

PROBATION PAY CLAIM FOR 2018

NPS & CRCs

1. Introduction

This 2018 pay claim is submitted by Napo and UNISON on behalf of members working for the National Probation Service (NPS) and the 21 Community Rehabilitation Companies (CRCs). We are submitting the same claim across all 22 employers to reflect the common employment market and pay and grading arrangements which apply to them all, as well as our determination to ensure common outcomes on pay reform across the whole of probation.

Napo and UNISON note:

- The pay and allowances of NPS and most CRC staff have risen by only 1% in real terms since 2009; by 'real terms' we mean actual increases in the value of pay points.
- Between the start of 2010 and the end of 2017, the cost of living, as measured by the Retail Prices Index, has risen by a total of 27.6%.
- The Government's public sector pay policy, of no more than 1% per year, consigns NPS staff to no pay increase for the next two years.
- Unbelievably, the NPS didn't even spend 1% on pay in 2017, because the cost of paying increments to eligible staff cost 0.8%. NPS staff on the top of their pay band got nothing!
- HMPPS paid prison staff a 1.7% pay increase in 2017, raising suspicion that they had taken money out of the NPS pay pot to fund this.
- The NPS pay reform project which started in 2016, with the joint aim of reviewing and modernising the NNC pay and grading structure in order to ensure equality proofing was abandoned unilaterally by the NPS in the autumn of 2017.
- It was not difficult for some CRCs to better the non-award which NPS imposed on its staff in 2017, but the bar was set at the very lowest level

possible, and the improvements, if any, were modest to say the least. No CRC actually increased the value of pay points.

- Despite the £342 million bail out in July 2017, very little, if any, of this cash has trickled down to the staff actually doing the job, even though the CRCs are not constrained by public sector pay policy.
- Pay reform is as urgent in the CRCs as the NPS for the same reasons.
- The four lowest NPS and CRC pay points were overtaken by the National Minimum Wage on 1 April 2018.
- Unbelievably, the NPS has unilaterally decided to keep under 25's on the lower National Minimum Wage rate, having only met its legal requirement to over 25's after union challenges. All pay points below the standard National Minimum Wage pay points should simply be deleted.
- Government cost cutting in both NPS and the CRCs has slashed the value of probation pay to a level where it is no longer competitive.
- The retail prices index (RPI) of inflation was 3.3% in March 2018.

These disgraceful facts open Napo and UNISON's pay claim for NPS and CRC members for 2018. Something has to change when it comes to probation pay, and 2018 is the year that it has to start to happen.

Having been through Transforming Rehabilitation, the fact that most probation staff have been denied any real pay increase in the last few years adds real insult to injury.

2. Summary Claim

It's time for probation employees' pay to be modernised and equality proofed and for our members to see a real increase in their salaries following nearly 10 years of pay freeze. Napo and UNISON therefore submit the following pay claim on behalf of members in the National Probation Service (NPS) and in each of the Community Rehabilitation Companies (CRCs). We seek:

- **Reform of the existing pay and grading system in the NPS and CRCs to start in the current pay year to provide:**
 - **The same new probation pay and grading system for both NPS and the CRCs**
 - **Shortening of all pay bands in this new system to allow for progression to top of pay band in no more than 5 years**
 - **Full equality proofing of the new pay and grading system**

- **Deletion of pay band 1 to acknowledge the impact of the National Minimum Wage in the NPS and in those CRCs which still retain this pay band**
- **Immediate Payment of the Contractual Increment for 2018**
- **An increase of up to £2500 for all staff currently below the top of their pay band, to allow some immediate catch-up, whilst incorporating a mechanism to avoid “overtaking” those at the band maxima already.**
- **A minimum increase of £1500 for all staff, including those at the top of their pay band.**
- **A 3.5% increase in all NPS and CRC allowances**
- **An increase in London Weighting to £5,000**
- **The introduction of a South East Pay Allowance of £3,000**
- **All elements of the award to be fully consolidated**
- **All elements of the award to be pensionable in line with the rules of the Local Government Pension Scheme (LGPS)**
- **NPS to comply with legal obligation regarding gender pay reporting for the NPS as an employer established with a separate negotiating body within HMPPS, and not hide behind the meaningless gender pay gap report published for the whole of MOJ**
- **Holiday pay to reflect non-contractual earnings, with employers to pay relevant back pay where applicable**
- **NPS to provide full and early settlement of the outstanding holiday pay, and additional pay and pension contributions for all NPS staff affected by the historic errors relating to the non-payment of increments for 2014/15/16 in relation to these payments**
- **All CRCs to offer the Local Government Pension Scheme to new starters**
- **Additionally, all employers to share comprehensive equality data relating to staff pay, recruitment and retention, attendance, training and development, engagement and discipline and grievance. This will promote a culture of trust, transparency, joint- problem solving and**

assist in supporting linked health and safety, workload issues and professional development.

