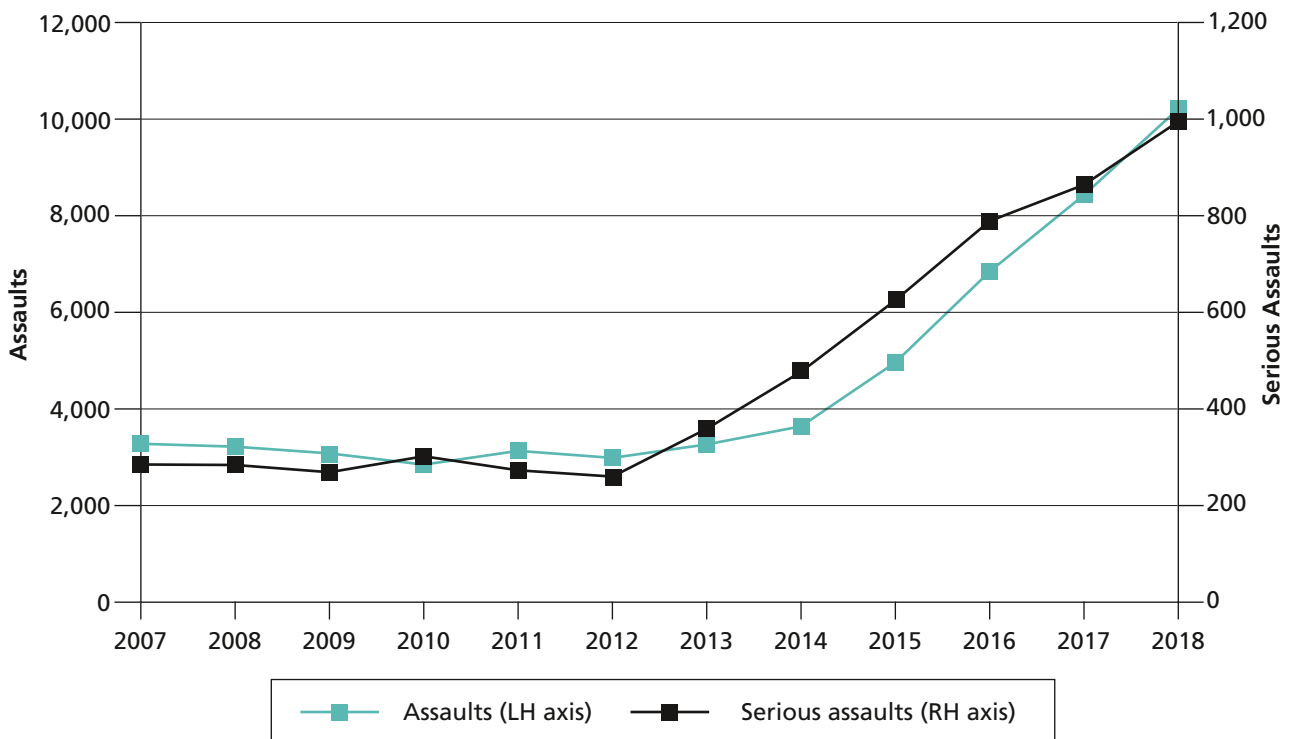
*Violence in prisons*

2.68 All the parties highlighted concerns about violence across the Prison Service, particularly incidents against staff. The official published data from HMPPS shows that the levels of violence in prisons continues to increase. In its written evidence, HMPPS informed us that the emergence of psychoactive substances has caused increased violence in prisons. The number of assaults and serious assaults against prisoners and staff in the year to December 2018 was the highest on record, although it had decreased 11 per cent from the previous quarter. The number of deaths in custody and self-harm incidents had also increased in the year to December 2018, although again the latter had decreased by 7 per cent compared to the previous quarter.

2.69 The figures on assaults on staff in particular showed:

- In the 12 months to December 2018, there were 10,213 assaults on staff, up 21 per cent from the previous year. This is the highest number on record.
- Of these, 995 (10 per cent) were serious assaults on staff, up 15 per cent from the previous year. This is also the highest number on record.

**Figure 2.9: Assaults and serious assaults on staff 2008 to 2018 (annual figures)<sup>30</sup>**



2.70 HMPPS described in its evidence that it had taken a number of steps to address the increasingly challenging circumstances that staff are facing at work, including the implementation of body-worn cameras for officers, the roll out of PAVA (synthetic pepper spray) across the estate in 2019, the introduction of a key

<sup>30</sup> Office of Manpower Economics analysis of HMPPS Safety in Custody statistics.

worker role within the new Offender Management in Custody model, and additional training for new and experienced managers. As highlighted earlier in the chapter, additional funding has also been given to improve security at the ten most challenging prisons. During oral evidence, HMPPS informed us that the most recent violence statistics were showing small signs of improvement but that the picture across the prison estate was still challenging.

2.71 The PGA commented in its evidence that the working environment for its members had deteriorated even further than evidenced in last year's report and that it has become more violent, emotionally demanding and difficult to manage. It reports that this has not only increased the workload of staff, but also the complexity. The PCS told us during oral evidence that violence remains a significant problem and there were serious safety issues.

### *Civil Service People Survey<sup>31</sup>*

2.72 HMPPS is part of the Civil Service and is therefore included in the annual 2018 Civil Service People Survey. HMPPS carried out its survey in the Autumn of 2018 and its results were published on 19 December. We therefore received the results for the 2018 survey for both HMPPS and the Prison Service (a separate unit within HMPPS) in time for this 2019 report. As in previous years, the response rate for the Prison Service remained very low, possibly due to the POA<sup>32</sup> conference mandate to boycott the survey, at just 27 per cent (26 per cent in the 2017 survey). Due to the low completion rate it is important to treat results from this survey with caution.

2.73 There are three questions on pay and remuneration as part of the Civil Service People Survey which we note each year. This year it was encouraging to read, despite the low scores, that there has been a statistically significant improvement in responses from Prison Service staff on the three questions below that relate to pay and remuneration.

- 24 per cent (up from 18 per cent) of respondents considered their pay was reasonable when compared to others doing similar jobs in other organisations;
- 27 per cent (up from 20 per cent) of respondents were satisfied with their total benefits package; and
- 26 per cent (up from 19 per cent) of respondents felt that their pay adequately reflected their performance.

### *Sickness absence*

2.74 It is important that we consider sickness absence in our report as it can significantly affect staffing levels. High levels of sickness absence are also often an indicator of low motivation and morale.

2.75 In the year to 31 March 2018, the remit group rates of sickness absence decreased for a third consecutive year. The overall rate was 9.8 days in 2017-18, following a peak of 12.1 days in 2014-15. Sickness absence rates are much lower for management grades. While Band 3 to 5 officer grade rates have typically been between 10 and 13 days per year since 2007-08, the corresponding rates for managers have tended to be between four to five days.

2.76 In its written evidence, HMPPS informed us that staff wellbeing was a priority and it had introduced a number of new initiatives, such as a new Occupational Health delivery model, a new Employee Assistance Programme and Structured Professional Support for Governors, which was bringing about a reduction in staff sickness absence. HMPPS said that it was still working towards reducing the level of sickness absence to a target of seven days per staff member.

<sup>31</sup> Gov.uk, (2019). *Civil Service People Surveys*. (online) Available at: <https://www.gov.uk/government/publications/ministry-of-justice-civil-service-people-survey-results-2018> [accessed on 20 May 2019].

<sup>32</sup> The professional trades union for prison, correctional and secure psychiatric workers.

### *Evidence from the trade unions*

2.77 The PGA noted in its written evidence this year that the rejection of the 2018 recommendations and implementation of a flat two per cent consolidated award, alongside the subsequent delay in paying the award to staff demonstrated how undervalued the remit group felt. The union provided a range of statistics on staff assaults, deaths in custody, self-harm and drug incidents to demonstrate the extra demands that have been placed on staff, particularly operational managers, over the last year. It highlighted the excessive hours its members' work, stating that operational managers are working 50 to 60 hour weeks, when they are contracted to work 37 hours. In particular, the union raised a concern about the role of Duty Governor and how this was impacting on its members' day-to-day workload. It requested that we introduce a "pay-as-you-go" allowance to account for this additional work.

2.78 The PGA further informed us that the Prison Service was "change weary" and although there were some "green shoots" of improvement across prisons, these were very fragile and the Service as a whole was still unstable, with violence still increasing. It noted the number of establishments in, or at risk of triggering, special measures or the Urgent Notification process, which was "emotionally draining" for operational managers as they spend more time in "command mode".

2.79 The PCS said in its evidence that the erosion of the value of take-home pay since 2010, combined with increases in pension and National Insurance Contribution rates, had caused an adverse effect for staff. It quoted data from the 2018 Staff Survey showing: 74 per cent of responding staff felt that their pay did not reflect their performance; 73 per cent were not satisfied with their benefits; 76 per cent thought their pay compared unreasonably to those doing similar roles in other organisations; and 44 per cent felt undervalued. The union said that, although all staff received a consolidated pay increase last year, it had done little to improve motivation and morale because it was "too little, too late".

2.80 The evidence we heard from staff on motivation and morale during our visits round is discussed at paragraph 2.97.

### **Performance management**

2.81 For some years, there has been a common Civil Service performance management framework for staff below the Senior Civil Service grades (including our remit group) which incorporates a guided distribution for performance markings. Some Government departments have now moved away from this framework, removing some of the more contentious elements, such as guided distributions and validation panels, but HMPPS has chosen to keep the current system, considering it to be fit-for-purpose.

2.82 HMPPS reiterated in its written evidence this year that performance in all bands can be "objectively assessed and that processes are suitably robust". It informed us that it was committed to the current system and that it felt changing the system would not result in a positive shift in the attitudes of staff. However, it provided us with no evidence that supported the assertion that the system was fit-for-purpose.

2.83 We subsequently asked for the breakdown of performance markings by grade for the 2017-18 performance year. The data provided reinforced our concerns as it showed that 25 per cent of staff eligible for a performance marking (including new starters) did not receive one. There were also differences in the number of staff who received an 'Outstanding' marking, with 37 per cent of eligible Bands 9 to 11 receiving this marking, compared to only seven per cent of Bands 3 to 4 and only three per cent of Band 2.

2.84 During oral evidence, HMPPS acknowledged that they could improve the current system but asked that we continue to recommend performance-related pay progression and performance awards, as the amount of money set aside for this was too small to be usefully distributed elsewhere. It noted that its focus was on investing in management training to ensure the system was being followed with significant rigour. HMPPS further wanted to reduce spans of control, improve data entry and moderation meetings. The Service is currently undertaking a review of performance management which, at a minimum, will need to address the issues it has identified.



2.85 The PGA in its evidence to us said that the system was discriminatory, particularly against women who are more likely to take career breaks. It said the system was not used as it should be and when requested, minutes of moderation meetings could often not be produced. It further reported that there were large discrepancies between the performance markings of staff working in HQ, compared to their frontline colleagues. Although the union included elements of performance-related pay progression in its written evidence to us, it told us in oral evidence that the performance management system was currently not reliable enough to link it to the pay system.

2.86 The PCS union informed us that the system was not fit-for-purpose and was, in its view, discriminatory to black, Asian and minority ethnic (BAME) and disabled staff. The union further told us that an increasing number of managers were not engaging with the system and that the system should therefore be replaced. It suggested using a similar system to that used by the Valuation Office Agency.

2.87 On our visits, staff raised the following issues on the performance management system:

- The performance management system did not work as it should. This was the view of junior and senior staff at all levels.
- As we heard last year, Band 5 Custodial Manager spans of control were still felt to be too large. Many said they found it difficult to have meaningful conversations with the staff they managed.
- A large proportion of staff felt that the Band 4 / Senior Officer rank should return to being the first line manager grade.
- The majority of support and officer grades we met said they had not had the opportunity to discuss their performance with their manager within the last 12 months, which we find very concerning.
- The first time some staff had seen their performance form was when it was emailed to them for signature. There was no two-way dialogue with their line manager.
- On receiving their performance form, it was the first time these staff had found out the name of their line manager.
- The forms had been copied and pasted for a group of staff, with the wrong gender pronouns used in some cases.
- Some had several line managers but still had no performance conversations throughout the year.
- Several staff in the closed grades indicated that they had not had a performance discussion in a long time, some mentioned timeframes of over a decade.

