# Inside Job

## Creating a market for real work in prison

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Edited by Blair Gibbs

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The polling conducted for this report was commissioned by Policy Exchange and undertaken by YouGov. All figures, unless otherwise stated, are from YouGov Plc. Four of the five questions involved a total sample size of 2,064 adults with fieldwork undertaken between 17th - 18th May 2011. This was followed by an additional question involving a total sample size of 2,823 adults with fieldwork undertaken between 22nd - 23rd May 2011. Both surveys were carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

# Executive Summary

In October 2010, the Lord Chancellor and Secretary of State for Justice, Kenneth Clarke, said "[W]e need to instil in our jails a regime of hard work." This objective is also contained within the Coalition Programme for government, which states prisoners will engage in "properly paid work." Steps to improve the employability of offenders are part of the government's aim to drive a 'Rehabilitation Revolution'. In early 2011, Policy Exchange and the Howard League for Penal Reform embarked on a collaborative project exploring the implementation of this agenda for real work in prison. *Inside Job* is published by Policy Exchange as our contribution to this project. This report maps out what work in prison should look like and what needs to change in the current prison system to make it a reality.

- The Coalition government's policy to embed work as the core of more purposeful prison regimes that are more conducive to lowering recidivism is centred on creating a normal working week. However, the current system has many shortcomings.
- At present, while the Prison Rules require prisoners to engage in "useful work" and privileges can be used to encourage compliance, no inmate is compelled to work and most do not. For the vast majority of inmates, work opportunities do not exist – let alone a full-working week. The default life of most prisoners – especially those on shorter sentences – is a few hours each day of association and 'purposeful activity', with only a small portion of this involving work depending on the prison and the facilities available. The result is that most prisoners leave custody unprepared for employment and unaccustomed to the discipline and responsibility of working life.
- Without adequate work opportunities in custody, the captive opportunity to develop the skills and work ethic of prisoners is lost, with poor employment rates on release and high reoffending rates the consequence. Research has demonstrated that stable employment is proven to reduce recidivism, and yet only 36% of prisoners left prison in 2008-09 and went straight into some form of employment or training or education.
- The current system fails all parties. Victims of crime and the wider public perceive prison regimes as 'soft' and an inadequate punishment, with custodial privileges granted but rarely earned; taxpayers are denied the potential economic return of more productive regimes; and offenders are nudged towards a default where work is unrewarding and rare, and idleness is the norm.
- The Coalition policy for more prisoners to work a full working day is the right ambition, and the policy is both evidence-based and popular and broadly supported by the British public. In a survey by YouGov commissioned for this report, respondents were asked about their attitudes to prisoners working.

- There was general agreement from those polled that experience of work in prison would help make prisoners more employable on release, with 85% of respondents thinking it important, compared with 11% thinking it not important. A large majority (71%) of the public clearly supported an expansion of work schemes using outside employers so more prisoners worked during their sentence.
- Around half of those polled (54%) believed that prisoners should be paid something for prison employment, compared to those who thought they should be paid nothing (41%). Of those who thought they should be paid something, most thought they should be paid £3.10 or less and a minority thought they should be paid the National Minimum Wage.
- Of any earnings prisoners received through work in prison, respondents were asked what deduction, if any, they would most like to see taken from the prisoners' wages. Half of respondents thought that prisoners contributing towards the cost of their incarceration should be a priority, 31% thought contributing towards a fund for victims should be a priority, 8% thought contributing towards resettlement costs on release should be a priority, and 5% thought there should be no deductions.
- A similar proportion of those polled believe that prisoners should be able to receive additional privileges like in-cell televisions and games consoles (51%), compared to those who thought prisoners should have no access to additional privileges (46%). Of those that thought prisoners should have some access to additional privileges, most thought they should have them if they obeyed prison rules and paid for them through prison earnings from work while a smaller proportion thought they should have them simply if they obeyed prison rules. Only 2% thought they should have them by default.

- Some good examples of creative employment in custody already exist, but major barriers remain in the current system that need to be overcome before HM Prison Service can deliver on the government's objectives.
  - Only 24,000 work places exist within a prison estate holding 85,000 inmates. It is clear that the levels of prison work currently fall a long way short of the real working day experienced by those outside of prison. The most recent data available also shows that the average weekly hours worked by prisoners has fallen, from 13.3 hours per week in 2005-06 to 11.8 hours per week in 2009-10.
  - Prison work has been at best stagnating and, at worst, in decline for a significant period of time. In spite of a 70% growth in the prison population since 1995, the number of prisoners working in prison workshops has fallen far short, growing only by 7%.[1] As a proportion of the total prison capacity, prison work places were 17% in 1995, fell to 13% in 2003 and have dropped to 11% today.
  - Currently prison work does not feature prominently in prison assessment or performance monitoring frameworks. The Prison Industries Unit, located in the headquarters of the National Offender Management Service (NOMS), currently consists of 54 full-time equivalent (FTE) staff, less than 2% of the entire headcount for NOMS.
  - Policy Exchange found no evidence of a private company directly employing inmates in a business operating inside a prison in England and Wales.[2]

1 http://hansard.millbanksystems.com/commons/2001/mar/12/ex-offenders#S6CV0364P0_20010312_HOC_38

2 Hansard, House of Commons, 20 January 2011, col. 958W

- Prisoners who work in prison workshops receive a token salary of approximately £9.60 per week on average,[3] but with the exception of a minority of Category D inmates allowed out to work on day-release, no prisoners earn a market rate for work in custody or pay tax on their earnings. Victims receive no payments from working prisoners, and prisoners do not have to save any money to support their own resettlement costs.
- While NOMS contracts with more than 200 firms (including G4S, Serco and Travis Perkins) and earned £6.5 million over 18 months from these contracts,[4] the workshops that exist are believed to be currently operating at only 50% capacity.[5]
- There is significant variation in the proportion of purposeful activity accounted for by work. The top-performing prisons on this measure deliver two-thirds (69%) of purposeful activity in the form of work. Excluding young offender and juvenile facilities, the worst-performing establishments struggle even to ensure a third (30%) of purposeful activity is work. In aggregate the top fifth of prisons as measured by working hours per prisoner per week, account for a quarter (24%) of all the work undertaken across the estate, while the bottom fifth carry out less than a tenth (8%) of all prison work hours.[6]
- Restrictive staffing arrangements have prevented work schemes expanding in prison and changes to make regimes more conducive to work have been avoided because of perceived resistance from staff associations. Governors of public sector prisons are restricted by the mandated "core day" – which prevents time out-of-cell on a Friday afternoon – and "Bulletin 8" which heavily constrains the extent governors can alter staff working patterns. This latter constraint in effect mandates a two-hour lunch break for prisoners. Such restrictions have previously been identified as a curb on purposeful activity by the Prison Industries Review (2003) which found: "*The Review Team would have liked to recommend a substantial increase in the number of hours that many workshops operate … however … the regime changes that would increase the working week to nearer the norm of those achieved in outside workplaces would involve substantial staffing and industrial relations difficulties.*"[7]
- International examples exist where the prisons sector demonstrates more progress on the work agenda and shows what can be done. The example that has most in common with the principles of real work in prison outlined in this report is the case of Muret Prison, near Toulouse, France, where its prison workshops are contracted by external businesses – including Airbus – to complete assembling and other low-skilled manufacturing work.

- To be successful in driving change throughout the Prison Service, the new agenda for real work in prison needs to be distinct from the current conception of work in prison, which is often activity for activity's sake, and mainly consists of non-commercial, short-term programmes and skills courses that are poorly paid, provide no social benefit and do not reflect the realities of employment.
- This new agenda challenges the consensus among prisoners, who typically see completing their custodial sentence as wiping the slate clean, while the public wish to see prisoners engaged in constructive activity and to make reparations

3 http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110120/text/110120w0003.htm#1101206400054

4 http://www.hmprisonservice.gov.uk/assets/documents/10004BE0prison_industries_contract_service_oct_10.pdf

5 Estimate provided in a telephone conversation with Prison Industries Unit

6 http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0759.zip

7 Prison Industries Review, 2003

to society. Real work provides the opportunity to deliver both constructive activity and reparation in a way that the current prison system fails to provide.

- Real work is also distinct from earlier approaches to prison industries where inmates were put to work with unpaid labour programmes enforced by the prison authorities. Real work in prisons in the twenty-first century should not be a requirement but a privilege – a condition that inmates aspire towards and one that brings reward.
- In contrast to the 2003 Prison Industries Review, which wanted work opportunities to be focused on those prisoners who showed the greatest need, the real work agenda outlined in this report focuses the opportunity on those prisoners who have the most potential:
  - Real work is about a **privileged opportunity** for those offenders who choose to engage, not an enforced requirement as part of a custodial sentence. Only those prisoners who choose to engage should be considered for places in paid real work programmes.
  - Real work is about **responsibility**, where the employee takes responsibility for applying for work and for their own conduct on the job, and the employer has the ability to hire and fire, reflecting the external labour market where employers and employees each make a commitment to and depend on the other.
  - Real work is about **fair working wages**, with prisoners paid for the work done, subject to it being of the necessary standard. Payment in the external labour market brings meaning and reward for work completed; there is no reason why this should not apply to prison work. The working wages should also be subject to deduction of tax, National Insurance, a management charge (reflecting prison overheads), payments into a resettlement fund (a post-release savings pot) and a donation to victims.
  - Real work is about a **full working day** in which prisoners work a standard eight-hour day, just like regular employees outside prison. Receiving a prison sentence and the associated loss of liberty should not prevent an offender from contributing to society, making reparation to victims or preparing for resettlement.
  - Real work is about **formal recruitment** where employers are allowed to recruit their workforce from across the prison estate, selecting their employees on the basis of merit. This reflects the nature of recruitment in the external labour market, where offers of employment are based on the merits of the individual, rather than their needs.
  - Real work is about **proper relationships** between the employee and employer. Employees are accountable to their employer for the work they do, the amount of that work and the quality of that work. The proper relationships fostered by employment help develop vital life skills including personal responsibility. Such a behavioural shift in many inmates is required but often not achieved during their incarceration.
- The indicative criteria for a real work candidate used in this report can be summarised as requiring the prisoner to be a relatively low security risk (Category C and IEP Enhanced), being free of drugs (as determined by testing regimes), having sufficient education to follow and understand instructions (reading age 11+) and having at least two years remaining to serve on a sentence.

- Even if resources allowed, not all prisoners who can work would work, but on the basis outlined, we estimate that between 2,600 (4%) and 7,300 (11%) of the current sentenced adult male prison population are ready and available for real work in prison. On the basis of a larger scenario of eligible prisoners with just one full year left to serve – potentially achievable in the long-term – we estimate between 6,000 (9%) and 17,000 (25%) of the current sentenced adult male prison population would be ready and available for real work in prison. These paid, full-time places would supplement the internal work conducted for token wages at present (mostly cleaning and food service), but over time the recruitment of prisoners into real work will free up the other existing work places. The result is that in the long-term the number of available work places in prison can be expected to grow by up to 30% or by up to 70% with the larger cohort.
- There will be some industries, low-paid or otherwise, that are unsuitable for prison work either due to security concerns, a skills deficit, the intensity of capital required or the fact that the work can only exist outside of the prison estate, but many industries can operate within a custodial environment if the incentives are right and barriers are removed.
- Depending on the level of prison wages, it may be possible for some manufacturing or other industrial work that has been outsourced to lower wage economies in recent years to be repatriated, or for work that may otherwise be offshored in the future to be carried out as part of real work in prison where labour costs are lower. Prison labour offers a potential alternative to offshoring that is less harmful to the local community and is not direct competition to the local labour market.
- It is important that real work in prison does not turn into exploitation. To allow such a situation to develop would erode confidence in the criminal justice system and create divisive and unstable regimes.
- Prisoners must also be paid fairly for the work they undertake because real employment requires a realistic and equitable wage. The best possible safeguard is therefore to develop a fair wage based on a floor – a Prison Minimum Wage (PMW) that is less than the National Minimum Wage because it reflects the reduced living costs of those in prison. Such a wage could be set at £3.10 p/h, to reflect these subtracted living costs.
- Establishing a Prison Minimum Wage at such a level for real work provides an opportunity for prisoners to earn enough to make meaningful contributions to victims and to their own future resettlement and to provide for themselves and their dependents through the residual 'take home' pay, without being subject to exploitation by employers or allowing them to accrue vast sums each year.
- We propose an indicative breakdown of the prison minimum wage to incorporate a series of necessary deductions, with net hourly wage split equally between victims, resettlement, and a management charge – retained by the prison – leaving take home pay of around 70p per hour. There would also be standard prior deductions for tax and National Insurance against a reduced personal tax allowance.
- One portion of the prison wage (25%) would be ringfenced for the purposes of creating a resettlement fund or savings pot for the prisoner to access on release from prison. Policy Exchange estimates this would raise £6m per year, equating

to more than £30m over a five-year parliament (in the long-term scenario, £14m p.a. and £71m over a five-year parliament). This would go a long way towards helping prisoners overcome the financial difficulties often experienced on release (e.g. providing a deposit/bond for rented accommodation) and would supplement the support given by a probation provider.

- The deductions made, especially the prison management fee and victims' fund, are crucial to public acceptance and with the other deductions help ensure that the victims, taxpayers and society are able to extract their share of the value that would otherwise be going solely to the private employer. This ensures that the benefits of real work in prison are real and clear for the public to see.
- Even after deductions and donations, full-time[8] real work in prison would pay at least c.£25 per week, a significant improvement upon other prison wages that currently average £9.60 per week. Real work in prison is therefore a more attractive proposition for prisoners and should encourage more engagement and compliance from those inmates seeking the opportunity to work and the benefits it provides. The net effect of this policy applied to the 5,000 prisoners we estimate to be available for work in the next few years is:
  - After approximately two years working full-time at prison minimum wage (£3.10/hr) an offender would have paid almost £1,100 in tax and NI, donated almost £2,500 to victims, contributed £2,500 towards the prison's management costs, have built up a resettlement fund of the same amount and received a net wage of the same, deposited in a personalised bank account.
  - For the system as a whole, every year more than £6m would be raised for victims, a further £6m to fund the prisoner's resettlement, £6m as a management fee for the prison and almost £3m would be collected in tax and NI receipts.
  - Over the course of a five-year parliament more than £30m would have been raised for victims, the same again for the resettlement of prisoners and the prison management fee and almost £14m in tax and NI.
  - In the larger, long-term scenario where prisoners with just one year left to serve are also employed, the social returns are greatly increased: £71m to fund personalised resettlement, £71m for management charges, £71m for victims and £31m for tax deductions, totalling £243m in new revenue.
- The expansion of real work also provides an opportunity to supplement and recalibrate the Incentives and Earned Privileges scheme (IEPS). IEPS already aims "to encourage effort and achievement in work and other constructive activity by prisoners" and "to encourage responsible behaviour by prisoners".[9] This has a clear read across to the real work in prison reforms.
- The IEPS is intended to incentivise compliance by reserving privileges to the best behaved inmates, but only a tiny proportion of prisoners exist on the basic privilege level. In 2009-10, approximately 98% of prisoners are on the standard or enhanced regime of incentives and earned privileges, with approximately 45,000 prisoners on the standard level and 35,000 on the enhanced level. In recent years the proportion of prisoners on the enhanced level has increased from 39% to 42%. With just 1,400 prisoners, less than 2% of prisoners, on the basic level, prison has become an increasingly comfortable environment for offenders.

8 For this and subsequent calculations we define full-time as an individual prisoner working for eight hours per day for 220 days per year. The 220 days per year is calculated by taking all possible weekdays in a given year (52 x 5 = 260 days), less a holiday allowance (25 days), less bank and public holidays (8 days) and less the average number of sick days in the private sector workforce (7 days).

9 PSO 4000 (http://pso.hmprisonservice.gov.uk/PSO_4000_incentives_and_earned_privileges.doc)

- Privileges are now common throughout the prison estate but they have become diluted and are too often linked merely to compliance, and not to proactive engagement. Real work in prison provides an opportunity to recalibrate and reform the IEPS so that it might achieve something more than rewarding bare compliance with rules.
- The opportunity of real work in prison is significant: for prisoners to earn respect, money and support on release; for prison governors to bring commercial activity into their prisons and reduce reoffending; for victims to feel more properly respected and compensated for the crimes against them and for businesses to benefit from the profitability of an untapped resource.

## Recommendations

- The market for real work envisaged in this report cannot be planned but must instead be permitted to grow and develop in response to the decisions of local agents (governors and employers) and the engagement of inmates. The centre should not plan but it can and should facilitate. Likewise, the internal work market is an artificial one that relies upon management from the centre. The more sustainable (and therefore more profitable) route of inviting in private, for-profit employers, requires a change in philosophy at the centre and a focus on the wider, commercial market.
- A new model for real work in prison should focus on creating new incentives, removing the barriers to enterprise and devolving authority to governors to cultivate the market, rather than imposing a new policy programme from NOMS. There should be no big bang or planned economy, but a market-led growth of new work schemes.
- Crucial to the success of real work in prison will be understanding and aligning, as far as is possible, the needs of business with the capability of prisoners as potential employees and the capacity of the system, especially the legitimate operational constraints of the prison estate.
- The Ministry of Justice and NOMS need to scope the potential demand from business through the use of survey and other quantitative methods. The Business Advisory Group should be harnessed to help identify potential flagship partners and to inform the development of the scoping study. The work should be conducted with meaningful input from UK Trade & Investment (UKTI) and the Department for Business, Innovation and Skills (BIS) to ensure a joined-up approach to the sizing of the potential demand.
- Although not all prisoners are ready and available for real work, prison governors should aspire to grow the proportion of prisoners who are ready and available for work over the medium to long-term, and to embed profitable, paid work as the core purposeful activity in their prison.
- There should be greater transparency about the amount and type of work currently undertaken throughout the estate and to aid comparison of best practice and to encourage improvement, the hours of full-time paid work should be described separately from the 'purposeful activity' total for individual prisons reported by HM Prison Service.