- **In the NPS, the employer should also commit to secure the funding to employ more first line managers and ensuring that no line manager has more than 10 first line reports.**
- **In the NPS, the employer will guarantee full and early settlement of the outstanding holiday pay and additional pay and pension contributions for all staff impacted by the historic errors relating to overtime, sessional and other non-fixed payments.**

3. Background to the Claim

a. The Economic Damage

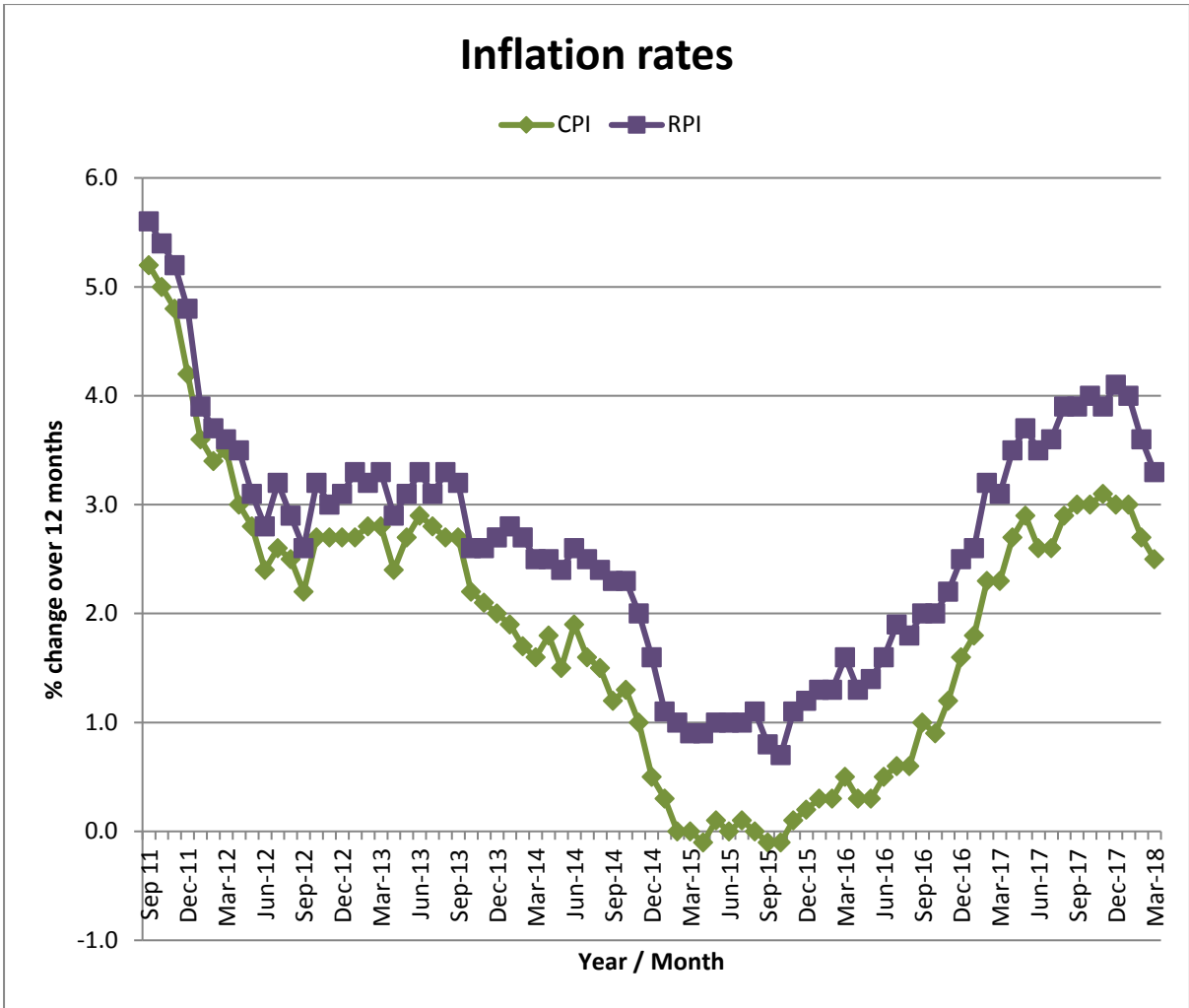
As the following tables show, the value of probation salaries has fallen drastically in value over the last 7 years. Inflation has picked up considerably over the last two years and brings home just how uncompetitive probation pay has become in the market place.

i. Inflation Rates

The most widely reported measure of inflation in the UK is the Consumer Prices Index (CPI). However, the most accurate indicator of changes in the cost of living facing probation workers is the Retail Prices Index (RPI).

Over 2010 and 2011, RPI inflation centred on the 5% mark, before a decline saw the rate cluster around 3% during most of the three years between 2012 and 2014. Inflation then went into a further slide, with RPI around 1% over most of 2015. However, inflation began to rise again over 2016 and escalated sharply throughout 2017. The March 2018 figures stood at 3.3% for RPI and 2.5% for CPI.

