

Prison and probation expenditure, 1999–2009

**Helen Mills, Arianna Silvestri
and Roger Grimshaw with
Felicia Silberhorn-Armantrading**

About the Authors

Helen Mills is research associate, Arianna Silvestri is research and policy associate and Roger Grimshaw is research director at the Centre for Crime and Justice Studies. Felicia Silberhorn-Armantrading is project assistant at the Centre for Crime and Justice Studies.

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Centre for Crime and Justice Studies
www.crimeandjustice.org.uk

Tel: 020 7848 1688
Fax: 020 7848 1689

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Introduction

This is the second in a series of three briefings that aim to provide clear and reliable information about criminal justice expenditure in England and Wales since 1998. This briefing considers prison and probation spending.¹ Here we address three key questions:

- How much has been spent on prison and probation over the last ten years?
- Is it possible to establish what this money has been spent on?
- How do spending trends compare to changes in the numbers of people held in custody and to the numbers subject to probation supervision?

In the chapters that follow we present evidence from publicly available sources about trends in prison and probation expenditure. Where possible these are given year-on-year, from 1998/1999 to 2008/2009. Our focus here is on the changes that have occurred in prison and probation expenditure over the past decade. As such, questions regarding the impact of this funding on outcomes, or an assessment of performance, are outside the scope of this briefing. Chapter one outlines the overall expenditure on prison, probation and NOMS over the last ten years. Chapter two considers how these spending trends relate to the population demands placed on both services.

¹The police were the topic of the first spending briefing. A final briefing on criminal court expenditure will be published later in 2010.

On the precipice of change: current prison and probation spending, longer-term claims and future plans

Recent estimates suggest the combined cost of prison, probation and NOMS HQ accounts for 35 per cent of the total criminal justice budget in England and Wales (HoCJC, 2009: 45). Only the police make up a higher proportion of criminal justice costs.

The period of spending considered here is of timely significance. It represents an era likely to be in stark contrast to the financial position prison and probation now face. The financial settlement for prison and probation in the current spending review period was, in the words of the Secretary of State for Justice at the time, ‘very tight’ (Straw, 2009). The settlement called for the Ministry of Justice (MoJ) to reduce its expenditure by £1bn over the spending review period (2008/2009 to 2010/2011). This would equate to three successive annual real-terms cuts for the department of 1.7 per cent (HM Treasury, 2007: 227). The National Offender Management Service (NOMS) Agency, which operates prison and probation services, accounts for around half the MoJ’s £10bn annual budget (MoJ, 2009a: 8). As such, NOMS Agency was required to reduce its £5bn (approx) annual expenditure by £0.5bn over these three years (MoJ, 2009b: 35). The planned real-terms departmental cuts would in part be borne by prison and probation resources. At a time of ‘rapidly increasing demand pressures’ (NOMS, 2009: 28), to term this settlement a challenge is perhaps an understatement.

However, the current period of budget cuts has occurred in a wider context of record high spending on prison and probation. The time period considered here spans the majority of Labour’s most recent period in office. In this period there have been significant real-term increases to prison and probation expenditure. The scale of investment which preceded Labour’s last spending review period is something the government was keen to point out. In 2009, the Labour government claimed that since it had come to power, spending on prison and probation had increased in real terms by 37 and 70 per cent respectively (Straw, 2009). This compared to a 7 per cent real-terms increase in prison operating costs in the last four years of the Conservative administration (Barclay and Tavares, 1999: 71) and a 5 per cent real-terms decrease in the Home Office

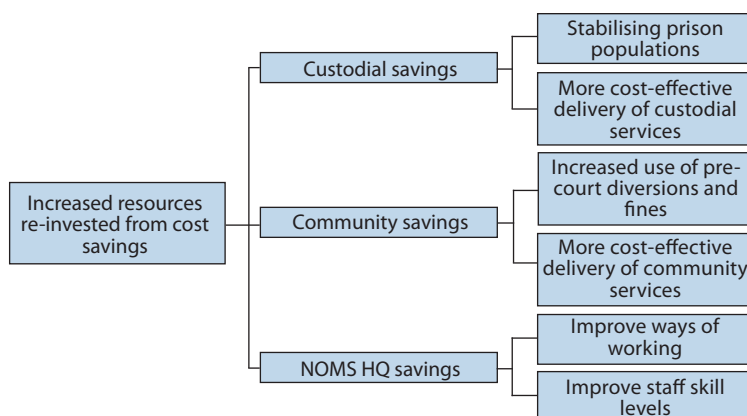
grant to probation areas in the same period (Select Committee on Home Affairs, 1998). By any estimation, this briefing considers a period in which substantial investment took place.

At the time of writing, resource allocation to NOMS Agency beyond 2010/2011 was yet to be announced; it is expected later in 2010. Whatever the exact figures, there is little doubt that there will be reduced resources for prison and probation in the coming period in an austere financial environment for public services.

A decade of reorganisation: the context for prison and probation spending

The period this briefing considers has been one of substantial organisational change to prison and probation. Three significant structural changes have accompanied the rapidly increased resources for prison and probation in the past ten years. The creation of the National Probation Service (NPS) in 2001 reorganised the 54 locally based probation areas into 42 areas in ten regions under a national head office. Three years later, the introduction of NOMS amalgamated prison and probation under the single concept of end-to-end offender management. The 2008

FIGURE 1: STRATEGIC BUSINESS CASE FOR AFFORDABILITY OF NOMS REORGANISATION



Source: Reproduced from NOMS, 2005: 9

reorganisation of NOMS further embedded the contestability and commissioning of services through a regional structure.

Efficiency and effectiveness have been the official drivers of prison and probation reform during this period. All three reorganisations have in part been made on the basis of improving efficiency. Various approaches have been invested in on the basis that increased spending in these areas would save money over time. This includes: information and communications technology; reporting mechanisms to assess practice and support a line-managed, national (and latterly integrated) service; the ‘what works?’ agenda and accredited programmes; and the introduction of structures to support competitive markets for service delivery.

In addition to improving efficiency, the creation of NOMS was intended to address rapidly increased demand for penal services. The key rationale for NOMS, as outlined in the 2003 Carter review, was that if probation and prison were more effectively joined up and focused on managing risk, a population of people in the criminal justice system would move ‘down’ the penal system from prison to community sentences, and from community sentences to fines (Carter, 2003). This would enable a shift in resources tied up in housing a rapidly increasing prison population to meeting the cost of delivering community sentences and other offender management interventions (see figure 1).

About the data

- The financial data in this briefing originate from publicly available sources. These include:
 - Departmental and service level annual reports and accounts (including the Home Office, MoJ, HM Prison Service (HMPS), local probation areas, NOMS and HM Treasury)
 - Publications which have scrutinised aspects of prison and probation expenditure in this period (including those by

the National Audit Office, the House of Commons Justice Committee and the Public Accounts Committee)

○ Parliamentary answers.

- Real-terms expenditure is at 2008/2009 prices. This has been calculated using HM Treasury figures as at 4 January 2010 (HM Treasury, 2010).
- Tables of figures for all graphs in the main text are in appendix 2.
- Financial information has been rounded to three significant figures in the main text and where possible to four significant figures in the tables in the appendix. Percentages are rounded to one decimal place.

Chapter one:

Overall prison and probation expenditure

Overall prison expenditure in England and Wales

The most reliable source of financial information on overall prison expenditure is that published by HM Treasury for international public spending comparisons, the annual Public Expenditure Statistical Analyses (PESA) reports. The prison spending reported by HM Treasury includes expenditure by central government departments, local authorities and public corporations. Unlike financial data about prisons produced at a departmental level (by the Home Office and, from 2007/2008, the MoJ), the financial information the HM Treasury provides is inclusive of income across the various government departments that fund prisons and is unaffected by the structural changes in responsibility for particular prison functions during this period. This is not to say that the information is inclusive of all costs. Given that prison building is financed through private finance initiatives (PFIs) that spread building costs over the period of the contract (which can be up to 35 years), the full cost of prison building is not accounted for in any publicly available figures.

Bearing in mind this limitation, using HM Treasury data, it is possible to identify the overall expenditure on prisons in

England and Wales in the past six years, from 2003/2004.² Prior to 2003/2004 it is only possible to identify the UK's prison expenditure and use this as a proxy measure of prison expenditure in England and Wales.

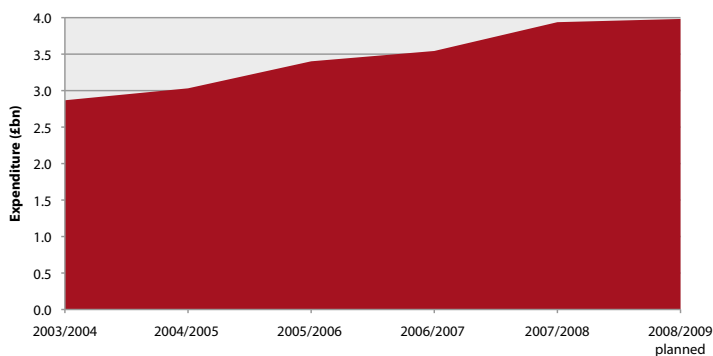
Prison expenditure since 2003/2004

Prison accounted for an average of 13.3 per cent of all 'public order and safety' spending³ in England and Wales in the past six years, or between £2.52bn and £3.98bn a year. Between 2003/2004 and 2008/2009 prison expenditure in England and Wales increased nearly 40 per cent in real terms (38.9 per cent), with consistent year-on-year real-terms increases during this period (see figure 2). This equates to over £1bn more being spent in real terms on prisons in 2008/09 compared with that spent five years previously. This growth rate is comparatively high when compared with other aspects of criminal justice spending in this period. While public order and safety expenditure has also increased in real terms since 2003/2004, the rate of expenditure increase on prisons was over three times greater than that of all 'public order and safety' expenditure (public order and safety increased by 12.3 per cent between 2003/2004 and 2008/2009, compared with a 38.9 per cent real-terms increase for prisons).

²Prison is defined in HM Treasury PESA reports according to international classifications of government functions. The category 'prisons' includes costs related to 'the administration, operation or support of prisons and other places for the detention or rehabilitation of criminals such as prison farms, work houses, reformatories, borstals, asylums for the criminally insane, etc' (UNSD, 1999). PESA reports provide comparable data over five-year periods. The two periods of prison expenditure shown here are not directly comparable.

³In addition to prisons, public order and safety spending includes expenditure incurred by the police, fire protection services, law courts and probation, research and development for public order and safety, and the administration, support and monitoring of public order and safety policies (UNSD, 1999).