- NOMS should have a clear view of the availability of workshops across the prison estate, monitor utilisation and make this information freely available. They should also lend technical and legal support to local establishments through the real work tendering process and when contracts are being drafted locally. They should also publish details and data relating to the work taking place inside prisons in the interests of transparency and public awareness.
- To establish a credible framework to drive the uptake of real work opportunities and overcome any barriers to implementation, the new Prison Work Unit should be led by a senior management team with appropriate commercial experience. The purpose of the centre should be to facilitate the market and remove regulatory barriers, and its role should be limited to data collection, transparency and technical support. It shall be for the governor of each individual establishment to decide what work takes place inside their prison and which employer to work with.
- Category C training prisons are likely to be the most suitable institutions to house real work within the custodial estate, and estate planning should take account of future demand for work spaces in this type of custody and prioritise keeping such places operational.
- To avoid exploitation, while still providing a labour cost incentive for employers to consider prison work opportunities, the government should examine the case for a Prison Minimum Wage to act as a fair wage for prisoner employment. This wage should be less than the National Minimum Wage to reflect the living costs that the state already provides prisoners.
- The Ministry of Justice should consider the case for creating a distinct category for those prisoners who are suitable for the new employment opportunities being outlined. In the case of real work in prison we define those who are ready and available for work as 'Category W' prisoners.
- A distinct cohort – Category W – could then enable better population management by concentrating the available workforce in a small number of establishments while providing serving prisoners with a clear incentive and a grade to aspire to that would bring additional opportunities and rewards (such as more in-cell privileges and prison visits).
- Real work requires businesses to take a lead in applying to individual prison governors to set up a business within prison, and ministers should actively encourage household names and high-profile employers to consider prisoner employment. The Ministry of Justice should look to develop a plan to highlight the importance of employment and purposeful activity and, with political backing, look to showcase the work and businesses who do engage in prison work, so that new entrants are not put off by fears of negative publicity.
- Governors will then be responsible for awarding space within prison based upon a business case, with consideration being made for the specific circumstances of their establishment. This more flexible and localised approach to the running of working prisons, with the governors also controlling the tendering process, is critical to ensuring that businesses are encouraged to engage with real work in prisons and will give local businesses better access to the new market for real work in prison.

- A step-change in the delivery of real work opportunities in prisons will depend upon progress in making the custodial environment more conducive to work, where potential employees are fit and able to apply for work opportunities. This will require a new focus on improving in-prison literacy schemes and new measures to tackle the large-scale supply of illegal drugs into prisons. Previous research from Policy Exchange's 2010 report *Coming Clean: Combating Drug Misuse in Prisons* revealed the scale of this problem. By requiring all applicants for real work places to be drug free means ensuring that the supply of drugs into prisons is more effectively combated. Drug-infested regimes are not compatible with real work placements for prisoners.
- Public sector prison regimes must operate more flexible staffing arrangements so the hours available for work more closely reflect the needs of the employer and the reality of the external market. Restrictive regulations like Bulletin 8 should be lifted and new workforce staffing rules agreed to better accommodate real work in prison.
- The current IEP regime is clearly out-of-step with public expectations, even if it is a mechanism used by staff and governors for legitimate control purposes and for compliance. The IEPS should be reformed so that it operates properly as a reward and not an entitlement. The best privileges should be focused on those working prisoners who have demonstrated a willingness to constructively engage in their own rehabilitation and be paid for in the same way as law-abiding members of the public. It is conceivable that a top tier "Worker" level might be added to a reformed IEPS for Category W prisoners engaged in full-time, paid work.

# Introduction

In October 2010, the Lord Chancellor and Secretary of State for Justice, Kenneth Clarke, said "[W]e need to instil in our jails a regime of hard work."[10] This objective is also contained within the Coalition Programme for government,[11] which states that prisoners will engage in "properly paid work." These objectives form part of the 'Rehabilitation Revolution', an attempt to shift the ethos across the criminal justice system to prioritise the prevention of crime through the reduction of reoffending. The policy to embed real work as the core of more purposeful, productive prison regimes that are more conducive to lowering recidivism is centred on creating a normal working day. This is the right ambition and the policy is evidence-based. However, the current system is a long way from delivering on this objective.

In May 2011 the prison population in England and Wales stood at 85,136.[12] Within the estate there are an estimated 24,000 work places for prisoners, including catering, cleaning, land-based activities and more varied day-release programmes. While the Prison Rules require prisoners to engage in "useful work" and privileges can be used to encourage compliance, no inmate is compelled to work and most do not. For the vast majority of inmates, work opportunities do not exist at all – let alone a full-working week. As the government has acknowledged, the default life of most prisoners – especially those on shorter sentences – is one of "enforced, bored idleness, where getting out of bed is optional."[13]

This lack of employment in custody means that most prisoners are released unprepared for life outside. Stable employment is proven to reduce recidivism and yet, in 2009 only 36% of those leaving prisons in England and Wales were entering into education, training or employment.[14] Some disagreement remains about the objective of work in prison – is it to give prisoners an opportunity to enhance their employability, or just a way of keeping them occupied out-of-cell? The current reality suggests the system too often views prison work as the latter. Work opportunities are patchy and often short-term, with most of the current programmes small in scale (fewer than 50 work places) and entailing menial, non-commercial work for the internal prison market.

The current system fails all parties. Victims of crime and the wider public perceive prison regimes as 'soft' and an inadequate punishment with custodial privileges granted but rarely earned; taxpayers are denied the potential economic return of more productive regimes; offenders' experiences of work are unrewarding with idleness and boredom the norm; and the captive opportunity to develop and maintain the skills and work ethic of prisoners is lost, with poor employment prospects and high reoffending rates the consequence. The 135 prisons in England and Wales[15] house men and women who, for a variety of cultural, institutional and regulatory reasons, are prevented from being

10 Conservative Party Conference – 5 October 2010

11 http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/documents/digitalasset/dg_187876.pdf

12 http://www.justice.gov.uk/downloads/publications/statistics-and-data/hmps/prison-poulation-27-may-2011.doc

13 Conservative Party Conference – 5 October 2010

14 http://services.parliament.uk/hansard/Commons/ByDate/20100323/mainchamberdebates/part002.html#heading001subheading009

15 http://www.hmprisonservice.gov.uk/assets/documents/10004C9Fpop_bull_mar_11.doc

productive when they could be contributing towards society – to the economy and to crime victims – as well as to their own resettlement.

Major barriers exist in the current system that need to be overcome before the Prison Service can deliver on the government's objectives. Unless structural reforms are undertaken, the aim to usher in a new era of work will not be realised. However, if designed and delivered properly, real work in prison that is full-time and paid has the potential to transform prison regimes, the life chances of offenders, and the performance of the correctional system on the key metric of recidivism. While work in prison is currently only considered a part of 'purposeful activity', real work in prison seeks to make real work distinct and to provide prisoners with the opportunity to develop and maintain a work ethic, build their work experience, make reparations to victims, support themselves and their families and prepare for resettlement back into the community.

As the Howard League's social enterprise Barbed showed, it is possible for businesses to operate within prison. It is also clear that real work is about commercially viable work, with quality standards, recognising that those employed will be there on the basis of merit rather than their perceived need. It is about developing a demand-led market for prison labour taking advantage of businesses with a real requirement freely entering into employment contracts with individual prisoners who meet the standards set by the employer.

This report maps out what work in prison should look like and what needs to change in the current prison system to make it a reality. The new agenda for real work in prison needs to be distinct from the current conception of work in prison – which is often activity for activity's sake – and mainly consists of non-commercial, short-term programmes and skills courses that do not reflect the realities of employment. Real work is also distinct from earlier approaches to prison industries where inmates were put to work with unpaid labour programmes enforced by the prison authorities. Real work in prisons in the twenty-first century should not be a requirement but a privilege – a condition that inmates aspire towards and one that brings reward. To ensure growth and sustainability, the new system needs to embody this, among several other key principles of real work, reflective of the reality of the modern prison context and the outside marketplace to which prisoners will eventually return, with work in prison undertaken on the basis of profit, with activity and products responsive to market demand, with placements awarded to successful applicants rather than imposed, and with formal contracts of employment for valuable, productive work, not artificial activity reliant solely on an engaged governor and voluntary sector good will.

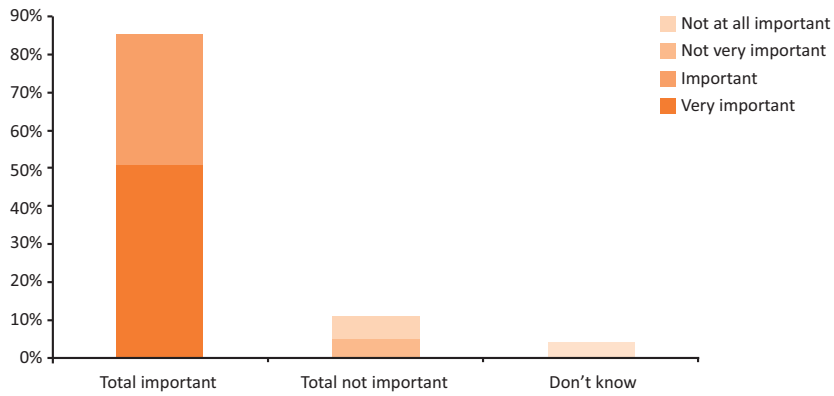
“Real work in prisons in the twenty-first century should not be a requirement but a privilege – a condition that inmates aspire towards and one that brings reward”

The opportunity of real work in prison is significant: for prisoners to earn respect, money and support on release; for prison governors to bring commercial activity into their prisons and reduce reoffending; for victims to feel more properly respected and compensated for the crimes against them and for businesses to benefit from the profitability of an untapped resource. A new model of real work would also enable some existing schemes to be built upon so that more employers could invest in expanding schemes to get more prisoners working.

## Public Attitudes

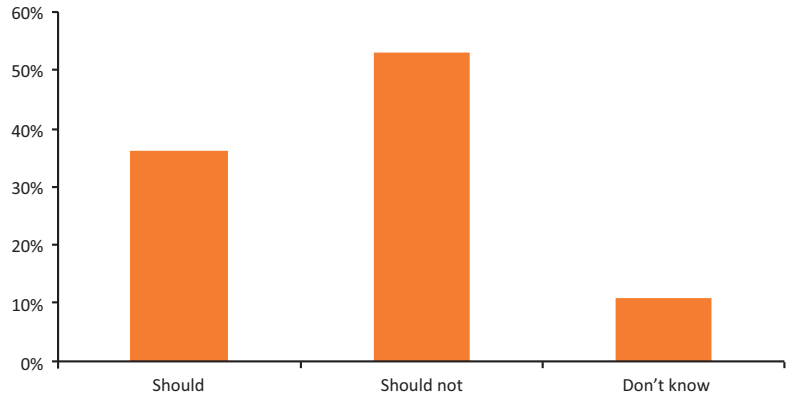
The government's policy ambition is broadly supported by the British public. In a survey by YouGov commissioned for this report, respondents were asked about their attitudes to prisoners working. There was general agreement from those polled that experience of work in prison would help make prisoners more employable on release, with 85% of respondents thinking it important, compared with 11% thinking it not important (4% did not know):

**Figure 1: How important, if at all, do you think it is for prisoners to have some experience of work while in prison to help make them more employable after release?**



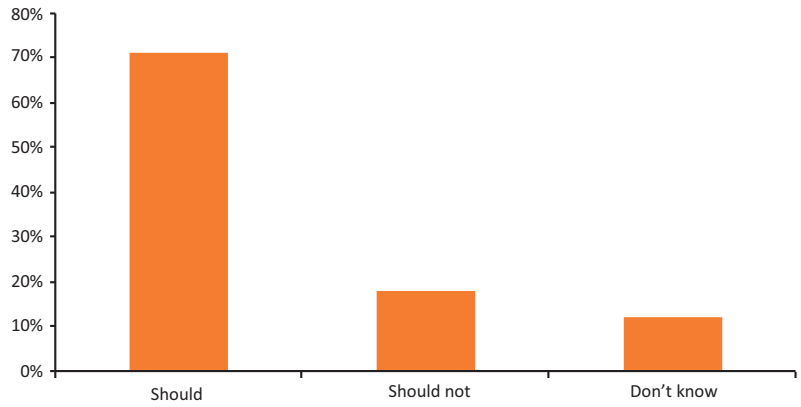

There was initial reluctance to endorse private companies employing prisoners on a low wage – the practice at present in a small number of prisons:

**Figure 2: Do you think private companies should or should not be allowed to pay prisoners who are employed in prison workshops a low wage?**



When additional context was presented, a large majority of the public clearly supported an expansion of work schemes using outside employers so more prisoners worked during their sentence:

**Figure 3: Prisons in the UK give some prisoners the opportunity to work in prison workshops, but, at present, only around 1 in 10 prisoners undertake some sort of work while they are in prison. Do you think outside employers should or should not be allowed to come into jails to run workshops and work programmes to increase the amount of work that prisoners do?**




The Coalition policy for more prisoners to work a full working day is the right ambition, and the policy is popular and evidence-based. However, major barriers exist in the current system that need to be overcome before the Prison Service can deliver on the government's objectives. This report seeks to identify those barriers and suggest ways in which a real work agenda for prisons could be made a reality.

# 1
# Defining Real Work

More than 29 million people in the UK are in employment, paying their way, both in terms of income tax and National Insurance (NI) contributions, but also their accommodation, food, travel and other essential living costs. The majority work upwards of 30 hours per week and spend up to an hour travelling to and from their workplace each day. Many will also fit in education and family responsibilities around their working day.

The same is not true for the 85,000 individuals held in the prisons of England and Wales. Prisoners do not routinely pay income tax or NI, nor do they have to cover the cost of their accommodation, food or travel. Prisoners typically have free access to gym and exercise equipment, for which law-abiding taxpayers must pay, and to other privileges such as in-cell televisions that are granted for a token sum that does not reflect their real value.

Some good examples of creative employment in custody already exist, but in general, work in prison does not currently live up to the standards of real work, nor does it receive the attention it deserves. Prison work is held by many in the sector to be broadly synonymous with so-called 'purposeful activity', a key performance measure used by the National Offender Management Service (NOMS), which includes a wide range of activities from education through to rehabilitation programmes, contact time with family and attendance at prayer, plus a few activities that the public might recognise as work. However, the vast majority of prison work currently taking place is not real work in the sense that it is full-time, properly paid, and contract-based.

Work in prison forms a key part of many prisons and prison systems all over the world, particularly in the United States. The most common arrangement is where prison industries are developed in order to supply the internal prison market with products and services (e.g. laundry, catering, foodstuffs). There are also examples of prison workshops being contracted by external businesses to complete work.[16]

## 1.1 The current state of prison work in England and Wales

Requiring prisoners to work while in custody is not a recent innovation. Historically, custodial sentences served in English prisons typically involved some work element, either to supplement the punishment, or to keep inmates occupied.[17] However, more commercial prison industries, either with or without links to external employers and skills-based training programmes, are a comparatively recent development.

16 www.unicor.gov

17 Morris, N.E. Rothman, D. J., The Oxford History of Prison, 1998

Prison authorities used to require inmates to work as a condition of their incarceration, with governors overseeing unpaid labour programmes where inmates were put to work, usually involving prison maintenance and even the construction of new prison wings by the inmates themselves. Although a sizeable minority of the public appear to endorse the notion of unpaid labour for prisoners, enforced labour in custody that is not paid is illegal (under Article 4 of the European Convention on Human Rights) and would not be possible to implement within the contemporary estate, so the workshops that do exist involve inmates who have chosen to work in roles that attract a small wage. Prisoners who work earn on average £9.60 per week[18] – an average of less than £1 per hour – though some can earn up to £50 per week, based on their productivity and the type of work. These wages incur no deductions.

The work in the prisons of England and Wales comes in a number of forms. Prison work has previously been segmented into four categories by the Prison Service as reported by the Home Affairs Select Committee. The segments cover work that produces goods for consumption by the prison estate (the 'internal market'); work that provides maintenance and other services to the prison; work that has been commissioned by organisations external to the prison; and land-based activity (traditionally comprising of farms producing food for consumption by prisons).

The total number of work places, approximately 24,000, is considerably higher than the frequently cited figure of 9,000 work places. This is because the 9,000 figure only covers those work places servicing the internal market or external contractors. The remainder of jobs are primarily jobs maintaining and servicing the prison (e.g. cleaning and catering work). Each of the work activities listed in Table 1 has the potential to align with real work in prison. However the reality is that on a number of counts the activity falls short of the real work standard.

**Table 1: Current types of work in public sector prisons**

| Prison Work Type | Examples | Estimated Workforce |
|---|---|---|
| Work for the internal market | Complex and challenging production tasks, such as clothing, window frames, furniture, plastic goods and light engineering | 5,000 |
| Work to maintain and service the prison | Cleaning cells and landings, working in the kitchen or laundry | 14,500 |
| Work for external contractors | Filling mail-shot envelopes and assembling electrical components | 4,000 |
| Land-based activities | Market garden operations, ground maintenance, landscaping and animal husbandry | < 1,000 |
| *Total work places* | | c.24,000 |

Source: Home Affairs Select Committee Report[19]

Prison work does not feature prominently in prison assessment or performance monitoring frameworks. Prisons are assessed on their performance against a "Healthy Prison" framework, with work subsumed within a 'purposeful activity' measure. This measure includes a wide range of other activities, from training and education classes to mentoring and bakery classes. These are run by a diverse group of charities,

18 http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110120/text/110120w0003.htm#11012064000543

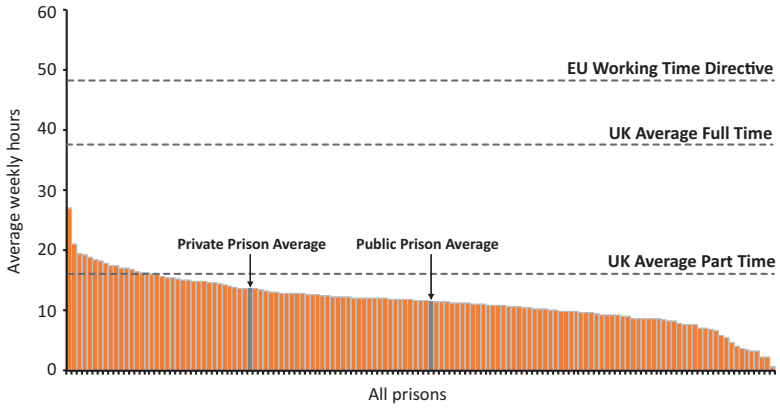
19 http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/193/193.pdf

businesses and the public sector. For example, the Prisoners' Education Trust run education programmes, Timpson run work training schemes and the Nehemiah Trust and NOMS run offender behaviour programmes. There are some instances where 'purposeful activity' comes closer to real work in prison. For example, DHL operate a 'pick and pack' workshop out of HMP Wayland where inmates work 30 hours a week and are paid £30 per week. Their pay is carefully designed to maximise the effectiveness of prison labour with it being segmented into £10 basic pay and £5 each for attendance, production, no thefts and on-time delivery.