### Equality and diversity

2.88 Our standing terms of reference ask us to consider:

*“Relevant legal obligation on the Prison Service in England and Wales and the Northern Ireland Prison Service, including anti-discrimination legislation regarding age, gender, race, sexual orientation, religion and belief and disability.”*

2.89 We monitor the diversity of our remit group using the data available. The most recently available figures as at 31 March 2018 show that some 50 per cent of OSGs were aged 50 or over. Around a quarter of Band 3 to 5 officers were aged under 30, which represents a doubling of this age group compared to the years prior to 2015. Conversely, the 30-49 age group has decreased in proportionate terms, from around 70 per cent in 2006 to 46 per cent in 2018. Over half of operational managers were aged 50 or over in 2018.



2.90 We note that 30 per cent of the remit group are female. In the last decade, there have been substantial increases in the proportions of female staff at all grades, although a greater proportion of these individuals are at the Prison Officer entry grade (58 per cent of women in the remit group are Band 3 operational staff).

2.91 The data we received demonstrates that 6.3% of our remit group declaring this information were from a BAME background, similar to the preceding two years. The corresponding proportion in the wider England and Wales population, as reported in the 2011 Census, was 14 per cent<sup>33</sup>.

2.92 We do not receive data on sexual orientation, religion and belief, and disability from the parties for our report.

2.93 We remain concerned that the current pay structures (including the payment of market supplements) mean that different people are receiving significantly different pay for doing the same work, particularly at *Fair and Sustainable* Band 3 and the equivalent closed grade. We have previously asked HMPPS to present proposals to us on how they propose to tackle this pay differential and equal pay implication as the numbers in *Fair and Sustainable* increase and those in closed grades decrease. HMPPS informed us in its evidence that it does not have the funds available to resolve this issue in the short term and therefore only expect to close the gap between the two structures over a substantial number of years.

### Evidence from visits

2.94 For this 2019 report we visited eleven public sector prisons and one private sector prison (see Appendix C for the full list of establishments visited). As in previous years, we find these visits provide us with a good evidence base which assists us in testing the parties' evidence. This year, we found fewer general cross-cutting themes across all our visits but have grouped the issues raised into main categories for ease of reference.

2.95 The main pay and allowances issues raised to us on our visits to the public sector establishments within our remit were:

- Staff were unhappy that our main pay recommendations had been rejected by the Government.
- There were mixed feelings on the recommended pay award, ranging from "pleasantly surprised" through to, more commonly, it not being enough to make up for years of pay restraint.
- Prison Service staff felt that they were the poor relations when it came to pay, compared to the rest of the public sector.
- Operational managers felt underpaid when factoring in the hours worked above their contracted 37 hour week.
- Some officer grades said it was not financially beneficial to go for promotion to Band 7 because the difference in pay did not adequately compensate for the extra responsibility and hours worked. Officers could receive TOIL and Payment Plus, something operational managers in Bands 7 and above could not.
- It was felt that some officers relied on Payment Plus to "top-up" wages and there was a concern about what would happen when the available levels fell.
- Band 2 OSGs and closed grade equivalents commented that they could earn more in other sectors (such as retail) and they were paid only just above the Government's National Living Wage (NLW).

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<sup>33</sup> Office for National Statistics, (2011). *2011 Census*. (online) Available at: <https://www.ons.gov.uk/census/2011census> [accessed on 20 May 2019].

2.96 The main issues raised on recruitment and retention were:

- Staff told us that newly recruited Band 3 Prison Officers were leaving the Service for other jobs that either paid more or were lower paid but without the associated levels of violence. It was felt that the Band 3 pay scale was too low and not attracting the right calibre of new recruits.
- Staff felt that the Prison Service needed to undertake more work on retaining both new and existing staff.
- Staff would often use the job as a stepping stone to move to the Police within two years.
- Experienced staff and new recruits felt that the training provided by HMPPS did not fully prepare new recruits for working in a prison environment.
- The London labour market was dynamic, with many staff feeling that this impacted on the retention of new Band 3 Prison Officer recruits, along with closed grade Prison Officers and Senior Officers.
- There was some evidence to suggest that some establishments were struggling to recruit and retain Band 2 OSGs. Many noted that the Service was using agency staff and considered the Band 2 salary too low.
- The high number of new recruits had increased workloads for experienced staff who were required to mentor and train them.

2.97 The main motivation and morale issues raised were:

- Levels of morale were variable between the prisons we visited, although no prison had a level that was considered excellent by all staff. The general picture remained that of low morale and motivation.
- Staff said they felt exhausted and the continuing increases in the levels of violence were taking their toll.
- Operational managers felt the role of the Duty Governor was not adequately remunerated and this role impacted on their working and home lives.
- Band 2 OSGs routinely mentioned that they felt marginalised by the Service, although they appeared to work well together as a cohesive group.

2.98 This year, like last year, we visited several establishments that were in receipt of the HMPPS 'red' and 'amber' market supplements. The main issues raised were:

- It was reported that the supplements had helped to increase Band 3 staffing levels at those prisons in receipt of the supplements.
- There was a concern amongst staff about what would happen once the four year market supplement period ended. A significant number said they would leave the Service if they lost the supplement.
- Some prisons in close proximity to supplement sites reported that they had started to have difficulty in recruiting Band 3 Prison Officers, suggesting new recruits were choosing establishments with the higher total salary.

2.99 Other issues raised were:

- Some staff felt that less experienced staff were being promoted to Band 4 too quickly and that there should be a set minimum period before Band 3 staff could apply for promotion.
- Staff said that communication was poor, particularly on the pay award. There was a tendency for HMPPS and senior management to do this via the intranet which was often not practical for those staff who did not work in an office.

- Prisoners were younger and less compliant and would now “happily” assault a female member of staff.
- Staff continued to remain unhappy about the Civil Service pension age being linked to the State Pension Age of 67/68. It was felt that this retirement age was far too old to cope with the physical and mental demands of being an operational frontline Prison Officer.

### The parties' proposals

2.100 As noted in Chapter 1, the pay round for this year has run later than our usual timetable due to the delays in the Government's submission of evidence. All the parties' evidence was received by the end of January 2019. There were no discussions between the parties that sought to reach joint agreement on the proposals submitted but we are aware of some discussions between HMPPS and the trade unions on allowances. These are discussed further in Chapter 3. The key points in the written evidence we received are summarised below.

2.101 HMPPS included the existing contractual arrangements in its evidence and also made the following proposals:

#### Headline award and structural changes

- To ensure all staff continue to be paid at or above the Government's NLW.
- To increase the maxima of Band 2 National (pay point 2) by one per cent and to remove pay point 1 so that Band 2 becomes a single pay point.
- To increase all National pay points in Bands 3 to 5 by one per cent.
- To increase all National Bands 7 to 11 pay range maxima values by one per cent in line with Bands 3 to 5.
- To maintain staff on Bands 7 to 11 at their relative position on the pay ranges before applying any progression.
- To increase all National Bands 7 to 11 pay range minima to maintain pay ranges at 20 per cent.
- To shorten the Band 7 pay range from 20 per cent to 15 per cent by making the minimum 15 per cent less than the new maximum. Staff below the minimum at this stage to move back onto the new pay range as part of progression.
- Operational graduates and staff on the Accelerated Development Scheme to receive a consolidated increase of one per cent, in line with the headline *Fair and Sustainable* increases.
- All grade scale and single pay points for uniformed staff and Phase One operational managers on closed pay arrangements to be increased by 0.5%.

#### Performance-related pay progression and performance awards

- Eligible staff in Bands 2 to 5 and 7 to 11 rated as 'Good' or 'Outstanding' to receive annual progression effective 1 April 2019.
- No pay progression for staff in *Fair and Sustainable* where performance is rated as 'Improvement Required'.
- All staff in Band 2 on pay point 1 to move to pay point 2 irrespective of eligibility or performance to facilitate the change to a single pay rate.
- Following pay uplifts, those below maxima in Bands 3 to 5 to progress to the next available higher pay point.

- Following relative position uplifts, staff in Bands 7 to 11 to progress by increasing pay by a further two per cent, subject to maxima.
- Staff in Band 7 who are below the new band minimum after the two per cent pay progression uplift has been applied to be moved to the new minimum.
- Staff in *Fair and Sustainable* pay arrangements who receive an 'Outstanding' performance marking to receive an additional non-consolidated payment on base pay as at 31 March 2019 of one per cent in Bands 2 to 4 and two per cent in Bands 5 and 7 to 11.
- Phase One operational managers and Senior Managers on closed terms to receive an additional non-consolidated payment on base pay as at 1 April 2019 of one per cent for an 'Outstanding' performance marking.
- Uniformed closed grades to not receive any form of performance recognition payment as the POA had previously opted out of these arrangements<sup>34</sup>.

### Locality Pay

- No changes to the current locality pay zonal structure.
- The differential between National and the Inner and Outer London maxima rates to be increased by one per cent and the zonal differentials at pay range maxima to continue to be applied consistently across all bands.
- The base pay cash value of Outer London and Inner London maxima to be increased by adding the 37 hour base pay values to the proposed new National band maxima values to maintain the appropriate zonal differentials.

### Allowances and payments

- That the current temporary increases to Payment Plus, Tornado payment and OSG overtime be made permanent.
- That the National Tactical Response Group and National Dog and Technical Support Group staff receive a new allowance to replace and enhance current on-call arrangements.
- That Required Hours Addition (RHA) in closed operational manager grades be increased by 0.5% in line with the pay proposals for these staff.
- Staff on temporary cover to receive additional and unsocial hours/RHA payments at the rate for the band at which they are temporarily working.
- No other allowances or payments to have a cash or percentage increase.
- That a further prison, HMP & YOI Winchester, is added to the suite of 'red' market supplement sites.

### Opt in

- To make permanent the two per cent annual opt in incentive which has been in place since 2014, for the remaining operational managers to opt in to *Fair and Sustainable*.
- To enable Principal Officer Specialists who opt in to move directly to *Fair and Sustainable* Band 5 maximum.

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<sup>34</sup>The POA historically opted out of legacy performance-related pay arrangements for closed uniformed grades.

- To enable Prison Officer Specialists, working to Band 4, who opt in to join *Fair and Sustainable* at the maximum.
- In line with HMPPS's long term intention to continue to invest in *Fair and Sustainable* pay structures, any member of staff who would benefit financially from opting in and chooses not to, should not receive any pay award, either consolidated or non-consolidated.

2.102 In making these recommendations, HMPPS believe that capacity and productivity gains can be achieved. In last year's evidence, HMPPS costed the productivity savings for 2019-20 at £16 million per annum. It indicated that this would largely be achieved through reducing the Payment Plus bill (around £50 million in 2017-18) and reducing vacancies through new policies such as the promotions policy and new specialist roles, such as the Advanced Prison Officer. HMPPS further identified another £7 million worth of savings per annum, based on reducing the use of Detached Duty and through recruitment of full-time staff to OSG grades, rather than the use of agency staff.

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

- The *Fair and Sustainable* Bands 7 to 11 pay ranges and closed grade scales be increased by a minimum of six per cent (including the closed grade cash RHA). The PSPRB should also factor in the non-consolidated element of the 2018 Government award when determining this year's award.
- Pay progression of six per cent (consolidated) for staff in Bands 7 to 11, capped at the band maxima.
- Open pay ranges in Bands 7 to 11 be replaced with fixed pay points that allow progression in four to five years.
- The current performance-related pay system be discontinued and a new "fairer" system introduced.
- The introduction of a "pay-as-you-go" allowance for undertaking the role of Duty Governor.

During oral evidence, the PGA also provided us with a number of operational insights that helped give a useful context for the written evidence.

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

- A five per cent consolidated award with £1,200 "underpinning" on all pay points and ranges, which reflects the union's national position. This award should be for all staff, including those on closed grades, and take into account the November 2018 rate of CPIH and address the erosion of take-home pay since 2010.
- All staff should earn a minimum of £10 per hour and the Living Wage Foundation's living wage to underpin all pay structures.
- *Fair and Sustainable* Band 3 and 4 maxima assimilated to closed grade equivalents, including allowances.
- Bands 2, 5 and 7 to 11 closed grade equivalents assimilate to *Fair and Sustainable* on current pay scale position, opting in to the maxima.
- The current performance management system be discontinued.
- A reintroduction of legacy LPA rates for all staff.

2.105 We did not receive evidence from the POA for a fourth year running. As part of our usual evidence exchange with the parties, we shared all the other parties' written evidence with the POA in January 2019. We subsequently extended an invitation to them to attend an oral evidence session, which was declined.