FIGURE 2: TOTAL PRISON EXPENDITURE IN ENGLAND AND WALES, 2003/2004 TO 2008/2009, REAL TERMS



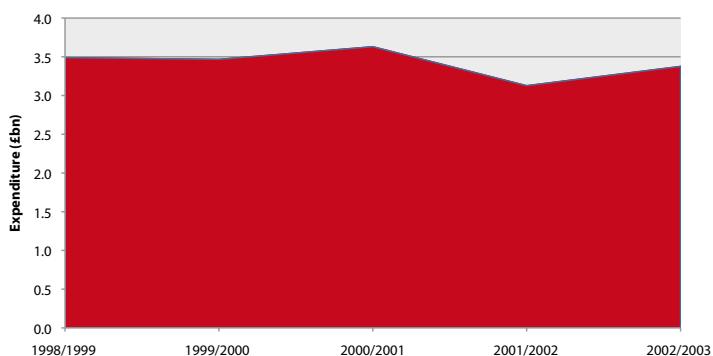
Source: HM Treasury, 2009

The greatest annual increases in prison expenditure in this period were in 2005/2006 and 2007/2008 when prison expenditure rapidly increased by 12.2 and 11.1 per cent respectively compared with the previous year. In the final year of this series, 2008/2009, the real-terms increase in prison expenditure is expected to be 1.1 per cent compared with the previous year. This increase is significantly lower than the 8.3 per cent average annual real-terms increase in the four years that preceded it.

Prison expenditure 1998/1999 to 2002/2003

Figure 3 outlines the UK's prison expenditure in the earlier years of the past decade, between 1998/1999 and 2002/2003. As around 90 per cent of the UK's prison expenditure from 2003/2004 to date was incurred by England and Wales (between 86.8 and 90.6 per cent), this provides a good indicator of the likely expenditure trend for England and Wales during this period.

FIGURE 3: UK TOTAL PRISON EXPENDITURE, 1998/1999 TO 2002/2003, REAL TERMS



Source: HM Treasury, 2004

In contrast with the later period, between 1998/1999 and 2002/2003, prison expenditure in the UK declined in real terms by 3.2 per cent, from £3.49bn to £3.38bn. The greatest annual percentage change was in 2001/2002, when the UK's prison expenditure sharply decreased by 13.9 per cent compared with the previous year. Prisons' decreased real-terms expenditure in these years is at odds with the UK's public order and safety spending trend. Public order and safety increased by 27.7 per cent in real terms between 1998/1999 and 2002/2003.

The decrease in prison expenditure in this period is worthy of greater investigation. However, the super-departmental level of information collected by PESA makes it a difficult source to probe in more detail.⁴ Using these data as a proxy measure for prison expenditure in England and Wales suggests that it was not until

⁴While it is not possible to identify what accounts for the decrease in prison expenditure in this period, through greater investigation of the PESA data, we do know that several items of prison expenditure transferred from the Home Office budget to other departments before 2003/2004. This included expenditure on juveniles in prison transferring to the Youth Justice Board in 2000/2001, education in prison transferring to the Department for Education in 2001/2002 and health in prisons transferring to the Department of Health in 2003/2004. While PESA intends to provide expenditure figures unaffected by departmental changes in responsibility, it may be that the decrease in expenditure in this period may in part be accounted for by organisational changes in prison expenditure responsibility.

around the midpoint of the past decade that there was a sustained significant real-term growth in prison expenditure.

Departmental prison spending trends

The single largest component of prison expenditure is the cost of operating prisons. Due to organisational changes, the financial information about public and private prison operating costs collected by the overseeing governmental body⁵ and by Her Majesty's Prison Service (HMPS)⁶ are not directly comparable over the past decade.

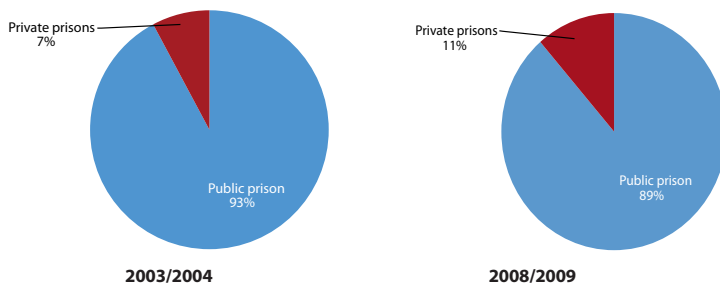
In this ten-year period, private prison operating costs are not recorded as a separate category in public accounts until 2007/2008.⁷ Using a parliamentary answer and the most recent NOMS Agency accounts, the pie charts in figure 4 compare the proportional changes in public prison and private prison operating costs in the period 2003/2004 to 2008/2009. Public prison continued to account for the vast majority of all prison operating costs in 2008/2009 (88.6 per cent). However, as a proportion of total prison operating costs, public prison costs accounted for a smaller proportion than five years previously, having decreased by 4.4 per cent in 2008/2009 compared with 2003/2004.

⁵The Home Office until the financial year, 2006/2007; then the Ministry of Justice and NOMS Agency.

⁶HMPS operates public sector prisons and administered private prisons until 2003/2004.

⁷Until 2002/2003 private prison costs were included in HMPS operating costs; from the following year they were included in NOMS HQ expenditure. Private prison operating costs appear as a category in the NOMS Agency 2009 annual report (NOMS, 2009).

FIGURE 4: PROPORTIONAL SPEND ON PUBLIC AND PRIVATE PRISON OPERATING COSTS BY THE HOME OFFICE, 2003/2004; PROPORTIONAL SPEND ON PUBLIC AND PRIVATE PRISON OPERATING COSTS BY NOMS, 2008/2009



Source: 2003/2004: HMPS, 2004; Hansard, Parliamentary Answer, 8 February 2007, c1089W;
2008/2009: NOMS, 2009^a

Trends in departmental prison expenditure from 2004/2005 are explored from page 15, where these trends are compared with wider changes in organisational responsibility during this period.

Probation expenditure

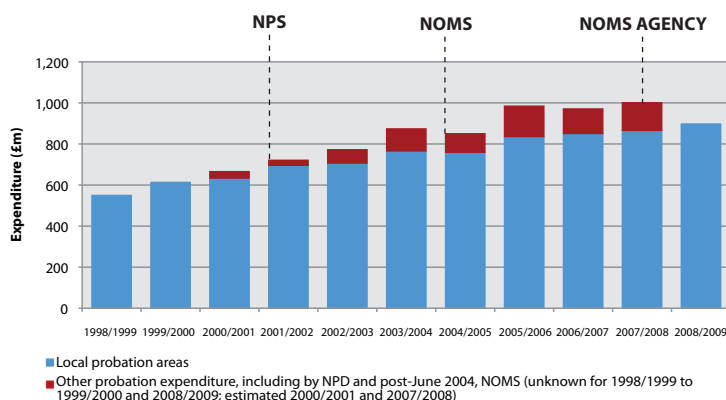
In the past ten years probation services in England and Wales have been restructured three times. The creation of the NPS in 2001, the introduction of NOMS three years later and NOMS restructuring in 2008 each resulted in a different model for delivering probation services. The four probation service structures in this period and their associated expenditure are outlined in appendix 1.

Figure 5 outlines probation expenditure according to publicly available sources. Probation expenditure is distinguished by whether it is incurred locally, in the probation areas working with those subject to probation supervision, or outside the local areas, most notably by the national and regional organisational structures which were in place during this period.

^aThese figures only account for prison operating costs and do not include the cost of prison building.

Given the organisational changes which took place at this time, outlined in appendix 1, it is unsurprising that the financial information given here about the probation service over the past decade does not amount to a series where direct comparisons can be made between all years.⁹ First, changes in ‘local probation areas’ and in ‘other probation expenditure’ do not necessarily reflect like-for-like changes in these two categories, but also result from structural changes in responsibility. For example, some functions, such as facilities maintenance and aspects of ICT, moved from ‘local probation areas’ to ‘other probation expenditure’ during this period. Second, financial data about probation expenditure outside local probation areas are not available for all years.

FIGURE 5: PROBATION EXPENDITURE, 1998/1999 TO 2008/2009, REAL TERMS



Source: Local probation areas: 1998/1999 to 2001/2002: Home Office, 2004; 2002/2003 to 2007/2008: NPS, 2003/2004 to 2007/2008; 2008/2009: NOMS, 2009: 71; Other probation expenditure: 2001/2002 to 2006/2007: NAO, 2008: 12; 2000/2001 and 2007/2008 estimates: Hansard, Parliamentary Answer, 8 June 2009, c77W

Despite limitations in the financial information about probation during this period, there is no doubt that probation expenditure significantly increased in the past decade. During this period,

⁹The HM Treasury PESA reports, used in the previous section to identify prison spending, are unaffected by departmental change. However, the reports do not report probation expenditure as a separate category but include probation within the category of ‘law courts’ (UNSD, 1999).

local probation area expenditure more than doubled from £431m in 1998/1999 to £897m in 2008/2009, an increase of over 60 per cent in real terms (63.4 per cent). This equates to an additional £348m spent on local probation areas in real terms during 2008/2009 compared with 1998/1999. Information on probation expenditure outside local areas is not available for either of these two years.¹⁰ Were this expenditure to be taken into account, the real percentage increase in probation expenditure would be significantly higher than 63.3 per cent. In 1998/1999, probation expenditure in addition to that spent in local areas was mainly incurred by the Probation Unit, a Home Office department of approximately 70 civil servants which developed policy guidance for the 54 locally accountable probation areas (Wargent, 2007). In 2008/2009, other probation expenditure included the proportional costs of a national head office for offender management and the cost of a regional level of offender management to commission and monitor the regional performance of probation services.

The data also suggest that the relatively high real-terms increases in probation spending ended in 2005/2006. Since then, local probation areas have experienced modest real-terms increases of 2.4 per cent on average in the past three years.

Probation expenditure 2001/2002 to 2007/2008 (from the creation of the NPS to NOMS restructuring)

A more complete picture of probation expenditure that includes the costs incurred inside and outside local probation areas is identifiable for seven years of the previous decade: from the creation of the NPS in April 2001 until 2007/2008, the year in which the National Probation Directorate (NPD) was absorbed into the single NOMS Agency (see figure 6). Two things about the overall trend of a significant increase in probation expenditure are revealed by these figures. First, it is not the case that probation expenditure was subject to consistent annual increased

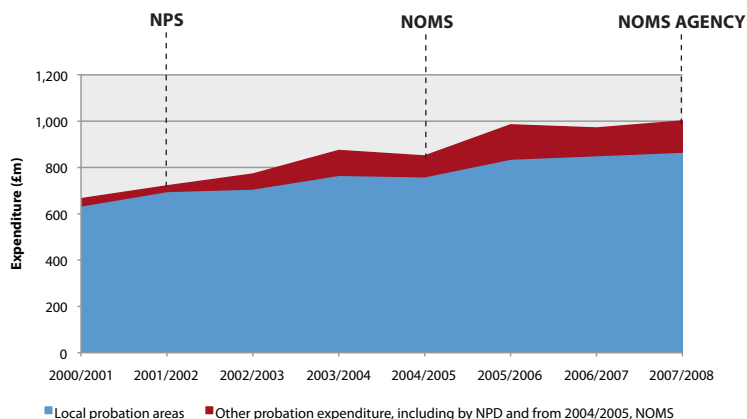
¹⁰ No financial information was found for the cost of the Home Office Probation Unit in 1998/1999. Probation costs incurred by NOMS HQ and the regional directors of offender management in 2008/2009 are not available. These costs are included in NOMS HQ expenditure and are not separately reported in NOMS Agency public accounts.

expenditure. The increase in probation expenditure during this period was the result of substantial increased expenditure in particular years, namely:

- During the first two years following the creation of NPS in April 2001 (between 2001/2002 and 2003/2004), probation expenditure increased by more than a fifth in real terms (21.3 per cent).
- Increased annual expenditure was at a record high in 2005/2006, the year the new community sentences framework was implemented. These new Community Orders and Suspended Sentence Orders were anticipated to have significant implications for probation workload.