## Figure 4: The Healthy Prison Assessment Framework[20]


There is wide variation in the levels of purposeful activity recorded as Figure 5 demonstrates. It is also clear that prison work is a relatively small proportion of purposeful activity.

## Figure 5: Work by prison, 2009-10




Source: ONS Labour Force Survey,[21] NOMS Regime Monitoring Data[22]

There is significant variation in the proportion of purposeful activity accounted for by work. The top-performing prisons on this measure deliver two-thirds (69%) of purposeful activity in the form of work. Excluding young offender and

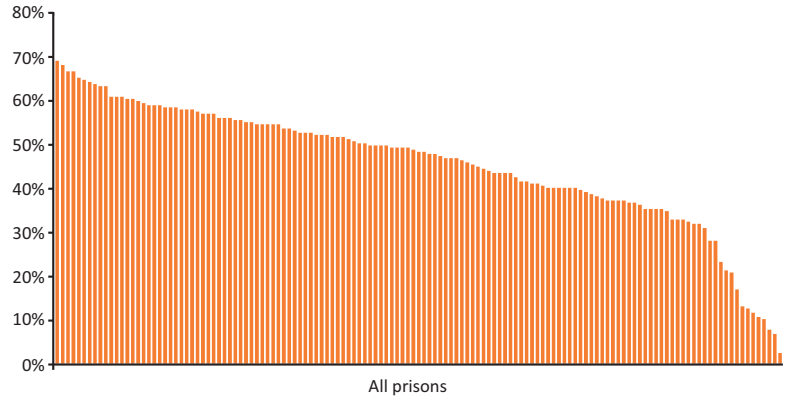
20 http://www.justice.gov.uk/inspectorates/hmi-prisons/docs/Inspection_Manual_2008_rps.pdf (p.45)

21 http://www.statistics.gov.uk/statbase/xsdownload.asp?vlnk=1381

22 NOMS Regime Monitoring Performance Data (http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0759.zip)

juvenile facilities, the worst-performing establishments struggle even to ensure a third (30%) of purposeful activity is work. In aggregate, the top fifth of prisons as measured by working hours per prisoner per week, account for a quarter (24%) of all the work undertaken across the estate, while the bottom fifth carry out less than a tenth (8%) of all prison work hours.[23]

**Figure 6: Work as % of purposeful activity by prison, 2009-10**




Source: NOMS Regime Monitoring Data[24]

It is worth noting that concerns have been raised as to the integrity of the official purposeful activity measure. In 2007, the then Chief Inspector of Prisons wrote in her annual report:

> *"[We] continued to find prisons overestimating the amount of activity and time out of cell available to prisoners – sometimes due to averages that disguised the reality for many prisoners; at other times by producing figures that were frankly incredible."*[25]

In this context and given that only 24,000 work places exist within a prison estate holding 85,000, it is clear that the levels of prison work currently fall a long way short of the real working day experienced by those outside of prison. The most recent data available also shows that the average weekly hours worked by working prisoners has fallen, from 13.3 hours per week in 2005-06 to 11.8 hours per week in 2009-10, meaning the average prisoner is employed for fewer hours per week than the average part-time worker in the general economy (15.7).

Part of this decline in hours work in recent years was the direct consequence of increased prison overcrowding and high rates of churn which led to a less static, more heavily populated estate that was less able to provide the same level of practical work placements. Additional restrictions on time out-of-cell, for instance with the introduction of the 'Core Day' which limited activity on Friday afternoons, further reduced the availability of prisoners for work.

However, work in prison has not been a priority for either NOMS or HM Prison Service over a considerable period. In 1962, the then Home Secretary, Henry Brooke, told Parliament that "the weekly hours in most workshops fall within the range of 15-25", with a "working week of 35 hours and upwards" generally achieved in open, closed regional and central prisons.[26] Since then there has been a steady decline in the amount of work in prison.

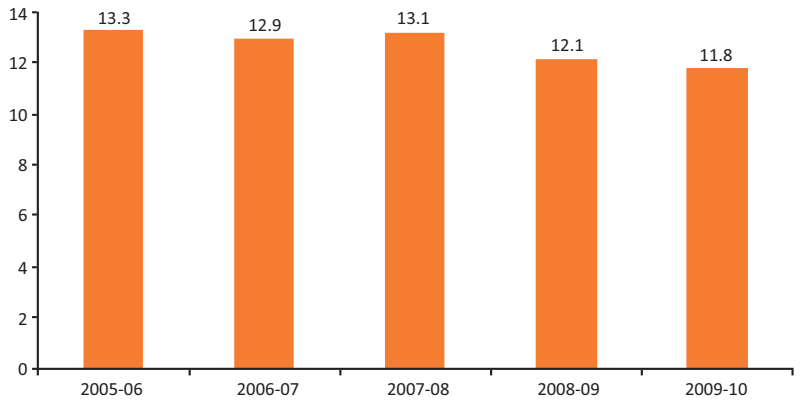
23 http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0759.zip

24 NOMS Regime Monitoring Performance Data (http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0759.zip)

25 http://www.justice.gov.uk/inspectorates/hmi-prisons/docs/prisons_ann_rep_06-07.pdf

26 http://hansard.millbanksystems.com/written_answers/1962/nov/22/prisoners

**Figure 7: Average weekly hours worked per prisoner**




Source: NOMS Regime Monitoring Data[27]

Over the period 1996 to 2003 concerted efforts were made to close down prison farms. Between 1996 and 2001, the number of prisoners employed on prison farms fell from 1,047 to 249. HM Prison Service justified the decision to close prison farms on the basis that the proportion of agricultural jobs in the economy had fallen to 2.2% and therefore "employment opportunities in agriculture are decreasing", failing to acknowledge that released offenders with low-skills may be more typically suited to such opportunities than other work in the wider job market.

It is also the case that, in spite of growth in the prison population of 70% since 1995, the number of prisoners working in prison workshops has failed to keep up, growing only by 7%.[28] In 1995 there were 8,844 prisoners working in prison workshops (17% of total population), with numbers of between 9,000 and 10,000 estimated for the period since 2003 (around 11% of total population today). The number of prison workshops (c.300) has also remained largely fixed at the same level since the 1980s.[29]

The general trend and certain decisions taken, such as to close and sell off prison farms, highlights the failure of HM Prison Service to effectively provide and sustain employment opportunities or to recognise the value of work in prison. This is due to a lack of commercial experience at the centre, a lack of proper incentives, a misguided view as to who should work and the inherent flaws in thinking only of a planned economy in prison labour.

Senior officials in NOMS and the Prison Industries Unit have previously acknowledged many of these deficiencies, telling the Home Affairs Select Committee in 2004 that decisions regarding the types and location of workshops had "not been taken in a properly informed way" and that prison industries "have rather got left behind by other developments within the system". The Committee reported that the senior officials gave the impression that "providing work opportunities for prisoners was not a central and essential part of the prison regime".[30]

Work for external contractors is also an area of unrealised potential. While NOMS contracts with more than 100 firms (including G4S, Serco and Travis Perkins) and earned £6.5 million over 18 months from these contracts,[31] the reality is that the

27 NOMS Regime Monitoring Performance Data (http://www.parliament.uk/deposits/depositedpapers/2011/DEP2011-0759.zip)

28 http://hansard.millbanksystems.com/commons/2001/mar/12/ex-offenders#S6CV0364P0_20010312_HOC_38

29 See http://hansard.millbanksystems.com/written_answers/1986/jul/07/prison-workshops, 'Service on the verge of industrial revolution' Prison Service News, September 2003 and estimate provided in a telephone conversation with the Prison Industries Unit, May 2011.

30 http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/193/193.pdf

31 http://www.hmprisonservice.gov.uk/assets/documents/10004BE0prison_industries_contract_service_oct_10.pdf

workshops are believed to currently only be operating at 50% capacity.[32] The shortage of prison work was recognised by the Home Affairs Select Committee in its 2004-05 report that examined the challenges of rehabilitating offenders:

> *"[A] maximum of just over 30% of prisoners may be involved in some form of prison work activity, only a third of those have places in prison workshops, the type of work activity which most closely reflects 'real working life'."*[33]

Furthermore, even those who have engaged with prisons already report that the process is extremely painful, and activity appears largely to have been in spite of, rather than as a result of, the existing processes:

> *"It took a lot of organisation at the prisons, such bureaucratic places. Lots of businesses want to help but find it just isn't worth the effort."*
>
> John Timpson, Chairman, Timpson[34]

It is clear that work in prison currently falls a long way short of the standards set for real work and, as average weekly working hours, the number and type of work places and the case of prison farms highlights, prison work has been at best, stagnating and, at worst, in decline for a significant period of time.

As a bare first step, there should be greater transparency about the amount and type of work currently undertaken throughout the estate and to aid comparison of best practice and to encourage improvement, the hours of paid work should be described separately from the 'purposeful activity' total for individual prisons reported to HM Prison Service and publicised by NOMS.

> "The general trend and certain decisions taken, such as to close and sell off prison farms, highlights the failure of HM Prison Service to effectively provide and sustain employment opportunities or to recognise the value of work in prison"

## 1.2 What is real work in prison?

Real work in prison is about providing individual prisoners with the opportunity to apply to work full-time in a commercially-viable role. Under this scenario, a private employer will conduct interviews, assess applicants and select the most suitable individuals for the role. The same employer will provide a wage to the employee in return for real work that meets the quality standards set by the employer. The employer shall reserve the right to terminate, promote or further reward the employee. Real work can therefore be seen as a mirror of the external labour market, with one crucial difference: that it takes place inside the prison walls.

Real work in prison will serve to provide prisoners with the ability to earn a wage in excess of that provided to prisoners currently, to maintain or develop their work ethic and to acquire or develop transferable workplace skills. The prison stands to benefit from a more purposeful and secure regime, with more constructive and enthusiastic engagement from prisoners and staff alike. Society and the taxpayer stand to gain from reduced reoffending, reduced welfare dependence, increased tax and NI receipts and meaningful financial reparation to victims.

32 Estimate provided in a telephone conversation with the Prison Industries Unit.

33 http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/193/193.pdf

34 http://www.telegraph.co.uk/finance/jobs/john-timpson/7790842/John-Timpsons-workshops-at-Wandsworth-Prison-help-inmates-learn-a-trade.html

- Real work is about a **privileged opportunity** for those offenders who choose to engage, not an enforced requirement as part of a custodial sentence. Only those prisoners who choose to engage should be considered for places in real work programmes.
- Real work is about **responsibility**, where the employee takes responsibility, and the employer has the ability to hire and fire, reflecting the external labour market where employers and employees each make a commitment to and depend on the other.
- Real work is about **fair working wages,** with prisoners paid for the work done, subject to it being of the necessary standard. Payment in the external labour market brings meaning and reward for work completed; there is no reason why this should not apply to prison work. The working wages should also be subject to deduction of tax, National Insurance, a management charge, payments into a resettlement fund and a voluntary donation to victims to reflect the full spectrum of societal benefits arising from work.
- Real work is about a **full working day** in which prisoners work a standard eight-hour day, just like regular employees outside prison. Receiving a prison sentence and the associated loss of liberty should not prevent an offender from contributing to society, making reparation to victims or preparing for resettlement.
- Real work is about **formal recruitment**, where employers are allowed to recruit their workforce from across the prison, selecting their employees on the basis of merit. This reflects the nature of recruitment in the external labour market, where offers of employment are based on the merits of the individual, rather than their needs.
- Real work is about **proper relationships** between the employee and employer. Employees are accountable to their employer for the work they do, the amount of that work and the quality of that work. The proper relationships fostered by employment help develop vital life skills including personal responsibility. Such a behavioural shift in many inmates is required but often not achieved during their incarceration.

Real work in prison is therefore made up of a number of core components, each driven by a specific rationale.

### Table 2: What is real work in prison?

| Component | Rationale |
|---|---|
| ***Privileged Opportunity***<br>*Inmates earn employment, rather than being put to work* | Work opportunities should be offered to more inmates but there should be no right, requirement or guarantee of work. Employers choose applicants, and those prisoners who do not want to engage would, as at present, not be compelled to. |
| ***Responsibility***<br>*Employer has the ability to hire and fire* | Employees should take responsibility for the work they do, being accountable to their employer for the quality and amount of work they do. |
| ***Fair Working Wages***<br>*Wages paid and deductions made* | Prisoners should be paid for the work done. A proportion of any earnings should be donated to a victim's fund and held in trust for the offender on release. Prisoners should also pay tax and National Insurance to support society (as appropriate). |

| | |
|---|---|
| ***Full Working Day***<br>*Eight hours work per day (excluding security activities such as unlocking, counts, etc.)* | Prisoners should work a normal working day just like people outside prison. Receiving a prison sentence should not necessarily prevent you from contributing to society through economic activity. |
| ***Formal Recruitment***<br>*Employer-led interviews and selection processes* | Employers should be allowed to recruit from across the prison, selecting their employees just as they would in a real work environment. This will give employers faith in their workforce and normalise the working environment and application process for those in custody. |
| ***Proper Relationships***<br>*Contract of employment between inmate and employer* | Prisoners should have a contractual relationship with their external employer. The employer should directly employ the employee on standard terms and conditions. |

Reports following the Howard League for Penal Reform's social enterprise, Barbed, demonstrate that real work within prison motivates prisoners as employees and encourages personal responsibility and a work ethic where the reward and value of employment is understood and positive behaviour change results.

## Box 1: Barbed

The Howard League for Penal Reform set up a real business in Coldingley Prison in 2005. Barbed was a unique graphic design business. It was set up to make a profit. Prisoners were paid real and fair wages for the work undertaken. Prisoners were paid on the same scales as full-time Howard League staff, with the same entitlements to annual leave and access to support as Howard League staff outside prison. The design work was supervised by a supervisor who was not a member of the prison staff and prisoners were treated as employees.

Before being recruited to work for Barbed design studio, prisoners undertook interviews and the Howard League selected people they wanted to work for their company. Barbed was a real working environment in prison.

One employee of Barbed, Terry, stated, "*Barbed gave me a way to provide for my family and contribute in their lives positively. I was able to help pay bills, provide in new ways and support myself. I felt I was less of a burden to my family financially…*"

Source: Howard League for Penal Reform, 2011

## Box 2: Private sector practice

With contracts to run a number of prisons in the UK, G4S and Serco have both demonstrated that work in prison can be delivered.

At HMP Altcourse near Liverpool, G4S operates a strict work regime where around 120 out of 1,000 eligible prisoners, are paid on average £20 per week to work in industries ranging from book recycling work to a metal fabrication workshop. Prisoners are invited to make a voluntary contribution towards victims, equivalent of 5% of their

weekly pay. In this way the prison makes annual contributions to a local victim support charity – totalling £4,500 in 2010 – and an event is arranged annually for the prisoners to present a cheque to the charity concerned.

At HMP Dovegate, Serco run a Category B prison of 1,100 prisoners, 1,000 of whom are taking part in purposeful activity and of those approximately 350 are working in industries (most of these are part-time earning around £17.50 per week). They have two main companies operating in the prison industries: a major electrical lighting manufacturer and Whirlowdale (a pallet and packaging business). Prior to working in HMP Dovegate, the electrical lighting manufacturer's work was located in the Far East and Eastern Europe where labour costs were low. Prisoners are paid anything up to £35 per week depending on the hours they work and their level of productivity.

Source: G4S/Serco

### Box 3: Muret Prison, France[35]

At Muret Prison, near Toulouse, seven external companies have set up a dozen workshops ranging from 375 to 1,200 square metres, manufacturing items from furniture to aerospace components, each workshop employing up to 40 prisoners. Prisoners produce items such as those used in the latest series of Airbus passenger aircraft, ranging from very small items through to the air conditioning units for the double-decker A380.

Almost three-quarters of the prison's 600 inmates are in full-time employment (a 35-hour working week), and prisoners are paid between €400-€800 per month, enabling prisoners to purchase items such as computers and satellite TV subscriptions. Of these earnings around 10% goes towards compensating victims, and deductions are made for social insurance.

## Benefits of employment

Research has consistently identified employment and education as the two most significant risk factors correlated with recidivism,[36,37] with employment-related interventions associated with the largest reductions in reoffending.[38] Empirical studies suggest that if an ex-offender finds employment then they are between 30% and 50% less likely to re-offend, with 68% of offenders believing that having a job is the most important factor to stop them reoffending.[39] This picture is consistent throughout the lifecycle of reoffending as, of those prisoners who are employed in the year before custody (51% of prisoners), only 40% are reconvicted within a year compared with 65% of those who were not in employment in the year before custody.[40]

There is also considerable evidence that demonstrates the positive benefits work can provide in terms of both improved mental health and as a protective factor for those at risk or with a history of mental illness. Employment provides much more to an individual than just an income. Work can be a source of achievement, satisfaction, and self-confidence. Employment provides structure and purpose to the day and often provides opportunities for social contact and friendships. For those recently released from prison, it can also provide a stated

35 http://www.cd-muret.justice.fr/

36 Gendreau, P, Little, T and Goggin, C, "A meta-analysis of adult offender recidivism: What Works!", Criminology 34: 575-607,1996

37 Hollin, C and Palmer E "The Service-Level inventory – Revised Profile of English Prisoners: risk and reconviction analysis", Criminal Justice and Behaviour 33: 347-66, 2006

38 Lipsey, M, "What do we learn from 400 research studies on the effectiveness of treatment with juvenile delinquents?", J. McGuire, What Works: Reducing Reoffending, 1995

39 "Reducing Re-offending by ex-inmates", Social Exclusion Unit, 2002

40 "Compendium of Re-offending Statistics and Analysis", Ministry of Justice, page 5, 2010

role and identity within society. These benefits have been confirmed by a number of studies,[41] including an international study that similarly found "paid employment can itself bring about improvements in health."[42]

Despite these obvious and tangible benefits of reduced reoffending arising from boosting employability and maximising the number of ex-prisoners in employment, there is still a long way to go. A 2005 Home Office study showed that only 30% of ex-prisoners have employment, education or training arranged on release,[43] and a separate 2007 study found that only 14% are in employment two years after leaving prison.[44] For these and other reasons, recidivism rates are high. Currently 43% of offenders are reconvicted within 12 months and 74% within nine years.[45] We urgently need new thinking and practical models to improve the employability of serving prisoners, separate from (albeit often linked to) attempts to improve employment pathways for offenders after release.