## Chapter 3: Our recommendations on pay for 2019

### Introduction

3.1 This chapter summarises our analysis of the evidence and sets out our recommendations. The objectives we set out to address this year are:

- To provide all staff with a consolidated pay increase;
- To maintain the competitiveness of our remit group's pay scales and ranges in a tight labour market;
- To recognise Her Majesty's Prison and Probation Service's (HMPPS) affordability constraints;
- To target pay to support the recruitment and retention of Prison Officers;
- To improve the current low levels of morale and motivation; and
- To reduce the pay differentials between *Fair and Sustainable* and closed grades where the gap still remains material.

#### Summary of headline recommended pay awards

We recommend that from 1 April 2019 the *Fair and Sustainable* National Bands 2, 4 and 5 base pay points, the Bands 7 to 11 base pay minima and maxima, and all closed support and officer grade spot rates and base pay points be increased by 2.2%.

We recommend that from 1 April 2019 the *Fair and Sustainable* National Band 3 base pay points be increased by 3.0%.

3.2 This year our overarching priorities have been for all staff to receive an affordable consolidated increase that would see no further real-terms erosion of their pay and, as a minimum, not to worsen the competitiveness of our remit group's rates of pay in the labour market. Our terms of reference require us to consider several factors, including the need to recruit, retain and motivate suitably able and qualified staff. We have therefore considered the following factors when determining the headline pay award for all staff:

- Key economic benchmarks for March 2019<sup>1</sup>. These include the Consumer Prices Index including owner occupiers' housing costs (CPIH) rate of inflation at 1.8%, the level of external pay awards and settlements at 2.5% and average earnings growth across the whole economy at 3.3%, alongside HMPPS's affordability position.
- HMPPS's concern in its written evidence that base pay is falling behind, both nationally and in Inner and Outer London, when compared to the wider public and private sectors.
- The increase in overall leaving rates for all grades across the Prison Service to 10 per cent in the year to March 2018. In order to keep staffing levels steady, HMPPS informed us it will have to recruit 2,700 additional Prison Officers annually, which costs the Prison Service an average of £14,000 for each new recruit. This is an estimated cost of £38 million each year.
- More demanding and violent working conditions, with the number of assaults against staff in the 12 months to December 2018 up 21 per cent from the previous year – the highest number on record.

<sup>1</sup> We have used published data that were available at the time of reaching our decisions in April 2019.

- The unique position of the Prison Service Pay Review Body (PSPRB), having been explicitly created as a compensatory mechanism for the remit group's loss of the right to take industrial action of any form.

3.3 This year, we concluded that there was a need to target additional investment at *Fair and Sustainable* Band 3. In determining the awards for Band 3 Prison Officers, we considered several additional pieces of evidence:

- HMPPS is currently able successfully to recruit staff at Band 3 in most areas of England and Wales. However, in order for the Service to continue recruiting 2,700 Prison Officers each year in a very tight labour market, base pay must be competitive and broadly keep pace with levels of pay in the wider private and public sectors.
- The leaving rate is highest among frontline Band 3 Prison Officers and Band 4 Specialist Officers (11.1% at 31 March 2018) and continues to increase.
- More experienced Prison Officers, many of whom are at the top of their scale, are being relied upon to train, induct and mentor new recruits, adding to their already significant workloads.
- Band 3 is the one band where there remains a significant gap between the maximum of the band and that of the equivalent closed scale, meaning that closed grade officers are unable to opt in to *Fair and Sustainable* terms without suffering a significant financial detriment.
- The Office for Budget Responsibility assumes that earnings growth will be maintained at 3.1% in 2019.

### Analysis

3.4 As we describe in Chapter 2, the economy continued to grow in 2018 but growth is expected to slow over the course of 2019. The CPIH<sup>2</sup> 12-month rate was 1.8% in March 2019; it was expected to rise gradually in coming months. Average earnings growth across the economy was 3.3% in the year to March 2019, with median pay awards expected to remain at 2.5% in 2019. Alongside this, the labour market remains very tight, which may cause recruitment problems for employers such as HMPPS due to a shortage of potential new recruits. Overall, we consider that economic conditions are likely to make recruitment and retention in the Prison Service more challenging over the coming year.

3.5 Since 2010-11, the Ministry of Justice's (MoJ) budget (covering prisons, probation and the rest of the justice system) has seen a real-terms cumulative decrease of 40 per cent<sup>3</sup>. There were substantial staffing cuts over this period, which saw our remit group decrease year on year between 2010 to 2017. In recent years this has had a major impact on hard-pressed staff, who have had to work in increasingly challenging working conditions, where violence against them has risen to record highs.

3.6 The Government has recognised these problems and in November 2016 it committed £100 million to recruit additional staff across the prison estate, with further funding provided in August 2018 to improve security and leadership capability at the ten most challenging prisons. During oral evidence, we heard from HMPPS that there are some encouraging signs of improvement. Nevertheless, HMPPS recognised that there were still significant issues with the condition of the prison estate and that it would take some time before improvements would extend across the whole of the Prison Service.

3.7 Since our last report, HMPPS achieved its aim of recruiting a net increase of 2,500 Prison Officers and our remit group has increased in number for the first time since 2009. This is welcome news, which should start to reduce some of the day-to-day pressures on hard stretched prison staff. However, two significant notes of caution are needed.

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<sup>2</sup> CPIH is the most comprehensive measure of inflation. It extends the CPI to include a measure of the costs associated with owning, maintaining and living in one's own home and is the preferred measure for the Office of National Statistics.

<sup>3</sup> Parliament, (2017). *Ministry of Justice: Public Expenditure*. (online) Available at: <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2017-11-13/112641/> [accessed on 20 May 2019].



3.8 First, the real benefits from these new staff will only come if the majority remain in the Prison Service for several years and become experienced Prison Officers. It is too early to say whether this is likely, but we note that the resignation rate for Band 3 Prison Officers is continuing to rise. Second, on our visits we heard that the impact of these additional people is not yet being fully felt on the landings. Indeed, the number of inexperienced staff is adding to the workload of the more experienced frontline officers.

3.9 Since 2010, the overall leaving rate for all grades across the Prison Service has risen from 4.1% to 10.0% as at 31 March 2018. Retention is likely to be strongly affected by staff morale and motivation. A generally disaffected workforce, that feels undervalued, will tend to discourage even well-motivated new recruits from remaining in the Service in the long term. The morale of operational prison staff has been low for several years and we have seen no evidence this year that anything has improved.

3.10 Published figures on assaults and other forms of violence in establishments show that these are at their highest levels since 2000 and are still rising. The unions, and many staff themselves, commented on the rise in working hours and workloads, which was having a damaging effect on the well-being and morale of our remit group. This risks diminishing the effectiveness of the extra investment that the Government has recently put into the Prison Service. While it was always likely to take time for the effects of the non-pay investment to work through, the overall low level of morale remains a concern to us.

3.11 Among the factors that have depressed morale has been a perception that the Government does not place sufficient weight on the work of this Review Body. Over half of our recommendations were rejected last year, and evidence from the parties and from our visits indicates that prison staff noticed this and felt devalued as a result. Independent recommendations from the Review Body, which Government had pledged to reject only in "exceptional circumstances", had been regarded as one of the safeguards for prison staff being fairly treated, recognising that they have no right to take industrial action. The Prison Governors' Association (PGA) informed us in oral evidence that it had debated at its Conference this year about whether to continue engaging with the Pay Review Body process. This is a concerning development. The Review Body process cannot operate effectively unless the parties have confidence in it.

### Affordability

3.12 We were mindful this year to pay particular attention to the issue of affordability when determining our recommendations. In doing this, we have looked at all the evidence we received about the current position of the Prison Service and the Government's future plans. We have also drawn on our Members' experience in different private and public sector organisations.

3.13 HMPPS gave us figures for the costs of its proposals for 2019-20, which included £8.2 million available for increases to pay. This is 0.2% of HMPPS's £4.6 billion budget for operational expenditure<sup>4</sup> as of 2017-18. During oral evidence, both the Minister and senior HMPPS officials told us that, given these constraints, they believed a balance had to be struck between investing in pay and investing in the physical infrastructure of the prison estate. HMPPS was clear that the latter should have priority for any additional money.

3.14 We agree that improvements to the physical infrastructure of the prison estate should be a priority, and that investment in this area should be helpful to motivation and morale. At present, the poor condition of many prisons creates difficulties and even physical danger for our remit group and may contribute to staff deciding to leave the Prison Service. However, we do not think that there can or should be a simple trade-off between desirable infrastructure investment, which is often capital expenditure stretching over many years, and the money available for a pay increase for Prison Service staff in a single year.

3.15 In addition, we do not believe that affordability should be considered purely as a question of how much money happens to be in a budget in a particular year. It has to be seen as part of the broader objective of achieving good value for money. That requires looking at costs that may rise if staff are inexperienced,

<sup>4</sup> Gov.uk, (2018). *HMPPS Annual Reports and Accounts 2017-18*. (online). Available at: <https://www.gov.uk/government/publications/hmpps-annual-report-and-accounts-2017-18> [accessed on 20 May 2019]. At the time of writing our report the Annual Reports and Accounts for 2018-19 had not been published.



overworked or demoralised, even if those costs do not fall directly on the pay budget. It also requires considering how pay contributes to the total effectiveness of a people-based organisation.

3.16 We have therefore assessed the overall affordability of our recommendations from this perspective, and alongside our other terms of reference.

### Support and officer grades pay award

3.17 This year we saw a need for a broadly consistent approach to pay awards for staff in *Fair and Sustainable* bands and their equivalents in closed grades. We wanted to recognise frontline staff in both structures, who are continuing to carry out demanding roles in the face of difficult conditions.

3.18 In determining the amount of uplift appropriate this year, we noted the figures for the CPIH rate of inflation, and the level of external pay settlements in the wider economy, alongside HMPPS's affordability position. We also considered the competitiveness of the pay scales and ranges and sought to address HMPPS's concern, in its written evidence to us, that base pay was falling behind both nationally and in Inner and Outer London when compared to the wider public and private sectors.

3.19 HMPPS proposed a headline award of 0.5% for the closed grades, and 1.0% for *Fair and Sustainable*. We do not consider that this approach offers good value for money. The headline proposal falls below the key economic benchmarks in the wider economy, amounting to a real-terms pay reduction for many staff. We believe this would damage retention and morale across the whole Prison Service, and thereby put at risk the recent investment that the Government has made. Current pressures in the Prison Service affect both closed and *Fair and Sustainable* grades equally and both groups of staff need to see some real-terms pay growth.

3.20 We therefore recommend a consolidated, pensionable increase of 2.2% for all staff in Bands 2, 4, 5 and 7 to 11, along with all closed grade staff. This award will deliver the same percentage increase to staff irrespective of whether they are on *Fair and Sustainable* or on the closed scales.

**Recommendation 1:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Bands 2, 4 and 5 base pay points, along with all closed support and officer grade spot rates and base pay points, be increased by 2.2%, as set out in Appendix D. This award to be consolidated and pensionable for all staff.

### National Living Wage

3.21 HMPPS recommended in its written evidence that all staff should continue to be paid at or above the Government's National Living Wage (NLW), following the announced increase to £8.21 per hour<sup>5</sup> from 1 April 2019. We therefore recommend that the consolidated, pensionable salary for Prison Auxiliary staff and Night Patrol staff is increased to the NLW or by 2.2%, whichever gives the greater amount<sup>6</sup>. As of 30 September 2018, this is likely to benefit two staff in the role of Night Patrol and three staff in the role of Prison Auxiliary.

**Recommendation 2:** We recommend that from 1 April 2019 the consolidated, pensionable salary for Prison Auxiliary and Night Patrol staff be increased to the National Living Wage or by 2.2%, whichever gives the greater amount.

### *Fair and Sustainable* Band 3

3.22 This year, we consider that the evidence supports targeting additional investment at *Fair and Sustainable* Band 3. Band 3 is the main recruitment grade to the Prison Service which is facing significant challenges both with recruitment in some regions and with the retention of staff at that grade. In its written evidence, HMPPS informed us that base pay, particularly for Band 3 Prison Officers, is falling behind the wider public and private sectors. *Fair and Sustainable* was introduced to enable public sector prisons to "remain a competitive force in

<sup>5</sup> For employees aged 25 or over.

<sup>6</sup> We note that these grades may have slightly different terms and conditions, including working hours. Therefore, we believe HMPPS are best placed accurately to calculate the NLW for these grades.

an increasingly diverse market place”<sup>7</sup>. We saw also that leaving rates for this grade were high and increasing. Given the current pressures on the Prison Service and the criticality of the Band 3 Prison Officer role, we think it essential that the *Fair and Sustainable* pay scales and ranges are attractive within affordability constraints.