Second, these figures demonstrate the increased proportion of probation expenditure incurred in addition to that spent by local probation areas. As previously stated, it is not possible to disentangle the like-for-like changes in central/local probation expenditure from the influence of organisational changes in how expenditure is accounted for. However, the growth in central probation costs is striking. In 2001/2002, the financial year the NPS was created, spending on probation outside local areas accounted for 3.4 per cent of total probation expenditure. By 2007/2008, 13.4 per cent of probation expenditure was spent outside local probation areas.

FIGURE 6: TOTAL PROBATION EXPENDITURE, 2001/2002 TO 2007/2008, REAL TERMS



Source: see previous figure

Combined penal expenditure since the creation of NOMS

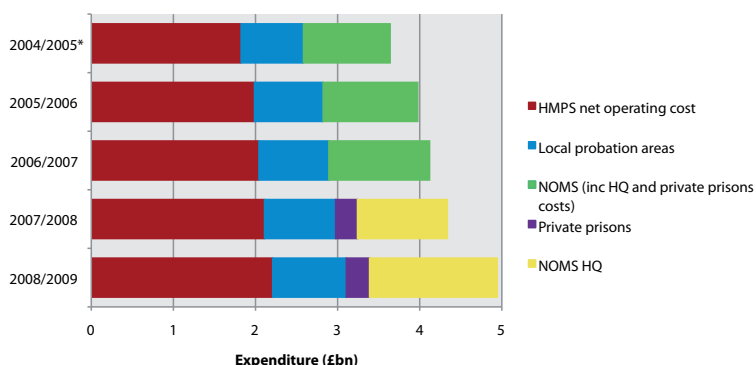
The creation of NOMS in April 2004 introduced a new framework for considering prison and probation, from two separate services to an amalgamated model of offender management. As such, the central costs incurred by NOMS in this period are not allocated to prisons or to probation but combined as a single category. To review spending on prison and probation in the second half of the past decade it is necessary to consider prison, probation and NOMS HQ expenditure as a totality. Attempts to disaggregate departmental spend on prison and probation in this period will not accurately account for central costs. In addition, considering the operational costs of HMPS and local probation areas without reference to wider organisational changes, particularly when responsibilities for functions have transferred from these services to NOMS, does not enable like-for-like comparison between years.

In 2008/2009, NOMS Agency total expenditure was nearly £5bn (£4.94bn) and accounted for around half the MoJ's annual budget (MoJ, 2009a: 8). This cost represents a 50 per cent actual increase

in penal service spending (the combined cost of prison operating costs, local probation areas and NOMS HQ) in the past four years (50.3 per cent), or an increase of over a third in real terms (35.8 per cent; see figure 7).

FIGURE 7: PRISON SERVICE AND PROBATION SERVICE OPERATING COSTS AND NOMS EXPENDITURE, REAL TERMS

These figures exclude prison and probation costs met by departments other than the MoJ, such as expenditure met by the Department of Health.



Source: HMPS operating costs: HMPS, 2006 and 2008; Local probation areas net operating costs: NPS, 2003 to 2008; Hansard, Parliamentary Answer, 11 November 2009, c481W; NOMS: Carter, 2007; NOMS HQ and private prisons: NOMS, 2009

*Several functions moved from HMPS to NOMS in 2005/2006. The 2004/2005 figures presented here have been adjusted to show HMPS expenditure had this reorganisation taken place a year earlier to allow a like-for-like comparison with later years.

Since the introduction of NOMS, all areas of penal expenditure had year-on-year real-terms increased expenditure. However, the growth in NOMS central expenditure (NOMS HQ and private prison costs) far outstripped that of the HMPS and local probation areas. As table 1 below shows, NOMS HQ and private prisons expenditure increased at a rate over three and a half times greater than that of HMPS, and over four times greater than local probation areas, since 2004/2005.

TABLE 1: REAL-TERMS PERCENTAGE INCREASE IN EXPENDITURE ON PENAL FUNCTIONS, 2004/2005 TO 2008/2009

NOMS HQ and private prisons	74.2%
HMPS operating costs	21.1%
Local probation areas	18.0%
All penal functions	35.8%

Source: As figure 7

The most dramatic increase in central expenditure was in 2008/2009 when NOMS HQ expenditure increased by over 40 per cent in real terms compared with the previous year (42.0 per cent). This is the first financial year following the reorganisation of NOMS in January 2008 and the significant development of a regional structure of commissioning through the directors of offender management (DOMs).

By contrast, around half the real-terms percentage increase in expenditure for HMPS and for local probation areas shown in table 1 occurred in the first financial year following the introduction of NOMS (2005/2006) when prison and probation increased by 8.9 and 10.0 per cent in real terms respectively. Following these increases in real terms, HMPS and local probation area expenditure grew at much more modest average annual rates of 3.6 and 2.4 per cent respectively in the past three years.

Expenditure on HMPS and local probation areas continued to account for the bulk of penal expenditure since the inception of NOMS. However, the greatly increased central penal expenditure, compared with the more modest increases in HMPS and local probation area spending since the introduction of NOMS, has significantly changed the service/central proportional penal spend. By 2008/2009, NOMS HQ accounted for nearly a third of all NOMS Agency expenditure (31.5 per cent).

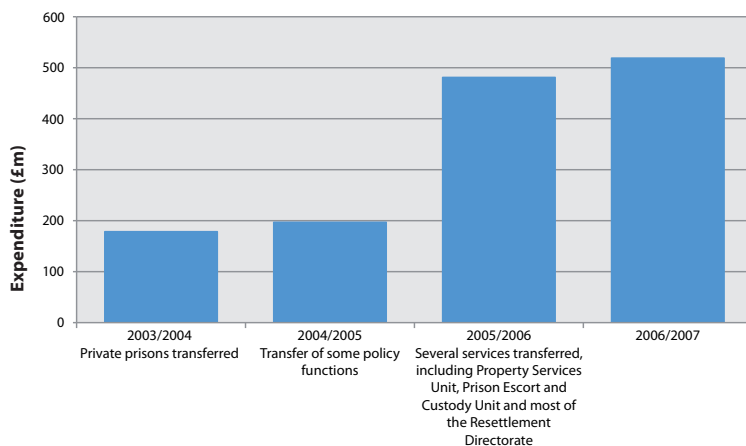
NOMS HQ expenditure is not disaggregated in any public accounts. Given the size of this central expenditure and the radically changed nature of penal spending since the inception of NOMS, NOMS HQ expenditure has, unsurprisingly, been controversial. The interest

in accounting for NOMS HQ costs can be judged by the frequency with which parliamentary questions about NOMS finances appear in Hansard.

NOMS HQ expenditure includes the cost of several functions that were previously accounted for in HMPS operating costs or in local probation areas (for example, prisoner escort services or the maintenance of property), as well as central administrative and management costs. However, given the singular way this spending has been reported, it has not proved possible to reliably establish the size and proportion of the elements that make up this significant expenditure at even a basic level.¹¹ Partial light is shed on the extent to which NOMS expenditure accounted for frontline functions, as opposed to restructuring and administration costs, by a parliamentary answer regarding departmental prison expenditure. These figures, shown in figure 8, suggest £0.5bn, or 45.0 per cent of NOMS expenditure in 2005/2006, was on services that had previously been accounted for in HMPS accounts.

¹¹ From 2009/2010, NOMS central expenditure is no longer reported as 'NOMS HQ' but as 'NOMS administration' and 'NOMS operations' (Hansard, Parliamentary Answer, 12 October 2009, c114W).

FIGURE 8: ESTIMATED EXPENDITURE OF FUNCTIONS THAT TRANSFERRED FROM HMPS TO NOMS, 2003/2004 TO 2006/2007, REAL TERMS



Source: Hansard, Parliamentary Answer, 8 February 2007, c1089W; HMPS, 2004, 2006, 2007

The gap in financial information leaves unanswered questions about the soaring cost of NOMS HQ since its introduction; in particular, whether this escalated expenditure was due to increased spending on functions formally accounted for by frontline penal services, higher spending on administration, or because of the cost of restructuring itself.

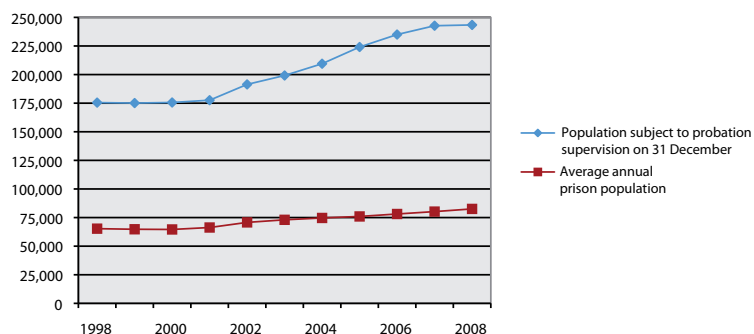
Chapter two: Spending, staffing and population changes

There are no publicly available data sources that disaggregate annual prison and probation expenditure in England and Wales by work area. Without such sources, it is not possible to account for what the prison and probation expenditure shown in chapter one has been spent on and the trends in areas of spending over the past decade. In lieu of information that enables an account of where the money has gone, in this chapter we focus on the important matter of how changes in prison and probation spending compare to changes in the population subject to a custodial sentence and to probation supervision.

For prison, we consider available information about the annual cost of a prison place (both the cost of holding a person in prison and the cost of building new prison places to meet demand) and staffing changes. For probation, we consider the available data about staffing changes over the decade, particularly for staff directly working with those subject to probation supervision.