## Table 3: How current prison work compares

| Component of Real Work | Work Undertaken Currently |
|---|---|
| ***Privileged Opportunity*** *Inmates earn employment, than being put to work* | Work opportunities are limited and in high demand but the work is granted by the governor, not the employer, *rather* and brings no more than a token financial reward. While the Prison Rules require prisoners to engage in "useful work" and privileges can be used to encourage compliance, no inmate is compelled to work and most do not. |
| ***Responsibility*** *Employer has the ability to hire and fire* | There are doubtless many prisoners who do take responsibility for their work and seek to constructively engage with the work opportunities provided. However, this is by no means the mainstream approach and the present system neither rewards those who do engage appropriately, nor penalises those who disrupt or fail to engage. |
| ***Fair Working Wages*** *Wages paid and deductions made* | Prisoners are currently paid for participating in education and other programmes. Wages are offered with no link to performance, with the only 'deduction' proving to be a nominal £1/week for a television (which would not even cover the cost of the TV licence, never mind the television, outside of prison). |
| ***Full Working Day*** *Eight hours work per day (excluding security activities such as searches, counts, etc.)* | A minority of prisoners currently spend this long engaged in purposeful activity, never mind work. Activities that members of the public have to complete in addition to work – like education or fitness – are completed in place of work by prisoners. |
| ***Formal Recruitment*** *Employer-led interviews and selection processes* | Reviews of prison industry, industry strategies and recent Select Committee reports all call for work places to be allocated on the basis of need rather than ability. This is totally at odds with the real economy and reflects a profound lack of commercial awareness. It is also unclear how such an approach to prison employment contributes positively to rehabilitation. |

41 Numerous studies have shown that employment is associated with better health and mental health outcomes than unemployment and that as individuals move from unemployment into employment, their mental health improves. See: Kessler RC, House J, Turner J. Unemployment and health in a community sample. J Health Soc Behav 1987;28:51-9.; Dooley D, Fielding J, Levi L. Health and unemployment. Annu Rev Public Health 1996;17:449-65 ; Morrell S, Taylor R, Quine S, et al. A cohort study of unemployment as a cause of psychological disturbance in Australian youth. Soc Sci Med 1994;38:1553-64.; Warr P. Factors influencing the psychological impact of prolonged unemployment and of re-employment. Psychol Med 1985;15:795-807.; Thomas C, Benzeval M, Stansfeld S. Employment transitions and mental health: an analysis from the British household panel survey. J Epidemiol Community Health 2005; 59: 243-339

42 Cited in "Beyond the Gate: Securing employment for offenders with mental health problems", Centre for Mental Health. Originally from Burns et al., "The Impact of Supported Employment and Working on Clinical and Social Functioning: Results of an International Study of Individual Placement and Support", Schizophrenia Bulletin, 35 (5) 948-958, 2008

43 "Resettlement outcomes on release from prison in 2003", Home Office, 2005

44 "Employing Ex-offenders to capture talent", CIPD, 2007

45 "Compendium of Re-offending Statistics and Analysis", Ministry of Justice, page 4, 2010

| Component of Real Work | Work Undertaken Currently |
|---|---|
| ***Proper Relationships***<br>*Contract of employment between inmate and employer* | Prisoners do not enter into a formal contract relating to any prison work they might be engaged in. The employer is typically, in any event, the prison rather than a third-party. This arrangement means there are few actors who are incentivised to minimise the disruption of prisoner transfers which undermine employment and discourage new providers. |

# 2
# A New Model for Real Work in Prison

In developing a new model for real work in prison, it is important that mistakes of the past in justice policy are not repeated. The criminal justice system in England and Wales has long been beset by a tendency to over-centralise and the adoption of one-size-fits-all approaches to reform. In November 2010 the Policy Exchange paper *Carter But Smarter* outlined how the creation of the National Offender Management Service (NOMS) was typical of this approach – stifling innovation, preventing local autonomy and innovation, and failing to deliver the promised transformation and much-needed service integration. A model for real work in prison should focus on creating new incentives, removing the barriers to enterprise, and devolving authority to governors to cultivate the market, rather than a planned economy approach that imposes a new policy solution from the centre.

## 2.1 Core components of reform: the market

Everyone who is ready and available for work in prison should work. There will be natural limits to the number of those who are ready and available to work, just as there are in the external labour market. There will also be a proportion of prisoners who, despite being ready and available for work, choose not to work even where such employment opportunities exist. The pool of labour is therefore a mix of those inmates who are ready and available to work, and of these, those who are willing to apply for employment.

### The labour pool

Understanding the size of the labour pool for real work inside prisons is crucial to establishing a market for real work and this involves estimating the number of prisoners ready and available for real work. A major handicap for employers drawing from the pool of serving prisoners is the condition and character of offenders and their ability to demonstrate employable characteristics such as commitment, responsibility, honesty, sobriety, and interpersonal skills. The model of real work envisaged in this report will entrust the selection of suitable candidates to the contracting employer, who will make the decision on those applicants they deem worthy of employment.

Nevertheless it is possible to outline some prerequisites for a prisoner applying for work, on the grounds that prisoners who do not meet such criteria would rarely be employed in any position in the open labour market.

The criteria used are outlined in more detail below, but can be summarised as requiring the prisoner to be a relatively low security risk (Category C and IEP Enhanced), being free of drugs (as determined by testing regimes), having sufficient education to follow and understand instructions (reading age 11+) and be available for the foreseeable future, having at least two years remaining to serve on a sentence.

These criteria, predicated on the basis that work should be an opportunity made available to those ready and available for work, run deliberately and directly against the recommendation made by the Prison Industries Review. The Review, completed in 2003, argued that those who were least ready for work according to their OASys score (the IT system used for categorising offenders) would be those who would benefit most and should be given priority for prison work places:

> *"...[T]hose who score highest (have never been employed, have a poor attitude to work, are regularly dismissed etc) are those who should be assigned work places in prison above those who score low and therefore already have a good work ethic, some work skills and commitment to work."*[46]

The idea that the best opportunities should be reserved for those who are least willing or able to constructively engage is flawed, not least since the external employment market works in precisely the opposite direction. This alone may explain why businesses looking to employ inmates are too often disinclined to engage with HM Prison Service. This fundamental tension was left unaddressed by the Home Affairs Committee in its report which called for prison work to reflect real work, while perpetuating a wholly artificial system of work place allocation.[47]

Consequently, we believe those offenders who wish to derive benefits from real work in prison must demonstrate their desire to do so through meeting the criteria outlined and that anyone who is ready and available for work should be able to put themselves forward for work, as is the case in the external labour market.

**Table 4: Criteria for prison work**

| Criteria | Required Standard | Rationale |
|---|---|---|
| Education | Reading age of 11+ | The ability to read instructions is a key life skill and as such we believe prison workers should be able to read before becoming work eligible. Most basic work tasks require employees to read instructions and understand rules. |
| Drug Use | Free of drugs (including substitutes) | Drug use poses serious challenges to the maintenance of a job, and as a key driver of reoffending we believe prison workers should have undergone treatment and be free of drugs (including substitutes) before becoming work eligible. |

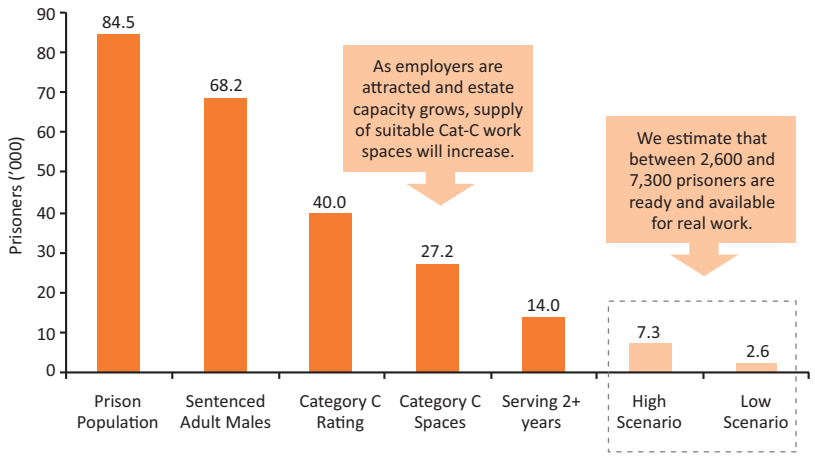
46 Prison Industries Review 2003, p.82

47 http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/193/193.pdf

| | | |
|---|---|---|
| Security | Category C | Category C prisoners are those who must remain in closed conditions but pose the lowest security risk. We believe Category A and Category B prisoners pose too high a security risk for real work in prison to be effective in the short-term, though a number of Category B prisons, such as HMP Dovegate, are able to provide effective employment in a Category B environment. |
| Behaviour | Enhanced IEP | Good behaviour is important and as the best available proxy for good behaviour, only prisoners who have achieved an 'enhanced' privilege status should be considered eligible for work. |
| Sentence | At least two years to serve (or one year in long-term scenario) | Employers investing in real work in prison will want to know that the majority of their workforce will be ready and available to work for a reasonable period of time. Similarly, this should provide NOMS with every advantage to ensure that the prison population engaged in real work is managed appropriately and mid-sentence transfers are kept to an absolute minimum. |

On the basis outlined, we estimate that between 2,600 (4%) and 7,300 (11%) of the current sentenced adult male prison population are ready and available for real work in prison.

**Figure 8: Prisoners ready and available for real work**




Source: NOMS Caseload Statistics, Parliamentary Answers, Policy Exchange *Coming Clean* survey.

Our analysis includes a number of scenarios, based upon the extent to which this population includes active drug users.[48] Over time it is likely that with improved outcomes from drug and education programmes the eligible population will grow. It is also the case that as the model is developed and

48 Research conducted by Policy Exchange on the subject of drug use in prison (*Coming Clean: Combating Drug Use in Prisons,* 2010) found that approximately 35% of prisoners use drugs (versus MDT figures of 7.7%) and supported by MoJ Survey Data (http://services.parliament.uk/hansard/Commons/ByDate/20101213/writtenanswers/part013.html). This figure is used to generate the low scenario. The high scenario is generated on the basis that prisoners serving a sentence of more than six months should have had access to drug treatment and should not be maintained on methadone as per NTA guidelines issued to prisons.

becomes accepted, it may be possible to extend the opportunity beyond the segment identified. For example, accepting prisoners with at least one full year left to serve and including individuals within the Category B estate – achievable in the long-term – we estimate the potential workforce for real work could increase to 11,500.

### Table 5: Real work in prison labour pool scenarios

| Scenario | High | Medium | Low |
|---|---|---|---|
| | ***At least two years left to serve in Category C*** | | |
| Total numbers | 7,300 | 5,000 | 2,600 |
| | ***At least one year left to serve in Category C and Category B*** | | |
| Total numbers | 17,000 | 11,500 | 6,000 |
| Description | Assumes all those with reading age of 11+ are drug-free | Mid-point of the low and high scenarios | Assumes drug usage in the group reflects the general prison population |

The introduction of real work for the c.5,000 prisoners currently ready and available for real work in the next few years, or the potential 11,500 that could be available in the long-term, would serve to provide them with opportunities to earn more and learn new skills. Over time the recruitment of prisoners into real work will free up the other existing work places. The result is that the number of available work places in prison can be expected to grow by up to 30% or by up to 70% with the larger cohort. These paid, full-time places would supplement the internal work conducted for token wages at present (mostly cleaning and food service).

### Box 4: Women working in prison

In June 2011, there were approximately 4,200 female prisoners in custody, accounting for less than 5% of the total prison population.[49] Over time a market for female prison labour should be able to develop, with a subset of this population able to participate in work on the same basis as their male counterparts.

This is ably demonstrated by the work carried out by some female prisoners at prisons, such as HMP Send and HMP Downview, where prisoners work up to 20 hours per week recycling headphones, earning up to £30 per week – considerably more than the norm for prison work.

With some exceptions, in general and in the short run, the smaller size of the female population and the nature of some of the female estate, such as HMP Holloway, make it more difficult to accommodate real work in prison. For these reasons we have focused our attention on the much larger male prison population and the potential to develop and implement a model for real work in prison. This should not preclude the Ministry of Justice from ensuring that over time female prisoners are also able to engage in real work in prison.

49 http://www.justice.gov.uk/downloads/publications/statistics-and-data/hmps/prison-poulation-27-may-2011.doc

The Ministry of Justice should consider the case for creating a distinct category for those prisoners who are suitable for the new employment opportunities being outlined. In the case of real work in prison we define those who are ready and available for work as 'Category W' prisoners. They must meet the criteria in Table 5, before they can be graded as Category W and apply for work opportunities.

A distinct cohort – Category W – would enable better population management by concentrating the available workforce, where appropriate, in a small number of establishments where appropriate, while providing serving prisoners with a clear incentive and a grade to aspire to that would bring additional opportunities and rewards (see below).

### Box 5: Prisoner classifications[50]

Prisoners currently fall into one of four security categorisations – A, B, C, and D. The security classifications are a legacy of the prison reforms of the 1960s and the grading results from their security threat based on their conviction and a risk assessment, along with their length of sentence. Determinate-sentenced prisoners – excluding those serving Indeterminate Sentences for Public Protection (IPPs) – cascade down through the categories as their sentence progresses and as they are moved to progressively more open conditions. A minority of dangerous and high-risk prisoners are Category A. Those serving short sentences (<12 months) in local jails are typically Category B, and those prisoners on longer sentences (four years +) who are moving towards the end of their sentence predominate in training, or Category C, prisons where they pose a lower risk. Long sentence and "lifer" prisoners who are close to completing their custodial sentence and who pass a risk assessment serve out the remainder of their sentence in open conditions as Category D inmates. Some prisons incorporate both B and C categories, with prisoners separated in different wings.

As our supply analysis shows, not all prisoners are ready and available for real work. We believe that between 4% and 11% of sentenced adult male prisoners are ready and available for real work at the present time, and perhaps 9% and 25% in the long-term scenario where capacity can accommodate prisoners with at least one year left to serve. Prison governors should aspire to increase the proportion of prisoners who are ready and available for work over the short and medium-term. To achieve this growth it will be necessary for prison governors to ensure that their regime is conducive to, and effective in, aiding those prisoners who wish to achieve the threshold levels for real work eligibility. In addition, as employers are attracted and estate capacity is reconfigured in the future, the supply of suitable Category C work spaces will increase and therefore create a better match between supply and demand.

Over time, driven by the use of payment-by-results and a clear focus on the thresholds for real work, improved outcomes from education and drug treatment inside prisons are possible and offer the potential to substantially grow the supply of labour for real work inside prisons. In order to achieve this growth, establishments must reform the commissioning and provision of healthcare and education to ensure that programmes paid for by the taxpayer are cost-effective

50 http://www.justice.gov.uk/downloads/guidance/prison-probation-and-rehabilitation/psipso/PSO_0900_categorisation_and_allocation.doc

and enable those prisoners who demonstrate a desire to enter the real work in prison labour market to do so.

The recommendations of the recently published review of Offender Learning, jointly produced by the Ministry of Justice (MoJ) and Department for Business, Innovation and Skills (BIS) gives further weight to our view that establishments should be given greater control over the education offered:

> *"Building on the freedoms and flexibilities for providers and a move to stronger local accountabilities and linked to the wider commitment across Government to decentralise decision making, we will ensure that Governors and other key prison staff have a key role in determining the Skills Offer in their establishments."*[51]

Such a move would be in step with wider government reforms and the co-commissioning of the education offered would help create:

> *"…[T]he right conditions for Governors acting collaboratively across 'natural' prison groupings within which offenders move, and working with a wider set of local stakeholders to get the most effective outcomes for offenders and in particular to improve sustainable job outcomes after release."*[52]

### Engaging employers

While some businesses do engage with prisons via contracts with NOMS, and others employ Category D prisoners on the outside who qualify for day-release on the Release on Temporary License Scheme (ROTL), Policy Exchange found no evidence of private companies directly employing offenders in prison-based businesses in England and Wales. The commercial activity that does exist amounts to:

- **Contracting with prison industry:** In the last 18 months more than 200 businesses have contracted with NOMS to have goods produced by prisoners inside prison workshops.[53] This work totalled £4.2m in the 2009-10 financial year, giving average revenue of £21,000 per client.
- **Training and employment on day-release:** National Grid has engaged with prisoners directly, offering them paid training and work outside of the prison as part of day-release schemes. A number of other businesses (Network Rail, Timpson, Travis Perkins) provide in-prison training with the opportunity for employment through day-release (ROTL) from prison or, more commonly, on final release.

While neither of these models of engagement match the model of real work in prison, there are elements of each that share some of the underlying principles. The ROTL training and employment schemes provided by the National Grid and others follow many of the principles of real work, with the primary difference being that, except for some training, they operate largely outside of the prison gate.

While neither of these models entirely constitutes real work in prison, they do demonstrate the willingness on the part of business to engage directly and indirectly with prisoners, provided that (a) the business benefits are judged to outweigh the costs, and (b) it is the most effective use of shareholder capital in the circumstances.

