



House of Commons
Committee of Public Accounts

The management of sickness absence in the Prison Service

**First Report of
Session 2004–05**

*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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Ms Ruth Kelly MP (*Labour, Bolton West*)

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Summary

Introduction

Staff costs of £1,214 million for some 45,400 staff comprised 46% of the Prison Service's gross operating costs in 2002–03. Well managed, well motivated staff are fundamental to the effective running of prison establishments. For some years now, the Prison Service has had a higher sickness absence rate than other parts of Government, losing 668,337 working days, the equivalent of a year's work for 3,000 full time staff in 2002–03 at a cost of approximately £80 million.

Following our examination of the Prison Service's management of sickness absence in 1999,¹ when the absence rate was around 15.9 days for 1997–98, the Prison Service set itself a target to reduce the average sickness absence rate by 2002–03 to 9 days per person. The Prison Service has made considerable progress in improving its procedures for recording sickness absence, in management reporting and in the accuracy of its data, but the Prison Service still has some way to go to meet the nine days target. Staff sickness absence levels remain high. In 2002–03 the Prison Service averaged 14.7 days per person, compared to around 10 days for the Civil Service as a whole, and in 2003–04 the average was 13.3 days. Staff shortages due to sickness absence result in an increased work load for other staff, impacts on prisoners (for example, time spent out of cells or on education programmes), and may also lead to increased stress and lower morale amongst other Prison Service colleagues.

On the basis of a Report by the Comptroller and Auditor General,² we examined the National Offender Management Service of the Home Office and HM Prison Service on the factors influencing the Prison Service's attainment of its target; on whether long term sickness absences have been managed effectively; whether managers were able to motivate and encourage staff to attend; and the extent to which implementing new systems and procedures had impeded progress.

1 33rd Report from the Committee of Public Accounts, *Managing sickness absence in the Prison Service* (HC 453, Session 1998–99)

2 C&AG's Report, *The management of sickness absence in the Prison Service* (HC 533, Session 2003–04)

Conclusions and recommendations

1. **The Prison Service continues to experience unacceptably high levels of sickness absence of 14.7 days on average per person in 2002–03 with over 20% of staff taking 11 days or more per annum.** The Prison Service should set annual sickness absence milestones to increase momentum towards reducing average sickness absence in prisons to the target of nine days per person.
2. **The Prison Service should consider whether more rigorous checks could be carried out at the recruitment stage to identify candidates' potential health and fitness risks.** The stressful and physically challenging nature of the work may contribute to sickness levels, and the Service needs to be confident that recruits have the necessary aptitudes.
3. **The Prison Service should consider the costs and benefits of not paying staff for the first three days of any period of sickness absence in line with the approach used by private sector prisons to manage sickness absence.**
4. **Some prisons are difficult to work in and it is essential to have managers able to motivate and encourage staff to attend.** For example, women's prisons, and prisons with high turnover rates, can be more stressful than those with more stable populations or where the environment is more relaxed and low risk. The Prison Service should set differential sickness absence targets taking account of the relative difficulties of each type of prison establishment, which should inform staff planning so that absence problems are not further compounded by unrealistic staffing assumptions.
5. **All managers in the Prison Service should be trained in how to manage sickness absence and to encourage attendance.** The Prison Service should set a target for quick completion of such training, and establish a rolling programme for new recruits and for refreshing existing staff knowledge.
6. **The Prison Service should identify the public and private prisons with relatively low sickness absence, establish the reasons for their success and disseminate the lessons learned.** The Prison Service should monitor actions taken by other Prison Governors to implement the lessons learned.
7. **The Prison Service has been slow to implement initiatives recommended by this Committee in 1999 with many not becoming effective until 2002. With the cost of sickness absence currently estimated at £80 million, the Service needs to act urgently to take a tighter grip of the problem.**
8. **The Prison Service should use sickness absence data to benchmark performance internally and externally, and to take clear action where particular prisons under perform.**
9. Staff morale in the Prison Service was adversely affected by problems with the implementation of the new Home Office payroll software which impacted on employees' receipt of their correct pay. The Home Office should review the lessons learned for future projects including the human impact of IT system weaknesses.

1 Sickness absence has declined but remains high

1. Following the Committee's earlier examination of the management of sickness absence in the Prison Service in 1999, the Prison Service undertook to tackle the culture of absenteeism and reduce its average sickness absence rate from around 15.9 days in 1997–98 to 9 days by 2002–03. By 2003–04, sickness absenteeism had fallen to 13.3 days, and for the first two months of 2004–05, to 12.5 days. The Prison Service recognised that its target of 9 days was overly optimistic. Sickness absence had declined over the past five years but there was still some way to go to achieve the nine days target, which was unlikely to be attained in the foreseeable future.³

2. Ten prisons each lost an average of 20 or more days sickness absence per member of staff per year in 2002–03. Liverpool and Hindley had average rates in excess of 20 days at April 2004 (**Figure 1**), together with Haslar, which had previously reported average sickness absence of less than 20 days. Sickness absence at the other eight establishments with sickness absence rates in excess of 20 days in 2002–03 had reduced, in part due to the redeployment by the Prison Service of some of its better Governors to manage establishments struggling with the highest levels of sickness absence.⁴

Figure 1: Three establishments had average rates of sickness absence in excess of twenty staff days per staff member as at April 2004¹

Prison ²	April 04
Haslar	24.44
Liverpool	22.20
Hindley	21.46
Brixton	19.60
Holloway	15.39
Edmunds Hill	15.27
Eastwood Park	13.19
Onley	12.67
Risley	11.81
Kingston	10.71
Rochester	7.90

Notes:

1. The sickness absence rate for the month of April was multiplied by 12 to give an annual rate.
2. Of the eleven establishments shown in this table, all except Haslar reported average sickness absences of 20 days per person in 2003 (C&AG's Report, Figure 12 and footnote 18).

Source: Prison Service data (Ev 15)

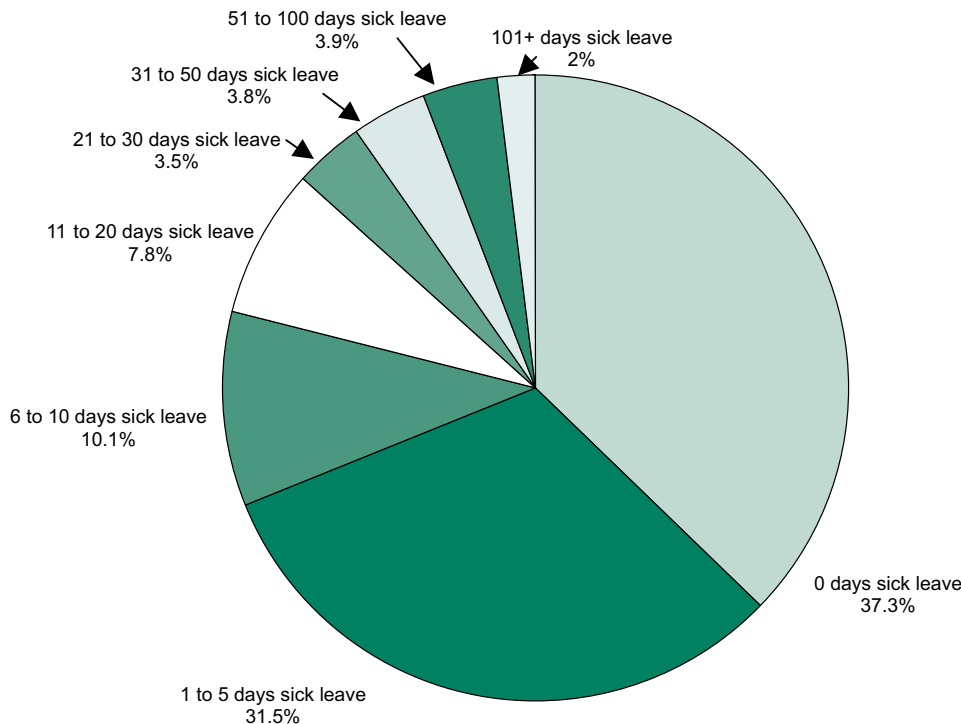
3. Around one third of Prison Service staff took no sick leave in 2003–04 (**Figure 2**), a further third took up to 5 days sick leave and the remaining third took more than 5 days. The Prison Service said that 3,020 current staff members had exceeded the period for sick

3 Qq 4–5, 83–84

4 Q 12

pay at full salary, having had more than 6 months sickness absence in the past four years. Overall, 2,700 of the Prison Service's 45,400 staff accounted for half of all sickness absence taken in 2003–04.⁵

Figure 2: Around 13% of prison staff took more than 20 days sick leave during 2003–04



Source: Prison Service data (Ev 18)

4. The Prison Service will need to deal with cases of longer term sickness and recurring absenteeism if it is to achieve further reductions in the number of working days lost through sickness. These cases can be complex, time consuming and resource intensive to manage as they may arise from the demands of a stressful and physically demanding job. Some cases had been resolved by phasing the employee's return to normal duties. The Prison Service had implemented the Committee's previous recommendation, albeit belatedly, to manage more rigorously those whose attendance record was poor, including using dismissal rather than offering medical retirement.⁶

5. Terminating an individual's contract on the grounds of medical inefficiency was quicker than seeking a medical retirement and was also more cost effective. There were however significant costs attached to terminating contracts which attracted average compensation payments to staff of around £17,000 in recognition of their illness and for the loss of their career. Compensation of up to two years' salary might be payable for staff with long service, although the rate could be reduced where there had been negligence or non co-operation by the employee with medical treatment and rehabilitation (**Figure 3**). The Prison Service had calculated that dismissal had saved £22 million in pensions, but at a cost to the Prison

5 Q 47; Ev 18

6 Q 41

Service of £5 million. In all, the Prison Service dismissed 294 people on long term sick leave in 2003–04 for medical inefficiency.⁷

Figure 3: Dismissals for medical inefficiency increased in 2003–04

Dismissals on grounds of medical inefficiency	2001–02	2002–03	2003–04
Without compensation	51	58	91
With compensation	100	141	203
Total	151	199	294

Source: Prison Service data (Ev 18)

6. The tighter regime introduced by the Prison Service had resulted in its sickness absence rates moving closer to those for the Scottish and Irish Prison Services and private prisons. The average rate⁸ in the Scottish Prison Service for 2002–03 was the equivalent of 12.9 working days and in the Irish Prison Service 14.5 working days, compared to 12.5 days per employee in privately managed prisons. The Prison Service's own rates continued to be higher, in part because of the different age profiles of staff in the Prison Service and private prisons, and differences in entitlement to paid sick leave, in particular that some private prisons do not pay staff for their first 3 days' sick leave. The Prison Service was considering possible changes to its regulations covering terms and conditions of service. It was also considering the scope to improve its assessment of potential employees' suitability for employment, based upon the applicant's previous employment history. The Prison Service recognised, however, that any major changes to its sick leave entitlement policies would be controversial.⁹

7 Qq 62–63; Ev 18

8 The rate for England and Wales is based on working days lost, whereas the Prison Service in Ireland and Scotland records calendar days. To obtain an approximate measure on a comparable basis, the rates for the Irish and Scottish Prison Services were divided by 7 and multiplied by 5 to provide an approximate measure on a comparable basis.

