



Northern Ireland
Assembly

COMMITTEE FOR JUSTICE

**OFFICIAL REPORT
(Hansard)**

**Northern Ireland Prison Service:
Exit Scheme and Operating Model**

10 November 2011

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Paul Givan (Chairperson)
Mr Raymond McCartney (Deputy Chairperson)
Mr Sydney Anderson
Mr Seán Lynch
Ms Jennifer McCann
Mr Peter Weir
Mr Jim Wells

Witnesses:

Mr Ronnie Armour)
Mr Michael Cowan) Northern Ireland Prison Service
Mr John Toal)
Mr Graeme Wilkinson)

The Chairperson:

I welcome the Prison Service officials to the meeting. We have Ronnie Armour, director of human resources and organisation development; Graeme Wilkinson, director of finance and corporate services; John Toal, head of the organisational development branch; and Michael Cowan from the organisational development branch. I advise everyone that the meeting will be recorded by Hansard. I invite Ronnie to speak, and then members will be able to ask questions. I declare an interest, as a family member is employed in the Prison Service.

Mr Ronnie Armour (Northern Ireland Prison Service):

I am grateful to the Committee for the opportunity to brief you on the exit programme, launched just a few days ago, and to say something about the development of our new target operating model. As you indicated, joining me today are Graeme Wilkinson, our director of finance, estates and corporate services; John Toal, who is working closely with the team developing the target operating model; and Michael Cowan, who is part of my team overseeing the exit programme.

Before commenting on the exit programme, it might be helpful to say something briefly about the timing of the launch of the exit scheme. I am conscious that we were able to submit our paper for today's meeting only on Tuesday of this week, and I regret any inconvenience that that caused the Committee. Arrangements were finalised only last Friday, and, as you would expect, we were required to brief our trade union partners on the content of the package before publishing it. I hope that the Committee will understand the tight schedule within which we sought to work on this occasion.

To set the context of the exit programme, let me begin by outlining its objectives, which are: to facilitate the restructuring of the organisation by creating the space to implement the agreed target operating model on a timely basis; to facilitate the right sizing of the organisation by addressing the surplus created; to allow staff to exit the organisation with dignity, as outlined in the Owers review; and to take all reasonable steps to avoid compulsory redundancies and the specific damaging consequences of such a route for the Prison Service.

The Committee will be aware, from the report completed by Dame Anne Owers and her team and, indeed, from the comments made by the Minister and the director general earlier this week, that the exit programme is the cornerstone of our overall reform agenda, because it will enable us to bring forward the change that the Minister and the senior management team are committed to.

The package launched earlier this week was agreed following many months of detailed discussion both internally and with colleagues in the Department of Finance and Personnel. It is designed and carefully balanced to ensure that we can enable staff who wish to leave to do so with dignity and to allow the Northern Ireland Prison Service (NIPS) the headroom required to reform, refresh and renew the service.

Turning to the detail of the exit programme we have launched, the staff programme is

comprised potentially of two schemes. The first is a voluntary early retirement (VER) scheme for eligible staff aged 50 or over on 8 November 2011. The second is a voluntary early severance (VES) scheme for eligible staff aged 50 and under, which, if required, will be launched next year. The scheme is open to permanent staff in the governor 2, 3, 4 and 5 categories, principal officers, senior officers and main grade officers who, as I said, were aged 50 or over on 8 November 2011. Those are the grades in which we will have surplus staff in the context of the new target operating model.

Under the Strategic Efficiency and Effectiveness (SEE) programme, the Northern Ireland Prison Service is required to reduce existing prison officers and governors by approximately 550. It is expected that NIPS will lose approximately 360 prison officers and governors in the eligible grades by the scheme closure. The precise phasing of their releases with regard to numbers, dates, grades and specialisms will be determined by progress on the SEE programme, the number of staff wishing to leave the Prison Service and operational needs.

Staff who are selected will be advised that, under this scheme, their last day of service, subject to the conditions, operational need and so forth that I outlined, is expected to be 31 March 2012.

The number of staff offered voluntary early retirement will, as far as possible, match the required reductions in the number of posts in that grade. In the event of a greater number of eligible staff applying than can be released for each grade, selection will be made by a voluntary early retirement panel on a least-cost basis. Management also reserves the right to take account of operational requirements when considering individual applicants. It is expected, however, that that right will be exercised in only exceptional circumstances.

With regard to the terms of the scheme, payments to individuals fall into two categories. They comprise the statutory elements, that is, the payment of pension, the tax-free lump-sum payment and the compensation lump-sum payment of six months. In addition, NIPS is providing a six-month compensation-in-lieu-of-notice payment and an additional payment of nine months' salary, both of which are taxable.

Payments to individuals will, of course, depend on salary and length of service. I will, if I may, use the example that we have been using throughout this week. An officer with 40 years' reckonable service, on a salary of £37,000, would receive a lump sum of £55,500, which is tax

free; a compensation lump sum of £18,500, which is before tax; a compensation-in-lieu-of-notice payment of £18,500 before tax; and an additional payment of nine months' salary, which equates to £27,750 before tax. Then, of course, there is an annual pension of £18,500, which, again, is subject to tax.

NIPS will also provide a training package for staff up to the value of £5,000 for those opting for early retirement. We have developed a training package made up of two elements, which will be run on behalf of NIPS by the Police Rehabilitation and Retraining Trust (PRRT). The first element is an outplacement package, which will cover skills such as creating a CV, job search techniques and computer skills. The second element is the cost of providing qualifications in line with identified future job prospects. The training package, I would emphasise, is not compulsory and some staff may choose not to avail of it or to complete only certain elements. The provision of retraining will be taken forward by the PRRT. Officers will not receive that money; it will be paid to providers if officers opt for training.