51 http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/g/green_paper_reducing_re-offending_through_skills_%20and_employment_final_version.pdf

52 http://www.bis.gov.uk/assets biscore/corporate/migratedd/publications/g/green_paper_reducing_re-offending_through_skills_%20and_employment_final_version.pdf

53 http://www.hmprisonservice.gov.uk/assets/documents/10004BE0prison_industries_contract_service_oct_10.pdf

**Table 6: How current business engagement compares to real work in prison**

| | Contract Workshops | National Grid ROTL Work Scheme[54] |
|---|---|---|
| ***Carried Out Inside Prison*** | ✓ | X |
| ***Real Working Day***<br>*8 hours work per day (excluding security activity, etc.)* | X | ✓ |
| ***Real Recruitment***<br>*Employer-led interviews and selection processes* | X | ✓ |
| ***Real Working Wages***<br>*Wages paid and deductions made* | X | ✓ |
| ***Real Relationships***<br>*Contract of employment between inmate and employer* | X | ✓ |
| ***Real Responsibility***<br>*Employer has the ability to hire and fire* | X | ✓ |

Real work in prison is about business being able to access the prison labour market and determine for itself what sort of work, with which offenders, will generate business benefits. It is to be expected that any demand will originate from a number of industries and take a number of forms.

The type of work established in prison will be driven by constraints in the estate (see below), but also by both an assessment of market demand, company need, and the investment required to establish employment within a prison. Real work in prison must be demand-led. For certain types of work, there will be large financial and non-financial costs likely to be incurred by a business looking to setup real work in prison. Businesses suffer from fluctuations in demand and have to manage financial risk and shareholder value in a way that is largely absent from the public sector. For these and other reasons it is not possible that those businesses currently engaged in work with prisoners will overnight either be able or find it desirable to scale up their operations. Furthermore, businesses typically have work pipelines that can be lumpy, and in a tough economic climate issues of cashflow and business survival cannot be underestimated. The public sector should accept that businesses will legitimately require flexibility.

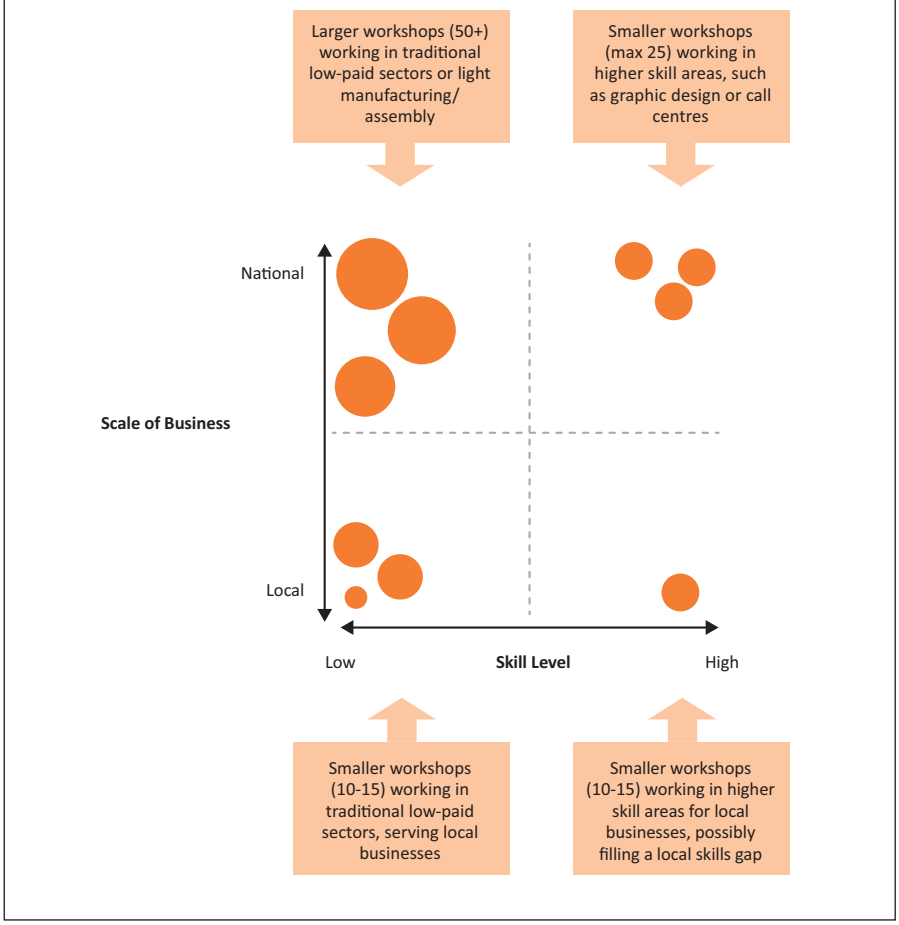
“Real work in prison is about business being able to access the prison labour market and determine for itself what sort of work, with which offenders, will generate business benefits. It is to be expected that any demand will originate from a number of industries and take a number of forms”

While there are some in prison with high levels of education and previous working experience that might provide an opportunity for business to engage

54 Those schemes, such as that led by the National Grid, which adhere the closest to principles of real work. The National Grid scheme prides itself on being demand-led, making no allowances for prisoners and not receiving any public money.

them in high value activity, the majority of prisoners will, at least in the first instance, be suited to low-paid work only. This is not something to avoid. The reality of the external labour market is that some 8 million employee jobs exist in low-paid industries in the UK, including those which previous reports on the subject of prison work have labelled as "mundane and repetitive"[55] and "low-level menial work".[56] These include 3.2 million in retail, 1.7 million in hospitality and 350,000 in food processing.

**Figure 9: Segmentation of real work according to scale and skill level**




The market will determine the types of businesses suited to real work in prison. There is plenty of scope for a variety of work across the prison estate. There will be some industries, low-paid or otherwise, that are unsuitable for prison work either due to security concerns, a skills deficit, the intensity of capital required or the fact that the work can only exist outside of the prison estate. In developing a market for prison labour, it is to be expected that demand and supply will interact. The limited skills audits of offenders suggest that the supply of labour is largely unqualified and unskilled (at least on a formal basis), meaning that the employment opportunities available to them in the prison and external labour markets are likely to be at the lower end of

55 Prison Industries Review

56 http://www.publications.parliament.uk/pa/cm200405/cmselect/cmhaff/193/193.pdf

the labour market in traditionally low-paid jobs, such as those identified by the Low Pay Commission.

More than 200 businesses have contracted with HM Prison Service to conduct work over the last 18 months, demonstrating some level of demand for work to be undertaken using a prison labour force. The employment training and ROTL scheme, led by the National Grid, which places private money at risk, demonstrates a willingness to engage on a purely commercial basis with prisoners as employees. Within the private estate, work done at HMP Wolds with Summit Media, an online marketing business, demonstrates demand for prisoners as employees.[57] These examples indicate that companies are willing to engage on a business level with prisons and prisoners.

In addition to the low-paying jobs found in the UK economy, the opportunity exists for businesses to take advantage of lower labour costs by seeking to onshore manufacturing and other jobs that have previously been offshored. Since 1997, a significant number of jobs have been offshored from the UK to overseas territories such as Eastern Europe or Asia. Business is typically attracted by more competitive regulatory regimes or lower operating costs, with wage levels often cited as the primary reason for offshoring.[58] Depending on the level of prison wages, determined by the market above a set level, it may be possible for some manufacturing or other industrial work to be repatriated, or for work that may otherwise have been offshored to be carried out as part of real work in prison.

As a result of wage inflation in Asia, increased transport costs and quality issues, there is a growing trend for UK businesses to consider repatriating parts of their supply chain. A recent survey conducted by the British Chambers of Commerce found that 98% of manufacturing businesses have or are considering repatriating some part of their supply chain back to the UK.[59] Research conducted by EEF, the manufacturers' organisation, found that one in seven companies in its survey has moved its manufacturing operations to the UK from abroad over the course of 2008 and 2009.[60] There is clearly potential for repatriation to go hand in hand with the development of real work in prison.

The Ministry of Justice and NOMS need to scope the potential demand from business through the use of survey and other quantitative methods. The Business Advisory Group should be harnessed to help identify potential flagship partners and to inform the development of the scoping study. The work should be conducted with meaningful input from UK Trade and Investment (UKTI) and BIS to ensure a joined-up approach to the sizing of the potential demand.

The Ministry of Justice should look to develop a plan to highlight the importance of employment and purposeful activity and, with political backing, look to showcase the work and businesses who do engage in prison work, so that new entrants might not be put off by fears of negative publicity. In addition, Ministers should actively encourage household names and high-profile employers to consider inmate employment, which may in time help to address some of the stigma in the employer community around hiring serving prisoners. The Yellow Ribbon Project in Singapore highlights the positive impact political engagement can have in encouraging employers and the public to engage with prison work and prisoner resettlement.

57 http://www.justice.gov.uk/inspectorates/hmi-prisons/docs/Wolds_2010_rps_.pdf

58 http://news.bbc.co.uk/1/hi/england/wiltshire/4007569.stm

59 http://www.britishchambers.org.uk/67982192432803554 45/10-12-09%20Manufacturing%20for%20Export%20(JL).pdf

60 http://news.bbc.co.uk/1/hi/business/8434458.stm

### Box 6: Yellow Ribbon Project, Singapore

Set up in 2004, the Yellow Ribbon Project works to reintegrate ex-offenders back into society and provide them with greater employment opportunities. The project engaged with 700 employers between 2004 and 2007 and benefits from the political support of President Nathan of the Republic of Singapore, who helped set it up and attended the Yellow Ribbon Project Annual Fair. The project has received an honourable mention at the 2007 United Nations Grand Awards and a survey conducted in 2007 revealed that 94% of people in Singapore knew of the project and 300,000 members of the public had attended their events.[61]

## The local job market

There are concerns that creating real work in prisons will usher in a zero-sum game in which a job is lost outside of the prison for every job created inside. Job substitution concerns must be overcome in order to ensure a market for real work in prison is created and can command public trust. There are a number of reasons why, at a local and national level, real work is unlikely to result in a zero-sum game:

- Businesses do not, for the most part, wish to court controversy. Based on a number of qualitative interviews with businesses and others, it appears to be the case that reputable businesses would not seek to utilise prison labour where it would either directly result in job substitution or be perceived as such by the public.
- Prison labour provides the potential to offer an alternative to offshoring that is less harmful to the local community. Instead of jobs being transferred many hundreds or thousands of miles away, the jobs might be relocated to a working prison. This would at least retain the earnings within the country and provide jobs for local supervisors within the prison walls.
- The government and individual prison governors could be made responsible for ensuring that work in prison does not significantly adversely affect the local job market. This duty could also be shared by the prospective employer and could feature in the criteria for tendering.

Together, the above measures would serve to protect the local job market from any significant adverse effects. It is also worth noting that the number of jobs likely to be created in prison is always likely to be dwarfed by the number of jobs that will exist in the local job market. At the national level, there are more than 8 million low-paid jobs, and the estimated Category W population is at most 7,300 on the base scenario, which is less than 0.1% of all low-paid jobs (and 0.02% of all UK jobs).[62]

At the heart of real work in prison are free market principles, in which the laws of supply and demand take precedence. Businesses in the UK can, in addition to deciding on the relative mix of labour and capital, choose whether they seek to employ UK labour or outsource the work. Real work in prison essentially provides businesses an additional pool of labour to consider.

61 http://app.hta.gov.sg/LinkClick.aspx?fileticket=CEvUnGFWpnE=&tabid=221

62 http://www.statistics.gov.uk/pdfdir/lmsuk0511.pdf

### Stimulating demand

In the event that there are low initial levels of demand among employers, one alternative would be for the government to forcibly engineer the market to stimulate demand. As the French example of prison work and prison industry (see Box 3) demonstrate, it is possible for government to create employment opportunities within prisons. Typically such opportunities are created by governments:

- Mandating the purchase of goods and/or services consumed by prison establishments or other parts of the public sector be purchased from prison industry (e.g. since late 2009 it has been the policy of the Ministry of Justice to purchase furniture in-house from prison workshops wherever possible);[63] or
- Adding "evidence of supporting disadvantaged social groups" to their procurement tendering criteria; or
- Requiring private contractors providing goods/services to prison establishments to employ offenders within the prison as part of the delivery of these services.

While these mechanisms would certainly provide employment opportunities inside prisons, there are a number of drawbacks for government in going down such a route. This approach would likely distort the market for both real work and the supply of products and services to government, especially from the small- and medium-sized enterprise (SME) sector. Such arrangements would also draw criticism of favourable treatment of offenders above law-abiding citizens.

In short, such artificial arrangements are not compatible with the principles of real work and would be likely to have a negative broader impact on business, in particular on SMEs wishing to provide services to government or be involved in real work in this sector. Market demand will need adequate scoping out and in due course testing, but ensuring sufficient demand should rely on incentivising governors and reducing the barriers and costs of entry, rather than actively stimulating the market with skewed procurement rules or subsidies.

Governors will need to consider the local market context as it is critical that prisoner employment is not generated by taking away existing employment from law-abiding members of the public. In seeking out potential employers, they may want to focus on the manufacturing sector, both in terms of companies looking to inshore operations from overseas or companies looking to expand. Figures published in February 2011 by the Chartered Institute of Purchasing and Supply showed manufacturing growth at its highest level since the time series began in 1992,[64] although this has since slowed slightly. The EEF has projected that manufacturing output will grow by 3.5% in 2011 and by 3% in 2012. The example of Muret prison in France, along with examples like HMP Dovegate in the UK (see Box 2), demonstrate that light manufacturing is an activity that can take place in prisons and the potential growth of the domestic manufacturing industry presents some opportunities. Crucial to the success of real work in prison will be understanding and aligning, as far as is possible, the needs of business with the capability of prisoners as potential employees and the capacity of the system, especially the legitimate operational constraints of the prison estate.

63 http://www.theyworkforyou.com/wrans/?id=2010-09-13c.12795.h&s=furniture+prison+industries#g12795.r0

64 BBC News, 1 Feb 2011; Chartered Instituted for Purchasing and Supply, http://www.cips.org/en/aboutcips/news/Manufacturing-saves-the-day/Job-creation-in-manufacturing-sector/

## 2.2 Core components of reform: culture and incentives

### Cultural barriers and incentivising work

Life in prison is not currently conducive to work. There is an embedded culture in prison regimes of not working, of simply 'doing time' and of purposeful activity being optional. There is often an expectation that work is not worth doing, resulting in prisoners remaining in cells. As one Independent Monitoring Board report found:

> *"There were now sufficient activity places for all prisoners … Nonetheless, we noted that a surprisingly large number of prisoners remained in their cell for long periods."*[65]

Prisoners are used to spending too much time on their bunks and prison staff have grudgingly accepted that very little is possible within the prison regime and custodial framework. This section of the report will detail what changes need to be made to prison regulations, security and routines to develop a culture and model that encourages and incentivises work.

### Maintaining security

The first duty of a prison is not to provide work for inmates. The primary duty is to provide secure, safe and decent custody to protect the public (and inmates) for the duration of the sentence. Prisons can be dangerous places and the need for security is therefore paramount. Consequently, prisons have a large number of rules and regulations governing almost every aspect of prison life. Prison governors and prison staff will rightly be concerned about security issues in prisons where prisoners are working in an environment that mirrors work in the outside world.

A regime of real work in prison cannot be established and sustained if it presents new security risks or jeopardises the safety of the establishment and the staff who work in it. Objections to the expansion of prison work centre upon risks inherent in creating more entry routes into the prison, access to potential dangerous tools, and allowing inmates to associate in groups and spend more time out-of-cell. The following are the most often-cited examples of security concerns relating to prison workshops:

- **Smuggling:** Safeguards will need to be put in place to avoid the problem of external staff or contractors smuggling drugs or other contraband into the prison. The more open a prison is to outside contractors and agencies, the greater the risk that goods and people may compromise the security of the institution.
- **Drug-taking and dealing:** Workshops inside prisons have been known to provide an environment in which prisoners can take drugs and engage in the sale of drugs and other contraband. Activities that promote association can also facilitate unlawful exchanges and other harmful interaction.
- **Violence and intimidation:** Workshops provide an environment of relatively free association, presenting a risk of violence or intimidation between prisoners, especially if the work being conducted provides access to tools or other items that might be used as weapons.
- **Prisoner movements:** More work placements in custody will increase the rate and number of prisoner movements, which may increase the burden on staff

65 http://www.justice.gov.uk/inspectorates/hmi-prisons/docs/wellingborough-rps.pdf

who need to ensure appropriate security at all times. Governors need to retain ultimate control over prisoner movements, which may compromise an employer's right to expect full attendance from employees.

The new employment opportunities envisaged in this report would counter some of the typical security objections in a number of ways. There are two crucial elements in favour of real work:

- Working prisoners are those who pose the least security risk. Real work is only available to a subset of the prison population (those granted Category W status), who are free of drugs, have demonstrated good behaviour and who both choose to engage *and* have been selected by the respective employer. As current employers on ROTL schemes have testified, the commitment of their prisoners is high, often because they have a lot to lose – including financially – if they fail to observe the rules.
- Concentrating Category W prisoners in establishments where real work opportunities exist, where appropriate, can ensure that security risks elsewhere in the estate are minimised.

Some establishments have already overcome security objections and shown that employment for inmates can exist within a secure prison regime. The existence and successful operation of DHL sorting depots for prison canteen orders inside prisons, such as at HMP Wayland, demonstrates that it is possible for external businesses to set up and operate inside prison, even accounting for additional security considerations.

Improved risk assessments and different working practices contribute to the successful operation of work regimes. A number of prisons that have engaged prisoners in long hours of work have found prisoners are more likely to be tired and less likely to be aggressive or pose a security risk. An example of the different working practices includes allowing prisoners to eat a packed lunch in the workshop, like normal employees, creating fewer security risks as individuals do not have to be moved around the facility and repeated counts do not have to be administered.

It is Policy Exchange's view that the expansion of real work opportunities need not compromise the security of the estate and that well-run regimes already accommodate work in a way that can actually enhance the security of the prison and therefore the safety of staff and inmates. A view reflected by the Director of HMP Dovegate: "We have found that the need to ensure prisons are secure is not an obstacle to bringing industries into prison, but rather good security supports an effective working relationship."