9 Q 2

2 Motivating and encouraging staff to attend

7. Working in a closed environment with prisoners can be a stressful occupation and the risk of physical assault may increase the likelihood of staff taking sick leave. Wide variations existed in the sickness absence rates between prisons, reflecting the challenges and difficulties posed by some types of prisoner, such as those in local prisons where prisoner turnover rates were higher. High levels of mental illness amongst women prisoners, coupled with high suicide rates in women's prisons, contributed to high absenteeism rates amongst staff at these establishments. By comparison, 'open' prisons, undertaking resettlement work with lower risk prisoners, were less stressful places to work and had lower staff sickness absenteeism rates.¹⁰

8. Prison Governors' annual staff requirement plans assumed that staff at all establishments would be absent, on average, for 9 days each year. As a consequence, women's prisons and local prisons were likely to be under-resourced as their sickness levels were higher than 9 days. Unrealistic planning assumptions, coupled with limited scope to 'buy in' additional man hours to cover for sickness absences caused disillusionment amongst staff, leading to low morale, resentment and increased stress levels as staff covered for absent colleagues.¹¹

9. The extent to which the Prison Governor and other local senior Prison Service managers took a firm line with sickness absence was a key factor in managing sickness absence. For those working in the more difficult and hostile establishments, any lack of support by senior management or culture of blame increased the likelihood that staff would take more time off sick. Effective management of sickness absence in a prison depended on the calibre of the Governor to motivate staff to attend and to deal with staff who took too much sick leave. The Prison Service was training managers to manage sickness absences and encourage attendance, and had a policy to deploy in the more difficult prisons Governors best able to motivate, communicate with and support staff.¹²

10. Some Prison Service and private prisons, however, consistently achieved lower levels of sickness absence than others with similar prisoner profiles and working conditions. This situation was due to a range of factors, including the Governor's enthusiasm and experience, and firm but fair local management. The Prison Service could do more to build upon the management style used in prisons with low sickness absence to achieve lower sickness absence rates elsewhere in the Prison Service.¹³

11. The large reduction in the number of prison officers on long term sick leave at Holloway in one year (**Figure 4**) demonstrated the difference that could be made by a change in the Senior Management Team. The establishment had lost contact with some of its officers on long term sick leave, but the new Head of Personnel had re-established contact with such staff, including two employees, one in New Zealand and the other in Sri

10 Qq 16, 22

11 Qq 3, 8–9, 100

12 Q 27

13 Qq 117–118

Lanka, who were subsequently dismissed without compensation. Of the 55 staff with over 20 days sickness absence as at 30 June 2002, 22 had since returned to work, 4 had been medically retired and 17 were dismissed for medical inefficiency.¹⁴

Figure 4: Outcomes for 55 staff at HMP Holloway with over 20 days sickness absence as at June 2002

Outcome	Length of absence as at 30 June 2002	Number of staff
Dismissed for medical inefficiency	Up to 31 months	17
Successful return to work, including phased return	Up to 20 months	13
Successful return to work, though currently on attendance monitoring	Up to 2 months	9
Resigned or contract not renewed	Up to 2 months	7
Medically retired	Up to 30 months	4
Returned to work but subsequently dismissed for medical inefficiency	Up to 7 months	3
Subsequently age retired	Less than 2 months	2

Source: Prison Service

3 Implementing new systems and procedures

12. Failure to meet the nine day target in 2002–03 cost the Prison Service the equivalent of £30.8 million. The Prison Service had made slow progress since the Committee’s examination in 1999 because measures introduced to address sickness absence problems did not become effective until 2002. Many of the right initiatives were now in place, including annual sickness absence targets for each establishment, but the Prison Service had not acted quickly or decisively enough to dismiss those unfit for duty, reduce its average sickness absence and eradicate the culture of absenteeism and poor morale that persisted in poor performing prisons.¹⁵

13. Under-reporting in previous years may account for some of the difficulties faced by the Prison Service in reducing sickness absence. More accurate data, coupled with improved management of sick leave had meant that reliable and relevant information was now available centrally and locally on sickness absences. Prison Governors were being trained to use data to identify problems and compare performance between establishments. These achievements would also enable the Prison Service to benchmark its performance with other organisations more effectively.¹⁶

14. The Prison Service had not introduced an effective attendance management system until November 2002 because the system introduced in 2000, known as the Bradford Formula, was withdrawn after a legal challenge by the Prison Officers’ Association. Working relations between the Prison Service and the Union were now stronger. The new sickness absence system had the Union’s backing and staff support, as staff generally resented those colleagues who abused the system.¹⁷

15. Over 200 Governors and Heads of Personnel have received sickness absence training. Three years ago, the Prison Service introduced a management development and leadership training programme for staff with first line management potential which covered dealing with sickness absence. Most prison establishments had developed local procedures on how to manage sickness absence in line with centrally issued guidelines, and most staff had also been issued with guidance.¹⁸

16. The number of staff on long term sick leave dismissed for medical inefficiency had increased (**Figure 5**) and the number of staff offered medical retirement had reduced. More people left the Service through ill health in 2003 than in earlier years. Under the Prison Service’s more rigorous approach, those who found it difficult to return to work had to leave the Service rather than be offered medical retirement.¹⁹

15 Q 7

16 Qq 49, 76

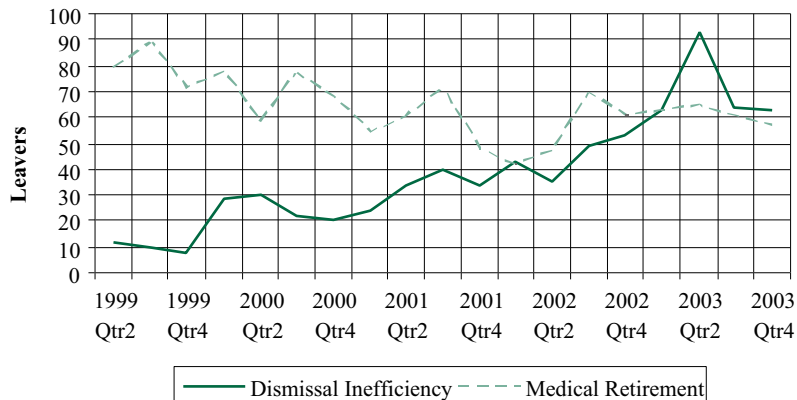
17 Qq 13, 128

18 Q 37

19 Q 89; Ev 19

Figure 5: The number of staff dismissed for medical inefficiency or retired from the Prison Service on medical grounds from 1999 to 2004

Staff leaving Prison Service for medical / sickness reasons April 1999–March 2004



Source: Prison Service

17. Prison Service staff morale had been adversely affected by problems with the implementation of the new Home Office payroll software, resulting in mistakes in pay. The National Offender Management Service acknowledged that the introduction of the new pay system had been unsatisfactory. It had taken the Home Office over a year to resolve the initial problems and there were lessons to be learnt.²⁰

Formal minutes

Monday 13 December 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan

Jim Sheridan

Mr Brian Jenkins

Mr Gerry Steinberg

The Committee deliberated.

Draft Report (The management of sickness absence in the Prison Service), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 17 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

[Adjourned until Tuesday 14 December at 3.30pm

Witnesses

Monday 14 June 2004

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Mr Martin Narey, Mr Phil Wheatley CB, Mr Gareth Hadley, and Mr Robin Wilkinson, HM Prison Service

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Oral evidence

Taken before the Committee of Public Accounts

on Monday 14 June 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Allan
Mr Richard Bacon
Mr David Curry
Mr Frank Field

Mr Gerry Steinberg
Jon Trickett
Mr Alan Williams

Sir John Bourn KCB, Comptroller and Auditor General, **Mr Tim Burr**, Deputy Comptroller and Auditor General, and **Ms Aileen Murphie**, Director of Home Affairs and Criminal Justice VFM, National Audit Office, further examined.

Mr Brian Glicksman, Treasury Officer of Accounts, HM Treasury, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL:

The Management of Sickness Absence in the Prison Service (HC 533)

Witnesses: **Mr Martin Narey**, Chief Executive, **Mr Phil Wheatley CB**, Director General, **Mr Gareth Hadley**, Director of Personnel, and **Mr Robin Wilkinson**, Head of Personnel Management Group, HM Prison Service, examined.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts where today we are looking at sickness absence in the Prison Service and we welcome back Mr Martin Narey, who is the chief executive of the National Offender Management Service. Would you like to introduce your colleagues, please?

Mr Narey: Yes. On my left is Philip Wheatley, who is the Director General of the Prison Service. Next to him is Robin Wilkinson, who is Head of the Group of the Prison Service which leads on personnel matters. His boss as Director of Human Resources is Gareth Hadley, who is on my right.

Q2 Chairman: I think we should congratulate Mr Wheatley on receiving a CB in the birthday honours. Thank you very much for coming. Can I also welcome the Audit Committee of the Scottish Parliament who are joining us? Could I please ask you, Mr Narey, to turn to page 12 of the Comptroller and Auditor's Report and look at paragraph 2.14? In the second bullet point, it mentions private prisons: "In six prisons, staff are not normally paid for the first three or five days of any sickness episode." Private prisons do have a better record on sickness absence than do prisons in the public sector. Why do you not emulate their tough approach and not pay people for the first three days of their sickness?

Mr Narey: One of the interesting things since I last sat here looking at sickness absence in the Prison Service is to see how much the gap between the private sector and the public sector has closed. Five years ago when the Committee looked at this, the gap was very large indeed and the figures are now really quite close. If current improvements in the public sector continue, the public sector may indeed

pass the private sector. That is not to say that we are not looking at possible changes to the regulations. I think the proposal you suggest would be an extremely controversial one. It is a condition of service which applies to the whole of the Civil Service but we intend after this to take a complete look at terms and conditions of service and we will consider very carefully whether that would make a difference. It may not make a dramatic difference because the number of people who are off for very short periods of time, contributed to the overall performance last year of 13.3 days' sickness are quite few, just one or two days.

Q3 Chairman: It is generally true that one of the reasons behind increasing levels of stress that we see in this Report is that your officers are fed up with covering for those who are taking sickness. That would be one reason, would it not?

Mr Narey: That is something which irritates staff. The much more rigorous approach that the Prison Service have taken in the last few years has been very supportive of those good staff who try to come in even if they are feeling a little unwell and are rather let down by colleagues who do not act in a similarly professional manner.

Q4 Chairman: Could you now please turn to page six of the Comptroller and Auditor General's Report and look at paragraphs 1.5 and 1.6. You set this target in 1999, did you not, to cut sickness absence to nine days per person?

Mr Narey: That is correct.

Q5 Chairman: At the moment, it is running at about 14.7, is it not, per year?

HM Prison Service

Mr Narey: The complete figure for last year was 13.3.

Q6 Chairman: This is the figure which we have, 14.7, in the Report. You say it is now down to 13.3, but in any event you set this target and yet we see in this Report at paragraph 1.6 that you took very little effective action until 2002 to try and meet the target which you yourself had set. Why was this?

Mr Narey: It is not the case that we took little effective action. The previous appearance to discuss this subject was my first appearance at a PAC and I took the Report on it extremely seriously. The potted history of this is that Mr Wheatley, who was then my deputy, took a personal grip on this in managing establishments. We tried that for about a year. There was very little change. We concluded that we needed some new procedures. We introduced some very new, demanding procedures called the Bradford Formula, which I think are as rigorous as anything you might see. That made an improvement but we had to withdraw from those procedures at court, so we had to delay getting a real grip on this by about 18 months. Since, by agreement with the trades unions, we have introduced very similar procedures sickness absence has started to fall quite gradually. If we take account of under-reporting, the figure five years ago might have been as high as 15.9 days. As the Report indicates, it has now dropped to 13.3 and we think it is dropping further this year. We think we will hit the 12.5 mark.

Q7 Chairman: That is all very well but I put it to you that the commitment was made to this Committee in 1999 and very little effective action reached the front line until 2002.

Mr Narey: For some years now, we have been taking rigorous action. I think all the main things that the Committee suggested to me that we should do we have done rigorously. We have enforced procedures. We have set demanding targets. We have introduced fitness tests which the Committee suggested and most of all we have not only halted but reversed the growth of medical retirement, which was a main criticism five years ago. There were 230 medical retirements last year. By contrast last year, we were sacking six people a week for bad attendance.

Q8 Chairman: Could I please ask you to look at page 11, paragraph 2.7? That looks at the governors' plans for numbers of staff. When they are recruiting staff, do they recruit on the assumption that their staff are going to take nine days a year sickness or 14 days a year or some other figure?

Mr Wheatley: The formula we use for setting our staffing levels against our shift schemes is on the tighter target for sickness. We assume that we are going to hit the target. That squeezes governors of course because if the target is not achieved they are shorter of staff. We think it is important that, in setting the target level for staffing, we challenge governors to hit our improved sickness performance.

Q9 Chairman: I have been told that in your business plan it mentions the figure of 13.5 as given to governors and they base their staffing on that. Is that true or not?

Mr Wheatley: No. When we are devising shift schemes and setting staffing levels, we do not use that. We still work on the same level of what we call non-effectives. That is the total of leave, sickness and training which we put together. We still use exactly the same total as we have for a number of years.