Population and service level expenditure

FIGURE 9: PRISON POPULATION¹² AND POPULATION WHO UNDERWENT PROBATION SERVICE SUPERVISION,¹³ ENGLAND AND WALES, 1998–2008



Source: MoJ, 2009d

Between 1998 and 2008 the average annual prison population and the number of people subject to probation supervision have risen by 26.5 and 38.7 per cent respectively. Comparing these trends to prison operating costs and local probation expenditure (see chapter 1) gives the impression that spending on prison and probation has more than kept up with increases in the population.¹⁴ For probation there is a 63.3 per cent increase in expenditure compared with a 38.7 per cent rise in the number

¹² The prison population figures are annual averages and exclude people held temporarily in police cells. At times and in areas of 'acute pressures' on the prison estate, police and court cells have been used to house prisoners (Carter, 2007).

¹³ Estimated population under probation service supervision as at 31 December of each year. Figures are adjusted to account for a change in the system for collecting data introduced in 2002. Individuals are only counted once, even if they were subject to several types of supervision at the end of the year. The figures include court orders and pre- and post-release work. Family cases are included until 2001. For the number of supervisions started by the probation service every year, see Oldfield and Grimshaw, 2010.

¹⁴ Please note: annual expenditure is calculated from April to March while average population figures are calculated for a calendar year (the annual averages are averages of the 12-month end figures). Here the financial year 1998/1999 is compared to population for the calendar year 1998.

of people subject to probation. For prison, it is only possible to compare public prisons' operating costs to prison population between 2004 and 2008. For this four-year period, public prisons' operating costs increased by 15.7 per cent compared with a 10.6 per cent increase in prison population.

These are very crude comparisons to make. In relation to population numbers, expenditure figures only start to be really meaningful when considered in greater detail. While a decade comparison between spending and population changes gives the impression that prison and probation spending kept pace with the increase in the population, indicators suggest that this may not be the case.

A. The prison service

Per capita costs

Publicly available information about how prison spending relates to prison population is provided by a parliamentary answer about per capita prison costs (costs per prisoners). The average annual cost of keeping a person in a public prison increased by 7.3 per cent in real terms between 1998/1999 and 2006/2007, from £26,132 to £28,033 (see figure 10; 'direct establishment costs').¹⁵ The biggest increase occurred in the first two years of this period. Indeed, public prison per capita costs decreased by 4.4 per cent in real terms between 2005/2006 and 2007/2008. As a result of this decrease, per capita costs in 2007/2008 were very similar in real terms to those of 2001/2002 (2007/2008 per capita costs are 0.5 per cent higher than in 2001/2002).

Caution is required when interpreting these figures because they do not relate expenditure to important differences between

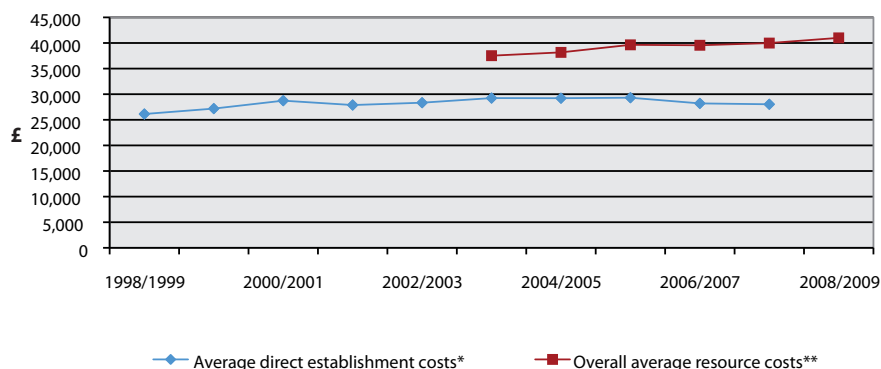
¹⁵Calculated as public sector establishments' direct resource expenditure divided by the number of people held in prison, not including people in a police or court cell.

the costs of imprisoning people subject to different custodial sentences. However, they indicate that HMPS resource expenditure in recent years, when considered in the context of prison population growth, has meant that less money has been spent per prisoner on average.

According to the experience of HM Chief Inspector of Prisons, Dame Anne Owers, over her eight-year tenure (2002–2010), the prison service has been contending with the ‘twin pressures of increasing population and declining resources’ (HMCIP, 2010). Overcrowding and population pressures affect ‘the whole system – stretching resources and managerial energy, keeping in use buildings that ought to be condemned, doubling up prisoners in cramped cells, and leading to unnecessary and destabilising prisoner moves. All of this compromises successful rehabilitation’ (ibid.). Budget pressures are now so intense that some prisons are being told, says Owers, that they should aim ‘for the bronze, rather than the gold standard’ (ibid.). Recent prison cost-cutting measures have included, since April 2008, reducing the core week for some prisoners (Tidball, 2007). As a result, some prisoners were locked up for half a day a week longer than previously, reducing access to constructive activity in prison as well as time outside their cells.

From 2003/2004, figures are also available showing how spending on prison relates to the prison population once private prisons and some central costs are taken into consideration (see figure 10; ‘overall average resource costs’). Once private prisons and some aspects of central prison spending are taken into account, we can see a different trend in per capita costs. These figures show that a 9.3 per cent real-terms increase occurred in average per capita costs between 2003/2004 and 2008/2009, rising from £37,523 to £41,000 in these years.

FIGURE 10: PRISON COSTS PER CAPITA, ENGLAND AND WALES, 1998/1999 TO 2008/2009, REAL TERMS



*'Average direct establishment' costs, available for the years 1998/1999 to 2007/2008, constitute the average cost per prisoner, which comprises 'the public sector establishments' direct resource expenditure as published in the Annual Report and Accounts of Her Majesty's Prison Service' (Hansard, Parliamentary Answer, 26 October 2009, c88W).

**'Overall average resource costs', available for the years 2003/2004 to 2008/2009, comprise 'public sector establishments' direct resource expenditure' plus 'an apportionment of costs borne centrally by HMPS and the National Offender Management Service' and the 'resource expenditure of contracted-out prisons, also increased by certain costs borne centrally' (Hansard, Parliamentary Answer, 3 February 2009, c1176W). Figures relating to the overall resource costs 'do not include prisoners held in police or court cells under Operation Safeguard, nor expenditure met by other Government departments (e.g. for health and education) but include the prisoner escort service' (Hansard, Parliamentary Answer, 26 October 2009, c88W).

Source: Hansard, Parliamentary Answer, 26 October 2009, c88W

The difference between the recent real-terms decline in establishment per capita costs but increased overall per capita costs may be explained by the rapid rise in central costs compared with more modest growth in HMPS expenditure (see chapter 1). This shift may be due in part to the centralisation of some establishment costs (for example, procurement and human resources) and the move of departments such as estates management from local to regional arrangements. The trends in direct establishment costs and overall resource costs shown in figure 10 will therefore partly reflect changes in financial responsibility as well as actual changes in services.

Capital costs

From 1998/1999 to 2008/2009, 15,267 new prison places were built in England and Wales. There are no publicly available data about total annual capital costs of prison building over the last decade. The average capital building cost per prison place increased by two-thirds (66.3 per cent) in real terms over this ten-year period, from £85,397 in 1998/1999 to £142,000 in 2008/2009.

In spite of the new prison places, a consistent fifth to a quarter of the prison population have been held in overcrowded accommodation throughout this period (see table 2).

TABLE 2: AVERAGE NUMBER OF PRISONERS IN OVERCROWDED ACCOMMODATION, ENGLAND AND WALES, 1998–2008

Year	Average number of prisoners in overcrowded accommodation	Average percentage of prison population in overcrowded accommodation
1998/1999	13,079	20.0
1999/2000	13,083	20.1
2000/2001	11,780	18.2
2001/2002	13,018	19.2
2002/2003	16,684	23.3
2003/2004	18,300	24.8
2004/2005	18,214	24.3
2005/2006	18,356	24.0
2006/2007	19,438	24.6
2007/2008	20,377	25.3
2008/2009	20,452	24.7

Source: Hansard, Parliamentary Answer, 8 December 2009, c 274W

It is worth noting that the marginal (0.6 per cent) decrease in the percentage of the prison population held in overcrowded accommodation in the final year of this series occurred during the period of the End of Custody Licence (ECL) and Home Detention Curfew (HDC) scheme.¹⁶ ECL, introduced in June 2007, released some prisoners serving terms of four years or less up to 18 days early and was terminated in April 2010. Travis estimates that the end of ECL will add at least 1,000 to the daily prison population (Travis, 2010). HDC remains in place at the time of writing.

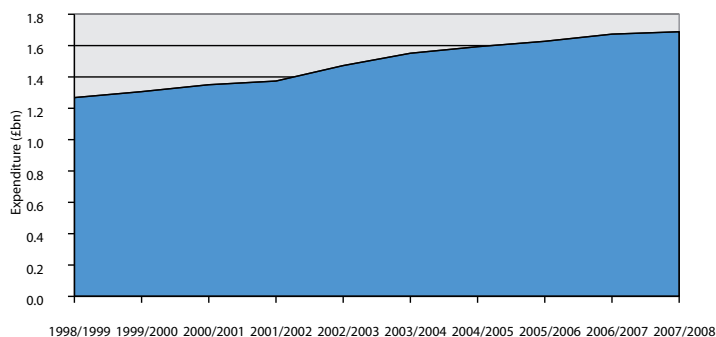
¹⁶ The HDC scheme enables eligible prisoners to be released early under licence and uses electronic monitoring surveillance (i.e. electronic tagging) to ensure home confinement and to control behaviour.

Staffing

Trends in prison staffing are available for public prisons. In real terms, HMPS staff costs increased by a third (33.1 per cent) between 1998/1999 and 2007/2008 (see figure 11). Figure 12 shows HMPS staffing according to function over this period. Overall staffing increased by 19.7 per cent over this ten-year period. The total number of HMPS staff increased year on year except in 2005/2006 and 2006/2007 when total staffing remained fairly static.

Prison officers accounted for the vast majority of HMPS staff (between 71.5 per cent and 69.0 per cent in this period). The number of prison officers increased by 15.5 per cent over this period. Administration staffing changed the most in percentage terms during this time, rising by 44.2 per cent. Most of this increase occurred in the period up to 2004/2005. Indeed, the number of administration staff decreased by 4.5 per cent in the two years following 2004/2005.

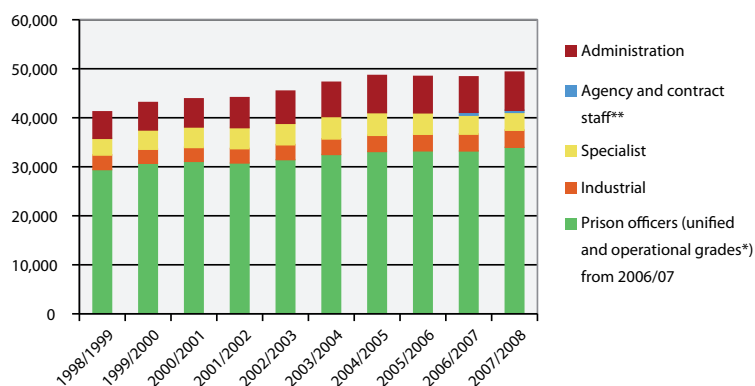
FIGURE 11: HMPS STAFF COSTS, 1998/1999 TO 2007/2008, REAL TERMS



The figures in this table relate to public prisons only.