I briefed our trade union partners about the package on Tuesday morning. Since then, I had the opportunity to spend several hours in Hydebank Wood Prison and Young Offenders Centre and Maghaberry Prison. The response in both establishments was very favourable. Although our staff still look to the Patten deal offered to police officers, there is recognition that we are in a very different economic climate, and, in that context, the deal on offer is the best that we could have offered.

From the discussions I had with staff, I am optimistic that the response will be positive and will allow and enable us to achieve the objectives that I outlined. Of course, the exit policy is only the first step. There is much work to be done as we work towards April 2012 and the implementation of our new target operating model. Our next milestone will be the launch of our recruitment process for the custody officer grade, which I hope will take place within weeks. Those two important developments — the exit scheme and the recruitment process — will lead to the introduction of our new target operating model in the spring of next year.

Detailed discussions with our trade union partners on the implementation of the new target operating model will be our focus over the next few weeks as we develop with them our plans for a new standardised core day; flatter management structures; revised roles for prison officers and support staff; the introduction of the offender-supervisor grade and the custody-officer grade;

consideration of a 37-hour week in return for improved and more flexible deployment arrangements; agreed staffing levels; development of the central detail office; staff:prisoner ratios, which we want to bring into line with other jurisdictions; and replacement of the framework document. Introduction of the new target operating model is essential for NIPS. Management is committed to its introduction.

In conclusion, we believe that the exit programme that was launched earlier this week represents a balanced and reasonable package, which will help NIPS achieve the objectives that I outlined a few moments ago. Thank you.

The Chairperson:

Thank you very much. With regard to the lack of leadership from senior management that was highlighted in the Owers report, will restructuring and the new hierarchy model ensure that when clear decisions are taken and clear leadership is given, that will traverse the organisation? Lack of leadership has been pointed out as a flaw in the way that the current system is operated.

Mr Armour:

I believe that it will, Chairman. As you know, we seek to de-layer some management grades, so that there will be a flatter management structure. We believe that will facilitate communication in the way that you have suggested and will make the organisation more efficient, effective and able to deliver.

The Chairperson:

It is not clear from reading the briefing, but I believe that Tom indicated that, perhaps, four governor grades will go as a result of restructuring. How many governor-grade positions will no longer exist? .

Mr Armour:

We currently have five governor grades. The proposal in the target operating model is that we move to three. They would be the governing governor, the functional head and the unit head.

The Chairperson:

Yes, but at each of those governor grades, how many actual posts will disappear?

Mr Armour:

At present, we have identified a surplus of four governor posts in the new target operating model. In our business case to the Department of Finance and Personnel (DFP), we indicated that, although we have a surplus of four posts, we wish to allow more governors than that to leave the service in order to ventilate the governor cadre, which has been static for quite some time. Therefore, we are talking about a minimum of four. We intend to allow more governors than that to go.

The Chairperson:

One area that gets pointed out to me by the trade union is that there are enough managers to manage the management. There are too many on that side. Are front line staff expected to take the biggest hit while you ensure that all management staff are protected and those posts remain?

Mr Armour:

No. At present, we have a target staffing level of 46 governors. We currently have 37.5 in post. Therefore, you can see that that is already coming down. However, it is our intention to allow at least four to go and probably more than that. We cannot be specific about that number at this stage.

Mr Wells:

Ronnie, discussion on the Prison Service is always doom and gloom. Before we go into the doom and gloom, congratulations on the designation of area of special scientific interest (ASSI) at Maghaberry Prison. That is really good news. Well done.

Now, let us get down to business. Do staff get the £55,000 lump sum that is quoted in the figures and the £18,500 a year pension regardless of the early exit scheme?

Mr Armour:

Absolutely. Those payments are statutory.

Mr Wells:

Perhaps, it is gilding the lily a wee bit to include that since it is what the prison officer has contributed towards his pension. That is what anybody in that type of pension scheme gets. Therefore, the £16 million is not included. It was budgeted for already.

Mr Armour:

I will let Graeme deal with the figures. With regard to how we presented that, we wanted to be as open and transparent as we could with our staff and the wider public. You are absolutely correct: the lump sum payment and the pension are statutory entitlements that people would receive. However, in publishing the package, the right thing to do was to let our staff and, indeed, the public know the totality of what was on offer.

Mr Wells:

The problem is that the press has homed in on the fact that it is £120,000. It is not. It is £55,000, which officers will get anyhow; the pension that they will get anyhow; and then the bit that is extra, which is much less.

Mr Armour:

The bit that is extra is the six-month compensation-in-lieu-of-notice (CILON) payment and the nine-month payment that NIPS is paying over and above. So, you are right, in that respect.

Mr Wells:

Now, the next issue is that you mentioned that some of it is taxable. But let me just establish: can that be taken immediately? Do officers aged 40 or those with 40 years' reckonable service qualify?

Mr Michael Cowan (Northern Ireland Prison Service):

It is those with 40 years' reckonable service.

Mr Wells:

So, it could be the case that he is there 30 years.

Mr Cowan:

It could be; it will depend on the individual.

Mr Wells:

That is important, because, again when I looked at the table, I was not clear that that was what it meant. So you could be aged 48 or 49?

Mr Cowan:

No. Staff have to be at least 50 to avail themselves of this scheme.

Mr Wells:

Therefore, you could be exactly 50 and have had 40 years' reckonable service. People have been saying to me that that meant that an officer had joined at 10, which is not possible. If such a person were to retire now — to leave and join the early exit scheme — could he access the £55,000 lump sum and £18,500 pension, or would he have to wait until retirement age to get that?

Mr Cowan:

No, that will be paid immediately, and that is one of the elements where we needed to be honest about what staff are getting. Sometimes, if staff take a pension early, it will be actuarially reduced to reflect the fact that it is being paid out for longer. That is not happening in this case. Instead, in this case, we are actually enhancing it. Therefore, anyone under pension age will get their pension enhanced. They will be on a bigger pension and receive a bigger lump sum than they would otherwise get.