3.23 We therefore recommend an increase for staff in *Fair and Sustainable* Band 3 of 3.0%.

**Recommendation 3:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Band 3 base pay points be increased by 3.0%, as set out in Appendix D. This award to be consolidated and pensionable for all staff.

3.24 We believe that increasing the Band 3 scale broadly in line with equivalent earnings growth in the wider economy will particularly assist with retention. An estimated 17 per cent of Band 3 Prison Officers are now at the top of their pay scale and this will therefore be the only increase they receive this year (based on 30 September 2018 staffing data). This increase will also make the Band 3 starting salary more attractive to high quality recruits and offer them the potential for higher salary growth.

3.25 This recommendation further supports HMPPS’s intended objective to reduce the differential between the two pay structures.

3.26 We saw insufficient evidence to target additional investment at any other bands this year.

### Operational managers pay award

3.27 In line with the points set out above, we concluded that we wanted to recognise all managers equally this year. We are, however, aware of a perceived gap between operational managers in Bands 7 to 11 and comparator roles in other sectors, as seems to be the conclusion from the Korn Ferry Hay Group report. We hope to have more detailed evidence on this issue for our next report.

3.28 As we recommended in our 2018 report, we are proposing that the uplift to the scales is separated from an individual’s pay progression, in line with the approach we have adopted for support and officer grades and as proposed in the HMPPS evidence. Therefore, we recommend that all staff in the Band 7 to 11 open pay ranges should first see their current salary increased by 2.2%, maintaining their relative position in the 2019 pay range. Progression pay, depending on performance as discussed below, should be applied after and in addition to this uplift. Operational managers on closed grades are all at the pay maxima.

**Recommendation 4:** We recommend that from 1 April 2019 the *Fair and Sustainable* National Bands 7 to 11 base pay minima and maxima and the closed operational manager scales (including the closed grade Required Hours Addition cash element) be increased by 2.2%. Staff in *Fair and Sustainable* Bands 7 to 11 should have their pay increased by 2.2% so that they remain at the same relative position in the 2019 pay range. This award to be consolidated and pensionable for all staff.

### Operational graduate pay

3.29 HMPPS included proposals for operational graduates and staff on the Accelerated Development Scheme in its written evidence to us this year. We recommend that these staff receive a consolidated, pensionable increase of 2.2%, the same as for operational managers.

**Recommendation 5:** We recommend that from 1 April 2019 the *Fair and Sustainable* operational graduate and Accelerated Development schemes consolidated, pensionable pay rates be increased by 2.2%.

<sup>7</sup> HMPPS, 2012. *Fair and Sustainable*. Unpublished.

### Pay progression and performance awards

3.30 One way of rewarding performance and motivating staff is through having a pay system that links pay to the performance management system. However, for there to be any element of performance-related pay, this system must be evidentially robust, credible and fair.

3.31 In previous years we have raised concerns with HMPPS about its performance management system being insufficiently robust to base performance-related pay decisions on its outputs for staff in Bands 4 and below. In our 2018 report, we recommended performance-related pay for Band 5 and Bands 7 to 11 but signalled our concern that the system appeared not to be working effectively for support and officer grades. We asked for evidence from all parties for this report on whether they considered the system was fit for purpose.

3.32 As discussed in Chapter 2, the evidence that we were provided with this year strongly suggested that the system was not only working ineffectively for support and officer grades, but also for operational managers in Bands 7 to 11. We were particularly concerned to receive evidence from HMPPS itself that a quarter of staff eligible for a performance marking did not have one recorded last year. This is in addition to the many staff we met on visits this year who informed us that, despite having received a performance marking, it was given to them without any discussion with their managers and was often described as a simple “tick box exercise”.

3.33 Overall, it is our view that the current system is not working satisfactorily, and the evidence we have received has flagged discrimination concerns. As a result, we seriously considered whether to remove all forms of performance-related pay progression from our recommendations this year. We ultimately concluded however, that it would be unfair to staff who had completed the performance year with the expectation of receiving performance-related pay progression. We wish however, to make it clear that if HMPPS does not set out a firm programme to improve the operation of its performance management system, including its impact on equality, then we will be unlikely to continue to recommend performance-related pay progression or performance awards for any grades of staff going forwards. We note that the Human Resources function in HMPPS has recently moved into the MoJ and we believe this presents a good opportunity for a fresh look at the system to seek to resolve its deficiencies. We return to this matter in Chapter 4.

#### *Support and officer grades*

3.34 Support and officer grades on the closed scales are all now on their pay scale maxima and are therefore not entitled to any further contractual pay progression. Staff on *Fair and Sustainable* do not have contractual pay progression and we therefore make annual recommendations on progression for these grades.

3.35 HMPPS proposed that staff in Bands 2 to 5 below the maxima who received a performance marking of ‘Outstanding’ or ‘Good’ should progress to the next pay point. It further requested that staff who receive an ‘Outstanding’ performance marking be awarded an additional non-consolidated performance award of one per cent for Bands 2 to 4 and two per cent for Band 5.

3.36 As discussed earlier in this chapter, we have serious concerns that the performance management process for all staff in our remit group is not robust. However, because staff already have completed the performance year with the expectation of receiving performance-related pay progression and performance awards, we have decided to make performance-related recommendations consistent with our 2018 report.

3.37 All staff on *Fair and Sustainable* Bands 3 to 5 should therefore move with the pay points as set out above in recommendations 1 and 3. Following this uplift to the pay scales, we recommend that all staff progress to the next pay point unless they are subject to formal poor performance measures. This will deliver further increases in base pay.

**Recommendation 6:** We recommend that all staff in *Fair and Sustainable* Bands 3 to 5 who are in post on 31 March 2019 progress by one pay point effective from 1 April 2019, unless they have been placed on formal poor performance procedures.

3.38 In order to remain consistent with our 2018 report, we recommend that staff in Band 5 who achieve an 'Outstanding' performance marking receive an additional one per cent non-consolidated, non-pensionable performance award.

**Recommendation 7:** We recommend that staff in *Fair and Sustainable* Band 5 who are in post on 31 March 2019 and receive a performance marking of 'Outstanding' receive an additional one per cent non-consolidated, non-pensionable performance pay award based on 31 March 2019 base pay.

#### *Operational managers*

3.39 We have consistently noted our concerns about the performance management system for uniformed grades, but in previous years we considered that the system was a broadly acceptable basis for determining pay progression for Bands 7 to 11 and have recommended performance-related pay for these grades.

3.40 HMPPS proposed that staff in Bands 7 to 11 below the maxima who are awarded a performance marking of 'Outstanding' or 'Good' should receive consolidated pay progression of two per cent, subject to the range maxima. In addition, HMPPS proposed that staff who received an 'Outstanding' performance marking should be awarded an additional non-consolidated performance award of two per cent. The PGA requested six per cent consolidated progression for those with a 'Good' or 'Outstanding' performance marking, capped at the band maxima.

3.41 Given staff have already completed the performance year with the expectation of receiving performance-related pay, we have decided to adopt a similar approach to uniformed grades and make recommendations consistent with our 2018 report. Operational managers undertake important and demanding roles in prisons, and we believe that those who perform well should see pay progression in the same way as uniformed grades.

3.42 We recommend four per cent progression for a 'Good' performance marking and six per cent progression for an 'Outstanding' performance marking, capped at the new 2019 band maxima. As last year, those staff that received an 'Outstanding' performance marking who are within six per cent of (or at) the 2019 band maxima should receive the balance of the six per cent as a non-consolidated, non-pensionable performance award capped at two per cent of base pay. Those who receive an 'Improvement Required' performance marking should not receive pay progression and are entitled to the general pay award uplift only.

3.43 These progression values are consistent with our awards in recent years and continue to progress staff up the pay range in HMPPS's preferred timescale of four to six years.

**Recommendation 8:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2019 and receive a performance marking of 'Good' receive a consolidated and pensionable progression increase of four per cent, capped at the new 2019 band maximum.

**Recommendation 9:** We recommend that staff in *Fair and Sustainable* Bands 7 to 11 who are in post on 31 March 2019 and receive a performance marking of 'Outstanding' receive a consolidated and pensionable progression increase of six per cent, capped at the new 2019 band maximum. Those within six per cent of the maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable performance pay award, capped at two per cent of base pay.

3.44 Operational managers in the closed grades below the maxima, like officers and Operational Support Grades (OSGs), were entitled to contractual progression of one pay point each year (for managers this is subject to a 'Good' performance marking or better). This year is the first year that all closed grade operational managers are now at the pay maxima and therefore are not entitled to progression. Staff on the maximum are however, entitled to a contractual non-consolidated but pensionable award depending on performance (one per cent for 'Improvement Required' and two per cent for 'Good' or 'Outstanding'). In addition, all staff on closed grades with an 'Outstanding' marking receive a one per cent non-consolidated, non-pensionable award. We considered there was no evidence to change these awards for closed grade operational managers this year.

3.45 We recognise that there is a possible anomaly in our recommendations whereby the performance award for Band 5 is based on 31 March 2019 base pay, compared to the performance award for Bands 7 to 11 based on 1 April 2019 base pay. Given the issues we have highlighted with the performance management system, this year we have made recommendations consistent with our 2018 report. We will, however, reconsider this issue in future reports.

### Changes to *Fair and Sustainable*

#### *Fair and Sustainable Band 2*

3.46 In its written evidence, HMPPS requested this year that we remove the lowest pay point in *Fair and Sustainable* Band 2 so that the existing two point scale became a spot rate. HMPPS's rationale for this was that it would mirror an approach being taken by other Government departments and would ensure that the base pay of Band 2 remained meaningfully above the Government's NLW for 2019-20. It would also provide additional headroom to encourage closed grade OSGs to opt in to *Fair and Sustainable* pay arrangements. We agree with this proposal and recommend that the *Fair and Sustainable* Band 2 scale is reduced to a single pay point from 1 April 2019 before the pay award is implemented.

**Recommendation 10:** We recommend that from 1 April 2019, pay point 1 of the *Fair and Sustainable* National Band 2 is removed so that the band becomes a spot rate. All staff on pay point 1 are to be moved to pay point 2, irrespective of eligibility or performance, to facilitate this change.

#### *Fair and Sustainable Band 7*

3.47 In its written evidence this year, HMPPS proposed that we shorten the Band 7 pay range from 20 per cent to 15 per cent. It believes that this will incentivise Band 5 officers to apply for promotion to operational manager roles. We frequently hear on visits, and in evidence from the trade unions, that the gap between Band 5 and 7 does not offer a large enough financial incentive for Band 5 officers particularly when factoring in their ability at Band 5 to undertake additional paid Payment Plus hours. Although we have some reservations about the effectiveness of HMPPS's proposal and how it could undermine the integrity of the *Fair and Sustainable* pay structure, we recognise that the pay gap between Band 5 and Band 7 is a problem for the Service and therefore endorse this proposal.

**Recommendation 11:** We recommend that from 1 April 2019 (and following the uplift in recommendation 4) the *Fair and Sustainable* National Band 7 pay range is shortened from 20 per cent to 15 per cent by raising the minimum so that the new 2019 maximum is 15 per cent above that value. All staff below the minimum at this stage to move onto the new pay range minimum before progression is applied.

3.48 In its original proposal, HMPPS requested that staff on the Band 7 pay range receive their progression first, then all those who are still below the minimum progress to the new minimum. We have not endorsed this element of their proposal as we believe it is important for staff to maintain their position on the range, so they are not disadvantaged compared to their colleagues above them on the range or staff newly promoted into Band 7.

### Opting in to *Fair and Sustainable*

3.49 In its written evidence, HMPPS included three proposals to apply when staff opt in to *Fair and Sustainable*. These were:

- To make permanent the two per cent annual opt in incentive, which has been in place since 2015, for the remaining closed grade operational managers to opt in to *Fair and Sustainable*.
- To enable Principal Officer Specialists who opt in to move directly to the *Fair and Sustainable* Band 5 maximum.

- To enable Prison Officer Specialists, working to Band 4, who opt in to join *Fair and Sustainable* at the Band 4 maximum.