Source: HMPS 2000–2008; HM Treasury, 2010

FIGURE 12: AVERAGE NUMBER OF FULL-TIME EQUIVALENT (FTE) PERSONS EMPLOYED IN HMPS, 1998/1999 TO 2007/2008



Source: HMPS 1999–2008

The figures in this table relate to public prisons only.

* This category, introduced in 2006/2007, includes all officer grades, operational managers and operational support grades.

** Agency and contract staff included from 2006/2007 onwards.

B. The probation service

Staffing

As we have seen, there has been an increase of just under 39 per cent in the population under probation supervision. Some staff groups – but not all – have matched that increase. The data considered here are all contained in table 14, appendix 2.¹⁷

¹⁷For definitions of all the work groups discussed in this section, see table 14, appendix 2. Although we have included senior probation officers in table 14, this post has been excluded in calculations of the numbers of staff available to work directly with those subject to probation supervision because it has become increasingly managerial. Indeed, the post was merged into 'middle manager' in 2006. Since figures released between 2003 and 2006 have been based on 'head counts' rather than full-time equivalent (FTE) posts, which are likely to be lower, we should be cautious about the trend for this part of our period.

At the end of 1998, the total number of staff recorded as employed by the probation service was 14,660 (Home Office, 2004: table 8.2; 46). By 2008, the full staff complement had grown to 21,140,¹⁸ a rise of 46 per cent (NOMS, 2010b). Staffing levels have substantially increased, with the number of staff in some work groups at least doubling in size. However, the picture of expansion begins to change towards the end of our period.

Figures 13 to 15 show the trends in probation staffing in increasing levels of detail. In summary, since 1998, using the categories as consistently as possible,¹⁹ it appears that 'all operational'²⁰ and 'frontline'²¹ staff have increased by 81.3 and 64.8 per cent respectively (see figure 13). This significant increase included a period of rapid growth, particularly between 2001 and 2006. However, the year-on-year increases to these two staffing categories ended in 2006. Since then, 'all operational' staffing and 'frontline' staffing declined by 15.7 and 17.4 per cent respectively. As a result, the numbers of 'all operational' and 'frontline' staff in 2008 are lower than in 2003.

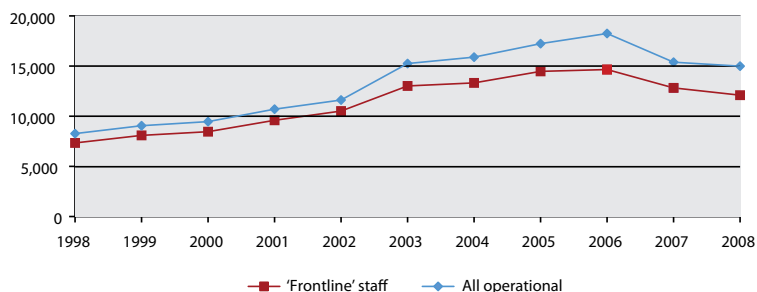
¹⁸ FTE, including unclassified staff.

¹⁹ It is difficult to compare the series of figures for certain categories because of changes in recording practices.

²⁰ 'All operational staff' includes all probation officers, probation service officers (PSOs), psychologists and other operational.

²¹ By 'frontline staff' we mean staff whose work is usually directly concerned with those subject to probation supervision. These comprise senior practitioners, qualified probation officers, trainees and PSOs.

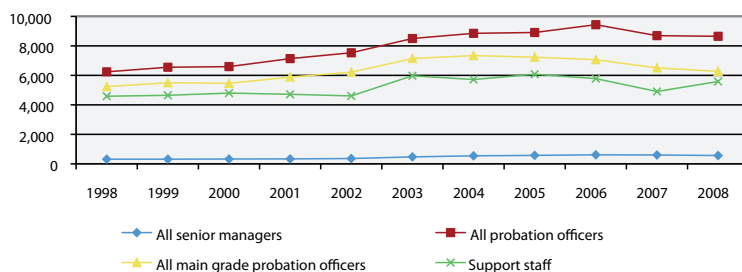
FIGURE 13: ALL OPERATIONAL PROBATION STAFF AND 'FRONTLINE' STAFF, 1998–2008



Source: Home Office, 2004; NPS, 2004–2007; NOMS, 2010a,b

Within the 'frontline', we have also separated the number of 'main grade' probation officers – that is, the total of qualified officers and trainees (excluding senior probation officers). When we refer to 'qualified' officers in the following discussion, the term relates to this group, which works directly with those subject to probation supervision. The categories 'all main grade probation officers' and 'all probation officers' show smaller increases than 'all operational' or 'frontline' probation staff in this period, rising by 19.6 and 38.6 per cent respectively (see figure 14). While the number of support staff grew by 21.8 per cent, the number of senior managers increased by 78.5 per cent. This rise was mainly due to increases in deputy chief officer (DCO) and director posts and in area and district managers, which have both more than quadrupled between 1998 and 2008.

FIGURE 14: PROBATION STAFFING BY WORK GROUPS, 1998–2008



Source: Home Office, 2004; NPS, 2004–2007; NOMS, 2010a,b

‘All main grade probation officers’ includes qualified probation officers and trainee probation officers

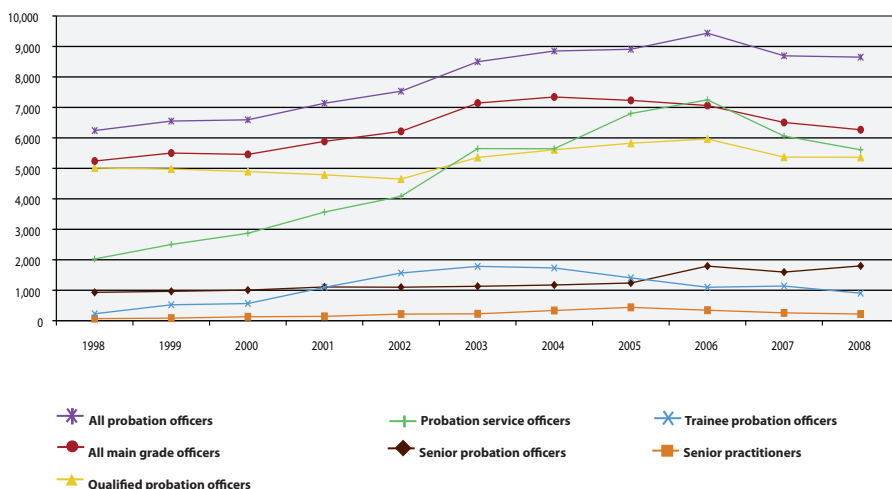
Looking in more detail at the changes in probation officers (figure 15), the greatest percentage changes were in the number of senior practitioners and trainee probation officers. While the number of trainee probation officers almost quadrupled over the decade, after substantial growth between 1998 and 2003, their numbers have recently fallen. The number of senior probation officers almost doubled, increasing by 93.3 per cent, and is the only probation officer category that did not decline in 2008 compared to 2006.

The number of qualified officers is of particular importance as they are responsible for key frontline decisions (figure 15). Their numbers declined until 2002, then increased rapidly until 2006. However, between 2006 and 2008, the number of qualified probation officers dropped again, resulting in an increase of just 7 per cent between 1998 and 2008.

In addition to probation officers, probation service officers (PSOs) have been an important component of frontline probation staff. Unlike probation officers, PSOs only supervise those categorised as ‘low risk’. The number of PSOs has increased over 2.5 times in this ten-year period, from 2,027 to 5,610. From 2003 onwards, there were more PSOs than qualified probation officers. Their rate of increase was twice as great as the increase in ‘all probation officers’

during this ten-year period. As a result, PSOs accounted for almost half of frontline probation staff in 2008 (46.4 per cent). In the first year of the period considered here, PSOs accounted for less than a third (27.6 per cent) of frontline probation staff.

FIGURE 15: NUMBER OF PROBATION OFFICERS BY KEY WORK GROUPS AND NUMBER OF PROBATION SERVICE OFFICERS, 1998–2008²²



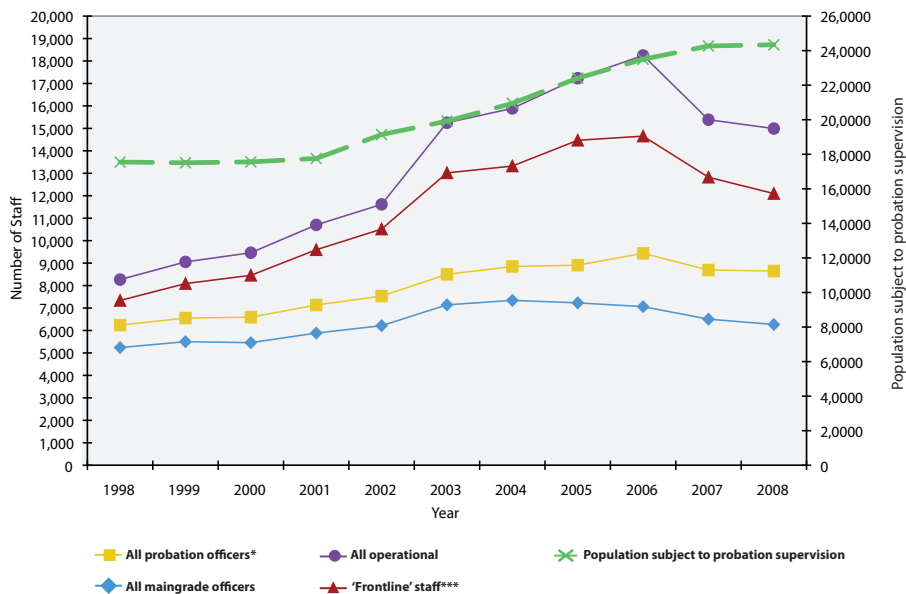
Source: Home Office, 2004; NPS, 2004–2007; NOMS, 2010a,b

Figure 16 shows how far increases in staff correspond with the growth of the population subject to probation. In particular, it points to an increased gap since 2006 between a rising population

²²Practice development assessors and treatment managers are not shown separately in figure 15 as the size of these staffing groups are too small for the trends to be clearly shown in this graph. See table 14, appendix 2 for numbers of staff employed in these categories.

of people subject to probation and recent reductions in key staff groups.

FIGURE 16: PROBATION STAFFING AND THE POPULATION SUBJECT TO PROBATION SUPERVISION, 1998–2008



Source: MOJ, 2009d; Home Office, 2004; NPS, 2004–2007; NOMS, 2010a,b

These figures indicate that, by 2008, 'all operational' and 'frontline' probation staffing groups were no longer rising but tending to fall, while there was a recent striking reduction in the professional core of probation staff at a time when the caseload was continuing to grow.