Q10 Chairman: If you now look at page 10, paragraph 2.4, you will see there it talks about a rise in days lost due to depression, anxiety or stress. How much of this do you think is due to staff having to cover for colleagues?

Mr Wheatley: It is very difficult to break down exactly why people are suffering from stress. This is a period of great change in the Prison Service. When we introduced tighter shift schemes, tighter staffing levels and increased outputs, we improved performance substantially. That process of change put stress on those going through it, as I have said before at this Committee. The process of achieving change in prison is always difficult and always threatening to front line staff who are not sure that the new systems are going to work. That was certainly a factor in it. Once we get into a vicious circle of high sickness levels—which is one of the reasons why we have to avoid it; we have worked very hard to reduce sickness—which means that there are not staff on the landings to cover the landings, that does put pressure on staff, so it is important that we manage sickness levels down. We recognise that there is the danger of the opposite of a virtuous circle. In a small number of establishments in difficulties, that has certainly happened. Across the board, I do not think that was the main reason for the increase in time off for depression and anxiety, which I think relates to the tempo of change which is important. We had to hit that tempo of change to meet what Parliament wanted or what the public wanted, but it was threatening to staff involved.

Q11 Chairman: Thank you. Mr Narey, can you please turn now to page 23 and look at paragraph 3.22? In our 1999 report, we raised concerns about poor management practice but we read in this paragraph that it was only in autumn 2003 that the Prison Service College was tasked with to deal with this. Why this delay?

Mr Narey: Although there was a delay in setting up the formal courses at the Prison Service College to teach about attendance absence, that does not suggest that in the interim we have not been doing anything else. We managed this very, very rigorously down the line. We published a great deal of guidance. We introduced sickness absence as a KPI. We have taken a great deal of very demanding action to make a difference. What this is trying to do is build on the improvements we have made because we realise they are not enough. We have to get this

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figure much closer to a single figure than where it is now but progress over the last couple of years gives us a great deal of encouragement.

Q12 Chairman: Will you now turn to appendix two, page 25, bullet ii, which talks of the level of sickness absence varying very considerably across prisons. Why have you not managed to resolve this enormous difference between levels of sickness absence between prisons under your control?

Mr Narey: Some differences do still exist but since we were able to reintroduce the procedures which we lost at court there has been steady progress in this direction. Indeed, since the Report was published, the convergence of prisons has further improved. The Report quite accurately reports 10 prisons have sickness rates averaging more than 20 a year. There are now only three prisons in that category. Some of the most difficult prisons we have picked off very carefully. Mr Wheatley has put some of his very best governors into Holloway and Wandsworth, places which traditionally have had very high levels of sickness and where there has been a remarkable turn around. The strategy has been to concentrate on those places which are struggling. Hence, there are only three in that very worrying category now instead of 10 and a much larger number five years ago.

Chairman: Perhaps you could think of an answer to this question in the course of the hearing: we made a recommendation in 1999 that you meet this target of nine days a year. You accepted that recommendation. There is not much point in this Committee devoting all this time and effort to these issues, making recommendations which government departments accept, and they seem to not make any effort to meet them but they totally fail to meet them. That was a commitment which you yourself made in 1999 and you have totally failed to meet it.

Q13 Mr Field: Can I record my thanks on behalf of many of my constituents for the existence of the Prison Service? They are immensely grateful that some of their fellow citizens disappear from the scene for various periods of time. Would you accept that behind this Report is the Prison Officers' Association, which is probably one of the more robust organisations that any public sector has to deal with? Would that be fair or unfair?

Mr Narey: I think today it is unfair. Traditionally, they have been a very, very difficult trades union but I think they have been much a much more reasonable and compliant trades union in recent years. Very few people realise that this is a trades union which has made a voluntary agreement never to take strike action. The bit of industrial action we have had in the Home Office in the past few years has not involved the Prison Officers' Association. They are still robust but I think they have been much more cooperative and they are significantly more constructive about the service they work in and, for example, have supported the new, very rigorous procedures that we have now introduced to control sickness absence.

Q14 Mr Field: The buck stops with you?

Mr Narey: Yes, it does. I accept that entirely.

Q15 Mr Field: Which makes the Chairman's comment more serious, does it not?

Mr Narey: It is a comment which is very serious and I take it seriously. My justification would be that although we have not hit the nine day target we have made dramatic progress, as the Report recognises. The practices we employ in the Prison Service now are described as being at the cutting edge. I do not know of any other employer in the public or the private sector which treats sickness management so rigorously.

Q16 Mr Field: Can we turn to page 17, footnote 18? If this is supposed to be a list which names and shames, putting it in the footnote in the smallest type face in Christendom breaks new records. There are ten prisons which reached a rate of 20 days more of sickness per year on average per officer. What are the characteristics of this group which distinguishes them from the others because, reading that list, I cannot see a common denominator.

Mr Narey: There is not a single, common denominator. A number of them are women's prisons which I think can be particularly difficult and stressful. There are very high levels of mental illness in the women's population. There is some element of sickness absence which is explained by a predominantly female staff.

Q17 Mr Field: You are talking about mental illness amongst prisoners rather than the officers?

Mr Narey: Amongst the prisoners, yes.

Q18 Mr Field: Should they be in prison if they are mentally ill?

Mr Narey: I would much rather that they were not in prison but since the introduction of care in the community in 1989 the proportion of those suffering from some form of mental illness ending up in prison has grown significantly. There are probably 5,000 people in prison who are profoundly mentally ill.

Q19 Mr Field: As a result of a policy of care in the community, these people end up in jail?

Mr Narey: They cannot survive outside.

Q20 Mr Field: It is hardly living up to the title, is it?

Mr Narey: It is not for me to say but the reality is that we have significantly high levels of mental illness in the Prison Service.

Q21 Mr Field: If you do not say, how do we get changes in policy?

Mr Narey: I am here to speak about policies relating to sickness in the Prison Service. It is not for me to speak about wider things.

Q22 Mr Field: One of the reasons why there is high absenteeism, particularly in women's prisons, is that a large number of the inmates are mentally ill and should not be in prison?

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Mr Narey: There is a great deal of difficult work completed in women's prisons. There are very high suicide rates. It can be extremely stressful for staff. Some of the other prisons on that list are local prisons where again the demands on a day to day basis are extremely high. Conversely, the list of prisons with very low levels of sickness are places which are typically resettlement prisons, open prisons, where there is a great deal of constructive work and not very much unpleasantness, certainly no suicides and hideous things like that. The important thing to point out—and I am very happy to give the Committee a note¹—is that since this Report was completed that list of 10 prisons is now a list of only three, so we have continued to make progress.

Q23 Mr Field: The Chairman drew attention to the cost, in money terms, of your failure to meet your target and the costs on those staff who do turn up to work. Have you made representations to the Treasury to try and bring forward some of that money that is lost by this large amount of sickness absence, to try and buy out practices which my guess is do underpin this behaviour in certain prisons?

Mr Narey: I am not sure which those practices are. The sickness procedures we have were prescribed by ACAS as absolutely best practice in terms of managing sickness absence.

Q24 Mr Field: But you have such poor results.

Mr Narey: We do have poor results, although we are not alone. I think there are lots of employers who have shift systems, where employees work in a difficult environment, who have sickness rates at least as bad if not worse. British Airways, I understand, have sickness rates which are considerably worse than ours. I think the important thing, although I have not reached the nine day target which I set optimistically five years ago, is that we have made very significant progress towards that target. I would be very surprised if one could identify another public service that was dealing with sickness so rigorously.

Q25 Mr Field: Given that private sector prisons are more effective than you, even though you say they are getting worse so the gap is closing somewhat, might there not be a case for bringing some of them in just to manage this area of sickness?

Mr Narey: I am responsible for private sector prisons as well. They are every bit as mine as the prisons which Mr Wheatley manages.

Q26 Mr Field: It would make a transfer easier, would it not?

Mr Narey: I think private sector prisons do a number of things very well indeed. It is why I have been converted to contestability and to driving up standards in the public sector by using competition.

Q27 Mr Field: Given that there are some prisons which are much more successful than others in dealing with sickness absence, and they have maintained that over a period of time, do you move staff around so that those who have managed to crack it in one prison are moved to another?

Mr Narey: Yes, we do.

Q28 Mr Field: That continues?

Mr Narey: Yes. On a number of occasions recently Mr Wheatley has moved people into prisons specifically to try to reduce sickness absence.

Q29 Mr Field: When did that start, that policy of moving the achievers around?

Mr Narey: Trying to manage sickness absence rigorously, making it something by which governors are, in part, measured has been something which we introduced probably about four years ago, which was the first year we introduced sickness as one of the KPIs on which governors are judged.

Q30 Mr Bacon: What is KPI?

Mr Narey: Key performance indicator.

Q31 Mr Bacon: Could you turn to page 23, paragraph 3.21? It says that 26% of governors were dissatisfied with the ability of their line managers to help motivate staff to come to work. Over a quarter of your governors are dissatisfied with the ability of their line managers to do their job. What are you doing about that?

Mr Narey: Three quarters were satisfied.

Q32 Mr Bacon: It says 50% of them were satisfied, not three quarters.

Mr Narey: 26% were dissatisfied.

Q33 Mr Bacon: Yes, but it does not mean three quarters were satisfied. It says, "Whilst 50% of Governors confirmed they were satisfied . . . 26% dissatisfied." I do not know what happened to the other 24% but it does not say that they were satisfied.

Mr Narey: Perhaps I can ask Mr Hadley to say something about the first line manager training we introduced some years ago in the Prison Service.

Q34 Mr Bacon: Are you going to tell us about your training programme or your guidance?

Mr Hadley: About three years ago we introduced a fundamentally changed approach to management development and leadership training focusing particularly on the first line manager. I fear that some years back first line management training was a bit of a black spot within the Prison Service. That has now been reversed. We are having to work through a backlog in terms of training, but our first line managers—

Q35 Mr Bacon: You started this three years ago?

Mr Hadley: Indeed.

Q36 Mr Bacon: How long does it take you to train an entire workforce?

¹ Ev 15

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Mr Hadley: We are talking about a workforce of about 45,000.

Q37 Mr Bacon: When you started it three years ago, when did you say to yourselves, “We will finish the training by”? What was the date you gave yourselves to have done it by?

Mr Hadley: We would expect to have completed it within about four years. However, the process within which we capture people for training is through the assessment centres at which we select people for first line management.

Q38 Mr Bacon: Does this include the guidance from the attendance policy teams on how to manage sick absence?

Mr Hadley: The guidance from the attendance policy teams has been issued on a regular basis, ever since—

Q39 Mr Bacon: Why was it that when the National Audit Office visited and talked to the staff they interviewed some staff indicated they could not recollect it, at paragraph 3.22?

Mr Hadley: I think it was a very small proportion who indicated they could not recollect it. Probably, if one were to ask staff in any organisation whether they could or could not recollect any management guidance, one might identify a similar small proportion. I am confident that the overwhelming majority of managers are aware of the guidance. It is being rigorously enforced through the management line within our jails.

Q40 Mr Bacon: Could you say how many days per year should a prison officer work if they are turning up all the time?

Mr Narey: Taking account of leave and training, there will be about 46 weeks of typically a five day working week, 230 days a year.

Q41 Mr Bacon: If you look at paragraph 2.22, it says, “The 500 staff with the worst sick record for intermediate absences in the last two years accounted for over 47,000 working days lost between October 2002 and September 2003.” In that 12 month period, those 47,000 days were attributed to those 500 people. That is an average of 94 days per person. If you divide 94 into 230 days, which is what you just said, you get 40%. Two fifths of the time these worst 500 people are not there. That is extraordinary.

Mr Narey: That is because the composition of sickness absence has changed. It is overwhelmingly composed now of people who are off sick for very long periods of time. That is why the radical change we have made in recent years is, instead of offering medical retirement to those individuals, we start managing them much more rigorously and sacking six of them a week for poor attendance.

Q42 Mr Bacon: If you look at paragraph 2.23, I would like you to explain this sentence: the process of reducing the number of long term cases from 55 to 12 involved “re-establishing contact with staff on

long term sick leave, including one person in New Zealand and one in Sri Lanka . . .”. How long were these people in New Zealand and Sri Lanka?