3.50 HMPPS further proposed that we should not recommend any award for those staff on the closed grades who would benefit from opting in to *Fair and Sustainable*. We understand the reasoning for this – a desire not to undermine the incentive to opt in to the new pay system. As we set out in our last report however, there are a range of different reasons and circumstances why staff are not opting in, not least a lack of trust and confidence in HMPPS. We do not consider that, in the current state of Prison Service morale, it is helpful for HMPPS to say that an individual must accept its view of what is beneficial for them or receive no pay increase. We also note that the group primarily affected are the lowest paid – closed grade OSGs.

3.51 Whilst we share the HMPPS view that all staff should move across to *Fair and Sustainable* where it is financially beneficial for them to do so, we continue to recommend pay awards for those staff who would benefit from opting in. We note that the numbers opting in are rising, and we would encourage HMPPS to continue to be proactive with its efforts. Although it is the responsibility of an individual staff member to make this decision, the process is enhanced by the employer giving them clear and concise information on the benefits.

### Locality pay

3.52 Our remit covers “regional/local variations in labour markets and their effects on the recruitment and retention of staff”. The locality payments available to staff in our remit cover a wide range of measures across the pay structures, from the legacy Locality Pay Allowance (LPA) rates to the *Fair and Sustainable* zones and now the ‘red’ and ‘amber’ market supplements.

3.53 In its written evidence to us this year, HMPPS asked us to endorse its continued approach to zonal pay and not recommend changes to either the current zonal pay model or to the level of market supplements introduced in 2017. HMPPS stated that the market supplements were addressing “highly localised” pay issues and were helping to attract and retain Prison Officers by offering competitive salaries at those sites. As we stated in our 2018 report, we do not believe these issues are particularly localised as the current supplements apply to around a third of the estate (approximately 4,370 Band 3 staff as at 30 September 2018), with HMPPS extending it to a further site this year. We are aware from the evidence we have received that there is a feeling of unfairness among staff at the market supplement sites who are not eligible for these supplements, which is further impacting levels of motivation and morale.

3.54 We note that the market supplements are due for review in 2021. We have concerns about the ability of HMPPS to remove these supplements without adversely affecting recruitment and retention at those sites. During oral evidence, HMPPS informed us that there was no realistic prospect of removing the supplements for staff already in receipt of them, but the supplements could be removed for future new recruits if the evidence supported this approach and market conditions had changed. We are apprehensive about HMPPS making the supplements a permanent addition for existing staff as this would, in effect, add further tiers and discrepancies onto an already complicated pay system. We return to this matter in Chapter 4.

3.55 We ultimately concluded that we will continue with the current application of locality pay for this year and have the same differential across all bands. We have also not proposed any changes to the market supplements at the ‘red’ and ‘amber’ sites or legacy LPA payments but note HMPPS has already announced that HMP & YOI Winchester will be added as a ‘red’ market supplement site.

3.56 We recommend that the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones be increased by 2.2%. This results in the maxima now being placed at £2,659 and £4,046 above the National maxima for Outer and Inner London zones respectively. As with previous years, we recommend that the other points on the London scales are adjusted so that progression steps between the pay points have the same percentage value as on the National bands, as per *Fair and Sustainable* pay design. The resulting scales and ranges are set out in Appendix D.



**Recommendation 12:** We recommend that from 1 April 2019 the fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones are increased by 2.2% and continue to be applied consistently across all bands, positioning maxima at £2,659 and £4,046 respectively above the base 37 hour National zone pay. We also recommend adjusting minima and intermediate points so that progression steps are the same percentage as on the National bands. The increases to be consolidated and pensionable.

### Allowances and payments

#### *Payment Plus, OSG overtime and Tornado payments*

3.57 Since August 2016, the rate of Payment Plus has been temporarily increased from £17 to £22 per hour and the rate of OSG overtime and Tornado payments have been temporarily increased by £5 per hour. HMPPS has previously asked that we recommend in our 2017 and 2018 report to continue these temporary increases while it worked on more permanent arrangements.

3.58 This year in its written evidence, HMPPS informed us that it wished to reduce the reliance on these allowances with current and future recruitment volumes, improvement in retention rates and the take up of additional contracted hours under new policies. HMPPS asked that we make the temporary increases permanent in order to provide future clarity for staff. We have some reservations about permanently increasing the rate of Payment Plus as this may make it more attractive to staff, thereby making it harder for HMPPS to reduce its reliance on this allowance. However, we do support the principle of providing greater clarity for staff and believe that the introduction of a new contracted hours scheme should help bring down the expenditure on Payment Plus, which has increased significantly in recent years.

3.59 We therefore recommend that the £5 per hour increase to the rates for Payment Plus, OSG overtime and Tornado be made permanent from 1 April 2019. These rates are set out in Appendix F. We continue to remain concerned about the amount of expenditure on Payment Plus.

**Recommendation 13:** We recommend that the temporary £5 increase to the rates for Payment Plus, Operational Support Grade overtime and Tornado currently in place be made permanent from 1 April 2019.

#### *National Tactical Response Group and National Dog and Technical Support Group on-call allowance*

3.60 In its written evidence this year, HMPPS put forward proposals for a new National Tactical Response Group (NTRG) and National Dog and Technical Support Group (NDTSG) on-call allowance. HMPPS noted that there were currently significant differences in what staff on *Fair and Sustainable* terms earn within these two groups, compared to closed grade equivalents. Staff on *Fair and Sustainable* are currently only being paid for 12 hours when on-call for 16 hour periods during the working week.

3.61 HMPPS informed us during oral evidence that they had engaged with the POA to agree a new non-pensionable and annualised allowance of £6,670 for both closed grades and staff on *Fair and Sustainable*. We agree with these proposals and therefore recommend the introduction of a new on-call allowance for NTRG and NDTSG in line with the rate proposed by HMPPS.

**Recommendation 14:** We recommend the introduction of a new non-pensionable and annualised on-call allowance of £6,670 for the National Tactical Response Group and the National Dog and Technical Support Group with effect from 1 April 2019.

3.62 This allowance will replace all existing on-call arrangements and the obsolete radio pager rate. The new rate is set out in Appendix F.

### *Duty Governor allowance*

3.63 For the past two years, the PGA has raised concerns with us about the lack of recognition for the additional responsibilities borne by operational managers, particularly for the role of the Duty Governor. In its written evidence last year, the PGA shared with us a copy of the HMPPS Duty Governor report; a review which concluded that the role of Duty Governor had become more demanding and staff were not being rewarded appropriately for this. Despite trying to engage with HMPPS on the outcome of this report, HMPPS refused to have discussions with the PGA on an allowance. Therefore, last year we recommended that the PGA and HMPPS present to us a joint proposal to recognise and reward the role of Duty Governor for our 2019 report.

3.64 In oral evidence this year, we sought updates from both HMPPS and the PGA on how these discussions had progressed. Unfortunately, the discussions had concluded without agreement on a way forward. HMPPS informed us that it did not think a Duty Governor allowance was appropriate and that it was instead launching a new workload management tool. It gave a commitment to invest in additional staff if further resource was required as it believed this represents greater value for money.

3.65 The PGA asked in written evidence this year for us to introduce a new “pay-as-you-go” allowance for undertaking the role of Duty Governor. However, when questioned during oral evidence the union also noted that it would welcome the recruitment of additional staff.

3.66 Having considered views from all parties, we have concluded that the introduction of an allowance would not be appropriate at this time. Having spoken to staff on our visits, it is evident that the nature of the Duty Governor role varies between prisons and some staff are currently able to manage these additional responsibilities alongside their normal duties. We therefore think that the new workload management tool and the commitment to recruit additional staff, if needed, is the most appropriate way to proceed. We ask that both parties present to us, in evidence for our 2020 report, an update on this work. We are keen to see this work progress and therefore commit to reconsider this issue next year.

**Recommendation 15:** We recommend that the Prison Governors’ Association and Her Majesty’s Prison and Probation Service present to us, in evidence for our 2020 report, an update on the workloads of operational managers and the new workload management tool.

3.67 We would encourage both parties to share best practice on managing workloads across the prison estate. The PGA informed us during oral evidence of a system introduced at HMP Maidstone where, in order to achieve a better work-life balance, it was flagged if managers worked in excess of 42 hours a week. It is good to hear of such initiatives and we encourage the Service to consider adopting this and other approaches more widely.

### *Other allowances and payments*

3.68 In recent years, other allowances and payments have not been increased annually, but instead reviewed when specific issues arise. We make no recommendations on any other allowances and payments this year (including notional rents). We have received no evidence this year to suggest that any of the other allowances in *Fair and Sustainable* or on the closed pay structures need to be reviewed or adjusted.

### **Cost of our recommendations**

3.69 We estimate that our recommendations will result in an ongoing increase of approximately 2.25%<sup>8</sup> (£24 million) to the total paybill for our remit group. This equates to 0.5% of HMPPS’s £4.6 billion budget for operational expenditure<sup>9</sup> as of 2017-18. If the pay baseline is taken to include the money spent last year on the 0.75% non-consolidated payments, our recommendations will equate to a net increase of approximately 1.75% (£18.5 million) to the remit group paybill. As we have set out in previous reports, we do not consider that the

<sup>8</sup> This overall percentage takes account of both our recommended increase to pay scales and those elements of the paybill that are not subject to any increase.

<sup>9</sup> Ibid.



costs of pay progression and performance awards, whether contractual or non-contractual, should be included when calculating the cost of an annual pay award.

3.70 We believe our recommendations will improve recruitment, retention and morale and thereby assist the Service to deliver productivity savings to enable the award to be sustainable in terms of affordability. These savings include:

- **Payment Plus:** in its evidence, HMPPS said that £50 million of expenditure on Payment Plus was predicted to reduce, due to the take up of additional contracted hours. We believe with improved retention of existing staff, HMPPS can further reduce this figure.
- **Detached duty:** we believe with improved retention of existing staff, HMPPS can also reduce expenditure on detached duty.
- **Sickness absence:** we believe there is scope for HMPPS to reduce significantly sickness absence levels by improving the low levels of morale and motivation and by monitoring and actively managing long term absences.
- **Retention:** in oral evidence, HMPPS informed us that each new recruit costs an average of £14,000 to recruit and train and they would have to recruit 2,700 new Prison Officers each year to maintain staffing levels. If HMPPS were able to reduce this number by 25 per cent through better retention levels, then it would deliver estimated savings of around £9.5 million.

3.71 We know that HMPPS faces considerable financial pressures within its current resources, and that the Government faces difficult prioritisation decisions. However, we consider there are strong value for money justifications for our recommendations. Significant resources have recently been invested in recruiting more Prison Officers, but retention rates have worsened, resulting in extra costs. Ensuring that experienced closed grade officers feel fairly treated and are retained, and that the *Fair and Sustainable* pay framework remains competitive in a tight labour market, are key to reducing these costs. More importantly, well-motivated staff are vital to the success of the Government's whole strategy for the Prison Service, and the effectiveness of its overall budget.

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## Chapter 4: Looking ahead

### Introduction

4.1 This final chapter offers our thoughts and comments on a range of issues and highlights several points that should be addressed for our next report.

### The role of the Prison Service Pay Review Body

4.2 As we have noted in this report, the Prison Service Pay Review Body (PSPRB) is a compensatory mechanism for our remit group's loss of the right to take industrial action. In considering our 2019 and subsequent reports, we ask the Government to be mindful of both our role and its commitment to the International Labour Organization (ILO).

### Our timetable

4.3 We are aware that we are submitting this report after the pay effective date of 1 April. As we note in Chapter 1, this is a consequence of Her Majesty's Prison and Probation Service (HMPPS) submitting evidence to us late. We regret that this will, once again, result in our remit group receiving their pay award later than usual. We ask that HMPPS submit its evidence to us on time next year, so that we can deliver our 2020 report in time for a 1 April implementation date.

### Competitiveness of the pay scales and ranges

4.4 One of our key priorities this year has been to maintain the competitiveness of the pay scales and ranges in a very tight labour market in order for HMPPS to recruit and retain suitably able and qualified staff. We remain concerned that comparable base pay for operational Prison Service staff continues to fall behind that in both the public and private sectors, including for operational manager grades. This year, our recommendations go some way to address these issues, but we are conscious that further analysis needs to be undertaken next year. As highlighted in Chapter 2, we have commissioned Incomes Data Research (IDR) to undertake a detailed pay comparability exercise for all operational Prison Service staff in order to provide us with clear and transparent data to inform our recommendations in future years. We anticipate that IDR's report may in addition shed light on the anecdotal evidence that operational manager's pay in particular is not comparable to workers in other sectors.