### The custodial environment

A step-change in the delivery of real work opportunities in prisons will depend upon progress in making the custodial environment more conducive to work, with potential employees fit and able to apply for work opportunities. This will require a new focus on improving in-prison literacy schemes and new measures to tackle the large illicit supply of illegal drugs into prisons. Previous research from 2010 Policy Exchange report *Coming Clean: Combating Drug Misuse in Prisons*

revealed the scale of this problem. Requiring all applicants for real work places to be drug free ensures that the supply of drugs into prisons can be more effectively combated. Drug-infested regimes are not compatible with real work placements for prisoners.

### The role of the centre

The expansion of real work in prisons will be primarily market-led and dependent upon the engagement of business. NOMS should set the legal framework but should see its role as reducing the barriers and costs of entry, not directing the development of the market or authorising or managing contracts.

At present it is estimated that prison industries are only running at approximately 50% capacity, suggesting that the Prison Industries Unit (PIU) is falling short of its aims.[66] The Prison Industries Unit, located in the headquarters of NOMS, currently consists of 54 full-time equivalent (FTE) staff, less than 2% of the entire headcount for NOMS. The lack of available information and data from the unit also suggests a lack of adequate analysis and transparency. The PIU aims to provide:

> *"[O]verall management and production planning to ensure all prison industries are effective and efficient in supplying goods and services to both the internal Government market … and external customers, while maximising the number and length of time prisoners are employed and, improving prisoners' employment and resettlement prospects."*[67]

The emphasis on planning and the reference to internal market customers demonstrates both the wrong philosophy and the wrong focus. The market for real work envisaged in this report cannot be planned but must instead be permitted to grow and develop in response to the decisions of local agents (governors and employers) and the engagement of inmates. The centre should not plan but it can and should facilitate. Likewise, the internal market is an artificial one that relies upon management from the centre. The more sustainable (and therefore more profitable) route of inviting in private, for-profit employers, requires a change in philosophy at the centre and a focus on the wider, commercial market.

To establish a credible framework to drive the uptake of real work opportunities and overcome any barriers to implementation, a better-equipped unit is required at the centre. The PIU should be replaced with a Prison Work Unit that has a clear view of the availability of workshops across the prison estate, monitors utilisation and makes this information freely available. The unit should also lend technical and legal support to local establishments through the real work tendering process and when contracts are being drafted locally. The unit should also publish details and data relating to the work taking place inside prisons in the interests of transparency and public awareness.

The senior management team of the Prison Work Unit should all have appropriate commercial experience. As Lord Ramsbotham, former Chief Inspector of Prisons, has said, there is a need "to bring in people from industry" who understand the needs of business and will "not be put off by alleged excuses".[68] The remainder of the team, comprising individuals with analytical, commercial and negotiation skills, should be seen as a shared resource for use by individual prison governors, who will be the lead agents in securing employers to come into their prisons.

66 Telephone conversation with Prison Industries Unit, May 2011

67 Hansard source (Citation: HC Deb, 14 February 2011, c585W)

68 http://www.theyworkforyou.com/lords/?gid=2007-11-15b.633.0

The role of the centre will therefore be limited to data collection and technical support. It should be for the governor of each individual establishment to decide the work that takes place inside their prison and which employer to work with. The centre shall be there to facilitate the market and to support and assist individual governors, rather than to direct them in what to do.

### The role of the prison governor

Governors need a greater level of autonomy to run their prison and ensure they can facilitate companies coming in to offer new employment opportunities, without the constraints of inappropriate, centrally-mandated protocols. They should be constrained by a minimal set of central standards, such as those on visitation rights but should otherwise be granted maximum discretion.

The Howard League experience of their Barbed project shows that while governors can be proactive and determined to improve conditions within prison for both staff and prisoners, if governors are not empowered to resist central diktats then progress can stall and even be reversed. Furthermore, the additional responsibilities for those involved in real work – and in particular the skilful execution of those responsibilities – should be recognised.

Staff at HMP Dovegate were clear on the leading role they need to take to make prison work a reality:

> *"The Prison Governor and the senior management team must own the relationships with businesses in prison. It enables them to build and maintain healthy working relationships and be flexible to business demands. Central to our success is the relationships and trust we have developed with our industrial partners by delivering on time and at the right quality as well as having a 'can do' attitude. To win business we have to win the trust of potential partners and sell the positive aspects of prison work."*
>
> Ray Duckworth, Director of HMP Dovegate

### The role of businesses

Real work requires businesses to take a lead in applying to individual prison governors to set up a business within prison. Governors will then be responsible for awarding business space within prison based upon a business case, with consideration being made for the specific circumstances of their establishment. This more flexible and localised approach to the running of working prisons, with the governors also controlling the tendering process, is critical to ensuring that businesses are encouraged to engage with real work in prisons.

There should be a clear, straightforward process developed to allow businesses to more readily engage with prisons. When the Howard League for Penal Reform attempted to set up a social enterprise inside HMP Coldingley, it encountered a number of problems driven by policies and practices:

> *"Perseverance was required to deal with the culture of security, inertia and inflexibility endemic within the prison service"*[69]

Companies willing to employ prisoners in real work placements should be allowed to bring capital to invest in infrastructure and equipment. Timpson, in HMP Wandsworth and HMP Liverpool, provided shoe repair machinery and other

69 Howard League for Penal Reform (2008), Prison work and Social Enterprise: the story of Barbed, London.

equipment to create a proper workplace training environment.[70] Businesses should be encouraged to invest as part of their contracts. Those businesses employing prisoners would be susceptible to the full range of employment taxation obligations and would need to pay employer's NI and other payroll taxes as appropriate.

> "Links that employers develop inside custody could provide a pool of labour to employ once a prisoner has completed their sentence, having already determined the character, work ethic and performance of the offender"

One key advantage of employers working inside prisons is the prospect of identifying suitable employees to continue to employ post-release. Links that employers develop inside custody could provide a pool of labour to employ once a prisoner has completed their sentence, having already determined the character, work ethic and performance of the offender.

### The role of intermediaries

It may be the case that the market for real work in prison would benefit from a small number of intermediaries acting as brokers of physical space and the Category W workforce. These brokers – in the private or voluntary sector – are likely to be best placed to create the infrastructure (e.g. job/vacancy listings, a directory of available space, etc.) that would be conducive to the efficient operation of the market locally.

## 2.3 Core components of reform: regulation and the estate

It is important that businesses and prison governors are not weighed down by prescriptive regulation and legislation that prevents, rather than enables, the realisation of real work in prison. For this reason, a regime of minimal regulation to govern prison work is preferred, one that focuses on private law and existing legislation.

### Regulatory and procedural barriers

Prisoners should be employed directly by employers based on a standard contract of employment. This will help ensure that employers are familiar with the rights and responsibilities this entails and will help normalise a real working experience for those prisoners who meet the Category W standard and obtain employment. No new legislation should be required to enable employers to directly employ prisoners and implementing the Prisoners Earning Act 1996 is unnecessary.[71]

It is important that relevant prisons avoid the punitive and overly bureaucratic philosophy that has developed as a result of having a centralised approach. This philosophy prevents prisoners from spending more time in work or education and prevents organisations from engaging with prisons. In order to make real work feasible, governors need discretion from the centre to shape the prison day around real work. They also need the powers to make sure the prison is secure. This might involve changes to certain centralised regulations and working structures.

For example, currently governors of public sector prisons are restricted by the mandated 'Core Day' which prevents working on a Friday afternoon, and 'Bulletin 8' which heavily constrains the extent governors can alter staff working patterns.

70 http://www.hmprisonservice.gov.uk/prisoninformation/prisonservicemagazine/index.asp?id=9839,18,3,18,0,0

71 Further detail can be found in the Howard League Barbed Report 2008

This latter constraint in effect mandates a two-hour lunch break for prisoners. This is an area that needs to be addressed as a matter of urgency. It has previously been identified as a curb on purposeful activity by the Prison Industries Review (2003) which found that change might encounter resistance from staff associations:

> *"The Review Team would have liked to recommend a substantial increase in the number of hours that many workshops operate … however … the regime changes that would increase the working week to nearer the norm of those achieved in outside workplaces would involve substantial staffing and industrial relations difficulties."*[72]

It might well be possible to accommodate real work alongside Bulletin 8, provided relevant prisons could sufficiently shift their ethos to one work-friendly enough to attract external businesses into the prison but the Core Day is a bigger restriction that the MoJ should seek to remove at the earliest opportunity.

### Contractual arrangements

Private companies engaging in real work will need to contract with two parties, the individual prison and the prisoners they wish to employ. The existing arrangements for work between prisons and private companies are controlled and organised centrally by the Prison Industries Unit in NOMS. This has resulted in contracts for prison work being dominated by large national companies such as G4S and Serco at the expense of SMEs and, as estimated by the Prison Industries Unit themselves, the result being only 50% of prison workshops' capacity is utilised. We believe the governors of prisons with Category W prisoners need to be given control over which companies should be brought into their prison to employ their inmates. They should operate a simple tendering process that is accessible to all businesses and without recourse to complex bidding procedures that disadvantage SMEs.

Simplified and localised tendering of real work opportunities should not be caught by the provisions of the Public Contracts Regulations 2006. In the case of work in prisons, there is no public service of value being contracted out with prisons simply making available such physical space within the prison as is deemed necessary by the employer and the prison in mutual discussion. The real value is the employment of prisoners, which would take the form of a standard employment contract and is therefore a private matter for the individual prisoner and the employer. The state is not directly paying a private provider for the service and on that basis is not commissioning services.

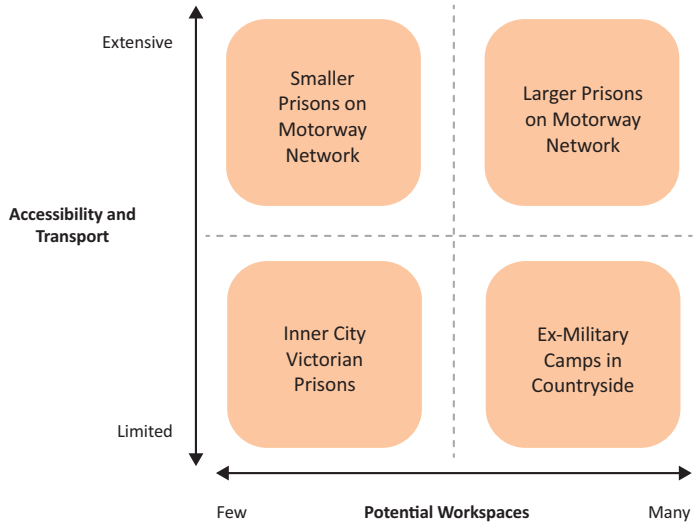
### Estate configuration

Just as businesses select where to locate factories or offices, businesses will consider the location of their prison work carefully – not least since their choices will be limited to the extent of the prison estate. It is to be expected that the two most important factors in relation to location shall be the accessibility and availability of space.

A number of prisons shall find it harder to incorporate real work due to their compact footprint (e.g. HMP Brixton), while others may have space but be too far from the motorway network or other suitable transport links. Businesses considering real work in prison will need to know the locations and suitability of participating prisons if there is to be any possibility of securing their involvement.

72 Prison Industries Review, 2003

## Figure 10: Possible segmentation of the prison estate




At present little or no information is available on the particular capacity of individual establishments to accommodate work, and NOMS were unable to furnish a comprehensive list of workshops or work places, further highlighting the inability of NOMS HQ to effectively promote, encourage and develop work in prison. This information gap will need to be plugged if real work in prison is to be pursued and should, in any event, form part of the basic management information used to oversee the prison estate.

Based on the limited information that has been made available, the average workshop environment in prison accommodates approximately 25 prisoners. It is not clear where these workshops are located, what the physical size of the workshops is or their state of repair.

## Table 7: Reported numbers of HMPS workshops and work places

| Industry | Workshops | Places |
|---|---|---|
| Engineering | 15 | 885 |
| Woodwork | 14 | 763 |
| Furniture | n/a | n/a |
| Plastics | 7 | 165 |
| Footwear | 4 | 203 |
| Printing | 9 | 179 |
| Textiles | 74 | 2918 |
| Sewing machine repair | 3 | 65 |
| Concrete | 3 | 33 |
| Catering | n/a | 4000 |
| Laundry | 42 | 1049 |

Source: Information provided by HMPS to the Home Affairs Select Committee report on Rehabilitating Offenders in 2004-05.

It is important that there is sufficient space for industry in whatever prison is used to house real work. It will be important to pick appropriate prisons for appropriate forms of work. However, the prison estate has capacity to facilitate a wide array of work:

> *"There are over 300 workshops employing around 10,000 prisoners each week day in a range of disciplines including producing goods for the internal market, including complex and challenging production tasks such as clothing, window frames, woodwork, office furniture manufacturing, plastic injection moulding, printing, light engineering and laundries."*[73]

Category C training prisons are likely to be the most suitable institutions to house real work within the custodial estate. Official sources previously referenced demonstrate how little purposeful activity is available to prisoners at the current time.[74]

Over time the creation of specific Category W working prisons, either through the reorganisation of the existing estate or the development of new purpose-built facilities in association with possible employers, could strengthen the prison work agenda. Admission to working prisons could be predicated upon prisoner skill, experience and readiness to work. A strong culture could be developed that reinforces the benefits of work. This would also provide a signal to external employers of which prisoners are most suited for work on release.

## 2.4 Core components of reform: prisoner earnings and welfare

Some policy makers argue that current wage levels provide little incentive to work and help to reinforce a negative picture of legitimate employment and a perception that crime pays better than work. Because remuneration is so low, prisoners do not take part in the full earning experience including paying tax and NI, or learning about savings or budgeting to support their family. An attractive system of real work would offer prisoners the prospect of a fair wage and meaningful compensation, even after any deductions.

### Incentives for prisoners

Prisoners will be incentivised to work in the same way as employees outside prison are: they will be paid a regular salary and gain fulfilment through satisfying the demands of their employer. The opportunity to increase time out-of-cell will also be a key incentive to engage with work as it allows for more association and it is the expansion of real work which provides an opportunity to supplement and/or recalibrate the Incentives and Earned Privileges scheme (IEPS).

The IEPS already aims "to encourage effort and achievement in work and other constructive activity by prisoners" and "to encourage responsible behaviour by prisoners".[75] The Prison Rules share this view, suggesting that privileges should be linked to behaviour and the participation in and standard of work completed.[76] This has a clear link to real work in prison. The IEPS operates around a number of key earnable privileges, with the particular benefits set locally at "levels deemed appropriate". Establishments also have the freedom to "make other privileges and incentives available", as set out in Prison Service Order (PSO) 4000.

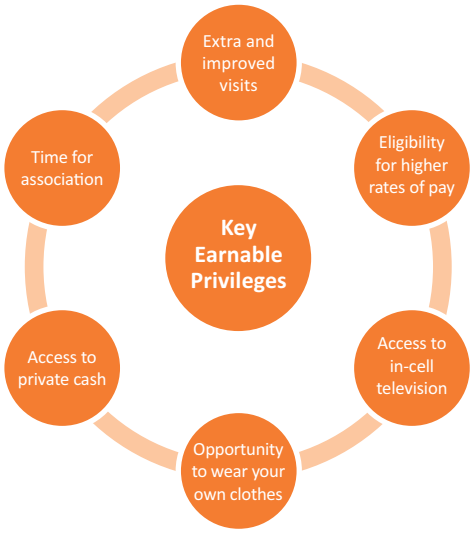
73 http://www.hmprisonservice.gov.uk/abouttheservice/prisonindustries/

74 Purposeful activity by establishment http://www.hmprisonservice.gov.uk/assets/documents/10004A13purposeful_activity_establishments_feb_2010.pdf

75 PSO 4000 (http://pso.hmprisonservice.gov.uk/PSO_4000_incentives_and_earned_privileges.doc)

76 http://www.hmprisonservice.gov.uk/assets/documents/1000499Fprison_rules_1999_consolidated_jan_2010.pdf

## Figure 11: Key Earnable Privileges under IEPS




A generic summary of the IEP levels is set out below:

## Table 8: Summary of IEPS levels

| Level | Description | Examples |
|---|---|---|
| Basic | Prisoners receive the entitlements set out in Prison Rule 45 and any other minimum facilities provided locally for all prisoners. | • Entitlements set out in Rule 45<br>• Minimum facilities<br>• Private cash allowance £4.00 |
| Standard | Prisoners on standard level will be provided with a greater volume of the allowances and facilities at basic level, plus such additional privileges as are available locally. | • Private cash allowance £15.50<br>• More frequent visits<br>• More time for association<br>• In-cell television<br>• Higher rates of pay |
| Enhanced | Prisoners on enhanced level will receive the same privileges as those on standard level but, again, in greater volume. | • Private cash allowance £25<br>• More frequent visits<br>• Better visit environment<br>• More control over visit times<br>• More association time<br>• Priority for higher rates of pay |

In 2008-09, 98% of prisoners were on the standard or enhanced regime, with approximately 45,000 prisoners on the standard level and 35,000 on the enhanced level. In recent years the proportion of prisoners on the enhanced level has increased from 39% to 42%. With just 1,400 prisoners, less than 2% of prisoners, on the basic level, prison has become an increasingly comfortable environment for offenders.

## Figure 12: Percentage of prisoners by IEPS level


Source: Ministry of Justice[77]

There is nothing in PSO 4000 that prevents the creation of additional tiers (in fact the PSO states that the scheme "must operate on at least three tiers"). It is therefore conceivable that a "Worker" level might be added for Category W prisoners engaged in or seeking real work, as per the example below.