Mr Narey: These were individuals who were no longer being paid by the Prison Service. They had exhausted half pay and were in the process of leaving the Prison Service.

Q43 Mr Bacon: They were being paid half pay?

Mr Narey: No.

Q44 Mr Bacon: How long had they been paid at all while they were in New Zealand and Sri Lanka?

Mr Narey: I do not know the answer to that, but I do not believe they were. It is not out of the question that somebody would have gone to visit family or whatever while they were on sick leave, if they had satisfied us that they were not available for work.

Q45 Mr Bacon: They were not available for work but they were available to get onto a plane and fly to Sri Lanka?

Mr Narey: It is possible for both those possibilities to be true but clearly that is not acceptable and we, along with a lot of other people, have terminated the services of those long term sick people.

Q46 Mr Bacon: Do you think you could send us a schedule of these 55 bad cases and say exactly what happened to them in terms of the amount of time it took from beginning to end and how many days off each of them had in total? It seems to me extraordinary. 500 staff out of 47,000 is a relatively small proportion, about 2%, but there are still an extraordinarily high number of days off for each one. I think a bit more detail there would be very helpful because it sounds like a culture of absenteeism, does it not?

Mr Narey: I think we have had a culture of absenteeism which is now being rigorously tackled and turned round quite a bit.²

Q47 Mr Bacon: Could you turn to figure 12 on page 17? At the bottom of page 17, it says that the ten establishments with the highest sickness rates had sickness periods of 180 days or more accounting for 33% of working days lost. Were these people who had genuine, serious illnesses or were these long term sicknesses people where you could not easily identify what was wrong with them?

Mr Narey: Most of them will have serious illnesses and we are having to dismiss from service those people who might have worked loyally, with little sickness absence for a long time, who then become so ill that they are no longer likely to give good service again. In those circumstances, we have to dismiss them. That is something which we did not used to do but we do now very regularly.³

Q48 Mr Bacon: If you look on the left hand side of that page in paragraph 3.2, it points out that the range can vary from as much as 24.3 days at Hindley

² Ev 15–18

³ Ev 18

HM Prison Service

Prison to as little as 3.1 days at Kirkclevington. Why is the range so huge? What is it that they are doing right at Kirkclevington?

Mr Narey: Kirkclevington is an extremely pleasant place to work. It has a resettlement role. Most of its population goes out to work during the day. Hindley is a very difficult place. It looks after people from the age of 16 up to the age of 21. It is going through a large process of change. At the moment, it is under threat of privatisation. Mr Wheatley will be able to significantly improve performance in the next six months. None of this contributes to a performance by staff which is likely to reduce sickness levels. Sickness levels, to an excessive extent, are reduced and there are only three prisons in that category now, not 10.

Q49 Mr Bacon: In paragraph 3.20, it says that only 39% of establishments generate local management reports—page 22—that showed comparisons between different teams or grades within their prisons. What are you doing to increase that figure because that sounds like pretty basic management information that you would need in each prison, would you not?

Mr Wheatley: We are making sure that establishments know the range of information that is available. There is now much more information available centrally as a result of the better management of sick. We are making that information available to establishments. Part of the process of training governors to manage sickness involves explaining the way in which we can compare data in the establishment to allow governors to analyse the problem. By doing that, we are beginning to improve the way in which governors do their job, by using this data.

Q50 Mr Bacon: Mr Narey, each time you come before us you appear to have a different job title. First you were director general of the Prison Service. Then you were a permanent secretary. Then you were commissioner of corrections. Now you are chief executive of the National Offender Management Service. I am sure Mr Hadley, as a full management consultant, will be able to tell you that two thirds of all organisational changes fail. Are we to see a bit of stability in your job in the months or years ahead?

Mr Narey: The fact that I am here again, five years after I first appeared before the Committee, suggests there is some stability in the management of the prison and the probation service.

Q51 Mr Bacon: What is the purpose of all these changes then?

Mr Narey: I was director general for four years before being succeeded by Mr Wheatley. I went to a post which was to bring together the prison and the probation service. We are in the second stage of that in creating a single organisation and the purpose of that is to reduce reoffending, as I believe we will.

Q52 Mr Bacon: Is it going to reduce or increase the number of staff in the Prison Service and the probation service combined?

Mr Narey: Combined in those two services it will increase the numbers of staff because we are trying very hard to make our cumulative penalties much more effective.

Q53 Jon Trickett: I want to look at this sacking six people a week for health. The figures do not demonstrate that, do they? Table 10 on page 16 gives us the figures. You are not sacking six people a week, are you, although you have said that on three separate occasions?

Mr Narey: The number of dismissals last year was about 300.

Q54 Jon Trickett: Where are those figures? The figures I am looking at show that, in the last quarter available it was 88. Before that it was 62. Before that it was 53 and before that it was 50. It is nowhere near six a week.

Mr Narey: You are looking at a graph which shows quarterly data. I am giving an annual figure.

Q55 Jon Trickett: I have annualised it up and it adds up to 250 people.

Mr Narey: I can send a note if you wish but I can promise you that the figure of the number of people dismissed in the financial year just finished is 321.⁴

Q56 Jon Trickett: This is out of date?

Mr Narey: This finishes in 2002–03.

Q57 Jon Trickett: Mr Wilkinson is saying it is out of date. If you follow the trend lines which are on a very illustrative diagram here, what we have obviously is an increasing line of dismissals for medical inefficiency. That is what the Committee wanted at the hearing that you referred to some time ago. Also, we see the trend line of people medically retiring running in the opposite direction. It is like a pair of scissors crossing. It is remarkable that they have only just crossed and it does argue that action was somewhat delayed after the last Committee meeting. Although there is an increase in the number of dismissals for medical inefficiency, there is not a correlation, as one might expect, in the diminution of those people who are medically retiring. Indeed, if the two things are aggregated, you will discover, for example, in the first quarter on this table, 92 people left, either sacked or medically retiring. In the last quarter it was 148 so we have a 50% increase in the number of people leaving the service for one reason or another. If the sackings were as effective as you are implying in response to my colleagues, would not we expect the medical retirements to be running down into quite the low teens by now?

Mr Narey: I do not think we would because the purposes of sickness procedures are not simply to sack people. They are, wherever possible, to get people back to work.

⁴ *Note by witness:* In 2003–04, 297 members of staff were dismissed for medical inefficiency, and 231 were medically retired. See Ev 18

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Q58 Jon Trickett: What you have here is an increasing number of people retiring or being sacked for medical inefficiency and, at the same time, a considerably high level of sackings as well. The tools which are available to you are not achieving the objectives, are they?

Mr Narey: I do not understand why you come to that conclusion. What we used to have was an implicit encouragement to staff to remain on sick leave for a long period of time because they would get a medical retirement. We have taken that option away but we have not referred to it as sacking everybody. Some of the people who might previously have been getting medical retirement are now successfully brought back to work and we have put a lot of effort into bringing people back to work in those circumstances where we think they can give full and effective service.

Q59 Jon Trickett: That is simply not true, is it? The number of retirements on medical grounds admittedly is diminishing but the trend line is very shallow relative to a relatively steep line for medical inefficiency. The two figures added together are demonstrating the fact that more people are leaving the service for medical reasons than ever before, irrespective of this apparent tough policy of sackings and the sickness levels are continuing at unacceptably high levels, are they not?

Mr Narey: You say more people are leaving on medical retirement than ever before?

Q60 Jon Trickett: For one reason or another, either through sackings or medical retirement, and the levels of absenteeism are continuing at levels which are far too high and nowhere near the target of nine days.

Mr Narey: That is correct, but—

Q61 Jon Trickett: Is the tool of sacking people effective or not?

Mr Narey: It is just one of the tools, but yes, I think it is because the numbers of people who we dismiss have risen. The numbers of people who we medically retire have fallen. If you drew the trend line of the fall in medical retirements set against the significantly increased workforce over that period, there would be a much steeper fall. The proportion of people who have been medically retired is now significantly less than it was five years ago.

Q62 Jon Trickett: I want to go back to paragraph 2.26. The previous time we looked at this matter, one of the issues was the cost of dismissing somebody fell, I presume, to the Prison Service, whereas the cost of retiring them did not fall to the Prison Service. It fell to the pension fund. This Report does not really relate back to that particular issue but it does give a very interesting detail in the final sentence of paragraph 2.26: “The Prison Service estimates that it typically costs £17,000 to dismiss someone for medical inefficiency.” That is supplemented by footnote 16 at the bottom. It

appears that we are paying people £17,000 when we sack them, on average. How is it sacking somebody when we are paying them?

Mr Narey: Because if you sack somebody because of their inability to do the job because of their ill health, you have to pay them compensation. That is something we are forced to do. The Prison Service has paid £5 million in total, in compensation, to fund dismissals for medical inefficiency. They have saved the Treasury £22 million in pensions, so it is a very good deal for the Exchequer.

Q63 Jon Trickett: Instead of sacking people, we are compensating them. Footnote 16 goes on to say that the £17,000 is only a part of the cost of sacking somebody. There are management costs, occupational health costs and legal costs in each and every case. Do you have an estimate as to what those additional costs are in addition to the £17,000?

Mr Hadley: I am not able to give an estimate now. It will vary on a case by case basis, dependent upon how much work has had to be put in in managing the case through to determination. I will see if we can provide Mr Trickett with the information in due course.⁵ Perhaps I can refer to Mr Trickett’s point concerning compensation. It has to be borne in mind that the people we are terminating due to ill health and poor attendance are not being sacked for misconduct. They are genuinely ill. They are unable to render effective service to the Prison Service. However, they do not meet the requirements of the principal Civil Service pension scheme for ill health retirement. In such circumstances, under our rules, they are compensated.

Q64 Jon Trickett: Most people in the rest of the world think that when you sack somebody you sack them. You do not compensate them for being sacked. I wonder if there have been any dismissals for people who are simply at variance with their contract of employment because they have taken too much time off, without compensating them, because that I am sure was the intention of the Committee when it was asking for more sackings to take place and more dismissals. I do not think it occurred to many people, when Mr Narey was speaking a few minutes ago to the Chairman and others, that you sack six people a week but you are paying them £17,000 a piece. How many people have you actually sacked?

Mr Hadley: We have sacked the number that Mr Narey referred to.

Q65 Jon Trickett: Without compensation?

Mr Hadley: We pay compensation under Civil Service compensation rules. These are not people who have been found blameworthy of misconduct. These are people who are genuinely ill and I would hold that most employers would treat somebody who is—

⁵ Ev 19

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Q66 Jon Trickett: It is a cop out.

Mr Narey: It is what this Committee urged me to do five years ago.

Q67 Jon Trickett: It is weak management. I am the first person to argue that if somebody is really ill they ought to be properly looked after, cared for and properly compensated, but that is not sacking somebody. That is terminating their employment because they are medically unfit to serve and that is fair. For you to come here and say you are sacking six people a week smacks of robust management but the fact of the matter is this is not robust management. This is a cop out. How many people are sacked, to use the term “sacking” in the common use of the term as I would in one of my local working men’s clubs or pubs?

Mr Narey: Sacking for all purposes?

Q68 Jon Trickett: No, for taking time off without leave.

Mr Narey: I think you want to know which of those are paid little or no compensation.

Q69 Jon Trickett: Yes.

Mr Narey: We would have to provide you with that information.⁶

Q70 Mr Allan: The distinction perhaps was between those unfortunate souls who have a long term illness and they are not up to doing the job and are therefore dismissed and those who are malingerers and therefore, in a sense, have carried out misconduct. When you used the word “sacking” I was a bit surprised because I do not think this table refers to people who have been sacked in the sense that I would understand it. Sacking is a misconduct kind of offence. If you have figures for people who are deemed to be malingerers and then are dismissed presumably without compensation for that, that would be very interesting to know.

Mr Narey: I am very happy to provide them.⁷

Q71 Mr Allan: Referring again to these people who have been dismissed because they have ill health which means that they cannot carry out the requirements of what is a stressful and physically demanding job, you referred to the difference in cost. This has cost you £5 million as opposed to the £22 million it would have cost the Exchequer via the Civil Service pension scheme if all the same group had been given early retirement on medical grounds. Is the incentive from your point of view just the fact that you are being a good citizen or do you get a cash incentive for doing that? This is going to be something across the Civil Service, is it not? It is something we want to tackle everywhere.