4.5 As indicated in Chapter 2, we have previously viewed pay comparator data provided by HMPPS from Korn Ferry Hay Group with caution. We would however, welcome the chance to agree a common position on base pay with HMPPS before the next pay round, once the research from IDR has been made available. We will be sending the IDR report to the parties to comment on before the 2020 pay round and intend to publish the final report on our website.

### Industrial relations

4.6 We note that the industrial relations between HMPPS and the trade unions have become more strained during the past year. Industrial relations are not a direct matter for us but do affect our ability to collect the full range of evidence on our remit group. We hope that there will be an opportunity to reset industrial relations between the employer and all of the recognised trade unions in the coming year.

### Request for evidence

4.7 Looking to the next round, in order to enable us to discharge our statutory duty we ask the parties specifically to address the following issues in evidence so that we may consider them fully in our 2020 report:

- An update on how effective new initiatives have been, particularly:
  - The recruitment and introduction of 3,000 new Advanced Prison Officer and Youth Custody Service roles at Band 4;
  - The establishment of additional Band 5 Custodial Manager posts through the implementation of the Offender Management in Custody model;
  - The introduction of a new pay on promotion policy; and
  - The changes in the hours available under the permanent contracted hours system and the associated decrease in the use of Payment Plus.
- An overview of the work that has been done in 2019-20 at a local and national level to inform, help and encourage staff to opt in to *Fair and Sustainable*. We encourage HMPPS to look for new ways to engage with staff on this matter.
- Clear and substantial evidence that the performance management system is working effectively and fairly for all grades in our remit group, along with its impact on motivation and morale. In particular, we would like to see data that shows the number of staff who have not received a performance marking has significantly reduced as a result of staff having meaningful conversations with their line managers about performance, and that the distribution of performance markings which are completed is less skewed.
- An analysis of the effectiveness of the 'red' and 'amber' market supplements in aiding recruitment and retention at those sites, early insight into the four-year review of the market supplements and how it is proposed that the supplements will be used after this time. We would like fully to understand the reasoning and evidence base that was used by HMPPS to decide that Band 3 Prison Officers should no longer start on the mid-point of the pay scale at the market supplement sites.
- Detailed evidence on the issues that are affecting continuing low levels of motivation and morale in the Prison Service, and the measures that have been put in place to improve these. We encourage HMPPS to explore different ways in which they can start to improve motivation and morale.
- The actions HMPPS are taking to improve retention rates for Band 3 Prison Officers, in particular to reduce the high number of new recruits needed to maintain a steady staffing state each year.
- The outcome of the work being undertaken by HMPPS on its Bands 7 to 11 operational manager workload management tool, in respect of the Duty Governor role. We would welcome comment from the Prison Governors' Association.
- An update on the impact and results, particularly on; levels of violence, sickness absence, retention and its impact on motivation and morale, at the ten prisons where additional funding has been targeted.
- An update on sickness absence levels and the work to reduce the number of average working days lost each year.
- Evidence on improvements in workforce productivity and efficiency, including up to date expenditure data on Payment Plus and detached duty.
- Data on the gender and ethnicity pay gap, specifically in our remit group. Our terms of reference require us to consider all protected characteristics.

4.8 We note that staff at HMP Birmingham will TUPE<sup>1</sup> from G4S to HMPPS on 1 July 2019, following the transfer of the establishment to the public sector. We would like to receive details of the pay arrangements currently in operation at HMP Birmingham so that we can consider these staff in our next report, along with any other elements of remuneration received by those staff.

### **Conclusion**

4.9 There are still a number of significant issues that need addressing, and we look forward to receiving evidence on these matters for our 2020 report. However, many of these will not be solved without investment in pay and related expenditure over the coming years and we are confident that the Government will wish to consider this for future Spending Reviews.

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<sup>1</sup> These staff are expected to move to HMPPS on existing terms and conditions under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) arrangements.



## Appendix A: Minister's activation letter and our response



Rory Stewart OBE MP  
Minister of State for Justice

Jerry Cope  
Chair, Prison Service Pay Review Body  
8th Floor  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

MOJ ref: 64334

21 November 2018

Dear Jerry,

### THE PRISON SERVICE PAY REVIEW BODY (PSPRB) 2019/20

I should first of all like to offer my thanks for the PSPRB's work over the past year on the 17<sup>th</sup> report and your recommendations for 2018-19. The Government continues to appreciate the independent expert advice and contribution that the PSPRB makes.

The Government's pay policy has three central principles which must be considered when determining final pay awards. These are:

- Current and future affordability to the taxpayer;
- Targeting awards to ensure we can recruit and retain the best public servants;
- Accompanying workforce reform and improvements in productivity, which can then be reinvested in higher pay.

Public sector wages account for one quarter of total public spending. The Government must balance the need to ensure fair pay for public sector workers with protecting funding for frontline services and ensuring affordability for taxpayers, including public sector workers. For those reasons, I expect affordability to be a critical part of your consideration when determining final awards. This year, I also request that you describe in your final report what steps you have taken to ensure affordability has been given due consideration when reaching your recommendations.

With a more flexible policy it is of even greater importance that recommendations on annual pay awards are based on independent advice and underpinned by robust evidence, submitted by departments, that considers the wider economic circumstances, private sector comparators, and overall remuneration of public sector workers (including progression pay and pension entitlements). The role of the Pay Review Bodies is therefore more important than ever.

For this pay round, the PSPRB will continue to play a key role in determining the pay for our Prison Officers and associated grades within the remit group. The Pay Review Body have an ongoing responsibility for providing recommendations that support the remuneration of the remit group. However, the Government would like the Pay Review Body to ensure that its deliberations and recommendations have due regard to the following factors:

1. The Government's Public Sector Pay Policy, as detailed in the Government's evidence, and as set out in the principles above, particularly focussing on current and future affordability to the taxpayer.
2. The HMPPS policy commitment to the Fair and Sustainable pay and grading structure. We would like to continue to see recommendations from the Pay Review Body which provide greater investment in F&S than in our closed grades.
3. HMPPS as a Department remains responsible for those elements of HR policy which sit outside of the remit of the Pay Review Body.

Only by properly targeting pay awards can we ensure we recruit and retain the best public sector workers where they are needed most. I would therefore ask for the PSPRB's views on the optimal allocation of additional investment in pay to ensure that recruitment and retention pressures are addressed, and ask that you outline what consideration you have given to targeting in your final report..

The Government is committed to providing you with evidence on a timely basis, to facilitate the PSPRB process that enables staff in your remit group to be paid their awards as early as possible. As ever, we are committed to providing proposals supported by high-quality evidence to inform your work and recommendations. Thank you for your continued hard work in this important area and I look forward to receiving your recommendations in the week commencing 6<sup>th</sup> May 2019.

I am copying this letter to Michael Spurr in HMPPS, the Chief Secretary to the Treasury and to representatives of the POA, Prison Governors Association (PGA) and Public and Commercial Services Union (PCS).

*BT wisla*



RORY STEWART MP





Office of Manpower  
Economics

Rory Stewart MP  
Minister of State for Justice  
102 Petty France  
London  
SW1H 9AJ

PRISON SERVICE PAY REVIEW BODY  
8TH FLOOR  
FLEETBANK HOUSE  
2-8 SALISBURY SQUARE  
LONDON EC4Y 8JX

Direct Telephone Line 020 7211 8257  
E-mail [elizabeth.waterfall@beis.gov.uk](mailto:elizabeth.waterfall@beis.gov.uk)

<https://www.gov.uk/government/organisations/prison-services-pay-review-body>

15 March 2019

BY EMAIL

Dear Rory,

Thank you for your letter dated 21 November 2018, asking for the Prison Service Pay Review Body to re-engage for the 2019-20 pay round.

I am writing to you now we have concluded oral evidence with all the parties, to confirm that the Review Body is working towards submitting our 2019 England and Wales report to the Government before the end of May this year. This should provide sufficient time for the Government to consider our recommendations and publish our report prior to the summer Parliamentary recess.

I am copying this letter to the Chief Executive Officer at Her Majesty's Prison and Probation Service.

*Jerry Cope*  
Chair, Prison Service Pay Review Body





## Appendix B: Letter from the Lord Chancellor and Secretary of State for Justice regarding 2018 recommendation rejection and our response



The Right Honourable  
**David Gauke MP**  
Lord Chancellor & Secretary of  
State for Justice

**Dr Peter Knight**  
Prison Service Pay Review Body  
8th Floor, Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

24 July 2018

Dear Dr Knight

### PUBLICATION OF THE PRISON SERVICE PAY REVIEW BODY 2018/19 REPORT

I am writing to you regarding the publication of the seventeenth report from the Prison Service Pay Review Body (PSPRB) on 24 July. I understand that you will have spoken to policy officials in advance of receiving this letter.

I would like to thank you and other PSPRB members for the hard work you do each year in preparing independent and evidence-based recommendations for the remuneration of prison staff in England and Wales. As you know, I agree with your assessment of the extreme challenges currently facing staff working in our prisons. Having a pay and reward system that fully recognises this fact and helps with recruitment and retention of staff in our prisons is a priority of mine.

Last September the Government announced an end to the policy of one per cent average pay awards for public sector staff. In determining pay awards for this year, the Government has committed to a consistent approach across public sector workforces – to implement awards that are fair whilst maintaining a balanced approach to public spending and long-term affordability. This is the common agreed position of government departments, and it is for this reason that pay review body recommendations across the public sector have not been accepted in full this year. I appreciate that this will be disappointing.

In line with the Government's agreed approach to pay for this year, I intend to accept the spirit of the PSPRB's headline recommendation of a 2.75% award by implementing a mixed 2% consolidated and 0.75% non-consolidated award. I will revalorise the pay bands by 2% to fully implement the 2% consolidated award referenced above. I propose to accept all of the PSPRB's remaining recommendations, including those regarding performance related pay progression for those on modernised terms and conditions.

We will shortly be preparing our evidence submission to the PSPRB for the 19/20 pay round and we hope to hold to the usual early October submission date.

On a personal note, I would like to thank you for the years you have spent chairing the PSPRB since 2011, and we look forward to continuing to work positively with your successor.

Yours sincerely

RT HON DAVID GAUKE MP



## Office of Manpower Economics

The Right Honourable  
David Gauke MP  
Lord Chancellor & Secretary of  
State for Justice  
Ministry of Justice  
102 Petty France  
London SW1H 9AJ

PRISON SERVICE PAY REVIEW BODY  
8TH FLOOR  
FLEETBANK HOUSE  
2-8 SALISBURY SQUARE  
LONDON EC4Y 8JX

Direct Telephone Line 020 7211 8257  
E-mail [elizabeth.waterfall@beis.gov.uk](mailto:elizabeth.waterfall@beis.gov.uk)

<https://www.gov.uk/government/organisations/prison-services-pay-review-body>

27 July 2018

### BY EMAIL

Dear Lord Chancellor,

Thank you for your letter dated 24 July, regarding the Government's decision in relation to the recommendations made by the Prison Service Pay Review Body (PSPRB).

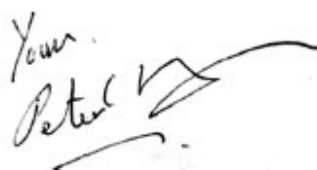
The PSPRB reached its recommendations based on the evidence that the Minister and HMPPS presented to us on behalf of the Government, as well as that from workforce representatives. We also took into account what we saw and heard from governors and uniform grades on our visits to prisons. We did not consider the desirability or otherwise of a consistent approach across different public sector workforces, as such a policy is not in our Terms of Reference, nor was it implied in the Government's evidence.

You will be aware that prison officers do not have the right to take industrial action. This is a contentious issue and was the subject of a formal application to the International Labour Organisation (ILO) by the POA in 2005. In the course of those hearings the Government gave a clear and unequivocal undertaking to the ILO that it would accept the recommendations of the PSPRB, in its role as a compensatory mechanism for the loss of the right to strike, and "they would only be departed from in exceptional circumstances". That pledge has never been rescinded, and successive Governments have abided by it.



I am not clear from your letter what the "exceptional circumstances" are for not accepting our most recent recommendations. I would welcome the opportunity to meet with either yourself or Rory Stewart as soon as reasonably practicable to discuss this further.

Yours,  
Peter Knight

A handwritten signature in black ink, appearing to read 'Peter Knight', with a large, sweeping flourish extending to the right.