Mr Wells:

Equally, someone who had been there for 40 years would not have benefitted from his or her last 10 years. They could easily retire, of course, if they had been there for 40 years.

Mr Cowan:

The maximum that you can get is 45 years.

Mr Wells:

Therefore, they are no better off than the person who has been there for 30 years. They will still get £55,000 and £18,500 each per annum.

Mr Cowan:

Again, that depends on their salary and length of service.

Mr Wells:

Where does national insurance appear in all this? The previous scheme that we talked about

mostly concerned the part-time RUC Reserve. Not only was their payment taxable but they had to pay national insurance at 11%. Are any of the figures that you quoted subject to national insurance deductions?

Mr Cowan:

Yes.

Mr Wells:

They are? I think that it is important that that is stated, because that is a significant additional cost to the officer. I presume that you are contracted out, because you have a pension scheme. The figure for national insurance, to be taken off all the payments, could be as high as 11% gross. Do the officers know that?

Mr Cowan:

They do.

Mr Wells:

Right, that is good, because that was not mentioned at all in the document that you gave us. Therefore, in a worst-case scenario, someone could pay 40% tax on the gratuities and 11% national insurance. That does not sound as attractive as it seems to be in the media. Over half of the payment is gone before you see anything.

Mr Armour:

We do not have control over that, obviously. However, I take your point that that is not made clear in how it was presented in the media.

Mr Wells:

It would be normal that the first £30,000 —

Mr Cowan:

That is true of this as well.

Mr Wells:

So, the first £30,000 —

Mr Cowan:

The lump sum is tax free, as is the first £30,000 in compensation.

Mr Wells:

The £55,000 is tax free. The first £30,000 is tax free and not subject to national insurance. It is important to clear that up. However, that still means that the next slice will be taxed at 40%, because most of these individuals will be retiring at the end of the tax year, when they will have already earned their £37,000. So they will pay quite a whack of the remainder back in tax. Remember, this is only the small number of people who have the 40 years' reckonable service. Do we know how many fall into that highest bracket? How many people have come in, sat there for 30 years and got their 40 years' reckonable service? What proportion?

Mr Cowan:

We do not have figures on the exact proportion, but I think that the average for the over-50s is something like 32 years. Now, that is 32 years of service in single years of service in the Prison Service, but a number of staff will have had previous service in other public sector jobs and will have transferred that service in. There is also the pre-1989 staff who have doubling rights, so that any year after 20 years' service will double up. On top of that, staff with a pension age of 55 will have an enhancement of up to five years. Staff with a pension age of 60 will have an enhancement of up to six and two thirds years. Therefore, a lot of them will be close to the 40 years.

Mr Wells:

You are certainly telling us stuff now that was not apparent in the document that we received on Tuesday. It clarifies a lot; it is very useful. It will help us because, obviously, we are starting to be contacted by constituents who are prison officers and are confused.

During the week, you mentioned to the media that you reckoned that about 360 prison officers would apply. What was that figure based on?

Mr Armour:

We have been talking to staff since the summer months. Having done the modelling work for the business case, we felt, based on the information that we were receiving, that the package would

attract around 360 staff. It is not, of course, an exact science. Certainly, from the feedback that I received yesterday at Hydebank Wood and Maghaberry, I am reasonably confident that it will be in that region. Our predictions will probably not be far out.

Mr Graeme Wilkinson (Northern Ireland Prison Service):

We broke it down into the age groups. We estimate that around 60% of the 55-60s, about one third of the 50-55s and about 10% of those who are under 50 might take the scheme. We looked at each of the age groups and tried to estimate the likely uptake.

Mr Wells:

As well as the police gratuity scheme for the part-time Reserve being subject to tax at 40% and to national insurance, we found out, to our horror and very late on, that the cost of the administration of the scheme was levied on those who received the benefit. Who is bearing the bill for the administration of this scheme?

Mr Armour:

The Prison Service is bearing its cost.

Mr Wells:

So, no admin charge is being levied on any prison officer?

Mr Armour:

Absolutely not.

Mr Wells:

That is very good news.

You reckon that you will get 360 staff. You may or may not then move on to the second scheme. If that second scheme does not attract the 600 that you need, what do you do?

Mr Armour:

Again, we looked at that very carefully when we prepared the business case. As I indicated earlier, one of the Minister's objectives was to avoid the need for compulsory redundancy. Assuming that we got 360, which is our prediction — we may get more than that — we have

modelled our natural wastage over the next six or seven years, which is our non-age retirements, such as people who retire on medical grounds or for other reasons. That figure each year will help us to get to the 550 over a five- or six-year period.

Mr Wells:

When you send out the cheques, please make certain that they are in plain brown envelopes with no clear windows. Just in case.

Mr Armour:

We have been well advised on that point.

Mr Wells:

I would be very surprised if you made that mistake.

Assuming that that all goes well, you will start to recruit the new officers. I predict that you will have the mother of all recruitment exercises; you will have tens of thousands of applications.

Mr Armour:

Yes, we expect that.

Mr Wells:

Obviously, there are very few opportunities out there. I think that every ex-building worker in south Down will apply for those jobs for that obvious reason. Can we have an assurance that that recruitment exercise will be done entirely on merit rather than any form of positive discrimination or 50:50 process or any other model?

Mr Armour:

You can have an assurance that it will be done entirely on merit. There is no proposal to do it on a 50:50 basis. The Minister has been quite clear on that point.

Mr Wells:

So, it will be a standard recruitment exercise, as if there were 10 rather than 400?

Mr Armour:

It will be a standard recruitment exercise that follows Civil Service best practice.

Mr Wells:

The basis of the scheme is to reinvigorate the Prison Service and get new staff in, but it is also to make savings in the long term. What is your break-even point? How many staff do you need to leave for it to become cost neutral?