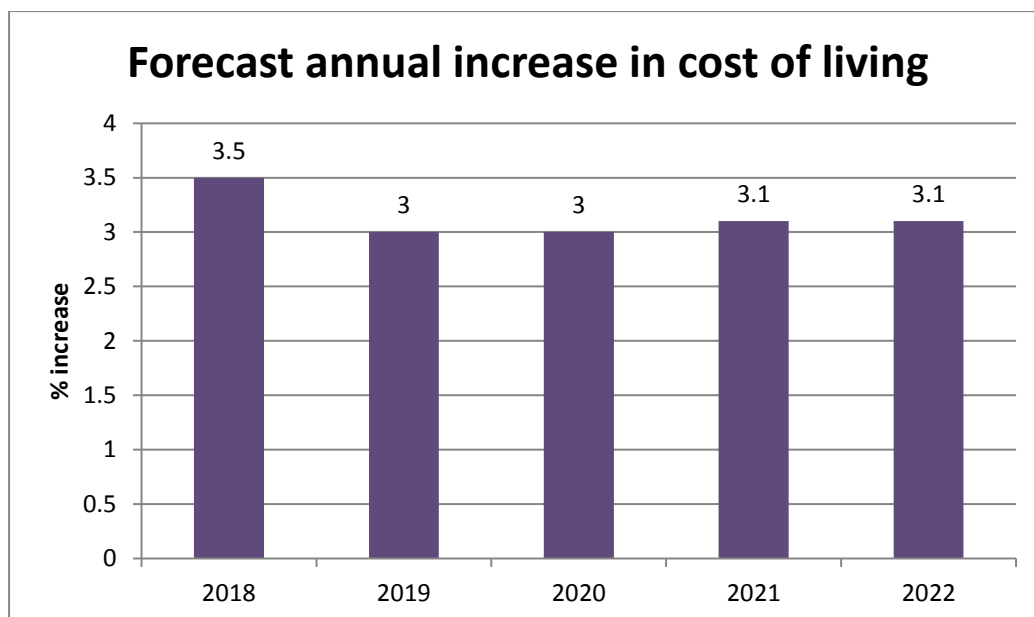
Between the start of 2010 and the end of 2017, the cost of living, as measured by the Retail Prices Index, has risen by a total of 27.6%.



Source: Office for National Statistics, UK Consumer Price Inflation: March 2018, published April 2018

ii. Inflation Forecast

The Treasury average of independent forecasts states that RPI inflation will average 3.5% over 2018. It will then remain at 3% or above every year until 2022, following the pattern shown in the graph below. These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.



Source: HM Treasury, Forecasts for the UK Economy, February 2018

iii. Falling value of Probation Pay

The table below demonstrates the major fall in living standards suffered by staff over recent years.

	Probation pay increases	Rise in cost of living ⁱ (as measured by Retail Prices Index)
2010	0%	4.6%
2011	0%	5.2%
2012	0%	3.2%
2013	1%	3.0%
2014	0%	2.4%
2015	0%	1.0%
2016	0%	1.8%
2017	0%	3.6%

This means that, while the cost of living has risen by 27.6% over the last seven years, probation pay has risen by just 1%, which means that thousands of pounds have been cut out of the value of probation salaries.

b. The Damage of Transforming Rehabilitation

At the end of 2016, the National Probation Service and the 21 Community Rehabilitation Companies withdrew from the National Negotiating Council (NNC) which had negotiated probation pay since 2000.

We therefore no longer have a single bargaining body for pay across the NPS and the CRCs

Replacement pay bargaining arrangements have yet to be put in place by the NPS. Most, but not all, of the CRCs have agreed replacement arrangements; so the NPS is behind the game here.

There is a danger with separate bargaining arrangements that pay and grading for NPS and CRC staff will begin to drift apart which will be bad for staff, bad for recruitment and retention and bad for performance

In light of this damaging situation, Napo and UNISON are submitting a single pay claim for members in the NPS and the CRCs because we believe that:

- our members in the NPS and the CRCs are stronger together
- allowing the NPS and the CRCs to drift apart on pay will lead to an overall worsening of pay and conditions and will make it very difficult for staff to move between different employers, creating potential low pay probation employers which will struggle to recruit and retain staff
- we should maintain a comparable pay and grading system across the NPS and the CRCs
- a common pay and grading system will assist with equality proofing
- a common approach to pay and grading across the NPS and the CRCs will be facilitated by the work being done on creating a new professional framework for probation
- the CRCs should take account of the pay reform talks which the unions had started with the NPS before changing their own pay and grading systems
- when the NPS pay reform talks were live the NPS said that it was prepared to share the pay reform materials with the CRCs
- the NPS pay reforms will be expensive and will set the benchmark for probation salaries across the sector
- the CRCs run the risk of becoming the poor relations on pay by comparison to the NPS if they don't take proper account of the NPS pay reform talks and share in a common outcome across the sector
- the CRCs were well aware of the potential need for fundamental pay reform when they took on the contracts in 2015; indeed, so aware were they of the

potential risks that they required the Secretary of State to indemnify them against any employment claims which might arise in the context of the legacy NNC pay and grading system