Conclusion

The limitations of publicly available data about prison and probation costs

This briefing overwhelmingly demonstrates that there are significant gaps in the availability and quality of publicly available data about prison and probation spending. Accounting for prison and probation spending over the last decade is problematic for four key reasons:

1. Detailed prison and probation costs by function are not reported in publicly available accounts. This is the case for HMPS, local probation areas and NOMS Agency. As a consequence, it has not proved possible to produce sound expenditure series for significant initiatives such as drug treatment, resettlement or accredited programmes.
2. Reorganisation has been used by government to deliver intended penal system reform in this period. Given the changes in structural responsibility this has entailed, it is perhaps unsurprising that the annual prison and probation expenditure information that does exist is often not directly comparable over time. Without disaggregated costs it is particularly difficult to assess the increased central spending that has occurred during this period.
3. The creation of NOMS merged prison and probation resources at the centre under the single concept of offender management. As a result, from 2004 onwards, it is not possible to accurately account for prison and probation expenditure independently.

4. No data source is inclusive of all prison or probation costs. As a number of government departments fund both prison and probation, expenditure information collected by the department overseeing prison and probation can only provide a partial picture of expenditure. The most reliable, inclusive source of financial information on prison is that collected by HM Treasury for the annual PESA reports. However, this source does not account for the real cost implications of current prison building through PFI contracts, the expenditure of which is spread over the total life of the contract. In addition, while PESA reports are the only public source of cross-departmental prison expenditure, the single national level of prison expenditure they provide make them a difficult source of financial information to interpret in terms of what accounts for the trends they depict.

Given the significant difficulties we have encountered trying to establish ten years of penal spending, the extent to which penal expenditure trends in England and Wales can be scrutinised and publicly held to account is called into question. Recent enquiries regarding aspects of prison and probation spending confirm inadequacies regarding the quality of expenditure information across the penal system:

Better data on capacity, and costs ... would help the [Probation] Service demonstrate value for money in the management of community orders.
(NAO, 2008: 5)

*The Review has been unable to obtain sufficient detail in the time available to analyse [NOMS] costs in detail ... it is clear that there is **a need for maximum transparency and control in the financial management** of the overheads for the entire penal system. This should begin with **disaggregation of all central costs from direct operational costs**, and close monitoring against agreed targets of all these central costs ... **Detailed cost information relating to all public and private sector prisons** should be published on a regular basis.*
(Carter, 2007: 40–41)

*We have not been able to determine the full value of the waste and inefficiencies associated with the failure of the C-NOMIS project with certainty because of **NOMS' poor recording of costs**.*²³

(NAO, 2009: 7) [Emphasis added]

As the last quote indicates, the recent investigations into the C-NOMIS project have painted a damning picture of NOMS Agency financial accountability (NAO, 2009; HoCPAC, 2009). That prison and probation expenditure are not publicly transparent is one matter. That accountable financial systems for resources may simply not exist is another. The concerns enquiries have raised about the extent to which decisions about probation and prison are appropriately informed by high-quality financial information have been acknowledged by NOMS Agency. A benchmarking of prison activity and probation service costs is currently being undertaken (NOMS, 2009: 33), and in future NOMS central costs will be reported by administrative and operational function rather than as a single figure.

The muddy nature of known prison and probation costs also has implications for the current popular argument by several penal reform organisations that community sentences are more attractive than prison on economic grounds. Leaving aside whether an economic framework is the most appropriate lens for a society to organise its penal system as distinct from moral or justice considerations (see Liebling, in Hough et al., 2006: 71 for a discussion), the significant gaps in the expenditure data our analysis has found suggest that the evidence base may not yet be sufficiently developed to support a cost-based argument for penal reform.

²³ The 'C-NOMIS' system was started in 2004 by NOMS with the purpose of establishing a single, integrated offender management IT system across prison and probation services. C-NOMIS was to be implemented by January 2008 but ran into difficulties and overspend. It was eventually rescoped and reduced in functionality and remit. NAO estimated the cost of the delays and rescopings of the C-NOMIS project to be 'at least £41m' (NAO, 2009). The House of Commons Public Accounts Committee, which also looked into the matter, highlighted the three-year implementation delay, 'reductions in scope and benefit and a doubling of programme costs' (HoCPAC, 2009).

Despite the limitations of the financial information, some trends regarding prison and probation expenditure can be established from the analysis offered here.

The trajectory and organisational shape of prison and probation spending

Over the past decade, expenditure on prison and probation has increased substantially. For prisons, it appears as if it is not until the midpoint of the past decade (2003/2004) that there began a sustained upwards trend in expenditure. Since 2003/2004, prison expenditure increased by nearly 40 per cent in real terms (38.9 per cent).

We found that spending in local probation areas has increased over 60 per cent in real terms over the last ten years. Were central probation spending to be taken into account (by the NPD and then by NOMS), this increase would have been considerably more. However, it is important to note that the pace of this increase has significantly slowed since 2005/2006.

It is possible to know more about the organisation of penal spending following the creation of NOMS, when we can compare cross-departmental prison spending collected by the HM Treasury to MoJ penal system costs and to prison and probation service level expenditure. Between 2004/2005 and 2008/2009 the following real-term increases in expenditure occurred:

- A 35.8 per cent increase in NOMS Agency expenditure (MoJ's expenditure on prison, probation and NOMS HQ costs)
- A 31.4 per cent increase in overall prison expenditure (includes all government income sources)
- A 21.1 per cent increase in HMPS operating costs (or 11.1 per cent since 2005/2006)
- An 18.0 per cent increase in local probation area expenditure (or 7.3 per cent since 2005/ 2006)
- A 74.2 per cent increase in NOMS HQ and private prisons costs.

All aspects of penal expenditure had real-term increases in this four-year period. However, service level expenditure increased at a more modest rate when compared to the overall costs associated with the penal system, particularly since 2005/2006. Central costs have soared. These costs will have included spending on new organisational structures, operational costs such as the increased number of prison places provided by the Prison Capacity Unit, and expenditure previously accounted for locally. Indeed, all three reorganisations in this period have been accompanied by increased central costs. In 2008/2009, the last year of spending considered here, almost a third of all departmental penal expenditure was accounted for centrally by NOMS HQ (31.5 per cent).

Spending and the demands placed on prison and probation frontline resources

The scale of investment in prison and probation during this period cannot be considered in isolation from the significant increases in the population subject to a custodial sentence and to probation supervision. Once public prisons' operational expenditure is put in the context of this population growth, and probation frontline staffing is compared to the numbers supervised, in recent years both services appear to have been increasingly overstretched.

Particularly since 2006, the indications are that prison and probation frontline staff have been asked to do more, regarding workload, with less, in terms of money. There has been a 4.4 per cent real-terms decline in public prisons' direct expenditure per prisoner since 2005/2006 and a quarter of the prison population were held in overcrowded accommodation in 2008/2009. The latter is in spite of the significant prison building programme, totalling 15,267 new places over the decade 1998–2008. The overburdened nature of prison resources by 2009, the final year we consider in this briefing, has also been evidenced by the HM Inspectorate of Prisons' recent comments about prisons: 'twin pressures of increasing population and declining resources' (HMCIP, 2010).

For probation, the trend of increased operational and frontline staffing clearly ended in 2006. As a result, recent years have seen a

reduction in staff working directly with those subject to probation supervision at a time when the caseload continued to grow.

Prison overcrowding and high probation workloads are not new phenomena. Neither, in the last ten years, have prison and probation wanted for political attention, including three rounds of significant structural changes. Indeed, addressing these issues was a key part of the rationale for the organisational reforms and spending which have taken place. As we pointed out in the introduction, tackling the increased population subject to prison and probation was the key aim in the creation of NOMS. It is worth quoting the acknowledgement then of the burden placed on the penal system:

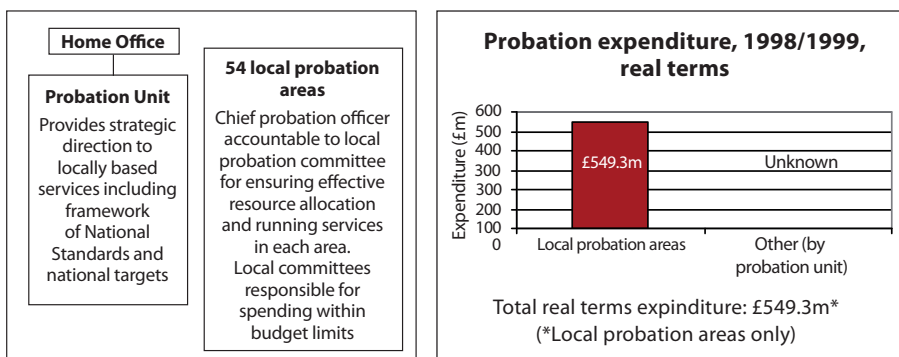
The reasons for these changes [the increased use of prison and probation] are complex but the result is that despite a large injection of resources – prison spending up by 24 per cent and probation spending up by 50 per cent in real terms over 10 years – the services have been stretched and the system has been managed through overcrowding, early release schemes and overloaded probation caseloads.
(NOMS, 2005: 15)

Despite the ambitious vision for NOMS, the organisational reform and the focus on efficiency and effectiveness that defined the past decade failed to ease an overcrowded system or to stem the growing overall expenditure. At the time of writing the new coalition government's programme proposed a 'full review of sentencing policy' the remit of which was yet to be announced (HM Government, 2010: 23). To get to grips with the serious capacity issues presented in this report such a commission would do well to question the demands we currently place on the system and to assess realistically the long term uses of criminal justice.

Appendix 1: Probation structure financial responsibilities and associated expenditure over the last decade

This appendix outlines the three main probation structures between 1998 and 2009 and their associated expenditure. While the introduction of NOMS amalgamated some prison and probation functions, here we outline the changes only for the probation service.

A. LOCALLY BASED PROBATION SERVICE, FINANCIAL YEARS 1998/1999 TO 2000/2001

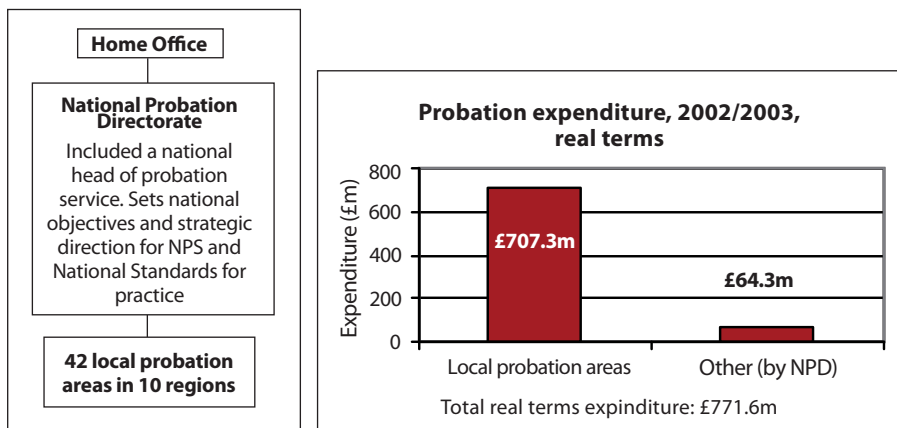


While the cost of the Probation Unit is unknown, it is reasonable to assume that this was a relatively small expenditure compared to that of local probation areas, as the unit employed approximately 70 people to provide policy guidance to the 54 locally based services and did not line-manage the local probation areas.