Mr Wilkinson:

Ideally, as Ronnie said, we need 360 to leave to allow us to start our recruitment process and to refresh the organisation. Over the 10 years of the business case, we estimate that the scheme will save us £180 million. The investment is £60 million. As an invest-to-save scheme, it is very good value for money for the taxpayer. We are looking at around 360 as our break-even point.

Mr Wells:

It would have been useful if you had published a table that showed what each officer would actually bring home in his hand rather than what the top line is. What has come out today is that there are so many deductions, and prison officers need to be very clear about that when they go in to the scheme. They will be disappointed if they look at the top-line figure.

Mr Armour:

I will comment on that point. Our staff have been in the prisons — Maghaberry and Hydebank Wood — as have I, yesterday and the day before. We are planning to do roadshows around the prisons next week, when people have had an opportunity to read the very detailed material that we sent to each officer earlier this week. In addition to that, officers are required to express an interest in this scheme, and we have asked them to do so by 28 November. Just over 200 have done so already, and I expect that all those in the eligible category will express an interest.

Mr Weir:

Mr Wells asked what the take-home amount for a prison officer would be, and I think that it would be helpful for people to understand that, both within the Prison Service and outside. I presume that, in whatever business case you put forward, you calculated what the estimated overall cost would be. On the same basis, I presume that, once deductions are made, you can also calculate a potential absolute top amount, albeit that the figures may be slightly muddled as

indicated earlier. As part of that, it would be useful to give a breakdown of whatever figures are given out, or at least to explain to the wider public what the average take-home figure would be, because that is more directly relevant and may make the package a more sellable proposition.

Mr Wilkinson:

It is very difficult to give an average because there is such a wide range, particularly among those officers aged between 50 and 55, where it is muddied by the pensions issue and it is more expensive to do that.

Mr Weir:

You should at least be able to give a ballpark figure, because you presumably have a global figure from the business case. Even if you cannot give an exact figure for the average because it depends on the circumstances, an indication that the ballpark average figure was felt to be something between x and y would put things into context. I know what tends to happen with the median. I remember that, when the RPA was being discussed a few years ago, at one stage, there was talk of what long-standing councillors would get if they were to leave. Immediately, the absolute maximum figure was produced, which was, I think, £20,000 or £30,000. That then simply became the figure, but it did not reflect what the average reality would be. It was the same with the police scheme, and it is the same with any scheme.

Mr Armour:

To finish answering Mr Wells' question: people have been asked to express an interest by 28 November. On 20 January, they will be sent a detailed breakdown of the estimate of what they would receive. Civil Service pensions staff will be working on that during December and early January. Each officer will get very detailed information of what his or her entitlements are, and they will then have a period of four weeks in which to make their decision. As I have been walking around over the past few days, I have been telling officers that it is important that they get that estimate and think about it very carefully.

Mr Wells:

Again, though, prison officers would not necessarily be tax experts. I think that you should make a few basic assumptions that they will pay 40% tax on this amount and tell them what that will mean as regards the amount they bring home.

Mr Armour:

We are meeting them with Michael and his colleagues next week, so we are happy to take that point forward.

Mr Wells:

The other issue that we discovered in relation to the police gratuity was that, because the amount they got took them beyond what would be a 40% tax liability for one month, the tax office assumed that they were getting it for the full year. They lost 40% on the entire gratuity, and it was up to them to reclaim the tax back. For most of those police officers, that was the first time that they had to tackle a tax return. Therefore, the prison officers may require advice on how to do that. For some of them, it will be taxable only at 20%, but they will be paying 40% and will have to reclaim the whole lot back. That is a bit of a nightmare for those involved. I assume that you are caught in the same bind — you will have to deduct the 40% tax even in those circumstances.

Mr Cowan:

Yes; the same tax rules will apply, but, again, that is something we can cover with the prison officers when advising them on what they need to do.

Mr Wells:

None of these rules seemed to apply under the Patten scheme. It was a much more generous and flexible scheme. It strikes me as a bit odd that gold-plated, attractive packages were set under Patten for full-time RUC officers and the next set of packages have been much inferior. My view is that Prison Service staff should not have to bother with having to go through the whole rigmarole of applying for a tax rebate and filling in a tax form when we know, in effect, that they will not be receiving that sum of money for the entire year.

One final, technical point: are you paying them in this tax year or next? Which tax year will this payment fall into for those who agree to go?

Mr Wilkinson:

It will be into the next tax year.

Mr Wells:

So, at least, they will have the allowance for 2012-13 to soak up as part of this payment, rather than it coming at the very end of this tax year when they will have used all their allowances. That will save a few thousand pounds immediately for each officer, which is good news. In other words, a day after the end of the tax year, all the allowances start again, and the first £7,400 is tax free. So that will save them from being taxed at 40% on that immediately.

That is it. I am happy.

The Chairperson:

Thank you, Mr Wells. You have said that you always thought you should have been a lawyer. Maybe you could have done accountancy as well —

Mr McCartney:

Or joined the POA.

The Chairperson:

— and been a forensic accountant. He could have charged rightly for it.

Mr McCartney:

He wanted to be a lawyer, and now he wants to be the head of the POA in the same breath.

Mr S Anderson:

In an earlier session, Mr Wells said that one of the good things about being Chair is that you get to ask the first questions. One of the bad things about this is that Jim Wells has asked all the questions. There appears to be very little left.

Mr Weir:

You are left picking off the bones, Sydney.

Mr S Anderson:

I am picking off the bones. There are a few questions left.

Mr Armour, you said that you think this is a balanced and reasonable package and that you

have held negotiations with the trade unions in the young offenders centre (YOC) and Maghaberry. Do you get the flavour that they are happy to run with it? Is a vote expected on this, or is it down to individuals?