Mr Narey: There is no cash incentive to me or to Mr Wheatley’s budget at all. We do it because we need to move people from our books. From a strictly parochial point of view, if somebody has been off sick so long that they have ceased to be getting half pay, it is cheaper just to leave them but we want to

move on. We need to recruit new people in their place. As this Committee pointed out five years ago, overall, simply medically retiring them is a very significant cost to the public purse. We have sacrificed £5 million for savings of rather more than four times that figure.

Q72 Mr Allan: As the head of the Prison Service, it would be easier and cheaper for you on a parochial basis to carry on with the medical retirements. The rules still create that kind of framework.

Mr Narey: Yes, they do.

Q73 Mr Allan: That should be something of concern, surely, to us?

Mr Narey: I do not dispute that I, as an accounting officer, and Mr Wheatley, as an agency accounting officer, have a wide responsibility for spending public money. The case is so well made in terms of wider savings. I think it was the proper thing to do that we should move staff on, but there is no financial incentive to do so.

Q74 Mr Allan: You are just being a good corporate citizen?

Mr Narey: I would like to think so.

Q75 Mr Allan: Can I ask about the comparators between the different types of establishment or rather between your establishment and establishments elsewhere? In paragraphs 2.13 and 2.14 on page 13 of the Report, we refer to comparable Scottish figures and private sector figures and Irish figures as well. The Irish figures are comparable but the figures for both the Scottish Prison Service and the private sector are significantly better, 12 point something rather than 14 point something. How do you respond to that?

Mr Narey: The figure for the last complete financial year, which is recorded in the Report, dropped to 13.3. That is the most recent figure for the Prison Service in England and Wales. There is some indication that that is continuing to fall. We are pretty confident that the 12.5 target will be hit this year. We are very much level pegging with the Scottish service. We are now very similar to the figures from the private sector. Significantly, five years ago, the average recorded in the private sector prisons was about three or four days a year. As their workforce has matured, as they have gone through the employment honeymoon one gets because new staff do not take much sickness, it is significant that their sickness rates have moved towards ours. I have every hope that the two might cross next year or the year after.

Q76 Mr Allan: Those figures depend on us assuming that they are now accurate. If we look at table five on page 11, we have this wonderful chart there which shows us what we assume to be the actual figures and then some adjustments for under-reporting that is assumed to have taken place in the past and has now gone. Are you absolutely confident that you are sitting here before us now with the accurate figures?

⁶ Ev 19–20

⁷ Ev 19–20

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Mr Hadley: We have paid substantial attention to cleaning our data and we are confident that the figures are now accurate. The Comptroller and Auditor General, in preparation of this Report, has checked that and our own internal audit likewise has recently audited and found satisfactory our procedures. We are confident that the figures we present to you today are accurate.

Q77 Mr Allan: We are told that one of the key changes has been the implementation of the personnel system which I assume is the personnel management system and, in paragraph 3.20 on page 22 we are told that everybody is now using this personnel system but also 61% of prisons still keep manual records. Why do they keep manual records if they have a very good computerised system?

Mr Hadley: We have improved significantly the personnel system, the IT system, and this now gives to each governor a detailed monthly report of sickness absence, including exception reporting. Likewise, that is supplied up the management line within the Prison Service. The information is available. Presumably, some managers wish to keep manual records in addition because they might find it more useful in terms of use within their own management organisations.

Q78 Mr Allan: Do the monthly reports that are produced fall in line with table 16 on page 23 which lists the good practices in monitoring sickness absence and from the NAO there is a check list of items that should be in those reports? Are you confident that you are now delivering all of that?

Mr Hadley: There are something like three reports delivered to managers every month and they cover all of these issues.

Q79 Mr Allan: Mr Wilkinson is nodding to say yes. The other area I am interested in looking at is the question about the targets. Mr Narey, I think you referred to the fact that there are huge differences between different types of prisons. Do you set different targets for the governors of each type of prison? For example, rather than saying to all of them nine days, do you say six days to the easy ones and 12 to the difficult ones?

Mr Wheatley: It makes sense to have targets that locally are achievable, though challenging, and that needs to take account of the different establishments, the different strain they are under, the different processing, whether they are going for a major change this year, are they starting with a very old staff. Age also affects the rate at which sickness is taken. It is not just strain. The age profile makes a substantial difference. We take account of that and set targets that are challenging for each governor, based on that reality.

Q80 Mr Allan: Each prison tries to make incremental improvements, year on year?

Mr Wheatley: Incremental changes and, if we think they can make big changes like Holloway, we would set big targets. We are making an assessment of what we think we can get by way of determining management action in that establishment.

Q81 Mr Allan: Mr Narey, this looks like kind of a good news Report. It looks like the thing was dramatically under-managed and is now receiving significant management attention. Sitting before us now, do you think the nine day target over time is achievable or do you think it is one of those targets like road traffic reduction that governments like to set but is never going to happen?

Mr Narey: We can get nearer to it but much greater experience and the difficulty of dealing with this suggests that would be a very demanding target indeed. I think the Prison Service will hit the 12.5 target this year and can probably get close to 10 days but all experience of other organisations and significantly the experience of the private sector, as their workforce has matured, suggests that nine days might be very difficult.

Q82 Mr Allan: You would not want a performance related pay target based on the nine day achievement?

Mr Narey: I would prefer not to have one.

Q83 Chairman: Why on earth did you agree to it in 1999?

Mr Narey: I agreed to set that as a target and try to work towards it.

Q84 Chairman: Five years later you are nowhere near meeting it. Even now you say you cannot meet it. Why on earth did you agree to it in 1999 when you must have known that there was not the remotest chance of you meeting it?

Mr Narey: I did not know that at the time.

Q85 Chairman: Because you were too new in your job, or what?

Mr Narey: I dispute that that promise has been made and I am genuinely very surprised at the Committee's attitude. Five years ago, taking account of under-reporting, it was suggested that sickness absence might be as high as 15.9 days. It is now running at about 12.3 days and has been falling steadily. I think I would have had much greater success to report to you if we had not had to withdraw various procedures under legal challenge. The NAO Report makes it quite plain that we handled this rigorously and commends much of what we have done. We have more to do yet but the fact that I believed five years ago it might hit nine days and over time I have found that rather more difficult than I anticipated does not mean that this has not been gripped with some enthusiasm.

Q86 Mr Steinberg: When I read the Report, I did think progress had been made, not enough, but I did think that progress had been made. I certainly did interpret page 16, figure 10, in a different way than my comrade interpreted it. I think this clearly shows

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that big progress has been made. Too many of the staff were taking the mickey out of the service and I think this clearly shows that that has now stopped or is beginning to stop and, if they are taking the mickey, they can expect to suffer the consequences. The thing that did strike me also about the Report was the wide variation between certain prisons and certain regions. Therefore, this leads me to believe that there are many reasons why there is high absenteeism throughout the service in different areas and different prisons. For example, the type of prison it is or cultural reasons at the prison, why it has such a bad record. The more I read the Report, the more I realised it was because of bad management. That was the problem more than anything else. Some of the prisons are managed very badly indeed by very bad managers. What would you say to that?

Mr Narey: Generally, that is not the case. We have some managers who may not be as good as we would like, but the overall level of management in the Prison Service has increased considerably. I am sure, for example, that you would not suggest that the governor of Durham is not a fine manager.

Q87 Mr Steinberg: I would say he is an excellent manager.

Mr Narey: He is an excellent manager, but he has a sickness rate of 15 days a year. Some managers have been better at gripping this than others. There are obviously inconsistencies and we have had to do an awful lot of learning as we begin to grip this. It is very difficult but I think we have done it well.

Q88 Mr Steinberg: You have brought in a system called attendance score mechanism which is a national system but do you not really think that absenteeism and swinging the lead is the responsibility of the local manager, to ensure that it does not happen in his particular prison, and therefore local solutions are better than national solutions?

Mr Narey: I do not believe that necessarily. We tried to have a great deal of local discussion. We had a great deal of local discussion when the Committee last discussed this. I discovered the so-called Bradford formula, as it was first called, on a visit to Europe with other Prison Service directors general. I was impressed at the fact that it removes a huge amount of discretion. It is simply mandatory on managers to take action. Managers cannot because the person who has not come in might be a friend. It might be someone you know who is a colleague. It simply takes away the excuse not to take action and that has been the foundation for the improvement.

Q89 Mr Steinberg: When I was a manager, you knew who the malingerers were and who the genuine people were. By having a national scheme, it does not take into consideration personal knowledge. You could have a situation where somebody who is genuinely not a malingerer is penalised by the scheme, whereas somebody who is can get away with it.

Mr Narey: That is certainly the case. I am afraid the only way we have been able to drive down sickness levels from the unacceptable level is to be very rigorous. That means that some individuals, very dedicated to their job, who have found it difficult to return to work, have to leave the service. It is one reason why, contrary to Mr Trickett's views, I think they should be compensated when they lose their employment.

Q90 Mr Steinberg: I have a lot of prison officers working in my constituency. I do not know how many but there must be 2,000.

Mr Narey: Certainly more than about 1,500.

Q91 Mr Steinberg: They all have wives and children and they all go to the ballot box. It is a wonderful profession. However, I certainly would not want to do it myself. I go round the prisons in Durham and it is one of the worst experiences that I have. I can understand the stress and the problems that they have.

Mr Narey: Because of that, you would know without my explaining why the sickness rate at Durham was considerably higher than the sickness rate at Lower Newton.

Q92 Mr Steinberg: Just before I come on to that point, Richard brought up on page 15 about the long term cases of 55 sick. He took it from a different angle than I would. I think that the mickey was being taken here because how come that it can be reduced from 55 to 12 in a year by new management? What does that say? It says that the original management was crap, was it not? They were useless. They were allowing a liberty to be taken, were they not, and yet new management comes in and they can reduce the sickness in a year down to acceptable levels. In other words, they were bad managers, the ones who were there to begin with.

Mr Narey: The previous manager, if we are talking about Holloway, was certainly not as effective as the current incumbent, but I would not condemn him absolutely. There were many other features of the work which he brought to Holloway, including considerable humanity, which were very important. Certainly I agree that he was a much less effective manager in reducing sickness absence.

Q93 Mr Steinberg: If we turn to paragraph 3.2 on page 17, here again there is a variation on illness between the prisons, and again Richard mentioned two extremes. At the bottom of the page, notes 17 and 18, it says, "Blantyre House, Kirklevington Grange, Stocken, Usk/Prescoed and Wayland". What types of prisons are they?

Mr Wheatley: There are two resettlement prisons. Kirklevington is a resettlement prison.

Q94 Mr Steinberg: So they are open prisons?

Mr Wheatley: They are open prisons with people working out during the day, a very small number of prisoners staying in during the day. The prison is highly selective. Usk/Prescoed in Wales has a small closed sex offender establishment with a relatively

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stable group of sex offenders and an open prison which is run by the same governor, which again does some resettlement work in the area and is a high quality open prison.

Q95 Mr Steinberg: You do not need to explain Brixton because I have been there. It was probably one of the worst experiences of my life, going into there.

Mr Wheatley: Wayland and Stocken are both category C prisons, fairly civilised. They are relatively easier than the other group.

Q96 Mr Steinberg: I assume that, obviously. The ones in 18 are probably appalling. I went into Brixton. It was the most horrendous experience of my life and for someone to have to work there and go there every day to earn a crust, they probably deserve twice the wage that they are getting. What I am saying is that there are easy prisons to work at where it might be a pleasure to go to work, and then there are Brixton and Holloway etc which clearly are not.

Mr Narey: That is correct.

Q97 Mr Steinberg: That is why I am coming back to the original argument. How can you have a national scheme which takes into account a prison like the ones mentioned in note 17 and those in note 18? How can you have a national scheme which covers that?