*Dr Peter Knight  
Chair, Prison Service Pay Review Body*

## **Appendix C: Prison establishments visited in 2018**

The 2018 visit programme covered the following establishments:

HMP Erlestoke

HMP & YOI Exeter

HMYOI Feltham

HMP Gartree

HMP Haverigg

HMP Preston

HMP & YOI Rochester

HMP Stocken

HMP Swansea

HMP Thameside\*

HMP Wakefield

HMP & YOI Winchester

\* privately managed by Serco

## Appendix D: Current and recommended pay levels

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

#### *Fair and Sustainable* ranges – National

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2019	
		£ a year		£ a year	
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>77,880</b>	91,120	<b>79,594</b>	93,125
	Min	<b>64,900</b>	75,933	<b>66,328</b>	77,604
<b>Governor</b> (Band 10)	Max	<b>68,852</b>	80,557	<b>70,367</b>	82,329
	Min	<b>57,373</b>	67,126	<b>58,636</b>	68,604
<b>Deputy Governor</b> (Band 9)	Max	<b>62,544</b>	73,176	<b>63,920</b>	74,786
	Min	<b>52,120</b>	60,980	<b>53,267</b>	62,322
<b>Deputy governor / Head of Function</b> (Band 8)	Max	<b>48,831</b>	57,132	<b>49,906</b>	58,390
	Min	<b>40,690</b>	47,607	<b>41,586</b>	48,656
<b>Head of Function</b> (Band 7)	Max	<b>41,878</b>	48,997	<b>42,800</b>	50,076
	Min	<b>34,897</b>	40,829	<b>37,218</b>	43,545

Notes:

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

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2019
	£ a year	£ a year
<b>Operational graduate Custodial Manager</b> (Band 5)	29,733	30,388
<b>Operational graduate Prison Officer</b> (Band 3)	27,387	27,990

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2019		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
		37 hour inc 17%	39 hour inc ACHP & 17%		37 hour inc 17%	39 hour inc ACHP & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Custodial Manager (Band 5)</b>	<b>29,760</b>	34,819	36,427	<b>30,415</b>	35,586	37,230
	<b>29,070</b>	34,012	35,583	<b>29,710</b>	34,761	36,367
	<b>28,397</b>	33,224	34,759	<b>29,022</b>	33,956	35,524
	<b>27,738</b>	32,453	33,953	<b>28,349</b>	33,168	34,701
	<b>26,438</b>	30,933	32,362	<b>27,021</b>	31,615	33,075
<b>Supervising / Specialist Officers (Band 4)</b>	<b>26,138</b>	30,581	31,994	<b>26,713</b>	31,254	32,698
	<b>25,633</b>	29,990	31,376	<b>26,197</b>	30,650	32,067
	<b>25,138</b>	29,411	30,770	<b>25,691</b>	30,058	31,447
	<b>24,653</b>	28,844	30,177	<b>25,196</b>	29,479	30,841
	<b>23,501</b>	27,496	28,766	<b>24,018</b>	28,101	29,399
		37 hour inc 17%	39 hour inc ACH & 17%		37 hour inc 17%	39 hour inc ACH & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Prison Officer (Band 3)</b>	<b>20,565</b>	24,061	25,395	<b>21,183</b>	24,784	26,158
	<b>20,172</b>	23,601	24,909	<b>20,777</b>	24,309	25,657
	<b>19,783</b>	23,146	24,429	<b>20,377</b>	23,841	25,163
	<b>19,404</b>	22,703	23,962	<b>19,987</b>	23,385	24,681
	<b>18,499</b>	21,644	22,843	<b>19,054</b>	22,293	23,529
		37 hour inc 17%	39 hour inc ACHP & 17%		37 hour inc 17%	39 hour inc ACHP & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Operational Support Grade (Band 2)</b>	<b>16,805</b>	19,661	20,570	<b>17,175</b>	20,095	21,023
	<b>16,005</b>	18,726	19,591			

## Notes:

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

## Appendix D

### Fair and Sustainable ranges – Outer London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2019	
		£ a year	£ a year	£ a year	£ a year
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>80,481</b>	94,163	<b>82,253</b>	96,236
	Min	<b>67,068</b>	78,470	<b>68,544</b>	80,196
<b>Governor</b> (Band 10)	Max	<b>71,453</b>	83,600	<b>73,026</b>	85,440
	Min	<b>59,541</b>	69,663	<b>60,852</b>	71,197
<b>Deputy Governor</b> (Band 9)	Max	<b>65,145</b>	76,220	<b>66,579</b>	77,897
	Min	<b>54,288</b>	63,517	<b>55,483</b>	64,915
<b>Deputy Governor / Head of Function</b> (Band 8)	Max	<b>51,432</b>	60,175	<b>52,565</b>	61,501
	Min	<b>42,858</b>	50,144	<b>43,802</b>	51,248
<b>Head of Function</b> (Band 7)	Max	<b>44,479</b>	52,040	<b>45,459</b>	53,187
	Min	<b>37,065</b>	43,366	<b>39,531</b>	46,251

#### Notes:

1. The Bands 7 to 11 ranges do not have fixed incremental pay points. The ranges are calculated by setting the range maximum at a value equal to the equivalent National pay band maximum plus the Outer London differential – £2,601 for 2018, £2,659 for 2019. Minimum are then calculated so that they are the same proportion of the maximum as is the minimum of the equivalent National range.
2. Base pay ranges are calculated by rounding up to the nearest £ after the uplift is applied. Pay with RHA is presented as rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. RHA is pensionable.
5. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2019
	£ a year	£ a year
<b>Operational graduate Custodial Manager</b> (Band 5)	32,666	33,385
<b>Operational graduate Prison Officer</b> (Band 3)	30,085	30,747

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



Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2019		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
		37 hour inc 17%	39 hour inc ACHP & 17%		37 hour inc 17%	39 hour inc ACHP & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Custodial Manager</b>	<b>32,361</b>	37,862	39,611	<b>33,074</b>	38,697	40,484
<b>(Band 5)</b>	<b>31,611</b>	36,985	38,694	<b>32,308</b>	37,800	39,547
	<b>30,879</b>	36,128	37,798	<b>31,560</b>	36,925	38,631
	<b>30,163</b>	35,291	36,921	<b>30,829</b>	36,070	37,736
	<b>28,750</b>	33,638	35,192	<b>29,385</b>	34,380	35,969
<b>Supervising / Specialist Officers</b>	<b>28,739</b>	33,624	35,177	<b>29,372</b>	34,365	35,953
<b>(Band 4)</b>	<b>28,184</b>	32,975	34,499	<b>28,805</b>	33,702	35,259
	<b>27,641</b>	32,340	33,834	<b>28,249</b>	33,051	34,578
	<b>27,109</b>	31,718	33,183	<b>27,705</b>	32,415	33,912
	<b>25,842</b>	30,235	31,632	<b>26,410</b>	30,900	32,327
		37 hour inc 17%	39 hour inc ACH & 17%		37 hour inc 17%	39 hour inc ACH & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Prison Officer</b>	<b>23,166</b>	27,105	28,607	<b>23,842</b>	27,895	29,442
<b>(Band 3)</b>	<b>22,723</b>	26,586	28,060	<b>23,386</b>	27,362	28,879
	<b>22,286</b>	26,075	27,520	<b>22,936</b>	26,835	28,323
	<b>21,860</b>	25,576	26,994	<b>22,498</b>	26,323	27,782
	<b>20,840</b>	24,383	25,735	<b>21,448</b>	25,094	26,485
		37 hour inc 17%	39 hour inc ACHP & 17%		37 hour inc 17%	39 hour inc ACHP & 17%
	37 hour base pay	unsocial	unsocial	37 hour base pay	unsocial	unsocial
<b>Operational Support Grade</b>	<b>19,406</b>	22,704	23,753	<b>19,834</b>	23,206	24,278
<b>(Band 2)</b>	<b>18,483</b>	21,625	22,624			

## Notes:

1. These scales are calculated by setting the scale maximum at a value equal to the equivalent National pay band maximum plus the Outer London differential – £2,601 for 2018, £2,659 for 2019. Other points are then calculated so that they are the same proportion of the maximum as the equivalent point on the equivalent National scale.
2. Base pay for Bands 2 to 5 staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent which is pensionable.
3. Base pay scales are rounded up to the nearest £. Those which include 17 per cent unsocial working hours and those including ACHP (pensionable) or ACH (not pensionable but has a 1.2 multiplier) are rounded to the nearest £ at the end of the calculation.
4. Outer London covers – Belmarsh, Downview, Feltham, High Down, Isis and the controllers' offices at Bronzefield and Thameside.



## Appendix D

### Fair and Sustainable ranges – Inner London

Grade/Pay Band		Current pay ranges		Recommended pay ranges from 1 April 2019	
		£ a year	£ a year	£ a year	£ a year
		37 hour base pay	37 hour inc 17% RHA	37 hour base pay	37 hour inc 17% RHA
<b>Governor</b> (Band 11)	Max	<b>81,838</b>	95,750	<b>83,640</b>	97,859
	Min	<b>68,199</b>	79,750	<b>69,700</b>	81,549
<b>Governor</b> (Band 10)	Max	<b>72,810</b>	85,188	<b>74,413</b>	87,063
	Min	<b>60,672</b>	70,986	<b>62,008</b>	72,549
<b>Deputy Governor</b> (Band 9)	Max	<b>66,502</b>	77,807	<b>67,966</b>	79,520
	Min	<b>55,419</b>	64,840	<b>56,639</b>	66,268
<b>Deputy governor / Head of Function</b> (Band 8)	Max	<b>52,789</b>	61,763	<b>53,952</b>	63,124
	Min	<b>43,989</b>	51,467	<b>44,958</b>	52,601
<b>Head of Function</b> (Band 7)	Max	<b>45,836</b>	53,628	<b>46,846</b>	54,810
	Min	<b>38,196</b>	44,689	<b>40,737</b>	47,662

#### Notes:

1. The Bands 7 to 11 ranges do not have fixed incremental pay points. The ranges are calculated by setting the range maximum at a value equal to the equivalent National pay band maximum plus the Outer London differential – £3,958 for 2018, £4,046 for 2019. Minimum are then calculated so that they are the same proportion of the maximum as is the minimum of the equivalent National range.
2. Base pay ranges are calculated by rounding up to the £ after the uplift is applied. Pay with RHA is presented as rounded to the nearest £.
3. The 37 hour base pay salaries are the basis from which other rates are calculated.
4. RHA is pensionable.
5. Inner London covers – Brixton, Pentonville, Wandsworth, Westminster headquarters and Wormwood Scrubs.

Grade/Pay Band	Current pay point	Recommended pay point from 1 April 2019
	£ a year	£ a year
<b>Operational graduate Custodial Manager</b> (Band 5)	34,190	34,943
<b>Operational graduate Prison Officer</b> (Band 3)	31,486	32,179

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

Grade/Pay Band	Current pay scales			Recommended pay scales from 1 April 2019		
	£ a year	£ a year	£ a year	£ a year	£ a year	£ a year
			39 hour inc			39 hour inc
		37 hour inc	ACHP &		37 hour inc	ACHP &
	37 hour	17%	17%	37 hour	17%	17%
	base pay	unsocial	unsocial	base pay	unsocial	unsocial
<b>Custodial</b>	<b>33,718</b>	39,449	41,272	<b>34,461</b>	40,319	42,182
<b>Manager</b>	<b>32,937</b>	38,536	40,317	<b>33,663</b>	39,386	41,205
(Band 5)	<b>32,175</b>	37,645	39,384	<b>32,884</b>	38,474	40,252
	<b>31,429</b>	36,772	38,471	<b>32,122</b>	37,583	39,319
	<b>29,957</b>	35,050	36,669	<b>30,618</b>	35,823	37,478
<b>Supervising /</b>	<b>30,096</b>	35,212	36,839	<b>30,759</b>	35,988	37,651
<b>Specialist Officers</b>	<b>29,515</b>	34,533	36,128	<b>30,165</b>	35,293	36,924
(Band 4)	<b>28,946</b>	33,867	35,431	<b>29,583</b>	34,612	36,211
	<b>28,389</b>	33,215	34,750	<b>29,014</b>	33,946	35,515
	<b>27,062</b>	31,663	33,125	<b>27,658</b>	32,360	33,855
			39 hour inc			39 hour inc
		37 hour inc	ACH &		37 hour inc	ACH &
	37 hour	17%	17%	37 hour	17%	17%
	base pay	unsocial	unsocial	base pay	unsocial	unsocial
<b>Prison Officer</b>	<b>24,523</b>	28,692	30,283	<b>25,229</b>	29,518	31,154
(Band 3)	<b>24,054</b>	28,143	29,703	<b>24,746</b>	28,953	30,558
	<b>23,591</b>	27,601	29,132	<b>24,270</b>	28,396	29,970
	<b>23,140</b>	27,074	28,575	<b>23,806</b>	27,853	29,397
	<b>22,060</b>	25,810	27,241	<b>22,695</b>	26,553	28,025
			39 hour inc			39 hour inc
		37 hour inc	ACHP &		37 hour inc	ACHP &
	37 hour	17%	17%	37 hour	17%	17%
	base pay	unsocial	unsocial	base pay	unsocial	unsocial
<b>Operational</b>	<b>20,763</b>	24,292	25,414	<b>21,221</b>	24,829	25,976
<b>Support Grade</b>	<b>19,775</b>	23,137	24,206			
(Band 2)						

## Notes:

1. These scales are calculated by setting the scale maximum at a value equal to the equivalent National pay band maximum plus the Inner London differential – £3,958 for 2018, £4,046 for 2019. Other points are then calculated so that they are the same proportion of the maximum as the equivalent point on the equivalent National scale.
2. Base pay for Bands 2 to 5 staff is based on a 37 hour week and is the basis from which other rates are calculated. These staff may qualify for an additional unsocial hours payment of 17 per cent which is pensionable.
3. Base pay scales are rounded up to the nearest £. Those which include 17 per cent unsocial working hours and those including ACHP (pensionable) or ACH (not pensionable but has a 1.2 multiplier) are rounded to the nearest £ at the end of the calculation.
4. Inner London covers – Brixton, Pentonville, Wandsworth, Westminster headquarters and Wormwood Scrubs.