- the NPS pay reforms will be expensive, but they will set the benchmark for probation salaries across the sector and it is inescapable that the CRCs will need to match them to remain competitive; this was a known risk to the MOJ and the CRC bidders during the procurement process

4. Detailed Pay Claim

4.1 Immediate Payment of the Contractual Increment for 2018

All probation staff, whether they work for the NPS, or one of the CRCs, are contractually entitled to at least one increment per year with effect from 1 April 2018. This should be paid immediately on account.

4.2 A consolidated increase of up to £2500 for all staff currently below the top of their pay band; not to exceed the top of their pay band

An increase of up to £2,500 would allow staff to move up their pay band to achieve a realistic expectation of reaching the top of their pay band in at least 5 years. Staff nearer the top of their pay band, for whom an award of £2,500 would take them over the top of their pay band will get a minimum consolidated increase of £1,500.

4.3 A minimum consolidated increase of £1500 for all staff, including those at the top of their pay band

A minimum increase of £1,500 on all probation pay points would keep probation salaries abreast of RPI inflation this year and take into account the erosion of the value of probation salaries over the last 9 years. The value of probation salaries in both the NPS and the CRCs have been seriously eroded since 2009. Whilst public sector pay restraint has applied across the public sector, probation staff have been treated much worse than comparable public sector workers.

Here is a short history of probation pay rises since 2010 compared with the rises received by Police, Local Government and Health workers:

Table 1

	Probation	Police Staff	Local Government	Health
2010	0%	2.58%	0%	0%
2011ⁱⁱ	0%	0%	0%	0%
2012	0%	0%	0%	0%
2013	1%	1%	1%	1%
2014	0%	1.1%	1.1%	0%
2015	0%	1.1%	1.1%ⁱⁱⁱ	1%
2016	0%	1%	1%	1%
2017		1%	1%	1%
2018			2%^{iv}	3%^v
TOTAL	1%	7.78%	7.2%	7%

So over the last seven years probation pay, in relation to the value of actual pay points, has gone up only 1%. When compared with police, local government and health workers, it is clear that probation staff have been particularly badly treated.

Yes, probation employees have had their increment each year, but this is a contractual entitlement to move up the pay bands (albeit very slowly under this government) and not an increase in pay. Police staff, local government staff and health staff (for most years) have had their increments in addition to the pay rises set out above.

So we have to ask, why have probation staff been treated so badly? The answer is simple; they have been paying the cost of Transforming Rehabilitation.

If we want to compare probation pay rises against average pay increases in the private sector, this is the comparative table:

Year	Private
2010	2.0
2011	2.7
2012	2.8
2013	2.5
2014	2.5
2015	2.4
2016	2.0
2017	2.2

Pay settlements over the last year across the economy have been running at 2.5%. The Bank of England forecasts that pay settlements will average 3.1% over 2018^{vi},

with the ability to recruit and retain staff seen as the biggest factor behind this increase.

The lack of pay increases for probation is now beginning to bite, as both NPS and the CRCs find it increasingly difficult to get staff to work in certain jobs in certain parts of England and Wales. The result of this uncompetitiveness is twofold. Firstly NPS has nearly 1,000 agency workers on its books, which is the direct result of pay becoming uncompetitive. Secondly, NPS has got itself mired in controversy by having to pay market forces supplements to staff in so-called 'red-sites', but at the same time reneging on a previous agreement with the unions to pay the supplements to existing staff in these locations to ensure that they were not leap-frogged in pay by new starters.

4.4 3.5% increase in allowances

Probation staff allowances used to go up in line with each pay rise. The problem has been that, because probation staff have not had any real pay increase in the form of a real rise in pay the NPS and the CRCs, the employers have had an excuse to not pass on the equivalent value of the increments, which is all NPS and most CRC staff have received, in relation to allowances.

This means that the following allowances have all been frozen since 2013:

Prison Supplement: £675

Sleep In Allowance: £39.63

Standby Allowance: £42.16

These allowances have all suffered a significant loss in relative value since 2010, so a 3.5% increase this year would begin to redress this. It is not acceptable for these allowances to have been frozen in value; they should be keeping pace with inflation.

4.5 An increase in London Weighting to £5,000

Probation employees working for the NPS and the CRC in Greater London have been seriously short-changed over their London Weighting for the past four years.

2013 was the last time your London Weighting went up, by 1% to £3889. Since then it has been frozen. Since 2009 house prices in London have gone up by between 80% - 130%.