Mr Armour:

This is down to individuals. The POA centrally has made its position clear. I brought its representatives in on Tuesday morning to brief them on the package. The chairman of the POA is on record as saying that this is a reasonable package in the current financial climate. He is also on record as saying that it is a matter for the individual officer to decide whether to accept it — that decision is not a matter for the POA. As I said in my opening remarks, the feedback that I got from officers at Maghaberry, yesterday, and at Hydebank, the day before, was very favourable. All but one officer said to me that they felt it was a reasonable package.

Mr S Anderson:

Jim has said that what you have presented looks to the outside world as though we have the best-case scenario. It looks pretty good in, let us say, the terms of a PR exercise. However, when we drill down, we find all the deductions. We will not go through them again. I welcome the fact that there is a training package. I did not know that officers could take up a training package worth £5,000. I was going to ask a question about financial advice in the current bad times. However, the more I listened, the more I began to wonder whether they will need financial advice because they will have very little money left. Is that built into the training? Are they advised in any way?

Mr Armour:

It is not appropriate for us, as an employer, to give individuals financial advice. There are risks inherent in that, if people take advice that is given and, subsequently, things go wrong. It is a matter for the individual to seek his or her own financial advice.

Mr S Anderson:

Can the service not perhaps bring in a financial adviser?

Mr Armour:

It would not be appropriate for us to do that.

Mr S Anderson:

Is that never done?

Mr Armour:

I cannot say that it has never been done, but the advice that we have taken is that it would not be appropriate for us to do so.

Mr S Anderson:

Did you take advice on that?

Mr Armour:

Yes, we took advice on it. It would not be appropriate. If we were to bring someone in and they were to give poor advice, there is a question down the line about who is liable.

Mr S Anderson:

Point accepted. We could send them to Jim.

The Chairperson:

Is the training scheme in addition to what was published?

Mr Armour:

We have made it very clear to the Prison Officers' Association and in our documentation to prison officers that we are providing a training scheme. I do not think that that was picked up by the media, earlier this week. Their focus was on the figures, by and large. However, this is something that we are providing, and staff are well aware of that.

Mr S Anderson:

Did you say that it is £5,000?

Mr Armour:

It is up to the value of £5,000. We are not giving officers £5,000, but we will —

Mr S Anderson:

I realise that. They can take up that option.

Mr Armour:

Yes, they can take it or not.

The Chairperson:

Is that available before or after they leave?

Mr Armour:

It is both. We want to facilitate staff to make the move out of the organisation before they leave. If there are individuals who want specific training immediately after they leave, we can also facilitate that, provided that it is very clearly job-related training.

The Chairperson:

The PRRT also deals with psychological issues. Is that part of this package?

Mr Armour:

No, we have not specifically asked the PRRT to deal with psychological issues. This is simply a retraining package, which is not dissimilar to the package that the PRRT has operated for police officers in the past and more recently. It is a similar programme, but it is not focused on the psychological side of things.

The Chairperson:

Sorry, Sydney.

Mr S Anderson:

You are OK.

I would like some clarification on another issue, Mr Armour. You said that you will first offer voluntary redundancies to those officers who are aged 50 and over and then maybe extend that next year to officers who are aged 50 and under.

Mr Armour:

Yes, if that is required.

Mr S Anderson:

So, you hope that there will be no compulsory redundancies.

Mr Armour:

As I said, our objective is to avoid compulsory redundancy. I cannot give the Committee a guarantee that we will achieve that, but what I have said —

Mr S Anderson:

But the move to extend that to officers aged 50 and under next year.

Mr Armour:

— is that we will run the scheme for those officers who are over 50, and, if necessary, we will then run it for those officers who are under 50. Our hope is that, depending on the numbers, we can address any shortfall through natural wastage over the next few years. Until we see the figures, it is very difficult to be definitive. Certainly, the Minister's objective is that we should do all that we can to avoid compulsory redundancies.

Mr S Anderson:

We should not go down the road of compulsory redundancies if at all possible and if redundancy can be facilitated in a manner to suit everyone.

I want to move on to the issue of specialised staff grades. Have any arrangements been made for some staff under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) in the package? Was that ever mentioned?

Mr Armour:

No. There is no TUPE arrangement in this package. We have made it clear to the Committee that we are looking at a range of specialist areas. We are reviewing where, if and how it would be most appropriate to carry those out. Those reviews are ongoing, they are not complete yet, and no decisions have been taken. There is no element of outsourcing in this package.

Mr S Anderson:

Are the specialised officers being allowed to exit without the TUPE arrangements? Those may be brought in further down the line; I do not know. That is something that I have been asked

about. I am not aware of the full details, but there is obviously something that they know about and that has arisen in the service for officers to ask me those questions.

Mr Armour:

This scheme is open to all officers in the grades that I outlined, irrespective of whether they are general prison officers or are in the specialist grades. We have not distinguished between the two.

There is a concern in the service about the issue of outsourcing, because we are carrying out a number of reviews of areas such as catering, learning and skills, and so on. Our position with staff has been clear: reviews are ongoing and there are no outcomes at this stage. When those reviews are complete and decisions are made, we will obviously have to talk and will want to talk to our trade union partners and to staff. However, until the reviews have been completed, we cannot determine what the outcome will be.

Mr S Anderson:

Are you aware of staff being moved from the specialist grade in the YOC to the discipline grade in Maghaberry? Was the intention to do that, but that was then put on hold? Was there any case of that?

Mr Armour:

Not that I am aware of. It does not ring a bell with me. However, I am happy to take further advice on that, and, if there is an issue, I will come back to you.

Mr S Anderson:

Mention was made to me of officers' concerns that, because of the exit package, they would be transferred back to discipline grade. They were a wee bit uneasy about that.

Mr Armour:

That has not come to my attention, but I will check it out. If there is an issue, I am happy to talk to the staff involved or to come back through you.

Mr S Anderson:

You have confirmed today that specialist grades are being given every opportunity to apply for

the package and that no differential will be made.