Mr Narey: For one very good reason, Mr Steinberg. We have to treat staff consistently. We cannot say that at one prison you can have seven days' sickness absence and then you will start on the process of warnings, possibly leading to dismissal, and in another you can have rather longer. We need to treat staff fairly equitably. The fact is that the nature of the establishments in the second list is such that significant sickness absence does not arise, in part because the job is easier. That is not to excuse malingerers; of course we have some malingerers in a workforce of 47,000, but it is easier to see their presence in a very large impersonal establishment which is under a lot of day to day pressure.

Q98 Mr Steinberg: I am making the point that to work at Brixton and to work at Durham, for example, would put a huge stress on the individual, whereas to go to work at Kirklevington does not put a great deal of stress on at all. How can you compare the two jobs? They are virtually two different jobs. The last time I was in Durham they asked me if I wanted to go and meet Mr Bronson, is it? They said, "We would like to put an overall on you because he does not like people in suits". If you have to put up with that every day of your life—by the way, I declined. I did not want to meet him. It is two different jobs, is it not?

Mr Narey: It is essentially the same job but dealing with different circumstances. It is still a custodian job. I do not deny at all that Kirklevington which, as you know, is in Yarm, not many miles south of Durham, is an extremely pleasant place to work.

Q99 Mr Steinberg: Exactly; that is the whole point I am making.

Mr Narey: The fact is that wherever anybody works we have to apply common rules in terms of the amount of sickness absences we will tolerate.

Q100 Mr Williams: As you know, Mr Trickett and I tend to be attracted by the same statistics and, like him, I did not get far beyond paragraph 1 before I found something quite interesting, which is the NAO estimate of costs of £80 million. It then goes on to say at the end of that sentence that this excludes indirect costs such as having to bring in additional staff to fill staff shortages. What do those additional staff cost you? Will they be paid at full union rates?

Mr Wheatley: Frankly, we bring in very few additional staff to cover shortages because basically the governors in a no-overtime service have committed their money to buying a certain number of staff. If a member of staff goes sick that does not generate any additional money because they are still being paid sickness pay, so you have no recyclable money to spend on additional staff. Therefore, the scope for buying additional staff time for the majority of our staff, certainly of our prison officers, is very limited. There is scope with a small number of grades, not the grades we have been concentrating on but mainly what we would call Treasury grades, and the more junior ones at that, to replace some time with overtime. If we do replace it with overtime then we pay multiple rates of overtime, so it is more expensive. In practice, for instance, my headquarters staff take an average of 7.3 days' sickness per year. They are not mainly in the bracket where one would expect to find many malingerers. There will be some but a very small number.

Q101 Mr Steinberg: But if you are not then bringing them in, one can understand why morale does suffer if you are losing the equivalent of 3,000 man years. That is an incredible loss and it seems you are almost willing the consequence of low morale and therefore further sickness because you will not contemplate what seems the obvious thing to do, which is where possible, particularly with longer term absence, to ensure that they are replaced so that at least you are minimising the morale factor and the stress factor.

Mr Wheatley: We have to hold money back in a separate pot for doing that. The risk, if we compensate for time off lost through sickness by any form of overtime on multiple rates, is that we build in an incentive to go sick for some staff but other staff will gain as a result. When we did have overtime in the Prison Service, which I remember, one of the major problems was people working almost an unofficial sickness roster in order to generate overtime for other prison officers, and I would be very reluctant to pay additional money to cover staff sickness. I would much rather put the pressure on people to come to work and try and manage sickness down as we do at the moment.

Mr Narey: When we had overtime, Mr Williams, prison officers worked an average of 56 hours a week, costs were out of control and prisons were deeply unsatisfactory places.

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Q102 Mr Williams: The same figures also attracted me as they did Mr Trickett to the footnote on page 15. You said, Mr Hadley, that you would go away and try and give us some of these figures, but there in the footnote it says that the cost excludes management costs, and yet you do not know what those are, they exclude occupational health medical costs, but you do not know what those are, and any legal costs, but you do not know what those are.

Mr Hadley: These will vary on a case by case basis depending on how it has to be managed and I will provide the Clerk with information on that.⁸ The costs are known on a case by case basis. We would have to aggregate those costs.

Q103 Mr Williams: Can I just ask the NAO, was it not thought possible on the information available to make estimates of these additional costs because they sound as if they could be considerable? On the other hand it may be peripheral and we do not want to waste time.

Ms Murphie: The reason why we did not was because of what Mr Hadley has just said about the variation between cases, that they vary so much it is not possible to make an estimate of what an average might be.

Q104 Mr Williams: If it is difficult how are you going to be able to do it?

Mr Hadley: I will have to ask establishments to provide me with their own estimates of management time involved and aggregate that. If the committee does not feel it would be helpful, perhaps in the light of the NAO comments and the difficulty they had in obtaining that information, perhaps the committee might not wish to have that information.

Q105 Mr Williams: No; indeed I want the information and since you volunteered that you could get it presumably that meant you could get it and you would deliver it. I just was interested to know what complications the NAO put on this that you did not. However, you have taken on that task and we will leave it to you to get ahead with it. On the same page 15 it refers to the 500 staff with the worst sick record and, as Mr Bacon has calculated, that averages 94 days per person for the 500. What is the longest? What is the most days?

Mr Wilkinson: I will come back to that. I will find it.

Mr Narey: My colleague will dig out that piece of information.⁹

Q106 Mr Williams: In that case I will jump to something completely different. We will come back to it at the end if you do not mind. Let me switch to something we have not touched on at all. There are two things. One is this problem of pay errors. This seems to deserve special mention because of the morale factor. It is in paragraph 3.12. What went wrong here and how long did it take to put it right? Is everyone now up to date on the money they should have?

Mr Narey: What happened, Mr Williams, was that the Home Office moved over to a new pay system called "Payfact" which involved new software.

Q107 Mr Williams: It was a computer change again?

Mr Narey: It was a software change, yes. The introduction of it was extremely unsatisfactory, particularly from the point of view of staff in the Prison Service who suffered very badly in terms of pay miscalculations. Coincidentally, when I ceased to be Director General of the Prison Service and moved to my current job I took responsibility for Pay Branch for a year. I borrowed from Mr Wheatley one of his area managers and put him in charge of the system and, although it took the best part of a year, the situation is radically improved. Arrangements are such that now, instead of taking many months, for example, to make pay changes, things are done within a few days.

Q108 Mr Williams: This gets more interesting. This is one of the little IT problems we have not heard about. If it took over a year for an expert to come in from outside to put it right it must have been a pretty rotten system. What did it cost?

Mr Narey: It was a brand new system with some new software and it did not work as successfully as we had hoped, but it is now working—

Q109 Mr Williams: Could I just ask a very simplistic question as someone who does not understand these matters? The payroll side is not exactly the most complex area. Why did you need brand new software? There are so many software packages available. Surely you did not need to go to the frontiers of IT science, did you?

Mr Narey: The systems we had were antiquated.

Q110 Mr Williams: They were but that is not the point. You could have bought an off-the-shelf package.

Mr Narey: I am trying to explain to you, Mr Williams, that the system is primarily an off-the-shelf package. We did not spend a lot of money. This is not an expensive PFI deal, but there are—

Q111 Mr Williams: If it was off-the-shelf the system would work, would it not?

Mr Narey: You cannot just use an off-the-shelf system without amending it to take account of the very different pay arrangements across the whole of this group. We employ prison officers, immigration officers, civil servants, a huge range of different disciplines and different pay scales. We had a system which was extremely antiquated whereby changes in pay were generally faxed to Pay Branch and proceeded with manually. It was entirely sensible to move to a system which was computerised. Right now as a result pay arrangements are much better than they were.

Q112 Mr Williams: I am still puzzled. The Home Office itself has many more people than you on many more different pay scales. They must have a system.

⁸ Ev 19

⁹ Ev 20–21

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Why is it that your system, to deal with far fewer, did not work and why did it take over a year to make it work?

Mr Narey: This is a single system. All staff in every part of the Home Office are brought together for economies of scale. Instead of the Prison Service, the Immigration Service, the Police Department all having separate pay branches, we have concentrated pay in one area with one group of staff. We have saved a lot of money in doing that but we needed a computerised system. I am not trying to suggest that the introduction was not unsatisfactory but it has been radically improved since and we now have arrangements¹⁰ whereby pay changes from a prison are transferred electronically to Pay Branch and made very quickly rather than through a tortuous paper exchange.

Q113 Mr Williams: What I am asking for is what it costs. You had to make an advance of seven million. What did this package cost you, both initially and altogether?

Mr Narey: I would have to write to you about that, Mr Williams.¹¹

Q114 Mr Williams: That is okay, if you undertake to do that. I wonder if your colleague at the end by now has managed to find an answer to the other question, and I have forgotten the question.

Mr Wilkinson: I can give you an answer to a slightly different question if that is okay. If I take the length of the 300 oldest cases, they have fallen from a high of 232 days in July 2002 down to 155 days now, which gives you an indication of the impact of our targeting the oldest cases over the last 18 months. That is the average of the 300 oldest cases. There will obviously be significant variations within that figure, but that is the average.

Q115 Mr Williams: Since I have had answers to questions I have not asked, I wonder if I can ask a question in place. Back to you, Mr Narey. Why are the female absence rates virtually 50% higher? It is 12.3 days a year above the average. Why are they so vastly different?

Mr Narey: Because although it is becoming a much more balanced distribution of male and female staff, predominantly female staff have worked at female establishments which have been, as I explained earlier on, sometimes very difficult places to work. The gap in sickness absence between males and females has closed considerably and if one takes away what we believe to be pregnancy related absences, we think the difference is now down to only one day.

Q116 Mr Williams: That is a remarkable improvement. Perhaps I can ask a constituency question as Swansea has specifically been mentioned. We had one of your colleagues at an earlier hearing who used to be governor there.

Mr Narey: Indeed.

Q117 Mr Williams: What led to Swansea making a breakthrough which the rest of the Prison Service failed to make?

Mr Narey: Swansea, certainly when Vicky O'Day was the governor, who you met on the Ashfield hearing, was a particularly talented governor who—

Q118 Mr Williams: She was a very able lady.

Mr Narey: She ran Swansea with a great deal of passion and enthusiasm and she improved it on a number of counts. Having said that, Swansea's sickness rate last year was 12.8, so it was better than the average and for a local prison was very good indeed but there is probably still some improvement to be made.

Q119 Mr Bacon: Mr Narey, you said in response to an earlier question that the absence was now down to 12.3—I wrote it down—but you have just said 12.8 was better than the average. In paragraph 2.2 it says 13.3 in 2003–04. What is the correct number?

Mr Narey: The figure for the completed financial year which has just finished was 13.3. The figures that we have emerging for April and May in this new financial year suggest that it is 12.5, so there is a further improvement—

Q120 Mr Bacon: 12.5 is actually two and a half working weeks, is it not? It is five days a week times two and a half weeks basically, which is a staggering amount. I appreciate that none of us is a prison officer so we do not have quite the same conditions, although sometimes you meet people in your constituency surgery who may be just as dangerous as a prisoner. I just did a straw poll. Mr Field has not had a day off since the last general election; Mr Wright, our sterling Clerk, has not had a day off since 1984; I have not had a day off since I started being a Member of Parliament; Mr Leigh has not had a day off, apart from two days when he broke his leg in two places, and that was of course only a couple of days in one year. What we are talking about here is two and a half weeks every year for every person on average. It is a staggering amount of time off, is it not?

Mr Narey: It is staggering. If I can add to your list, Mr Bacon, I joined the Civil Service in 1982 and I have never had a day off, but I have generally been pretty fortunate in having very stimulating, rewarding jobs despite the pressure of coming to the Committee of Public Accounts.

Q121 Mr Williams: You can have a day off tomorrow.

Mr Narey: I do not think prison officers have the same advantages. I am not justifying 12.5 days. We have got to get it further reduced. It is a huge strain on the service, but I think that there are some shift factors and the nature of the work sometimes makes it a very difficult job to do. I have staff who work for me in the main in the Home Office and it is not infrequent for somebody to fall ill and say, "I am not very well. I am working at home. Will you e-mail my

¹⁰ *Note by witness:* This is a project called JUMP (Joined Up Management of Pay) which is currently being piloted, and will begin roll-out in the Autumn of 2004.