A minimum income standard (MIS) for the UK is the income people need in order to reach a socially acceptable standard of living in the UK. A new MIS figure for

London has also been revised to take into account the higher cost of living in London. Their findings showed:

- **4 in 10 Londoners (41%) have an income below that needed for a minimum socially acceptable standard of living;**
- **Transport costs in the capital have increased – fare freezes have not been applied to travel cards;**
- **Childcare costs in London are higher than elsewhere in the UK.**

The report '*A Minimum Income Standard for London 2016/17*^{vii} published in March 2017 highlighted that there has now been a shift between Londoners owning their own home with people now moving into the private rented sector, because of the rising cost of house prices in the capital.

The single biggest element in the extra cost of living in the capital is housing. In February 2017, Land Registry figures showed average house prices had an annual increase across the whole of England and Wales by 5.8% making the average property value £217,502, but in London the average was £474,704 (more than double the UK average). This house price gap has been growing ever larger, with London experiencing 3.7% growth over the last year, compared to 6.3% across England. The statistics set out in Table 5 below, show just what a gap exists between house prices in the Capital and elsewhere in England and Wales.

Table 5

Region	Monthly change since January 2017	Annual change since February 2016	Average price February 2017
Eastern	2.1%	10.3%	£281,665
East Midlands	2.0%	7.5%	£176,784
London	-0.9%	3.7%	£474,704
North East	-0.1%	2.2%	£123,749
North West	1.8%	6.7%	£152,618
South East	-1.0%	5.4%	£311,539
South West	0.4%	6.2%	£241,582
West Midlands	1.1%	7.0%	£180,516
Yorkshire & Humberside	2.5%	5.2%	£152,591
Wales	0.9%	1.8%	£145,293

The same picture is apparent in the private rental sector, with the average UK rental rate continuing to rise to £895 a month in February 2017, compared to £1,520 a month in London. The rise in rental costs in London has steadied over the last 12 months but grew by 0.4% in one year from March 2016 to February 2017. This does not include the other costs of moving including agency fees and deposits.

Local authorities and housing associations use two types of rent models - social and affordable. Social Rent is generally lower and is based on target rents which housing associations set. Affordable Rent is 80% of market rent. Any rent values housing associations set have to be lower than the Local Housing Allowance. Local authority rented property have less exaggerated increases as rent is capped, but the costs are still significant, with average rent across London running at an average of approx £260.64 a week in 2016/17 for a one bedroom property^{viii}.

Table 6 below highlights that the cost of rental properties in London compared with the rest of the UK is now at the highest on record:

Table 6

Region	Average Price (£)	Annual Change (%)
Greater London	£1,520	0.4%
South East	£992	-0.2%
South West	£791	0%
East Anglia	£896	1.2%
West Midlands	£660	1.5%
Scotland	£597	0.8%
North West	£677	2.5%
East Midlands	£596	1.8%
Yorkshire and Humberside	£623	3%
Wales	£602	2.1%
Northern Ireland	£604	2.5%
North East	£524	0%

Source: Homelet - Average Price for new rental properties across the UK, February 2017

Homelet have produced a rental index per London borough – below is a list of the five London boroughs with the lowest rents. All the boroughs identified as having the lowest monthly average rents are outer London boroughs, therefore workers would need to factor in the increased costs of commuting to work.

All five London boroughs below have average rents which are a third higher than the UK average rent costs (£895 a month)^{ix} – Average rental values in London were 69% higher than the UK:

London Borough	Average rent February 2017
Bexley (zone 5)	£1,236
Redbridge (zone 4)	£ 1,265
Sutton (zone 5)	£1,278
Croydon (zone 5)	£1,067
Barking and Dagenham (zone 5)	£1,139

4.6 The Introduction of a new £3,000 South East Pay Allowance

Like London, living in the South East is expensive. With the exception of London, the cost of housing and transport is higher in the south east than most other places in England and Wales.

The National Negotiating Council has a mechanism for trade unions and employers to agree to set up geographical supplements and/or market forces payments for staff in certain locations. But already, different probation employers are trying to get one over each other by paying more to some staff in the South East.

- **The National Probation Service** has already started to pay staff in the south east more money than their colleagues in other Divisions. Here is what they are paying Probation Officers in the following locations, over and above their basic salary:

Area	
Kent LDU	£3,016
Bucks & Oxford LDU	£1,771
Berkshire LDU	£1,771
HMP North Sea Camp	£1,771

PSOs in Kent LDU, Bucks and Oxford LDU, Berks LDU, Hertfordshire LDU and Hampshire LDU are being paid a £1,101 market forces supplement. The problem with this approach to pay is that some NPS employees in the South East get the improvements in pay, but other employees working at the same offices, or Probation Officers working at other NPS locations nearby get nothing! Housing and transport is expensive for all NPS staff in the South East, not just for some staff in a few in selected locations.

HMP North Sea Camp is not in the South East, it's in Lincolnshire. It's just a very difficult location to persuade anyone to work at!