I have a few more questions.

Mr Weir:

Sentences have been shorter.

Mr S Anderson:

Yes. I want to come back to something that I asked about at a previous session — the upskilling of staff. I am sure that you will agree that there are difficulties and problems in the prison system with regard to inmates. Certain issues have occurred in the not too distant past. Are you confident that, with the skills and the years of experience that will be going in such a short timescale, sufficient skills will be available in the event of any situation that may arise?

Mr Armour:

Yes, we are content. We have a lot of very skilled staff. You alluded to the fact that there have been criticisms. Yesterday, I talked to staff who are not taking the package and who are not eligible to do so by virtue of their age. I, personally, was very encouraged by the commitment and enthusiasm of a number of those staff. I think that the organisation is tired at the moment. I think that there is an exit package fatigue. A lot of the people who are not going just want to get through the next couple of months and to get the exit package dealt with in order that we can move forward. As with any severance scheme, we are losing experience, but we believe that we can manage that. Anne Owers talked about a package for leavers and a package for stayers. Looking to the long term, we are developing our training and development programme, with a view to upskilling, on an ongoing basis, the staff who remain in NIPS.

Mr S Anderson:

Not too many months ago, unrelated to this but maybe because of the way that things are changing, prisoners were released when they should not have been released. I wonder whether the skills will still be there. Will everything be in place to ensure that we have an effective and efficient service?

Mr Armour:

I think that there were very specific sets of circumstances in those cases. We are confident that

we will be able to continue to manage and to operate the service post the exit scheme. I do not think that any of us are under any illusion that it is not going to be very difficult. It is going to be very challenging for management and for our officers on the ground. However, we believe that we can take it forward.

Mr S Anderson:

Just to finish, I would like some clarification in relation to a question that Jim asked. Mr Armour, you came back with an answer that was fine. You said that, following an expression of interest, each individual officer will be given a breakdown of his or her entitlement. However, as Jim said, it is the net figure that they are looking for, and they need to be told that now. Maybe we should be taking things at 40%, or whatever it is at the time, and saying that this could be the worst-case scenario. That would ensure that those officers know exactly what they are taking home in their envelope.

Mr Armour:

The officers will get exactly the same as any other public sector Civil Service worker would get. The Civil Service pensions section has a process for dealing with those estimates. It will be exactly the same as everyone else would get. It will state clearly what will be coming to them and what their entitlements are. In addition to and separate from that will be the information about the two payments that NIPS is making, and our staff will be making that clear.

Mr Cowan:

A lot of those payments will be expressed as gross figures. We can certainly put out some information about what would be a worst-case scenario. However, it will depend on each individual's circumstances.

Mr S Anderson:

Yes, I think that something should be put in. By nature, when people see a figure, they think that that is what it will be. However, we are finding out today that, as it has been in the past, the first £30,000 is tax free and so on. It would be good if we could put together the worst-case scenario as a possibility.

Mr Wells:

This is not rocket science. Based on 11% national insurance, somebody who gets £120,000 will

actually bring home £95,000. That is literally taking two sums: 40% of the balance above £80,000, £55,000 and £30,000, plus 11% national insurance. Unless the individual has property, another income or something else to complicate matters, that could be done quite easily for all officers, without getting into the nitty-gritty of their personal details.

Mr Cowan:

Again, every individual will have different sums. If we were to do it that way, an individual calculation would have to be done for each officer. In addition, we would not be aware of whether someone had other employment that put him or her in a different tax bracket.

Mr Wells:

However, you could tell them, assuming that they are just bog-standard officers with no other income, "This is what you will bring home."

Mr Cowan:

I think that we could provide some information in general terms.

Mr S Anderson:

You could put a few examples together to show what they might get.

Mr Armour:

We intend to do that as we roll this out. I am very conscious of the fact that we have put out a lot of detailed information to officers this week. When I walked around yesterday, I was surprised at the level of understanding that there was about that information. We are offering road shows in each of the establishments, to which officers can come along and talk to staff about the very issues that you, Mr Wells, and others have raised today. That is in advance of getting the detailed calculations that the Civil Service pensions team will provide in January.

Mr S Anderson:

I will finish with this point: they need to be well aware of the 40% tax issue and the 11% national insurance element, and of how that could affect them. At the end of the day, I think that each and every one of them wants to know how much will be going into their bank account. They have to look beyond what will happen when they go out through the gates. They will have to put their lives together again. Regardless of whether they get another job or enter full retirement, they will

need to know how much money they will have.

Mr Armour:

On the basis of today's discussion, I am certainly happy to go back to the POA and individual staff members to make sure that those points are clear.

Mr Weir:

My colleagues, vulture-like, have picked the meat off the bones, to the extent that I am surprised that there are any bones left at this point. From a phasing point of view, you are obviously aiming to deal with the least costly pay-offs in the early phase. Is it the case that the least costly cases will tend to involve older officers? Is that why the scheme is particularly targeted at that age group? What criteria really determine which cases are least costly and which ones are more costly? Is it down to age and experience? If not, what way does it operate?

Mr Cowan:

It is down to an individual's length of service and salary.

Mr Weir:

What I mean by that is, if you are essentially looking to target certain people in the existing pool and to release them at different times, what constitutes the profile of the least costly type of officer, as opposed to the more costly pay-off? Can you give us an example of that?

Mr Wilkinson:

The sequence of the scheme will follow normal Civil Service practice. We are running a voluntary early retirement scheme first, and then an early severance scheme. That is usually the way in which these things happen in the public sector.

Mr Weir:

Is voluntary early retirement, which should obviously be the least costly option, particularly applicable to those very close to retirement?

Mr Wilkinson:

Yes. Cases involving those aged 55 and above are the least expensive.

Mr Weir:

On that basis, is it the case that, if more money is paid out at the later stages to make up the numbers, you will get officers hanging on until they can get a better deal? Is that the way in which the system will operate?