## Appendix D

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

Only 1 April 2019 pay points occupied by staff are shown

#### Pre-Fair and Sustainable operational manager scales<sup>#</sup>

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2019 £ a year
Senior Manager A	85,395	87,274
Senior Manager B	82,888	84,712
Senior Manager C	74,647	76,290
Senior Manager D* (pre-2009 scale) (RHA inclusive)	68,578	70,087
Senior Manager D (post-2009 scale)	62,882	64,266
Manager E	47,415	48,459
Manager F	40,221	41,106
Required Hours Addition (D*-F) <sup>†</sup>	5,696	5,821

<sup>#</sup> We understand that former HMP Wolds and Medway Secure Training Centre operational manager grades previously run by G4S are on individual salaries.

<sup>\*</sup> The pre-2009 Senior Manager D scale has the RHA payment (currently £5,696 and recommended to increase to £5,821) incorporated into the pay scale and is not paid separately.

<sup>†</sup> This is pensionable.

**Pre-Fair and Sustainable support and officer grades<sup>†</sup>**

Grade	Current pay scale £ a year	Recommended pay scale from 1 April 2019 £ a year
<b>Principal Officer</b>	34,958	35,728
<b>Senior Officer</b>	32,519	33,235
<b>Prison Officer</b>	30,212	30,877
<b>Prison Officer 2*</b>	17,922	18,317
<b>G4S Prison Officer<sup>#</sup></b>	25,172	25,726
<b>Operational Support Grade</b>	19,730	20,165
<b>G4S Security Officer<sup>#</sup></b>	19,443	19,871
<b>Night patrol</b>	17,985	18,857 <sup>+</sup>
<b>Prison Auxiliary</b>	15,941	16,714 <sup>+</sup>

<sup>†</sup> This also includes those staff still on the G4S pay arrangements at Medway Secure Training Centre who we understand are on individual salaries.

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

<sup>#</sup> These grades were formerly part of HMP Wolds run by G4S.

<sup>+</sup> These spot rates have been uplifted by the National Living Wage 1 April 2019 rate, rather than the headline pay award.

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

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

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

**Establishments/sites covered:**

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

**Notes:**

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

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

## Appendix F: Allowances and payments

We recommend making permanent temporary £5 increase to Payment Plus, operational support grade overtime and Tornado. We also recommend the introduction of a yearly allowance for the National Tactical Response Group and the National Dog and Technical Support Group. Below are all the allowances with the continuing permanent rates from 1 April 2019.

<i>Allowances</i>	<i>Closed Scales</i> From 1 April 2019	<i>Fair and Sustainable Scales</i> From 1 April 2019
Care and maintenance of dogs <sup>1</sup>		
(rate 1) – single dog	£1,526 a year	£1,526 a year
(rate 2) – multiple dogs	£1,908 a year	£1,908 a year
<i>Specialist allowance</i> <sup>#</sup>		
Healthcare Officers	£1,296 a year	
Caterers, Dog Handlers, Librarians, Physical Education Instructors, Trade Instructors and Works Officers	£1,200 a year	
<b>National Tactical Response Group allowance</b>	<b>£6,670 a year</b>	<b>£6,670 a year</b>
<b>National Dog and Technical Support Group allowance</b>	<b>£6,670 a year</b>	<b>£6,670 a year</b>
<i>Payments</i>		
<b>Operation Tornado payment (Officers)</b>	<b>£24.86 per hour</b>	<b>£24.86 per hour</b>
<b>Operation Tornado payment (OSG)<sup>2</sup></b>	<b>£19.00 per hour</b>	<b>£19.00 per hour</b>
<b>Payment Plus</b>	<b>£22.00 per hour</b>	<b>£22.00 per hour</b>
<i>Allowances</i>		
Dirty protest allowance		
four hours or less per day	£10.00 per day	£10.00 per day
over four hours per day	£20.00 per day	£20.00 per day
On-call (radio pager)		
weekdays	£5.67 per period of more than 12 hours	
weekends and privilege holidays	£16.13 per 24 hour period or proportionately for periods of less than 24 hours	

## Appendix F

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<i>Allowances</i>	<i>Closed Scales</i> From 1 April 2019	<i>Fair and Sustainable Scales</i> From 1 April 2019
public and bank holidays	£20.41 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home) weekdays	£7.09 per period of more than 12 hours	
weekends and privilege holidays	£20.17 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£25.47 per 24 hour period or proportionately for periods of less than 24 hours	
On-call (home) <sup>3</sup> weekdays and privilege holidays		£9.00 per period of 12 hours or more
weekends and public holidays		£25.00 per period of 24 hours or more or proportionately for periods of less than 24 hours
(hourly rate)		(£1.04 per hour whilst on call outside of normal office hours)
Stand by (office) weekdays	£13.43 per period of more than 12 hours	
weekends and privilege holidays	£38.46 per 24 hour period or proportionately for periods of less than 24 hours	
public and bank holidays	£48.26 per 24 hour period or proportionately for periods of less than 24 hours	



Notes:

1. We introduced a second rate for the care and maintenance of dogs allowance in our 2016 report. This means there are now two rates – one for care of a single dog (amount is £1,526 a year) and one for care of multiple dogs (amount is 25 per cent more than the single rate – £1,908 a year).
  2. NOMS introduced a new rate for OSGs as part of a joint agreement with the POA in 2015.
  3. For staff on open scales the on-call payments are payable as two rates only: (a) work days and (b) rest days or weekends and bank or public holidays.
- # These allowances are pensionable.

**Appendix G: Notional rent**

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

<i>Rent</i>	<i>Current level</i>
Notional rent for quarters	
former Governor I	£3,804 a year
former Governor II	£3,762 a year
former Governor III	£3,615 a year
former Governors IV/V	£2,516 a year
Prison Officers / support grades	£1,675 a year

## Appendix H: Recommendations from the 2018 England and Wales report

- All base pay points of the *Fair and Sustainable* National Band 2 and 5 are increased by 2.75%, consolidated and pensionable.
- All closed grade officer and support grade scales and spot rates (including former G4S staff) are increased by 2.75%, consolidated and pensionable.
- The *Fair and Sustainable* Band 3 base pay minimum is increased by 2.75% and the maximum increased by 5.25%, with associated increases to the three intermediate pay points to leave them at the same relative positions on the pay scales. Increases to be consolidated and pensionable.
- The *Fair and Sustainable* Band 4 base pay minimum is increased by 2.75% and the maximum increased by 3.50%, with associated increases to the three intermediate pay points to leave them at the same relative positions on the pay scales. Increases to be consolidated and pensionable.
- The consolidated, pensionable salary for Prison Auxiliary and Night Patrol staff be increased to the National Living Wage or by 2.75%, whichever is the greater.
- The minima and maxima of *Fair and Sustainable* Bands 7 to 11 and the closed operational manager scales be increased by 2.75%. Staff in *Fair and Sustainable* Bands 7 to 11 should have their pay increased by 2.75% so that they remain at the same relative position in the 2018 pay range. Staff on closed operational manager scales should move with their pay point. Increases to be consolidated and pensionable for all staff.
- Staff in Bands 2 to 5 to progress by one pay point, unless they had been placed on formal poor performance management procedures.
- Staff in Band 5 receiving an 'Outstanding' performance marking to receive a one per cent non-consolidated, non-pensionable pay award.
- Staff in Bands 7 to 11 who achieved a performance marking of 'Good' to receive four per cent consolidated and pensionable pay progression capped at the new 2018 band maximum.
- Staff in Bands 7 to 11 who achieved a performance marking of 'Outstanding' to receive six per cent consolidated and pensionable pay progression capped at the new 2018 band maximum. Any staff that are within six per cent of the maximum, or at the maximum, should receive the balance of the six per cent as a non-consolidated, non-pensionable payment, capped at two per cent of base pay.
- The *Fair and Sustainable* operational graduate scheme consolidated, pensionable pay rates are increased by 2.75%.
- The fixed cash pay differentials for the *Fair and Sustainable* Outer and Inner London zones should be increased by 2.75% and continue to be applied consistently across all bands positioning maxima £2,620 and £3,990 respectively above the base 37 hour National zone pay. Adjusting the minima and intermediate points so that progression steps are the same percentage as on the National bands. Increases to be consolidated and pensionable.
- Before the pay award is implemented for 2018, operational Band 2 staff in receipt of the market supplement at 'red' sites should have their supplement for 2017 adjusted so that the total of base pay plus supplement is increased with effect from 1 April 2017 by the £400 that we recommended last year. We further recommend that that the market supplements for these staff remain at the same level from 1 April 2018 so that again the total of base pay plus supplement increases by our recommended award for Band 2 staff this year.

- The £5 increase to the rates for Payment Plus, Operational Support Grade (OSG) overtime and Tornado currently in place be extended to 31 March 2019.
- The Prison Governors' Association (PGA) and Her Majesty's Prison and Probation Service (HMPPS) present to us, in evidence for the 2019 report, a joint proposal to recognise and reward the role of Duty Governor.
- Staff that are promoted between *Fair and Sustainable* bands receive a full base pay percentage increase of 10 per cent or the band minima, whichever is greater, for a promotion of one band, and of 15 per cent or the band minima, whichever is greater, for a promotion of two bands or more.
- HMPPS present proposals to pay allowances and associated payments based on the grade being temporarily covered rather than the substantive grade.

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## Appendix I: Summary of PSPRB recommendations from 2012 to 2017

- **2017** – a consolidated flat cash award of £400 to all uniformed grades (both those on *Fair and Sustainable* and closed grades) and an increase of one per cent to the maxima of the *Fair and Sustainable* National Bands 7 to 11.
- **2016** – an increase of one per cent to the maxima of the *Fair and Sustainable* National bands and provided non-consolidated awards of £300 for Prison Officers and support staff, £325 for Senior Officers and £350 for Principal Officers.
- **2015** – an increase of 1.8% to the maxima of the *Fair and Sustainable* National bands but no recommended pay awards for those on closed grades. The Government then provided non-consolidated retention bonus payments (£300 for Prison Officers and support staff, £325 for Senior Officers and £350 for Principal Officers) shortly after the publication of our 2015 report.
- **2014** – a one per cent consolidated pay increase for all officers and support staff on all pay structures and changed some *Fair and Sustainable* National Band 7 to 11 pay structures to provide two per cent to staff who opted in.
- **2013** – the remaining *Fair and Sustainable* pay bands were formally introduced with our recommendations that pay maxima be adjusted so that it was possible for staff in some National bands to receive a pay award of one per cent or more when “opting in” to *Fair and Sustainable* (this did not cover Prison Officers or Senior Officers). We recommended that closed grade Prison Officers at the top of the pay scale and Senior Officers be awarded a non-consolidated payment of £250.
- **2012** – *Fair and Sustainable* pay Bands 2 and 3 were introduced, and a public sector pay freeze was applied for the second year to all staff earning more than £21,000.