- **Kent, Surrey, Sussex CRC** is paying its Senior Probation Officers on Pay Band 6, when all other CRCs and the NPS is paying them on Pay Band 5, i.e. a whole pay band higher. This is probably one of the reasons that the NPS has had to pay over the odds for some Probation Officers in Kent LDU.

The problem with this piecemeal approach to regional pay is that it will lead to other employers having to outbid each other to pay staff more. This is a recipe for pay chaos. Staff in some CRCs may gain, but others will lose out. It's yet another problem created by Chris Grayling's so-called Transforming Rehabilitation revolution.

Napo and UNISON are therefore calling on the NPS and relevant CRCs to create a new £3,000 per annum South East Pay Allowance to cover **all staff** working in the South East Division and relevant parts of the South West Division.

4.7 Reform of the existing pay and grading system in the NPS and CRCs to provide:

- **The same new probation pay system for both NPS and the CRCs**
- **Shortening of all pay bands to allow for progression to maximum in no more than 5 years**
- **Full equality proofing of the pay structure**

The need for pay reform was a known given during the procurement process for Transforming Rehabilitation and should have been factored in to financial costing and contract pricing. CRC owners must have anticipated the need for pay reform, as much as the NPS. Half way through the contracts the time for excuses is over and the inherent inequality and unfairness in the system needs to be addressed by each and every probation employer.

Doing so in a way that is consistent will preserve some commonality, thus making future transitioning to a different and more sustainable probation delivery model more achievable. It will also prevent greater internal competition and reduce the risk of service failure in financially struggling CRCs in the meantime.

The aims of this part of the claim are to address issues of fairness within the system, whilst making probation more competitive at a time of universal staff shortages. In doing so, we also want to facilitate fundamental pay reform that will bring greater transparency and sustainability to the current probation pay system.

The National Probation Service started significant talks with UNISON and Napo in 2016/17 to completely reform the old NNC pay and grading structure. These talks were going reasonably well until they were terminated unilaterally by the NPS in the autumn of 2017. Both Napo and UNISON have objected to the calling off of the pay reform talks, which we believe has been caused by the collapse of the MoJ's financial standing with the Treasury, partly to do with its overspend on the £342 million CRC bail out.

Napo and UNISON want the CRCs to reform their pay and grading structures in line with the pay reform process which should be taking place at the NPS. This would ensure that we don't have to re-invent the wheel with pay reform talks in each CRC, and will maintain coherence in pay arrangements across the whole probation sector. This will be important for the time when the service can be re-unified which is the aim and objective of both unions.

Napo and UNISON's aims for the pay reform talks are to produce shorter pay bands, higher starting salaries for each pay band, higher maximum salaries in each band, quicker progression to the top of pay bands, with equality proofing at the heart of the exercise. It is in the CRCs' interests to get involved in these talks so that they can ask the MOJ for the money to implement the pay reforms which are going to be expensive. If the CRCs are not involved it will make them totally uncompetitive in the probation employment market.

4.8 Deletion of Pay Band 1 to Comply with National Minimum Wage

It must be a matter of great embarrassment to the Justice Secretary that he allowed the lowest four probation pay points to be overtaken on 1 April 2018 by the National Minimum Wage.

When Napo and UNISON asked the NPS in April to confirm that it had deleted the bottom four pay points in pay band 1 it was initially evasive and was apparently unavailable for comment. For a week it actually looked like the NPS might be trying to avoid its legal obligations! When the NPS was finally pressed on the subject, it grudgingly accepted that it had to comply with the legal requirement to move over-25s onto the new National Minimum Wage, but in a move of breathtaking meanness confirmed that it would be leaving under-25s on the under-25 National Minimum Wage figure. For the sake of a few pounds, the NPS is apparently happy to discriminate against the very youngest staff on its books. Napo and UNISON call upon the NPS to show some compassion and decency and move the few under-25s employed by the organisation onto the over 25 National Minimum Wage figure.

As Table 2 below shows very graphically, the government's public sector pay policy, which has frozen probation pay more or less over the last seven years, has meant that the National Minimum Wage has crept up on, and now actually overtaken, the four lowest probation pay points in Pay Band 1. The table shows the hourly national minimum wage (NMW) rate and the hourly rate of the lowest pay point in Probation NNC Pay Band 1. The figures for 2018 – 2020 in blue are the projected national minimum wage hourly rates from the Office for Budget Responsibility.

All CRCs are required to apply the new National Minimum Wage figure to their pay band 1 salaries. Napo and UNISON are pleased that Sodexo and Interserve have taken the sensible decision to delete pay band 1 in its entirety for their staff. Other CRCs and the NPS should follow their lead.