## Table 9: Potential New Worker IEPS level

| | | |
|---|---|---|
| **Top Tier – Worker (Category W)** | Prisoners on top tier worker level will receive the same privileges as those on enhanced level but, with the key difference being a rate of pay equivalent to the prison minimum wage for real work (see below), and the prospect of saving for their own release. | • Private cash allowance £25<br>• More frequent visits<br>• Better visit environment<br>• More control over visit times<br>• More association time<br>• Prison minimum wage for real work<br>• Chance to save for release |

The IEP scheme might also be recalibrated in order to better reflect real work and the achievements of those who make the effort and achieve Category W status. For example, the following areas should be examined:

- **Games Consoles:** In July 2008, 11,200 prisoners had a games console in their cell. Some in the juvenile estate were purchased by HMPS at a cost to taxpayers of more than £220,000.[78]
- **Television:** At present prisoners pay £1 per week to have a television in their cell (the cost is shared for cells with more than one occupant) which compares extremely favourably to the cost of even a TV licence outside the prison wall (£2.79 per week) or for patients in NHS hospitals (up to £35 per week).
- **Gym and Fitness Equipment:** Annual spending on gym and fitness equipment by NOMS has averaged £2.5 million in the last four years, with prisoners

77 http://www.theyworkforyou.com/wrans/?id=2011-03-15a.46836.h

78 http://www.justice.gov.uk/information/docs/foi-release-prisons-games-consoles.pdf

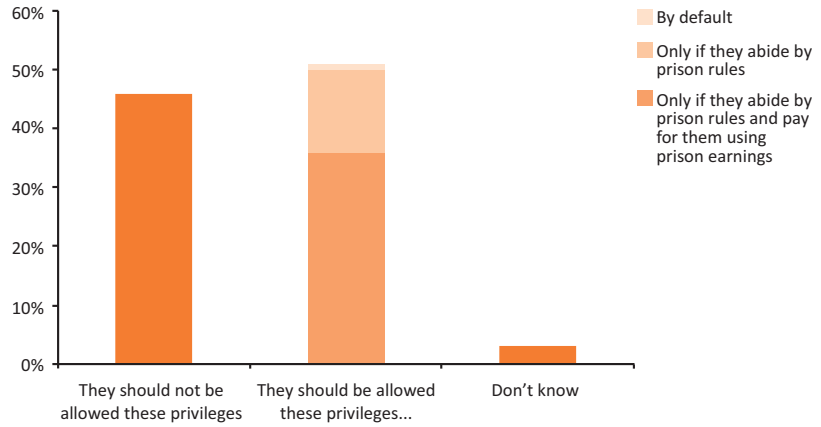
having free use of the gym and fitness equipment purchased. The average gym membership for the public is estimated at £41 per month.[79]

Law abiding members of the public do not have automatic or unpaid access to any of the above and it is not clear why prisoners should. There is no evidence to suggest that access to games consoles, televisions or gym/fitness equipment reduces reoffending. If anything, these privileges militate against the reform and rehabilitation of offenders, by providing them with free and easy access to activities that for many will be more attractive than learning to read and write, addressing addiction or working.

If these privileges are to exist within the prison estate then they must surely be focused on those who have demonstrated a willingness to constructively engage in their own rehabilitation and be paid for in the same way as outside the prison walls; they should be seen as a reward not an entitlement. Real work in prison provides an opportunity to recalibrate and reform the IEPS so that it might achieve something more than rewarding bare compliance with rules.

In the same YouGov poll commissioned for this report, a narrow majority of those polled believe that prisoners should be able to receive additional privileges like in-cell televisions and games consoles (51%), but a substantial minority (46%) are entirely against such privileges. Of those that thought prisoners should have some access to additional privileges, most thought they should have them if they obeyed prison rules and paid for them through prison earnings while a smaller proportion thought they should have them simply if they obeyed prison rules. Only 2% thought they should have them by default.

**Figure 13: At present, prisoners can receive additional privileges like in-cell televisions and games consoles. Should prisoners get these privileges:**




The current IEP regime is clearly out-of-step with public expectations, even if it is a mechanism used by staff and governors for legitimate control purposes and for compliance. However, there is an opportunity to use expanded real work places to reform and refocus the IEP regime so it better reflects the effort undertaken by prisoners, as well as offering potentially enhanced privileges only for those who do work. This is a linked element of the real work reforms that the Ministry of Justice should explore even while continuing to allow governors to oversee the allocation of individual privileges.

79 http://www.oxygen-consulting.co.uk/docs/price-war-on-the-gym-floor.pdf

### Governor incentives

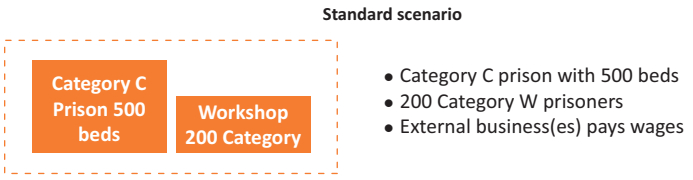
Prison governors should welcome the philosophy of real work in their prison. Real work provides an opportunity to improve the security and stability of the regime while providing meaningful opportunities for conscientious prisoners to maintain or develop a work ethic that will serve them well on release from prison.

There are many examples of prison governors pro-actively engaging with organisations and other groups that wish to provide rehabilitative and other services inside the prison estate. These include the Barbed enterprise at HMP Coldingley and Summit Media's involvement with HMP Wolds. However, prison governors are ultimately responsible for the security and safe-running of their prison. These are significant and weighty responsibilities and it is only right that those governors who engage with real work in prison and ultimately create value for society are properly rewarded for their efforts and feel that they and their senior management team have some stake in the enterprise.

The imposition that an employer providing real work placements in a prison would impose on the existing regime is likely to require buy-in from the governor and some direct incentive for them to bear the opportunity costs of accommodating the new enterprise. There remains nervousness among prison authorities around engaging with external companies. It is therefore necessary to consider incentives for those governors who overcome the inertia and risk-aversion that has built up with respect to engaging with external providers.

The graphic below provides an example of how a 500-bed Category C prison with 200 Category W prisoners engaged in real work would create value and derive benefit from opening its doors to external employers wishing to utilise the Category W workforce, principally through the levying of a management fee on inmate wages to reflect overheads. Crucially, this charge would be retained by the institution as discretionary spend, and not remitted to NOMS.

**Figure 14: Annual benefits and beneficiaries of real work at 'HMP Workington'**




| | Per Category W Prisoner | Total Prison |
|---|---|---|
| Prison Establishment/Governor | £1,228 | £245,000 |
| Victims | £1,228 | £245,000 |
| Category W Prisoners Resettlement Fund | £1,228 | £245,000 |
| Category W Prisoners Take Home Pay | £1,228 | £245,000 |
| Taxpayer/The Exchequer | £546 | £109,000 |

Under the real work in prison model, the prison establishment, specifically the prison governor, would have a clear and meaningful incentive to engage with external businesses. The possibility of generating, for example, £245k p.a. in income

for discretionary spend would provide significant opportunities to improve the prison in any way the governor decided. Over five years, the prison would look to generate £1.2m in management fee income. This is a significant amount and would empower the governor to shape and develop the establishment in ways that centrally-dictated, ringfenced funding allocations would most likely fail to do. This management fee income would also serve as an incentive to ultimately transition as much of the prison population as possible to Category W status, e.g. encouraging the provision of more effective and focused education and drug programmes.

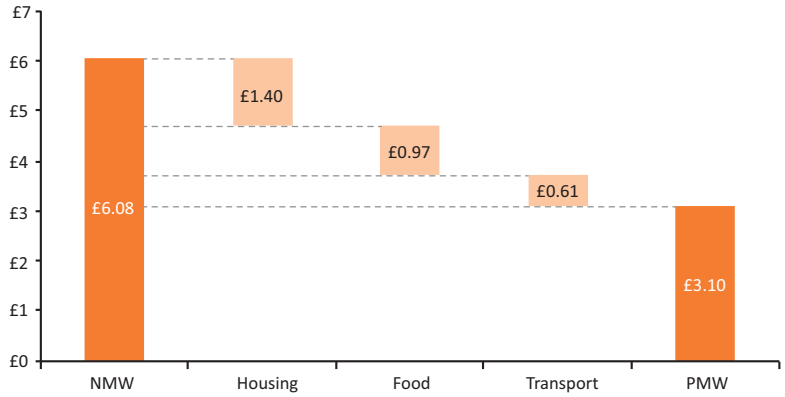
### Prisoner wages

Prisoners are currently excluded from the National Minimum Wage (NMW) Act 1998.[80] If this were to change it would jeopardise work that currently goes on in prison, such as work in the prison kitchens, and for this reason no legislative change is proposed. Prisoners must be paid fairly for the work they undertake so as to not to be exploited and because real employment requires a fair and equitable wage. A fair wage is essential for normalising prison work and allowing a prisoner to gain fulfilment from the work undertaken.[81] Currently "actual pay levels leave little margin for taking care of family responsibilities or to reduce the debt burden that weighs on many inmates."[82]

Allowing work in prison to turn into exploitation would erode confidence in the criminal justice system and create divisive and unstable regimes. The best possible safeguard is therefore to develop a prison minimum wage (PMW) that reflects the reduced living costs of those in prison, while still providing a labour cost incentive for employers without amounting to exploitation. The difference between the PMW and the NMW ensures that there is an incentive for businesses to consider prison labour and to offset many of the costs associated with dealing with the public sector and prisons in particular. The lower wage also ensures that those with the lowest skill levels are not priced out of the market.

Using the latest ONS Family Spending data it is possible to calculate an approximate PMW. From October 2011 the NMW will be £6.08 and the most recent data available indicates that, for those on the lowest incomes, spending on housing, food and transport costs amounts to 49% of total expenditure. This suggests a possible PMW of approximately £3.10 per hour.

**Figure 15: Calculating a Prison Minimum Wage**




80 Section 45(1) National Minimum Wage Act 1998

81 http://www.cairn.info/load_pdf.php?ID_ARTICLE=DS_293_0349

82 Shea, E. (2007) Why work? A study of prison labour in France, Germany and England in *Penal Issues*, Centre de Recherches Sociologique sur le droit et des institutions Penal pp. 11-14

Earning a fair wage is essential for normalising prison work and allowing a prisoner to gain fulfilment from the work undertaken.[83] Establishing a PMW at such a level for real work provides an opportunity for prisoners to earn enough to make meaningful contributions to victims, and their own future resettlement needs, and to provide for themselves or their dependents through the residual take home pay, but not so much that large cash sums could be accrued over the course of a sentence.

Ray Duckworth, Director of HMP Dovegate gave the research team for this report his view of the appropriate inmate wage:

> *"What is a reasonable wage in prison? I would say that most of the needs of prisoners are catered for including food, clothing, toiletries, utilities, recreational and educational needs so the only money they need is their spending money which I would say in the current climate would be £15.00 per week. This gives those individuals with no private cash an opportunity to purchase some creature comforts."*

In the same YouGov survey conducted for this report, around half of those polled believed that prisoners should be paid something for prison employment (54%), compared to those who thought they should be paid nothing (41%) – an illegal and impractical proposition. Of those who thought they should be paid something, most thought they should be paid £3.10 or less and a minority thought they should be paid the National Minimum Wage.

**Figure 16: Thinking about how much prisoners who work should be paid per hour, which of the following best reflects your view?**

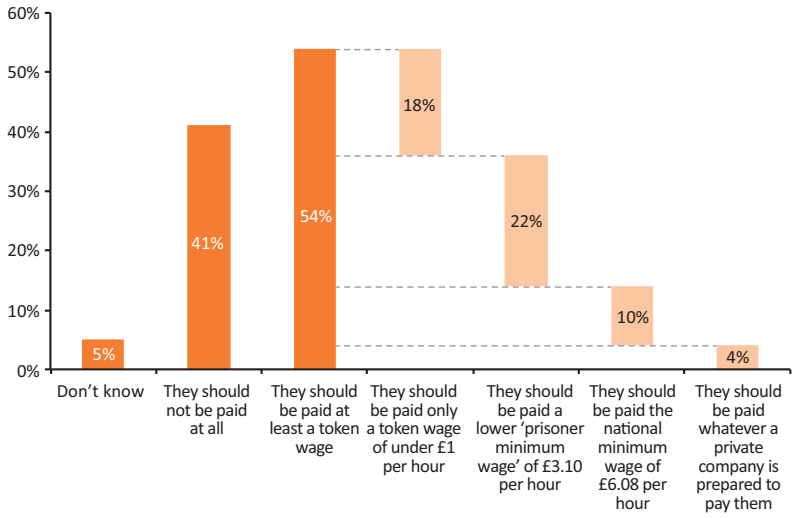
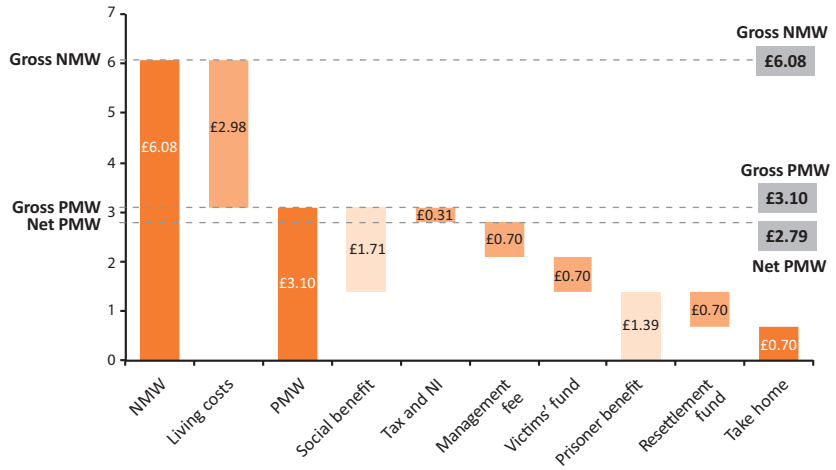



Figure 17 outlines the situation where the PMW is split equally between victims, resettlement, and take home pay, following deductions for tax, NI and a management charge. The deductions made, especially the prison management fee and victims' fund are crucial to public acceptance and with the other deductions help ensure that

83 http://www.cairn.info/load_pdf.php?ID_ARTICLE=DS_293_0349

the victims, taxpayers and society are able to extract their share of the value that would otherwise be going solely to the private employer. This ensures that the benefits of real work in prison are real and clear for the public to see.

## Figure 17: Real work in Prison Minimum Wage and deductions per hour




Note: NMW figure of £6.08 applies from 1 October 2011. Tax and NI calculations based on adjusted thresholds applicable for the 2011-12 tax year and assume the prisoner works full-time at the prison minimum wage. Figures may not sum due to rounding.

Even after deductions and donations, full-time[84] real work in prison (which would pay at least c.£25 per week) is a significant improvement upon other prison wages that average £9.60 per week.[85] Real work in prison is therefore a significantly more attractive proposition for prisoners, allowing them to overcome the problem that current "pay levels leave little margin for taking care of family responsibilities or to reduce the debt burden that weighs on many inmates".[86] While a very small number of prisoners can currently earn up to £50 per week, they face few if any deductions and society derives little or no immediate tangible benefit. The model of real work helps ensure that work inside prison is just and fair by better aligning it with the realities faced by employees in the external market.

### Box 7: Bank accounts for prisoners

HM Prison Service has shown positive encouragement for the opening of bank accounts, as evidenced in the Prison Service Instructions:

> *"Imprisonment provides a good opportunity to assist offenders to open bank accounts and thus be better prepared for life after release. It is, therefore, advantageous for prisoners to open bank accounts and establishments should assist them to do so."*[87]

84 For this and subsequent calculations we define full-time as an individual prisoner working for 8 hours per day for 220 days per year. The 220 days per year is calculated by taking all possible weekdays in a given year (52 x 5 = 260 days), less a holiday allowance (25 days), less bank and public holidays (8 days) and less the average number of sick days in the private sector workforce (7 days).

85 http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110120/text/110120w0003.htm#11012064000543

86 Shea, E. (2007) Why work? A study of prison labour in France, Germany and England in *Penal Issues,* Centre de Recherches Sociologique sur le droit et des institutions Penal pp. 11-14

87 Paragraph 1.5 of PSI 35/2009 Identity (ID) for Bank Account Applications for all prisoners

Banks have also been receptive to attracting custom from people in custody. The charity UNLOCK have been working with a number of banks, including Barclays, the Co-operative and HBOS, as part of its 'Unlocking Banking' campaign to help ensure those leaving prison have a bank account.[88]

For real work in prison, the wages (after deductions) shall be deposited in a bank account which the prisoner and any approved dependents should have access to. This would provide the prisoner with the ability to help support their family or other dependents.

Prisoners' pay should be undertaken in the same fashion as paid employment in the external labour market. At the end of each pay period prisoners could receive an indicative payslip (see the example below), which could be generated quickly and easily at a local level using figures for hours worked. Their take home income should be paid into a bank account, with victim and resettlement deductions to be held by an appropriate third party.

For many prisoners it will be the first experience they have had of formal employment.[89] Earning a regular wage through real work in prison will be a wholly new experience for many people in prison and the receipt of payslips and bank statements can be expected to provide prisoners with regular evidence that it is work – and not crime – that pays.

## Figure 18: Example monthly payslip for real work in prison (full-time)

[Employer Name] ***Real Work in Prison Payslip***

| **Pay Period: June 2013** | | | |
|---|---|---|---|
| A. N. Offender | | Prison ID: | 123456789 |
| HMP Workington | | NI Number: | AB 12 34 56 A |

| **Payments** | | **Deductions** | |
|---|---|---|---|
| Descriptions | Cash | Description | Cash |
| Basic Pay<br>*40hrs/week<br>*£3.10/hr | **£454.67** | National Insurance | £17.85 |
| | | Income Tax | £27.62 |
| | | Management Fee | £102.30 |
| | | Victim Fund Donation | £102.30 |
| | | Resettlement Fund | £102.30 |
| **Payments** | **£454.67** | **Deductions** | **£352.37** |

| | |
|---|---|
| **Net Pay** | £102.30 |
| **YTD Net (Gross) Pay** | £306.90 (£1364.00) |

**Paid To** Your Bank Account

**Paid On** 01 July 2013

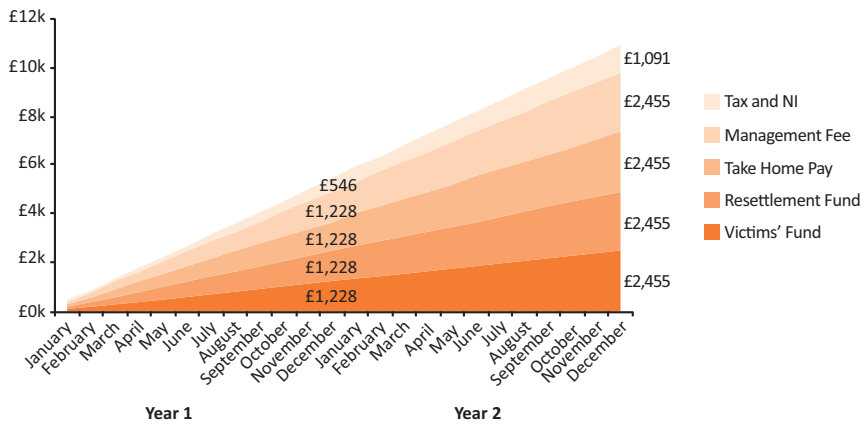
Your resettlement fund now stands at £309.90 – which will be accessible on or near release to assist with housing costs and securing employment. More information is available through your Resettlement Co-ordinator.