Mr Wilkinson:

Officers will get only one bite of the cherry. The first and last opportunity for over-50s to apply will be when we run that scheme. It will then be the turn of the under-50s. Therefore, officers will get only one chance to apply for the scheme.

Mr Armour:

We made that point very clear to our trade union partners and, indeed, in the documentation that we sent out to staff. This is a one-off deal. There is not something better coming down the line in six months' or a year's time. This is it. It is important that our staff understand that.

Mr Weir:

I have a small point to make about the way in which we work out a reckonable date when it comes to age. There will presumably be some time gap between over-50s and under-50s. Have you taken into account that there may be someone who falls outside the schemes? For example, when the expressions of interest from over-50s are being sought, someone is under 50, but by the time the under-50s' scheme becomes available the individual has turned 50. I appreciate that that will affect a relatively small number of people, but has some thought been given to that possible small time gap?

Mr Armour:

It will be a small number. If we had launched the scheme last week, there would have been two people eligible. However, we launched it on Tuesday, and somebody in Maghaberry said to me yesterday that if we had waited a few days he would have fallen within the category, so you are right.

Mr Weir:

Is there something that can be done about that?

Mr Armour:

Such individuals will be eligible under the next scheme.

Mr Weir:

You will know Harold Wilson's phrase that, if you are the only person in the house and you are unemployed, the unemployment rate in that house is 100%. It may not have a impact on a global scale, but I am simply conscious of the fact that we want to make sure that you are not getting into a situation in which a small number of people who, because of odd circumstances, almost fall outside the scheme.

Mr Cowan:

They would leave in the same sort of timescale as the people leaving under the severance scheme, but the terms applied to them would be the terms of the early retirement scheme, because they would then be over 50 by the time that they were leaving.

Mr Armour:

They will not be disadvantaged.

Mr Wells:

I presume that all the prison officers will know about the scheme and that we will not have any coming out of the woodwork saying that they did not know. I am sure that will not be the case.

Mr Armour:

I did not meet anybody in Hydebank or Maghaberry who did not know about it.

Mr Wells:

To return to the police gratuity scheme, they had to bear the cost of employers' national insurance as well as employees', which, in my opinion, made it extremely unfair. Who is bearing the cost of that bill?

Mr Armour:

The Prison Service.

Mr Wells:

Therefore, there is no question of it falling to any individual. All those things make it a much fairer scheme than that which the part-time reservists had, albeit that they had all retired anyhow. However, what happened to them was very unfair. This is stacking up to be a much better scheme.

Mr McCartney:

I am sure that you have followed the public commentary on this over the past couple of days. There are people saying that it is not enough, while other people are saying that it is too much. I do not expect you to present figures on that today, but will you be in a position to furnish the Committee with those at some time in the future so that we can make up our minds about which position is the correct one. If it were other public service workers on the same service, earning £37,000 a year, what would their retirement package be?

Mr Cowan:

The only difference is the compensation in lieu of notice and the additional payment of nine months' basic pay.

Mr McCartney:

Everybody in the scheme is getting that? How much is that?

Mr Cowan:

Everything else is part of the statutory scheme that would apply to anybody in the same circumstances.

Mr Armour:

The additional payments are the £27,000, which equates to the nine months' basic pay, plus the £18,500, which would be —

Mr McCartney:

It is £40,000?

Mr Armour:

It would be just over £40,000.

Mr McCartney:

Therefore, they would get an additional £40,000 that anybody else earning £37,000 a year would not get. I take it that that is well above the average for a public sector worker, given the skills level of the people involved. It would be a very generous salary.

Mr Armour:

Yes.

Mr McCartney:

I take it that the document that we were given today is actually a press release.

Mr Armour:

There was a paper attached to the letter that the Minister sent to the Committee, which was certainly more detailed than a press release.

Mr McCartney:

The reason that I am saying that is because on the last page it states, "Notes to Editors".

Mr Armour:

I think that the Minister did provide you with a copy of his press release, but we also submitted a fairly detailed paper.

Mr McCartney:

Perhaps I am working off the wrong one.

The Chairperson:

There are appendices A, B, C and D.

Mr McCartney:

Yes. I just see at the end that it states, "Notes to Editors".

Mr Armour:

There should have been a paper attached to the Minister's letter referring to the Northern Ireland

Prison Service exit scheme that outlines the terms of the scheme and goes on to say a little bit about the target operating model.

Mr McCartney:

Yes, and on the last page it states, "Notes to Editors".

Mr Armour:

Yes. There is a press release attached.

Mr McCartney:

I would have expected the Committee to have been given a more comprehensive outline. This is for the newspapers, because obviously there will be a public spin-off and a discussion on the moneys being paid. For me, there is not enough in this to guide the Committee to determine how this fits into the overall reform package. You gave a proposed timetable, and, for that to work in line with the reform package, a number of people have to exit to make way for new recruits. Therefore, come March or April 2012, the first tranche of staff will leave NIPS as a result of voluntary early retirement. I would have liked the Committee to see what numbers are required to leave when the scheme is being introduced. What are the implications if enough people do not leave?

Mr Armour:

I am not sure whether you have it, Mr McCartney, but table 8 deals with the entry and exit arrangements and what we anticipate will happen over the next number of years.

Mr McCartney:

I am talking about the implications if that does not happen. I understand your projections, but, obviously, this is down to the individual. The POA or the Prison Governors Association will not issue an instruction to its staff to say that it wants 250 officers to take voluntary early retirement. Therefore, if the projected numbers do not take it, and you do not achieve the projected figures, there will be implications for new recruits. If there are no new recruits, we are into the wider reform package.

Mr Armour:

That is correct. It is our intention to launch the recruitment process in the next number of weeks.