Table 2

Year	NMW	NNC
2006	£5.35	£6.56
2007	£5.52	£6.84
2008	£5.73	£7.05
2009	£5.80	£7.28
2010	£5.93	£7.35
2011	£6.08	£7.43
2012	£6.19	£7.49
2013	£6.31	£7.57
2014	£6.50	£7.57
2015	£6.70	£7.57
2016	£7.20	£7.57
2017	£7.50	£7.57
2018	£7.83	£7.57
2019	£8.20	
2020	£8.57	

The following chart shows very clearly the relationship between the two rates and how the margin has closed up this year with the National Minimum Wage actually exceeding the lowest four pay points in NNC Pay Band 1. It also shows how the lowest probation pay point will have to rise over the next three years to keep up with the National Minimum Wage.

Chart 1

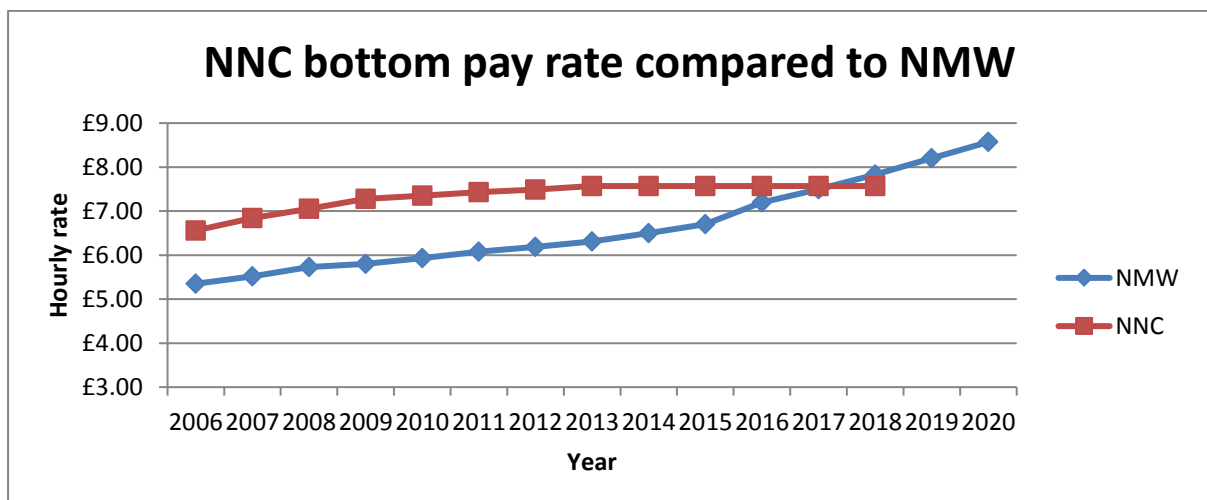
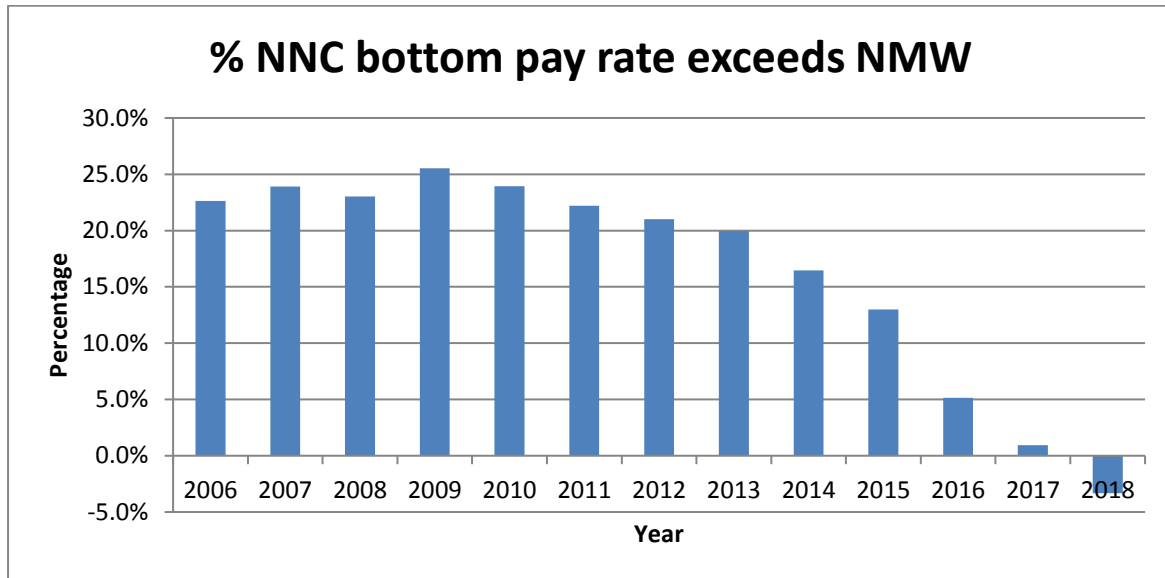


Chart 2

The following chart shows how the % margin between the lowest NNC pay point and the national minimum wage has narrowed over the last 11 years and has now dipped below the legal minimum.