Probation areas were mainly financed through local authorities. The Home Office allocated a specific grant to local authorities which covered 80 per cent of probation areas' service costs. The remainder of areas' expenditure was met by local authorities. Additional Home Office funds were allocated for probation hostels, probation training, grants to voluntary organisations and capital grants. The prison service funded probation officers working within prisons.

Source: Barclay and Tavares, 1999: 72; Home Office, 1997: 23; Home Office, 2004; Wargent 2007

B. NATIONAL PROBATION SERVICE (NPS), FINANCIAL YEARS 2001/2002 TO 2004/2005

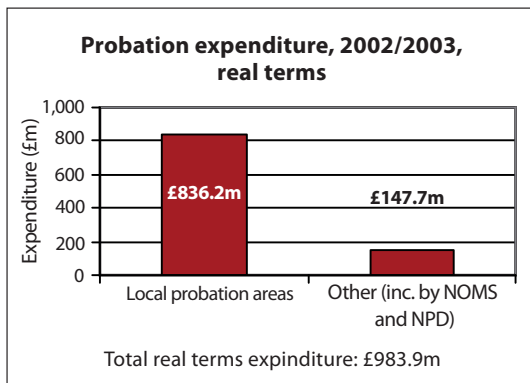
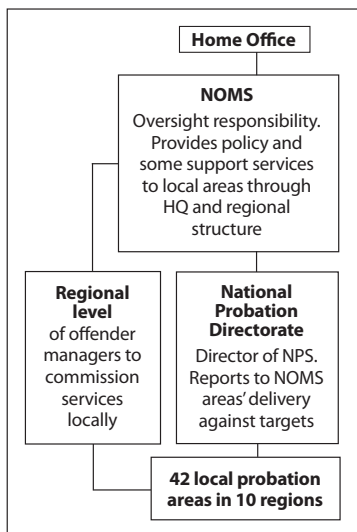


The creation of the NPS in April 2001 restructured the 54 local probation areas into 42 probation areas, aligning probation with other criminal justice agencies, and introduced a central head office. Probation areas became 100 per cent financed by the Home Office. Area chief probation officers and local boards continued to have financial responsibility for local probation area spending.

Areas' resource allocations were set annually by the Director General (2001 to 2004) and the Director of Probation (after 2004), and approved by the Home Secretary based on a formula which took into account an area's workload and demographics.

Source: NAO, 2008: 12; Home Office, 2001

C. NATIONAL OFFENDER MANAGEMENT SERVICE (NOMS), FINANCIAL YEARS 2004/2005 TO 2007/2008



NOMS, established in June 2004, absorbed the role of NPD to set the framework for probation policy and performance standards during this period.

Responsibility for some areas of expenditure moved from local probation areas to the centre, for example, maintaining the probation estate and some aspects of ICT.

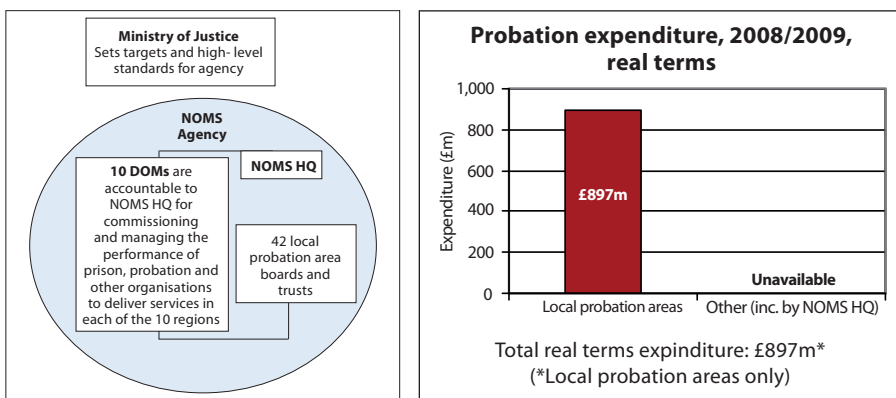
Under the NOMS model, it was intended that probation services would become increasingly delivered via contestability. A regional level of offender managers (ROMs) was introduced to commission area probation services from organisations, including the voluntary and private sector, from April 2006. ROMs provided an account of a region's performance against service level agreements to the NOMS board through a national offender manager. It was also intended that probation areas would be contracted to deliver services they had previously provided as part of their statutory responsibility. However, this required a change in legislation: for probation boards to convert to probation trusts. The Offender

Management Act was not passed until July 2007 and the first areas received trust status in April 2008.

Area boards continued to be responsible for the day-to-day organisation of the local probation service within centrally set performance and financial limits.

Source: NAO, 2008: 10, 12; NOMS, 2006, 2005; Oldfield and Grimshaw, 2010

D. NOMS AGENCY, FINANCIAL YEARS 2007/2008 TO DATE



The National Probation Service is absorbed into NOMS Agency, a single agency responsible for commissioning and delivering all adult offender management services in England and Wales. NOMS is headed by a director general and there is no national head of the probation service.

NOMS Agency is funded by an annual budget allocation from the MoJ and an allowance income from commissioning and other sources. Provisional budget allocations for future years are set to inform planning.

Regionally, NOMS operates through ten directors of offender management (DOMs) who commission services in each of ten regions through service level agreements and contracts, including

those with probation trusts. Regional budgets are set annually, centrally and then devolved to DOMs.

In probation areas, the chief executive of the trust, or the chief officer of the board, is accountable for day-to-day probation area operations, including staffing. Where boards still exist, a national accountable officer produces area consolidated accounts for NOMS. Areas that do not achieve trust status by April 2010 will be required to implement alternative arrangements, including amalgamating with neighbouring trusts or opening up their services to open competition. Probation trusts provide services directly and commission services from other organisations.

Source: MoJ, 2008; Oldfield and Grimshaw, 2010; MoJ, 2009c; NOMS, 2009: 71

Appendix 2: Tables of figures

Chapter 1

**TABLE 1: PRISON EXPENDITURE IN ENGLAND AND WALES,
2003/04 TO 2008/09 (£bn)**

Source: HM Treasury, 2009: 150, 154

	Actual					
	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009 planned
Prisons	2.522	2.740	3.132	3.359	3.841	3.982
Public order and safety	21.456	23.133	23.923	24.943	25.573	27.406
% change prison		8.6	14.3	7.2	14.3	3.7
% change public order and safety		7.8	3.4	4.3	2.5	7.2

	Real terms					
	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009 planned
Prisons	2.868	3.031	3.401	3.543	3.938	3.982
Public order and safety	24.397	25.592	25.981	26.310	26.218	27.406
% change prison		5.7	12.2	4.2	11.1	1.1
% change public order and safety		4.9	1.5	1.3	-0.4	4.5

TABLE 2: PRISON EXPENDITURE IN UK, 1998/1999 TO 2002/2003 (£bn)

Source: HM Treasury, 2004: 43

Real terms					
	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Prisons	3.489	3.467	3.630	3.127	3.376
Public order and safety	22.814	23.042	25.116	27.799	29.130
% change prison		-0.6	4.7	-13.9	8.0
% change public order and safety		1.0	9.0	10.7	4.8

Actual					
	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Prisons	2.737	2.774	2.942	2.591	2.888
Public order and safety	17.899	18.434	20.357	23.035	24.917
% change prison		1.4	6.1	-11.9	11.5
% change public order and safety		3.0	10.4	13.2	8.2

TABLE 3: PROPORTIONAL CHANGES IN PUBLIC PRISON AND PRIVATE PRISON OPERATING COSTS IN 2003/2004 AND 2008/2009, ACTUAL (£bn)

Source: 2003/2004: HMPS, 2004; Hansard, Parliamentary Answer, 8 February 2007, c1089W; 2008/2009: NOMS, 2009, p71

	Public prison	Private prisons
2003 /2004	2.105	0.157
2008 /2009	2.209	0.283

**TABLE 4: TOTAL PROBATION EXPENDITURE, 1998/1999 TO 2008/2009 (£m)
(ROUNDED TO NEAREST MILLION)**

Source: Local probation areas: 1998/1999 to 2001/2002: Home Office, 2004; 2002/2003 to 2007/2008: NPS, 2003/2004 to 2007/2008; 2008/2009: NOMS, 2009; 71. Other probation expenditure: 2001/2002 to 2006/2007: NAO, 2008: 12; 2000/2001 and 2007/2008 estimates: Hansard, Parliamentary Answer, 8 June 2009, c77W

Actual				Real terms				
	Local probation areas	Other probation expenditure	Total		Local probation areas	Other probation expenditure	Total	% change local probation area, real terms
1998/1999	431	-	-	1998/1999	549	-	-	
1999/2000	490	-	-	1999/2000	612	-	-	11.5
2000/2001	514	25	539	2000/2001	634	31	665	3.5
2001/2002	577	20	597	2001/2002	696	24	720	9.8
2002/2003	605	55	660	2002/2003	707	64	772	1.6
2003/2004	674	94	768	2003/2004	766	107	873	8.4
2004/2005	687	81	768	2004/2005	760	90	850	-0.8
2005/2006	770	136	906	2005/2006	836	148	984	10.0
2006/2007	807	113	920	2006/2007	851	119	970	1.8
2007/2008	845	131	976	2007/2008	866	134	1001	1.8
2008/2009	897	-	-	2008/2009	897	-	-	3.5

TABLE 5: PRISON AND PROBATION OPERATING COSTS AND NOMS EXPENDITURE, 2004/2005 TO 2008/2009 (£bn)

Source: HMPS operating cost: HMPS, 2006, 2008. Local probation areas net operating costs: NPS, 2003–2008; Hansard, Parliamentary Answer, 11 November 2009, c481W. NOMS: Carter, 2007. NOMS HQ and private prison: NOMS, 2009

Actual					
	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
HMPS net operating cost	1.649	1.830	1.936	2.058	2.209
Local probation areas	0.687	0.770	0.807	0.845	0.897
NOMS (inc HQ and private prisons costs)	0.954	1.061	1.163		
Private prison				0.259	0.283
NOMS HQ				1.068	1.555
Total	3.290	3.661	3.906	4.230	4.944
Prison, Probation and NOMS % change		11.3	6.7	8.3	16.9

