



Prison Service  
Pay Review Body

# Sixteenth Report on England and Wales 2017

## Executive Summary

*Chair: Dr Peter Knight CBE*

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

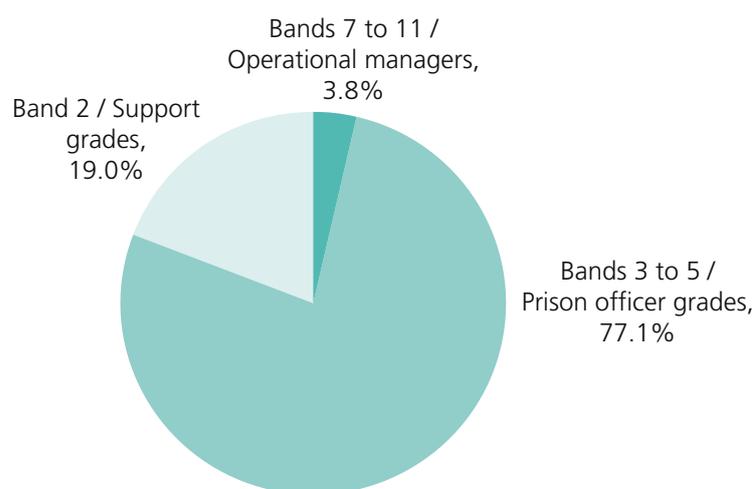
Her Majesty's Prison and Probation Service (HMPPS) is responsible for adult and young offender management services for England and Wales within the framework set by the government. It is an Executive Agency of the Ministry of Justice. The agency currently manages Her Majesty's Prison Service and the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

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

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

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

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



<i>Full-time equivalent</i>	
Bands 7 to 11 / Operational managers	919
Bands 3 to 5 / Prison officer grades	18,403
Band 2 / Support grades	4,544

Source: HMPPS

Note:

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

<sup>i</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 2017 Report on England and Wales

## Summary

### Introduction

Our recommendations for 2017 are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Our remit and approach this year**

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

<sup>ii</sup> The Professional Trades Union for Prison, Correctional and Secure Psychiatric Workers.

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

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

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

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

### Context and evidence

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

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

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

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

<sup>iv</sup> This letter can be found on the Office of Manpower Economics website at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/539345/CST\\_letter\\_to\\_PSPRB\\_chair.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/539345/CST_letter_to_PSPRB_chair.pdf) (accessed on 26 June 2017).

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

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

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

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

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

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

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

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

### **Our recommendations on pay for 2017**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Looking ahead

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

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

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

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

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

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

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