



Prison Service
Pay Review Body

Prison Service Pay Review Body

Eighteenth Report on
England and Wales 2019

Executive Summary

Chair: Jerry Cope

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 POAⁱ 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.

ⁱ The professional trades union for prison, correctional and secure psychiatric workers.

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

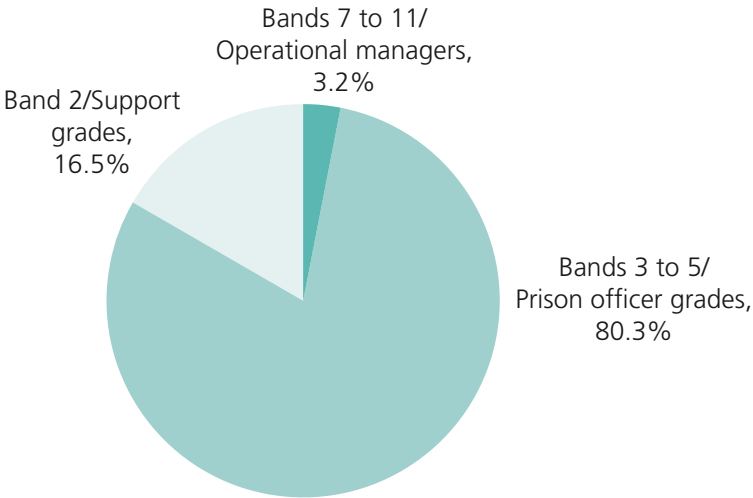
Her Majesty’s Prison and Probation Service (HMPPS) is responsible for adult and young offender management services for England and Wales within the framework set by the Government. It is an Executive Agency of the Ministry of Justice. The agency currently manages Her Majesty’s Prison Service and the 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)ⁱⁱ.

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.

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

Prison Service Pay Review Body 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.

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.

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 POAⁱⁱⁱ 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^{iv}. 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.

ⁱⁱⁱ The professional trades union for prison, correctional and secure psychiatric workers.

^{iv} We have used published data that were available at the time of reaching our decisions in April 2019.

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- 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.

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^v 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.

^v 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.

Cost of our recommendations

We estimate that our recommendations will result in an ongoing increase of approximately 2.25%^{vi} (£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^{vii} 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.

^{vi} 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.

^{vii} 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].

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