Real terms					
	2004 /2005	2005 /2006	2006 /2007	2007 /2008	2008 /2009
HMPS net operating cost	1.824	1.987	2.042	2.110	2.209
Local probation areas	0.760	0.836	0.851	0.866	0.897
NOMS (inc HQ and private prisons costs)	1.055	1.152	1.227		
Private prison				0.266	0.283
NOMS HQ				1.095	1.555
Total	3.640	3.976	4.120	4.337	4.944
Prison, Probation and NOMS % change		9.2	3.6	5.3	14.0

TABLE 6: ESTIMATED EXPENDITURE OF SERVICES THAT TRANSFERRED FROM HMPS TO NOMS, 2003/2004 TO 2006/2007 (£m) (ROUNDED TO NEAREST MILLION)

Source: Hansard, Parliamentary Answer, 8 February 2007, c1089W; HMPS, 2004, 2006, 2007

	Actual	Real terms
2003/2004	157	179
2004/2005	178	197
2005/2006	443	481
2006/2007	492	519

Chapter 2

PRISON

TABLE 7: PRISON POPULATION, ENGLAND AND WALES, 1998 TO 2008*

Source: MoJ, 2009d

Year	Prison population
1998	65,298
1999	64,771
2000	64,602
2001	66,301
2002	70,778
2003	73,038
2004	74,657
2005	75,979
2006	78,127
2007	80,216
2008	82,572

* Annual average population. Excludes police cells

TABLE 8: AVERAGE ESTABLISHMENT COST PER PRISONER*, ENGLAND AND WALES, 1998/99 TO 2006/2007 (£)

Source: Hansard, Parliamentary Answer, 26 October 2009, c88W and HMPS, 2008: appendix 5

	Actual	Real terms
1998/1999	20,502	26,132
1999/2000	21,751	27,188
2000/2001	23,292	28,737
2001/2002	23,105	27,883
2002/2003	24,241	28,340
2003/2004	25,718	29,243
2004/2005	26,412	29,219
2005/2006	26,993	29,315
2006/2007	26,737	28,203
2007/2008	27,343	28,033

*These figures constitute the average cost per prisoner and comprise 'the public sector establishments' direct resource expenditure as published in the Annual Report and Accounts of Her Majesty's Prison Service' (Hansard, Parliamentary Answer, 26 October 2009, c88W).

TABLE 9: OVERALL AVERAGE RESOURCE COST PER PRISONER*, ENGLAND AND WALES 2003/2004 TO 2008/2009 (£)

Source: Hansard, Parliamentary Answer, 3 February 2009, c1176W and 26 October 2009, c88W

	Actual expenditure	Real terms
2003/2004	33,000	£37,523
2004/2005	34,500	£38,167
2005/2006	36,500	£39,640
2006/2007	37,500	£39,556
2007/2008	39,000	£39,984
2008/2009	41,000	£41,000

*These figures represent the overall average cost per prisoner and comprise 'public sector establishments' direct resource expenditure plus 'an apportionment of costs borne centrally by HMPS and the National Offender Management Service' and the 'resource expenditure of contracted-out prisons, also increased by certain costs borne centrally' (Hansard, Parliamentary Answer, 3 February 2009, c1176W. Figures relating to the overall resource costs do not include prisoners held in police or court cells under Operation Safeguard, nor expenditure met by other Government departments (e.g. for health and education), but include the prisoner escort service' (Hansard, Parliamentary Answer, 26 October 2009, c88W)

TABLE 10: NEW PRISON PLACES AND CAPITAL BUILDING COSTS PER PLACE, 1998/1999 TO 2008/2009

Source: Hansard, Parliamentary Answer, 19 October 2009, c1236W

Year	Number of places(*)	Average capital building cost per place (actual)	Average capital building cost per place (real terms)
1998/1999	1,222	£67,000	£85,397
1999/2000	1,646	£65,000	£81,248
2000/2001	640	£61,000	£75,259
2001/2002	920	£79,000	£95,338
2002/2003	1,780	£57,000	£66,639
2003/2004	1,376	£77,000	£87,553
2004/2005	2,570	£100,000	£110,629
2005/2006	940	£119,000	£129,237
2006/2007	180	£150,000	£158,223
2007/2008	2,111	£152,000	£155,835
2008/2009	1,882	£142,000	£142,000

(*) The number of new places does not take into account any places provided through crowding, or any places that have been taken out of use.

TABLE 11: AVERAGE NUMBER OF PRISON SERVICE EMPLOYEES, 1998/1999 TO 2007/2008

Source: HMPS Annual Reports and Accounts 1998/1999 to 2007/2008

Year	Administration	Industrial	Prison officers (unified and operational grades* from 2006/2007)	Specialist	Agency and contract staff**	Total
1998/1999	5,371	2,958	29,456	3,411		41,196
1999/2000	5,556	2,861	30,738	3,933		43,088
2000/2001	5,705	2,826	31,127	4,187		43,845
2001/2002	6,076	2,908	30,805	4,296		44,085
2002/2003	6,533	3,027	31,484	4,375		45,419
2003/2004	6,953	3,162	32,537	4,572		47,224
2004/2005	7,540	3,295	33,144	4,628		48,607
2005/2006	7,390	3,377	33,280	4,371		48,418
2006/2007	7,202	3,410	33,263	3,872	584	48,331
2007/2008	7,746	3,467	34,008	3,643	429	49,293

The figures in this table relate to public prisons only. Figures include senior management and are full-time equivalents (FTE).

* This category, introduced in 2006/2007, includes all officer grades, operational managers and operational support grades.

** Agency and contract staff included from 2006/2007 onwards

TABLE 12: PRISON SERVICE STAFF COSTS, ACTUALS AND REAL TERMS TOTAL, 1998/1999 TO 2007/2008 (£m)

Source: HMPS, 1998/1999 to 2007/2008

Year	Wages and salaries	Social security costs	Other pension costs	Provision for accrued leave	Staff on secondment, agency and contract staff	Total actual	Total in real terms
1998/1999	811	61.2	120.9	2.1		995	1268.211
1999/2000	854	61.6	126.8	2.3		1,045	1306.217
2000/2001	896	65	132	3		1,095	1350.367
2001/2002	931	66	139	4		1,138	1373.832
2002/2003	997	67	150		46	1,260	1472.482
2003/2004	1,084	83	152		45	1,364	1551.154
2004/2005	1,140	87	158		55	1,440	1592.931
2005/2006	1,153	87	213		46	1,498	1627.348
2006/2007	1,209	91	229		58	1,586	1673.076
2007/2008	1,268	93	248		37	1,647	1688.306

Prison service figures relate to public prisons-related costs.

Using HM Treasury GDP deflator to 2008/2009 market prices, published 4 January 2010

PROBATION

TABLE 13: POPULATION UNDER PROBATION SERVICE SUPERVISION AS AT 31 DECEMBER EACH YEAR, ENGLAND AND WALES, 1998 TO 2008

Source: MoJ, 2009d

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Court orders	115,000	109,700	108,700	109,000	116,100	120,700	128,200	137,400	146,500	150,200	146,700
Pre-/post-release	63,700	68,800	70,500	72,600	77,200	80,400	83,400	89,400	90,700	94,500	98,500
Population under supervision*	175,500	175,100	175,600	177,600	191,400	199,200	209,500	224,100	235,000	242,700	243,400

* These figures are official estimates based on a new system for collecting data introduced in 2002. Individuals have only been counted once in the figures even if they were subject to several types of supervision at the end of the year; this has the effect of discounting any impact of multiple supervision changes on the volume of work with one individual. Because of such counting rules and adjustments, the population under supervision figures are not a simple addition of 'court orders' and 'pre-/post-release work' and the figures for the 1998 caseload 'look artificially high' (MoJ, 2009 which?). All population under supervision figures included responsibility for family cases until 2001.

TABLE 14: PROBATION STAFFING, 1998 TO 2008

Source: Home Office, 2004; NPS, 2004–2007; NOMS, 2010a, b

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1998–2008 % change
Chief officers	55	53	54	42	42	40	42	42	40	42	42	-24
Deputy chief officer (DCO)/directors	13	13	12	18	26	45	54	61	77	72	54	315
Assistant chief officer (ACO) and equivalent	203	201	213	223	210	299	295	322	315	301	269	33
Area/district managers	45	49	49	53	82	89	153	150	180	186	199	342
All senior managers	316	316	328	336	360	473	544	575	612	601	564	78
Senior probation officers	931	965	1,005	1,108	1,100	1,130	1,173	1,238	1,793	1,596	1,800	93
Senior practitioners	69	85	130	143	218	227	336	439	345	258	220	219
Qualified probation officers	5,011	4,979	4,894	4,789	4,648	5,358	5,610	5,824	5,964	5,368	5,364	7
Trainee probation officers	229	523	564	1,096	1,566	1,784	1,732	1,407	1,098	1,138	903	294
Practice development assessors	-	-	-	-	-	-	-	-	128	172	175	36
Treatment managers	-	-	-	-	-	-	-	-	108	161	187	73
All probation officers*	6,240	6,552	6,593	7,136	7,532	8,499	8,851	8,908	9,436	8,693	8,649	39
All main grade officers**	5,240	5,502	5,458	5,885	6,214	7,142	7,342	7,231	7,062	6,506	6,267	20

TABLE 14: PROBATION STAFFING, 1998 TO 2008 (continued)

Source: Home Office, 2004; NPS, 2004–2007; NOMS, 2010a, b

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1998–2008 % change
Probation service officers	2,027	2,502	2,869	3,566	4,083	5,648	5,644	6,800	7,247	6,060	5,610	177
Psychologists	-	-	-	-	-	23	18	19	21	17	20	-13
Other operational	-	-	-	-	-	1,081	1,377	1,507	1,543	616	712	-34
Operational staff, excluding probation officers	2,027	2,502	2,869	3,566	4,083	6,752	7,039	8,326	8,811	6,693	6,342	213
All operational	8,267	9,054	9,462	10,702	11,615	15,251	15,890	17,234	18,247	15,386	14,991	81
'Frontline' staff***	7,336	8,089	8,457	9,594	10,515	13,017	13,322	14,470	14,654	12,824	12,097	65
Support staff****	4,586	4,650	4,799	4,716	4,608	5,973	5,719	6,077	5,778	4,908	5,584	22

*Includes senior probation officers, senior practitioners, qualified probation officers, practice development assessors, treatment managers and trainees

** Includes qualified probation officers and trainee probation officers

*** Includes senior practitioners, qualified probation officers, trainees and probation service officers

**** From 1998–2002, includes clerical and secretarial, research and information staff, administrative staff, sessional supervisors and others; from 2003–2005, includes support managers, administrators, other support staff and other specialists; from 2006–2008, includes administrative support, other support and other staff

Note: As discontinued categories, regional training officers and family court welfare staff have been excluded throughout for consistency's sake.

Appendix 3

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