¹¹ Ev 20

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papers?”. A prison officer cannot do that. A prison officer has to be there at seven o’clock in the morning to unlock or they cannot function.

Q122 Mr Bacon: There is a chart on page 17, figure 12, which basically explains the distribution. Is it possible that you could let us have that in some more detail so that across the 45,000 population of the Prison Service one can see more easily how many of those 45,000 are, like you, pretty much there all the time, how many are there except for three days a year and so on? I fear that these averages potentially disguise more than they reveal.

Mr Narey: We would be happy to do so.¹²

Q123 Mr Steinberg: What I was trying to do in my original questions was to show that by reading this Report it seemed that bad management was the prime factor in allowing absenteeism and the type of prison that prison officers were absent from, and there were other examples of bad management in paragraphs 2.2 or 3.21 where the governors seemed to be blaming everybody but themselves. I take the view that it is no good whining on and saying it is somebody else’s fault. At the end of the day the buck stops here and it is the governor’s responsibility. I find that they are perhaps some of the most aloof civil servants to deal with, you can never speak to a governor, they are never there or there is always somebody else who is going to come back to you, so I am not surprised that they do not like to be told what to do and do not even read the memoranda that come out. I think bad management has a lot to do with it. If you have a bad governor who is doing that the system will not work. Also, in terms of the prison, I have mentioned that there are three prisons in my constituency, Frankland, a dispersal prison, high security; Low Newton, women, and Durham, local and high security for women. The people who work in those prisons are my constituents who are local people in the main. This is for my own personal interest. What is the absenteeism in those three prisons?

Mr Narey: This is for the financial year just finished. Durham was 14.6 days, Frankland 11.6 days and Low Newton 10.4 days.

Q124 Mr Steinberg: That is so predictable, is it not?

Mr Narey: Yes, it is.

Q125 Mr Steinberg: Which just proves my point, that to work at Low Newton, a women’s prison, and they are not there particularly for serious crimes,—

Mr Narey: It is one of the easier women’s prisons.

Q126 Mr Steinberg: It is shop lifting and the occasional murder. It is not a difficult prison to work at, I would have thought. Frankland, although it is a high security prison it is brand new, there has been a huge investment in the place recently, and prisoners who are there know they are going to be there or in the system for 20 years. I would not have thought it was a difficult prison to manage. Durham

is totally different. It is a local prison with all the local hoodlums, a high security women’s prison with the most dangerous women in the country housed there. I mentioned Mr Bronson being there. It must be horrendous to go in to Durham to work. It is so predictable. Therefore, I still cannot understand how you can argue that a national system can solve that problem of absenteeism because although I would not say it must be a pleasure to go into Low Newton, comparing going into Low Newton and Durham I know which one I would rather do.

Mr Narey: Actually, most staff at Durham, which I visited very recently, are extremely positive. The women’s wing has posed particular problems and, as you know, we are taking women out of there, an ambition which Mr Wheatley and I have held for many years. My guess is that the sickness rate at Durham, as we remove women from those very unsatisfactory surroundings where there is a very high suicide rate, will decrease. I would not want you to think that morale at Durham was very low. If anything I think it is quite a good place to work.

Q127 Mr Steinberg: I am just quoting the figures, nearly 15 days’ absence in Durham, whereas it is just over 10 days in Low Newton. It is no surprise at all.

Mr Narey: Indeed; I agree.

Q128 Mr Allan: Mr Narey, I guess one of the tests of whether new policy has got the balance between firmness and fairness right will be whether or not people are taking industrial tribunal action against you. Is there a trend in industrial tribunal cases since the introduction of the new policies or is it fairly neutral?

Mr Hadley: I think it is fairly neutral. Individuals have the opportunity both to go to the Civil Service Appeals Board and thereafter to the Employment Tribunal, and certainly from time to time people exercise their rights in this respect.

Q129 Mr Allan: But you have managed to firm things up without provoking a rash of cases against you?

Mr Hadley: We have not provoked a very large increase in the number of cases.

Q130 Mr Allan: As you are getting rid of more of those who are not up to the job how are you doing at filling the gaps in what we have established is a very stressful job in order to replace them with people who are up to the job?

Mr Hadley: We have been very successful in our recruitment campaigns which are largely locally based and currently we have a vacancy rate of less than 1.5%. It presents no operational difficulties at all.

Q131 Chairman: That concludes our hearing, Mr Narey. It is an important issue. We are talking about £80 million worth of public money which has been lost and a year’s work of 3,000 full time staff. I was struck, in conclusion, by what the Report says in

¹² Ev 18, 21–22

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paragraph 3.16: “The difficulties of working with prisoners in an enclosed environment can often lead to disillusionment amongst staff . . .”. That must be an understatement. “Participants perceived that managers and Governors kept themselves apart from uniformed staff and did not communicate sufficiently. All of the focus groups conducted as part of the Prison Service’s review of sickness absence in 2003 thought there was a lack of management support when difficult situations arose and that this issue must be addressed if sickness

absence rates are to be reduced.” I think that paragraph, which you agreed to, sums it all up. It is now down to you, Mr Narey.

Mr Narey: I accept that entirely, Mr Chairman, and I hope that when we next discuss this I will be able to demonstrate further progress, but I am very surprised that the committee do not recognise the progress which is so clearly identified in the NAO Report.

Chairman: We do recognise it, Mr Narey, but our job is to keep you up to the mark. Thank you very much.

Supplementary memorandum submitted by the HM Prison Service

Question 22 (Mr Field):

1. The NAO Report identified that in 2002–03 10 establishments had average rates of sickness which exceeded 20 days per staff member per year. In giving evidence, Martin Narey confirmed that the number of establishments with average sickness absence rates exceeding 20 days currently stands at three.

2. The table below shows the average annual sickness absence rate per member of staff at each of these establishments at April 2002, April 2003 and April 2004.

<i>Prison</i>	<i>April 2002</i>	<i>April 2003</i>	<i>April 2004</i>	<i>Fall/Gain between April 2002 and April 2004</i>
Holloway	35.67	17.14	15.39	20.28
Onley	24.73	18.84	12.67	12.06
Kingston	15.22	29.04	10.71	4.50
Rochester	11.89	21.52	7.90	3.99
Ford	18.24	17.00	14.46	3.78
Risley	13.96	20.32	11.81	2.15
Brixton	21.51	15.89	19.60	1.91
Eastwood Park	14.00	21.84	13.19	0.81
Hindley	21.04	26.06	21.46	−0.42
Edmunds Hill	11.75	24.76	15.27	−3.51
Maidstone	14.09	27.67	17.73	−3.64
Liverpool	15.76	18.14	22.20	−6.44
Haslar	16.78	12.86	24.44	−7.66

Question 46 (Mr Bacon):

3. Paragraph 2.23 of the NAO Report referred to 55 cases of long-term sickness absence at HMP Holloway as at 1 June 2002. A schedule of those 55 cases showing the length of absence and duration is shown below.

Long term sick absentees at HMP Holloway as at 1 June 2002

<i>No</i>	<i>Grade</i>	<i>Length of Absence</i>	<i>Eventual Outcome</i>
1	Nurse	2 years 7 months	Dismissed for medical inefficiency
2	Principal Officer	2 years 6 months	Medically retired
3	Prison Officer	2 years 4 months	Medically retired
4	Prison Officer	1 year 8 months	Dismissed for medical inefficiency
5	Nurse	1 year 8 months	Successful phased return to work
6	Prison Officer	1 year 7 months	Medically retired

<i>No</i>	<i>Grade</i>	<i>Length of Absence</i>	<i>Eventual Outcome</i>
7	Senior Officer	1 year	Dismissed for medical inefficiency
8	Caterer	1 year	Dismissed for medical inefficiency
9	Pharmacist	11 months	Dismissed for medical inefficiency
10	Night Patrol	8 months	Medically retired
11	Officer	7 months	Returned to work, but subsequently dismissed for medical inefficiency
12	Prison Officer	7 months	Dismissed for medical inefficiency
13	Admin Officer	5 months	Dismissed for medical inefficiency
14	Senior Officer	5 months	Dismissed for medical inefficiency
15	Prison Officer	4 months	Successful phased Return to work
16	Typist	4 months	Successful phased Return to work
17	Senior Officer	3 months	Successful phased return to work
18	A member of staff	3 months	Dismissed for medical inefficiency
19	Prison Officer	2½ months	Dismissed for medical inefficiency
20	Officer	1½ months	Successful return to work, though currently on attendance monitoring
21	Officer	2½ months	Returned to work, but subsequently dismissed for medical inefficiency
22	Officer	2½ months	Successful return to work. Currently suspended
23	A member of staff	2½ months	Successful return to work
24	Prison Officer	2 months	Return to work. Currently on attendance monitoring
25	Nurse	2 months	Successful return to work, though currently on attendance monitoring
26	Officer	2 months	Dismissed for medical inefficiency
27	Officer	2 months	Returned to work, but subsequently resigned
28	A members of staff	2 months	Dismissed for medical inefficiency
29	Officer	56 days	Successful phased return to work
30	A member of staff	51 days	Resignation due to ill health
31	Nurse	45 days	Return to work, but currently on attendance monitoring
32	Officer	37 days	Successful return to work, but subsequently dismissed for medical inefficiency
33	Officer	40 days	Resigned due to ill health
34	A member of staff	37 days	Age retirement

<i>No</i>	<i>Grade</i>	<i>Length of Absence</i>	<i>Eventual Outcome</i>
35	Officer	36 days	Return to work, but currently on attendance monitoring
36	OSG	34 days	Return to work, but year-to-year contract not renewed
37	Nurse	32 days	Dismissed for medical inefficiency
38	Officer	6 months	Dismissed for medical inefficiency
39	Officer	30 days	Successful return to work
40	Officer	30 days	Dismissed for medical inefficiency
41	Officer	29 days	Dismissed for medical inefficiency
42	Nurse	28 days	Resigned
43	Officer	28 days	Resigned due to ill health
44	Officer	28 days	Return to work, though currently on attendance monitoring
45	Officer	28 days	Successful return to work
46	OSG	27 days	Successful return to work. Now retired.
47	Officer	24 days	Return to work, though currently on attendance monitoring
48	Officer	26 days	Return to work, though currently on attendance monitoring
49	Officer	22 days	Return to work, though currently on attendance monitoring
50	Officer	22 days	Return to work
51	Storeman	22 days	Successful return to work
52	A member of staff	21 days	Successful return to work
53	OSG	20 days	Successful return to work
54	Officer	20 days	Dismissed for medical inefficiency
55	Officer	20 days	Resigned

Notes:

NEW ZEALAND CASE

When the new Senior Management Team arrived at Holloway, the new Head of Personnel was tasked with addressing all long term sick absence cases as a priority. He began this by re-establishing contact with these individuals since many had had little or no contact from the establishment in the preceding months and in a couple of cases, over a year. On learning that the officer was residing in New Zealand, the Head of Personnel wrote to this individual advising her that he had arranged an urgent appointment for her in London with our occupational health provider and that failure to attend would have consequences in respect of her entitlement to sick pay (GP certificates had been provided throughout) and continuing employment. She failed to attend, her pay was stopped and she was subsequently dismissed with no compensation.