However, you are absolutely right: if sufficient numbers do not leave, that has an implication for the numbers that we bring in. The two need to balance for this to move ahead. Our plan is to run the scheme. If we do not get the numbers, our next fallback position is the over-50s, and we will take final decisions at that point on how we move forward. However, you are right to say that the two must move together.

The Chairperson:

You mean the under-50s.

Mr Armour:

Sorry. Yes.

Mr McCartney:

Is there anything in place for, for example, December for looking at what is happening? When does the declaration of interest take place?

Mr Armour:

The request has to be back to us by 28 November. We have 646 staff who are over 50, and I would be surprised if all did not ask for an estimate. The estimates will be provided to everybody on 20 January 2012, and people will then have a number of weeks — until 17 February — to decide whether to go or stay. We will know on 17 February the numbers that will leave the organisation, and the idea is that they will begin to move out at the end of March.

Mr McCartney:

How many of the 600 members of staff at officer grade and governor grade who are over 50 fit the top criteria of the package?

Mr Armour:

I do not know the figure off the top of my head, but, if it is helpful, we will look at that and come back to the Committee.

Mr Wilkinson:

What do you mean by the “top criteria”?

Mr McCartney:

I might be wrong to say “top criteria”, but you have set out in the table the case of somebody who has 40 years’ service, and that is the example that everybody is using. There has been no recruitment since 1994, so I am allowing for that. However, I am trying to find out how many of those 600 people are in the top bracket. If 590 people are in that bracket, it is a reasonable assumption to make that 360 is a better target than would be the case were there 400 people in that top bracket.

Mr Armour:

It is slightly complex owing to the doubling arrangements. We will look at that and get back to the Committee.

Mr McCartney:

That is my point. I can understand this document as it was sent, and I am making the assumption that it was designed for newspapers, because it states, “Notes to Editors”.

Mr Armour:

We did not send the full document to anybody other than the Committee. All that the newspapers got was the press release.

Mr McCartney:

Therefore, that is separate?

Mr Armour:

Yes, it is absolutely separate. It was not issued publicly.

Mr McCartney:

However, do you see the point I am making?

Mr Armour:

I do, indeed.

Mr McCartney:

If there are 600 people over the age of 50 currently employed, and 590 have 40 years’ service or

close to that, the projection of 360 is a better target. That is the point that I am making. I have wider questions about the actual document, which states that the review:

“Proposes a 37 hour working week with a non-effective rate of 23%”.

What does that mean?

Mr John Toal (Northern Ireland Prison Service):

The non-effective rate is made up of a number of things. First, there is the annual leave allowance. Secondly, a number of days are allocated to training dedicated to each member of staff. We also have to make an allowance to account for average sickness rates. When those are combined, that is how we get the non-effective allowance.

Mr McCartney:

There is a proposal to transfer two grades: custody officer and offender supervisor. How smooth will that be with the current contract? Can someone currently employed say, “There’s nothing in my contract that says that I have to become a custody officer”?

Mr Armour:

We are not intending to change the terms and conditions of employment of any individual. The target operating model identifies the number of offender supervisors that we will require. I think that the figure, off the top of my head, is a little less than 390. Once we get through the package, our proposal is that those who are going to be offender supervisors will go through a period of training. Therefore, we will be deploying more staff in that area than we currently need initially to backfill and allow for that training to take place. However, until we get through the exit scheme, it is very difficult to know what numbers we are talking about.

Mr McCartney:

Is the retraining process already included in terms and conditions?

Mr Armour:

That is not required to be in terms and conditions as such.

Mr McCartney:

It could be an instruction.

Mr Armour:

Absolutely. Our intention is that we will offer the training to all staff and move forward from that.

Mr McCartney:

When you say “offer”, if you need custody officers and you have the staff in place —

Mr Armour:

The people whom we are recruiting to the new custody officer grade will be required to go through a training process.

Mr McCartney:

To attend it.

Mr Armour:

That is not optional; it will be mandatory.

Mr McCartney:

And offender supervisors will be current staff.

Mr Armour:

They will be current prison officers who will have to be trained for that role.

Mr McCartney:

Would that already be in their terms and conditions?

Mr Armour:

It is not specifically in their terms and conditions that they have to undergo training for that, but we will be requiring them to undergo a training period for that specific role.

Mr McCartney:

Will that become a sticking point? What if they say that they do not have to because it is not in their terms and conditions to do so? What if they do not want to do the training to become an offender supervisor?

Mr Armour:

It may well become an issue that some staff will not want to do that role. Obviously, we will then be looking at how we redeploy them as custody officers, if that is where we end up, but I am hoping that that will not —

Mr McCartney:

That is how you would deal with it?

Mr Armour:

Yes, that is how we would deal with it.

Mr McCartney:

I take it, and I do not mean this in a pejorative way, that you are the number crunchers. You are not involved in the wider reform package as such.

Mr Armour:

Graeme and I are involved in the wider reform package. I am certainly not a number cruncher.

Mr McCartney:

I do not mean that in a —

Mr Armour:

No, I know that you do not. Michael is dealing specifically with the exit programme.

Mr Cowan:

I am happy to be referred to as a number cruncher.

Mr Armour:

However, Graeme, John and I are also involved in the wider reform programme. Many aspects of

that have a HR dimension.

Mr Lynch:

Ronnie, in response to Raymond, you said that you would be monitoring the numbers of staff who take up the voluntary offer and that, if the numbers were not to come forward, you would have to think of other actions. What would those entail?

Mr Armour:

We will be the monitoring the numbers of people who volunteer for the scheme. If we do not get sufficient numbers, we will go for the scheme for the under-50s. That would be our next step, but, at this stage, we are optimistic that we will get the numbers that we are hopeful of getting.

The Chairperson:

Gentlemen, thank you very much. It is much appreciated. Members, the Minister is attending the Committee next week to discuss the report by the review team and how he intends to take it forward.