After approximately two years working full-time at Prison Minimum Wage (£3.10/hr) an offender would have paid almost £1,100 in tax and NI, donated almost £2,500 to victims, have built up a resettlement fund of the same amount and received a net wage of the same.

88 http://www.unlock.org.uk/userfiles/file/Press%20&%20Media/UNLOCK%20Press%20Releases/27092010banking.pdf

89 Barbed 2008 Report

## Figure 19: Projected earnings at PMW over two years




Assuming a Category W prison population of 5,000, working full-time at the level of the prison minimum wage, more than £6m would be raised each year for victims, a further £6m to fund the prisoner's resettlement, £6m as a management fee for the prison and almost £3m would be collected in tax and NI receipts. Over the course of a five-year parliament more than £30m would have been raised for victims, the same again for the resettlement of prisoners and the prison management fee and almost £14m in tax and NI.

## Figure 20: Cumulative funds raised (5,000 Category W)


If the larger Category W cohort of 11,500 worked full-time at the level of the prison minimum wage, in excess of £6m would be generated in tax and NI on an annual basis, more than £14m would be raised each year for victims, a further £14m to fund the prisoner's resettlement and £14m as a management fee for the prison.

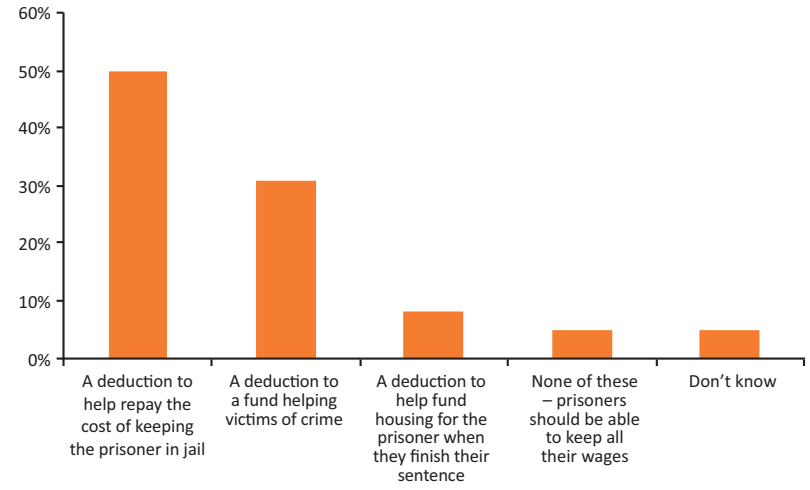
## Figure 21: Cumulative funds raised (11,500 Category W)


Under the short-term scenario of a Category W population of 5,000, working full-time, more than £100m would be generated for victims, resettlement, prisons and the exchequer over five years. Under the larger cohort, of 11,500 Category W prisoners, this more than doubles to £243m over a five year period, giving some indication of the scale of value not currently being realised in prisons.

## Figure 22: Funds raised (exc. prisoner wage) over five years


Of any earnings prisoners received through work in prison, respondents to the YouGov poll commissioned for this report were asked what deduction, if any, they would most like to see taken from the prisoners' wages. Half of respondents thought that prisoners contributing towards the cost of their incarceration should be a priority, 31% thought contributing towards a fund for victims should be a priority, 8% thought contributing towards resettlement costs on release should be a priority, and 5% thought there should be no deductions (5% did not know).

**Figure 23: It has been suggested that prisoners earning a wage for work in prison should have deductions made from their wages in order to contribute to the costs of their imprisonment, help victims of crime, or to help provide housing for the prisoner when they finish their sentence. If you WERE made to choose just one, which if any of the following deductions would you most like to see taken from prisoners' wages?**




The rationale for the deductions to a prisoner's wage that we propose as part of the real work agenda is set out below:

*Tax and National Insurance*

As employees earning a fair wage, prisoners undertaking real work would be subject to tax and National Insurance, reflecting the reality of formal employment on the outside. Using the same methodology and principles behind the development of the PMW, tax and NI thresholds should be recalibrated for prison workers. While this would require Treasury approval and may appear unnecessarily complex, it is on balance justified. Adjusting for living costs covered by HM Prison Service ensures that those who commit crime do not receive favourable treatment of their incomes, which might otherwise be entirely tax free. Furthermore, paying tax and therefore having a National Insurance record – perhaps for the first time – is a further aid to employment post-release, especially as the welfare system is increasingly geared towards rewarding engagement with the job market.

**Table 10: Income Tax and NI Thresholds**

| 2011-2012 | Standard Threshold | Prison Threshold | Tax Rate |
|---|---|---|---|
| National Insurance (£ p.w.) | £139[90] | £71 | 12% |
| Income Tax (£ p.a.) | £6,475[91] | £3,302 | 20% |

90 http://www.hmrc.gov.uk/rates/nic.htm

91 http://www.hmrc.gov.uk/rates/it.htm

This adjustment sees earning thresholds for income tax and NI reduced by 49%, ensuring that prisoners who work are subject to tax and NI in the same way as the rest of the population. Based on the medium scenario of 5,000 Category W prisoners working 40 hours per week at the PMW level, almost £3m would be raised each year, equating to c.£14m over a five-year parliament. This would increase to £6.3m each year, or £31m over five years, if the larger cohort scenario was realised.

*Management fee*

The provision of an opportunity to work is itself inherently valuable. In the external labour market there are many examples of fees being charged for recruitment and employment services that an individual is willing to bear in order to secure employment. Examples from the external labour market include head-hunters and recruitment consultants who regularly take a percentage of starting salary as commission, or recruitment and temping agencies that follow a similar model. These commissions are typically between 10% and 40% of salary.

In the case of real work in prison, this management fee reflects the overheads associated with accommodating real work in prison and the costs associated with the management of the real work relationship. This management fee could be set at 25% of the paid hourly rate and funds collected would be retained by the individual prison establishment. Based on the medium scenario of 5,000 Category W prisoners working 40 hours per week at the prison minimum wage level, £6m would be collected each year by prison establishments, equating to more than £30m over a five-year parliament. This would rise to £14m each year or £71m over a five year parliament if the larger cohort scenario was realised. The total resource budget for prisons, excluding the 75% spent on staff, is £546m per annum, meaning the management fee alone equates to 1.1% of the non-payroll costs of the estate annually, or 2.6% with the larger cohort scenario.[92]

*Victims' funds*

Earning a real wage provides prisoners with a new opportunity to compensate victims. Requiring a donation be made to charities working with victims not only provides reparation to victims (at least indirectly) but also might reasonably be expected to help some prisoners feel more positive as a result of being in a position to pay something back. A donation of 25% post-tax income would (with 5,000 Category W prisoners working full-time) raise £6m per year for victims, equating to more than £30m over a five-year parliament. This would rise to £14m each year or £71m over a five year parliament if the larger cohort scenario was realised.

This individual deduction from earnings for victims, accepted as a condition of employment, represents a form of restorative justice as individuals are making reparations themselves rather than through compulsion, and it also keeps the prison governor from becoming too deeply involved in the individual prisoners' pay and employment, something that assists in keeping real work and the running of the prison separate.

While the restorative justice element of real work in prison is important it should not be overstated. Prisoner pay should not be reduced so dramatically by contributions to victims' funds that prisoners have little or no incentive to

92 http://www.justice.gov.uk/downloads/publications/corporate-reports/noms/NOMS_Business_Plan_2011-2012.pdf and http://www.crimeandjustice.org.uk/opus1793/Prison_and_probation_expenditure_1999-2009.pdf

work. Prisoners must learn that work pays and must be entitled to keep a portion of their income. In short, real work must provide net pay better than other alternatives in prison. We believe that a figure of approximately 25% is sufficiently large to be meaningful to both the recipient of the funds and the donor, while still providing sufficient surplus to allow a proportion to be held in a resettlement fund and a proportion deposited in the offender's bank account.

*Resettlement fund*

An additional portion (25%) of the prison wage would be ringfenced for the purposes of creating a resettlement fund for the prisoner to access on release from prison. This would raise £6m per year, equating to more than £30m over a five-year parliament. This would rise to £14m each year or £71m over a five year parliament if the larger cohort scenario was realised. Even the standard scenario would go a long way towards helping prisoners overcome the financial difficulties often experienced on release (e.g. providing a deposit/bond for rented accommodation), and provide much needed additional resources for resettlement providers, especially those in the voluntary sector who, if they offered housing services, might be recipients for such funding.

> "Prisoners must learn that work pays and must be entitled to keep a portion of their income. In short, real work must provide net pay better than other alternatives in prison"

One part of this resettlement fund could be ear-marked as a housing bond that can be used to ensure that the offender finds suitable accommodation post-release. Of the 97,993 prisoners who were released in 2008/9,[93] roughly 20,000 of these prisoners reported having no accommodation to go to on release.[94] This has severe repercussions on the level of reoffending. Home Office research showed that 68% of offenders with an accommodation need reoffended within two years, compared to 40% who were in suitable accommodation.[95]

The housing bond will be ringfenced for the purpose of ensuring an ex-prisoner can gain suitable accommodation and could be redeemed against housing approved by a (public or private sector) probation provider. Whilst in some cases this may mean using it to help pay for a mortgage, in the majority of cases it will be to pay the deposit and possibly the first few months on a private sector rental contract.

*Take home pay*

The remaining portion (25%) of a prisoner's earnings would be paid into their bank account for them to spend at their discretion, on themselves or in support of their family and dependents. Prison governors might wish to allow prisoners engaged in real work to spend slightly more money within the prison internal market to improve the quality of their life inside.

Prisoners should be encouraged to support their dependents and being convicted of an offence and being imprisoned should not excuse an individual from their parental responsibilities. The income from real work in prison could impact on the benefit entitlement of dependents and provide a perverse incentive for prisoners to avoid engaging with work in prison. It is critical that the principle

93 Hansard HC, 14 September 2009, c2146W

94 http://www.communities.gov.uk/news/housing/1744170

95 Howard, P (2006) The Offender Assessment System: an evaluation of the second pilot. Home Office Findings 278. Home Office, London.

of work always paying, outlined by the Secretary of State for Work and Pensions, Iain Duncan Smith, holds true for prisoners just as it should for those in the external labour market. The Ministry of Justice and Department for Work and Pensions should collaborate to ensure that at a very basic level "work should always pay and that you should be better off in work than out of work"[96] inside the prison estate. It shall be for the departments concerned to establish whether there is a meaningful business case for adjusting the benefits of dependents, given the administrative costs.

Increasing the strength of the family unit, raising prisoner awareness of personal finance, incentivising work through pay and paying down dependence on the state would all be outcomes of paid work in prison if pay is fair and equitable for the work undertaken.

96 http://www.u.tv/Business/Iain-Duncan-Smith-its-a-sin-that-people-fail-to-take-up-work/c742a1d5-2d89-4726-9526-2f2e72b47de1

# 3
# Recommendations

The opportunity of real work in prison is significant: for prisoners to earn respect, money and support on release; for prison governors to bring commercial activity into their prisons and reduce reoffending; for victims to feel more properly respected and compensated for the crimes against them and for businesses to benefit from the profitability of an untapped resource.

The market for real work envisaged in this report cannot be planned but must instead be permitted to grow and develop in response to the decisions of local agents (governors and employers) and the engagement of inmates. The centre should not plan but it can and should facilitate. Likewise, the internal market is an artificial one that relies upon management from the centre. The more sustainable (and therefore more profitable) route of inviting in private, for-profit employers, requires a change in philosophy at the centre and a focus on the wider, commercial market.

A new model for real work in prison should focus on creating new incentives, removing the barriers to enterprise and devolving authority to governors to cultivate the market, rather than imposing a new policy programme from the centre. There should be no big bang or planned economy, but a market-led growth of new commercial opportunities. Crucial to the success of real work in prison will be understanding and aligning, as far as is possible, the needs of business with the capability of prisoners as potential employees and the capacity of the system, especially the legitimate operational constraints of the prison estate.

## Necessary steps to drive reform

- Although not all prisoners are ready and available for real work, prison governors should aspire to grow the proportion of prisoners who are ready and available for work over the medium to long-term, and to embed profitable, paid work as the core purposeful activity in their prison.
- The Ministry of Justice and NOMS need to scope the potential demand from business through the use of survey and other quantitative methods. The Business Advisory Group should be harnessed to help identify potential flagship partners and to inform the development of the scoping study. The work should be conducted with meaningful input from UKTI and BIS to ensure a joined-up approach to the sizing of the potential demand.
- There should be greater transparency about the amount and type of work currently undertaken throughout the estate and to aid comparison of best

practice and to encourage improvement, the hours of full-time paid work should be described separately from the 'purposeful activity' total for individual prisons reported by HM Prison Service.

- NOMS should have a clear view of the availability of workshops across the prison estate, monitor utilisation and make this information freely available. The unit should also lend technical and legal support to local establishments through the real work tendering process and when contracts are being drafted locally. They should also publish details and data relating to the work taking place inside prisons in the interests of transparency and public awareness.
- Category C training prisons are likely to be the most suitable institutions to house real work within the custodial estate, and estate planning should take account of future demand for work spaces in this type of custody and prioritise keeping such places operational.
- To avoid exploitation, while still providing a labour cost incentive for employers to consider prison work opportunities, the government should examine the case for a Prison Minimum Wage to act as a fair wage for prisoner employment. This wage should be less than the National Minimum Wage to reflect the living costs that the state already provides prisoners.
- The Ministry of Justice should consider the case for creating a distinct category for those prisoners who are suitable for the new employment opportunities being outlined. In the case of real work in prison we define those who are ready and available for work as 'Category W' prisoners.
- A distinct cohort – Category W – could then enable better population management by concentrating the available workforce in a small number of establishments while providing serving prisoners with a clear incentive and a grade to aspire to that would bring additional opportunities and rewards (such as more in-cell privileges and prison visits).
- To establish a credible framework to drive the uptake of real work opportunities and overcome any barriers to implementation, a better-equipped prison industries unit is required at the centre. A new Prison Work Unit should be created in NOMS led by a senior management team with appropriate commercial experience. The purpose of the centre should be to facilitate the market and remove regulatory barriers, and its role should be limited to data collection and technical support. It shall be for the governor of each individual establishment to decide what work takes place inside their prison and which employer to work with.
- Real work requires businesses to take a lead in applying to individual prison governors to set up a business within prison, and ministers should actively encourage household names and high-profile employers to consider inmate employment. The Ministry of Justice should look to develop a plan to highlight the importance of employment and purposeful activity and, with political backing, look to showcase the work and businesses who do engage in prison work, so that new entrants might not be put off by fears of negative publicity.
- Governors will then be responsible for awarding space within prison based upon a business case, with consideration being made for the specific circumstances of their establishment. This more flexible and localised approach to the running of working prisons, with the governors also

controlling the tendering process, is critical to ensuring that businesses are encouraged to engage with real work in prisons and will give local businesses better access to the new market for real work in prison.

- A step-change in the delivery of real work opportunities in prisons will depend upon progress in making the custodial environment more conducive to work, where potential employees are fit and able to apply for work opportunities. This will require a new focus on improving in-prison literacy schemes and new measures to tackle the large-scale supply of illegal drugs into prisons. Previous research from 2010 Policy Exchange report *Coming Clean: Combating Drug Misuse in Prisons* revealed the scale of this problem. By requiring all applicants for real work places to be drug free means ensuring that the supply of drugs into prisons is more effectively combated. Drug-infested regimes are not compatible with real work placements for prisoners.
- Public sector prison regimes must operate more flexible staffing arrangements so the hours available for work more closely reflect the needs of the employer and the reality of the external market. Restrictive regulations like Bulletin 8 should be lifted and new workforce staffing rules agreed to better accommodate real work in prison.
- The current IEPS is clearly out-of-step with public expectations, even if it is a mechanism used by staff and governors for legitimate control purposes and for compliance. The IEPS should be reformed so that it operates properly as a reward and not an entitlement. The best privileges should be focused on those working prisoners who have demonstrated a willingness to constructively engage in their own rehabilitation and be paid for in the same way as law-abiding members of the public. It is conceivable that a top tier "Worker" level might be added to a reformed IEPS for Category W prisoners engaged in full-time, paid work.

Steps to improve the employability of offenders are part of the Government's aim to drive a 'Rehabilitation Revolution' to create more purposeful regimes that help reduce reoffending and the Coalition Programme committed to ensuring prisoners engage in "properly paid work".

Some good examples of creative employment in custody already exist and the ambition for more prisoners in England and Wales to be working is the right one – the policy is both evidence-based and popular. But major obstacles remain in the current system that need to be overcome before HM Prison Service can deliver on the Government's objectives.

Barriers exist to encouraging private employers to come into prisons, too few prisoners work in the current system, the work that does exist typically attracts only a token wage that does not allow for deductions and many schemes are non-commercial and very unlike the real world of employment.

In contrast, the opportunity of real work in prison is significant: for prisoners to earn respect, money and support on release; for prison governors to bring commercial activity into their prisons and reduce reoffending; for victims to feel more properly compensated for the crimes against them and for businesses to benefit from the profitability of an untapped resource. This report maps out what real work in prison should look like and what needs to change in the current prison system to make it a reality.

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