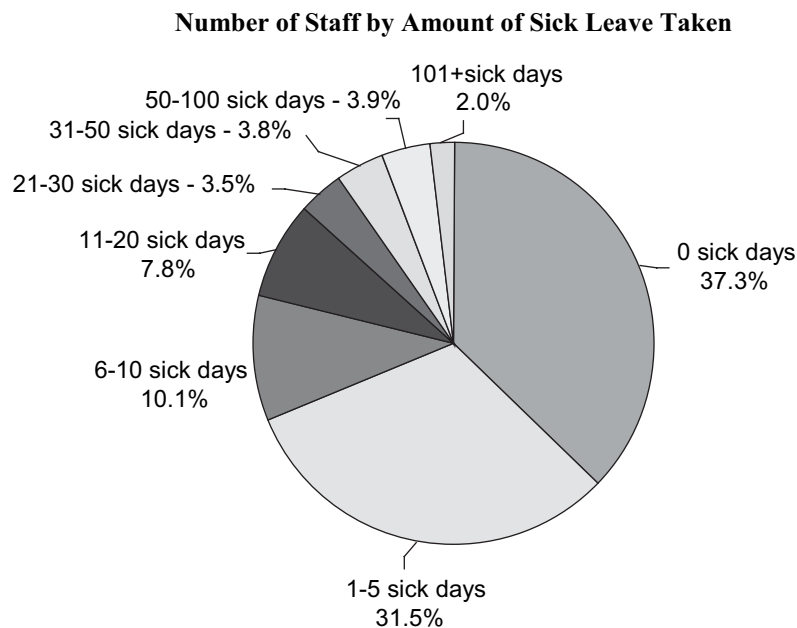
SRI LANKA CASE

This individual would normally take a month's holiday in Sri Lanka—his home country—each year. Having checked previous attendance patterns, the Head of Personnel noted that it was common for the pharmacist to fall ill at the point of return and remain on sick absence for a further month or so. This had happened in the three years previously but no challenges appeared to have been made. At the point where he again fell ill, the Head of Personnel made a number of contacts by phone and internet to Sri Lanka until he was finally able to speak directly with the individual concerned who advised that he had been knocked

down by a car the day before he was due to return. The Head of Personnel asked for full medical certification from a recognised GP. He was provided with an inadequate and unacceptable response. The individual was subsequently dismissed with no compensation.

Question 47 (Mr Bacon) and Question 122 (Mr Bacon):

4. The chart below shows the staff in post at 31 March 2002, split by their amount of sickness absence during 2003–04. This is a re-presentation of the data provided in Chart 12 on page 17 of the NAO Report.



The chart shows that:

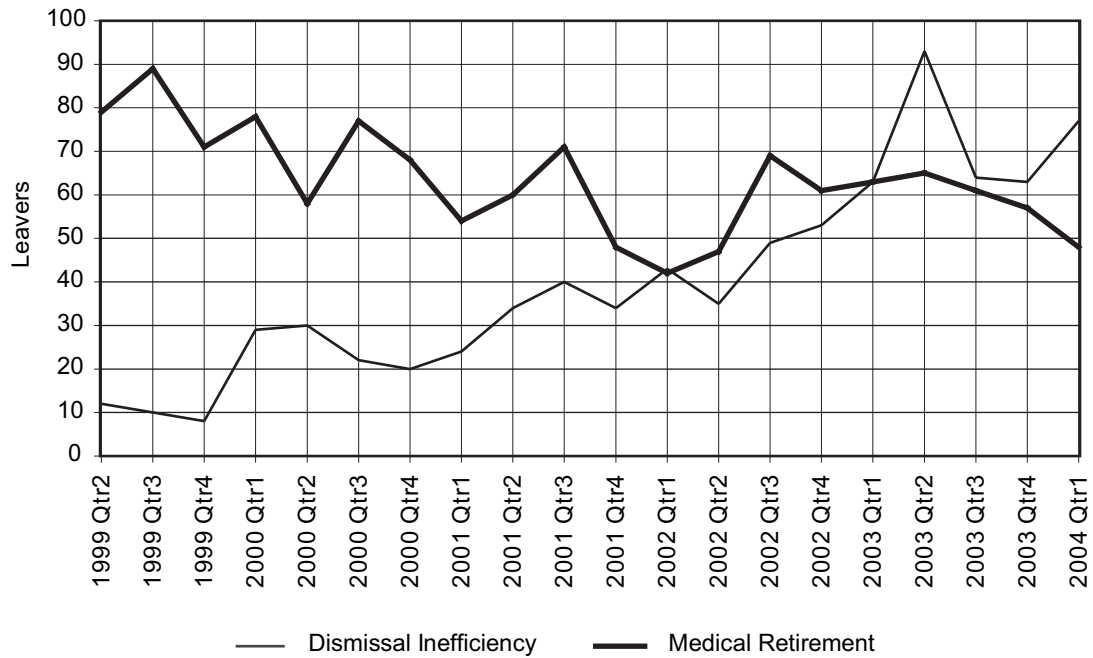
- 17,945 (37.3%) staff took no sickness absence during the year.
- In total 33,129 (68.8%) staff took one week’s sick absence or less.
- Half of all sick leave was taken by just 2,700 staff (equivalent to 5.7% of average staff in post).

3,020 current members of staff have had more than six months sick absence in the past four years and will therefore have used up their normal entitlement to sick pay at full salary.

Question 55 (Jon Trickett):

5. Figure 10 on page 16 of the NAO Report identified the number of medical retirements and dismissals for medical inefficiency in each quarter from quarter two in 1999 to quarter two in 2003. This chart has been replicated below, but updated with data through to quarter one in 2004. This shows that in 2003–04, 294 staff were dismissed for medical inefficiency and 231 were medically retired.

**Staff Leaving Prison Service For Medical / Sickness Reasons
April 1999 - March 2004**



Question 63 (Jon Trickett) and Question 102 (Mr Williams):

6. At paragraph 2.26 of the NAO Report an average cost is reported for dismissal on grounds of medical inefficiency. This excluded management costs, occupational health costs and legal costs. The table below provides an estimate of these additional costs relating to dismissals for medical inefficiency. These form an average cost of £1,605 per employee dismissed and include occupational health costs and associated legal and appeal costs.

<i>Internal Appeal</i>	<i>Civil Service Appeal Board</i>	<i>Employment Tribunal</i>
Cost £87,621	Cost £29,064	Cost £169,320
Based on provisional figure of 264 cases going through internal appeal	Based on provisional figure of 29 cases provided by the CSAB	Based on the provisional figure of nine cases provided by the Treasury Solicitor
Total based on above figures is £286,006		
Total including cost of referral of cases to occupational health adviser is £471,732.		
Given this, the average cost per dismissal (based on provisional figure of 294 dismissals in 2003–04) is £1,605		

7. It may also be helpful to explain why the Prison Service is required to pay compensation in such cases and how entitlement is calculated.

8. All Civil Service staff dismissed for any reason from any Government department with over one year's service must be considered for compensation under Civil Service rules. Staff may receive compensation in recognition of the fact that they are genuinely ill and for the resulting loss of their career. Compensation may be as high as two years salary in cases of staff with very long term service. The level may be reduced where there has been negligence or non co-operation with medical treatment and rehabilitation by the individual.

Questions 67–69 (Jon Trickett) and Question 70 (Mr Allan):

9. As stated above, all staff dismissed for medical inefficiency have to be considered for compensation under Civil Service rules. This may be reduced to nil in extreme cases of negligence or non co-operation with medical treatment and rehabilitation by the individual concerned. The number of cases of staff dismissed for poor attendance without any form of compensation is set out in the table below. The numbers are recorded by financial year. In total 91 members of staff were dismissed without compensation in 2003–04.

<i>Dismissals on grounds of medical inefficiency</i>	<i>1 April 2004–31 March 2004</i>	<i>1 April 2002–31 March 2003</i>	<i>1 April 2003–31 March 2004</i>
Without compensation	51	58	91
With compensation	100	141	203
Total	151	199	294

Question 113 (Mr Williams):

10. Mr Narey undertook to provide further details on the cost of the Home Office payroll system which is used to administer pay for Prison Service employees. The contract to provide payroll software to the Home Office and its Agencies (about 80,000 payees) was an early version of a private partnership arrangement. In short, a private company agreed to develop payroll software for the Home Office and in return it would receive a monthly sum for a defined period based upon the number of payees on the payroll.

11. For the purposes of estimation a figure of 80,000 payees has been used. There was no up front purchase cost for the system. The value of the contract with LogicaCMG (the payroll provider) is approximately £120,000 per month. The contract is for seven years commencing from July 2001, with the option to extend the contract for up to a further four years. These costs exclude any system development costs which may be incurred.

12. The implementation costs of the new payroll system were met from revenue budgets of HOPPS (Home Office Pay and Pensions Service) over two years and were not separately recorded. The figure paid to LogicaCMG in this period was approximately £2 million. All the above costs represent a significant reduction per annum of what was being paid to the previous payroll provider, ADP Chessington.

28 June 2004

Further supplementary memorandum submitted by HM Prison Service

You had requested additional information that was not contained in the supplementary note sent to you at the end of June. Your original request was to Martin Narey's Office on 15 November and I have been asked to reply on his behalf. In particular you asked for further information in relation to Questions 102, 105 and 122 of the transcript.

The points raised in Question 102 were covered by the earlier reply given in answer to Question 63 and contained in the supplementary information sent to you in June. The answer is contained in the information given in paragraph 7 of our response and in the table below it. We would recommend that the information might be re-labeled accordingly.

Additional information has been provided in this letter to answer the points raised by question 105 and this information is set out in table form in the annex to this letter below. The answers to the points raised in Question 122 have been reworked and are also contained in the Annex. The pie chart has been reworded and there is now also an additional table summarising the data.

I hope this provides the additional information you requested. Please contact me if there is anything further you require.

Mr Ralph Hatton
Personnel Management Group
Prison Service Headquarters

9 December 2004

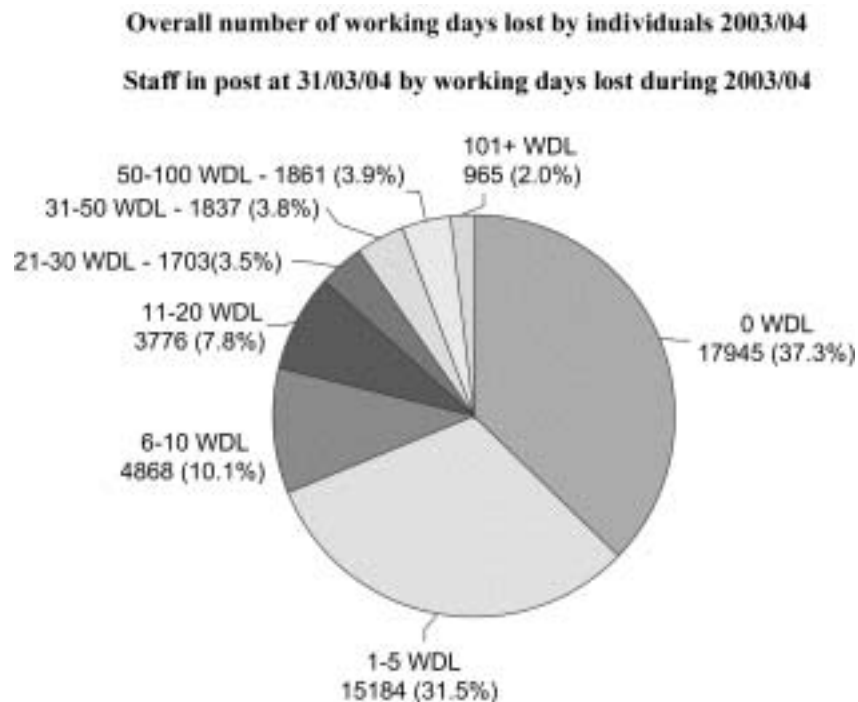
Question 105 (Mr Williams):

<i>Number of working days lost for 500 staff at paragraph 2.22 during 2003-04</i>	<i>Number of individuals</i>
0-50 WDL	123
50-100 WDL	160
100-150 WDL	137
150-200 WDL	61
200-250 WDL	16
250+ WDL	3
Total	500
258 WDL (most by one individual)	1

The table provides a breakdown of the number of working days lost during 2003-04 by the 500 staff referred to on page 15 of the NAO Report. The 500 staff were chosen as the staff with most sickness in 2002-03 and 2003-04 in at least three periods who were not absent long-term at 30 September 2003.

The 500 staff chosen for the illustration exclude those who were at that time on long term sick leave, it is not therefore sensible to say which person had the longest absence. Regarding which individual had the most sick in the period there were three who lost more than 250 working days in the year specified and the very most was 258 (the maximum number possible is 261).

Question 122 (Mr Bacon):



<i>Working days lost 2003-04</i>	<i>Individuals</i>	<i>%</i>
0 WDL	17,945	37.3%
1-5 WDL	15,184	31.5%
6-10 WDL	4,868	10.1%
11-20 WDL	3,776	7.8%
21-30 WDL	1,703	3.5%
31-50 WDL	1,837	3.8%
50-100 WDL	1,861	3.9%
101 + WDL	965	2.0%
Grand total	48,139	