The chart shows that, prior to 2010 when we had a government which actually valued public sector workers, the lowest probation pay point was 25% higher than the national minimum wage. In the intervening 9 years, this margin diminished every year and has now actually fallen 3.3% below the National Minimum Wage. How could the government stand by and see the pay of the lowest paid probation staff fall to this disgraceful level?

The following table shows just how badly the lowest probation pay rates compare with other public sector employers. Probation is shamefully now the 'poor man' of the public sector.

	Settlement date	Annual wage (£)	Hourly rate (£)
Large Bargaining groups			
Local government (England, Wales & Northern Ireland)	01/04/2018	16394	8.50
NHS Agenda for Change (England)	01/04/2018	17460	8.93
Higher education	01/08/2017	15417	7.99
Further education (England)	01/08/2017	15209	7.88
Youth and Community Workers	01/09/2017	15807	8.19
Police staff (England & Wales)	01/09/2017	15483	8.03
Probation Service	01/04/2017	14,609	7.57
Civil Service bargaining groups			
Crown Office and Procurator Fiscal Service	01/08/2017	18513	9.60
Crown Prosecution Service	01/04/2017	16767	8.69
Department for Culture, Media & Transport	01/08/2017	21160	10.97
Department for Education	01/04/2017	18893	9.79
Department for Works and Pensions	01/07/2017	17758	9.20
Environment Agency	01/07/2017	16258	8.43
HM Revenue and Customs	01/06/2017	16600	8.60
Home Office	01/07/2017	16841	8.73
Scottish Government	01/08/2017	17414	9.03

Notes to table

Scotland pays the Living Wage across the public sector. Therefore, minimums agreed from November 2017 in Scotland will be at the rate of £8.75 an hour, which translates to £16,880 for a 37 hour week

The hourly rate shown in the table is based on a 37.5 hour week within the NHS and a 37 hour week in all other bargaining groups. However, the number of hours worked in the average working week can vary from these figures within bargaining groups.

The NHS rate shown is the offer for 2018 and has not yet been settled

The hourly National Minimum Wage following its 2018 rate along its forecast path up until 2020 is set out below, with corresponding annual rates (hourly NMW £ rate x 37 x 52.14) plus the nearest corresponding NNC probation salaries and pay points (current values):

Table 4

YEAR	NMW (Hourly)	NMW (Annual)	NNC Salary	NNC Pay Point
2018	£7.83	£15,105	£15,332	15
2019	£8.20	£15,819	£16,100	20
2020	£8.57	£16,533	£17,909	25

The above figures show which NNC pay points will need to be deleted to comply with the NMW from the 2018 pay round forward. By the time of the 2020 pay award, the projected NMW figures will require that NNC Pay Band 1 is all but removed, save the two top existing pay points 26 and 27.

This will have significant implications for the NPS and the CRCs, particularly pressure on pay relativities within the NNC pay and grading system consequent to the near removal of a whole pay band (Pay Band 1).

4.9 NPS and CRCs to comply with legal obligation regarding gender pay reporting

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 require employers to publish details of their gender pay gap in the period in which 5 April (the snapshot date) falls every year from 2017.

The power to make employers publish data on the difference in pay between men and women is nothing new, and was covered in section 78 of the Equality Act 2010. It was originally done on a voluntary basis, but due to low take up by organisations, the government decided to enforce this section of the legislation by introducing these new regulations making it compulsory.

NPS and the CRCs now have to comply with this new duty, and the CRCs have complied, but the NPS has managed to avoid having to do so, because the Ministry of Justice has published its gender pay gap across all its constituent employers (NPS, Courts, Prisons, Youth Offending and Head Office functions) thereby making any inspection of the NPS gender pay gap impossible!

4.10 Holiday pay to reflect non-contractual earnings, with employers to pay relevant back pay where applicable

NPS and CRC staff are entitled to receive regular earnings during periods of annual leave, maternity leave and sickness leave. Regular earnings are defined in the National Negotiating Council (NNC) Handbook as the following:

- London Allowance
- Geographical Supplement
- Market Forces Supplement

- Prison Supplement
- Contractual Overtime
- Unsocial Hours Allowance
- Standby and Sleeping-in Allowance

The Handbook confirms: *'Where an employee's regular earnings include such premium payments, these will be pensionable and will also be taken into account in calculating sickness, holiday and maternity pay.'* The effect of this is that employees continue to receive normal pay during annual leave, maternity leave, adoption leave and sickness absence etc. NPS staff should already be receiving these payments during periods of leave.

Following recent legal rulings, however, the calculation of normal pay due to workers during annual leave should include **all payments** they would regularly expect to receive including non-contractual overtime and any other additional payments which are not included in the NNC Handbook, or the above list.

As far as Napo and UNISON are aware, the NPS and the majority of CRCs are not complying with these latest legal rulings and are failing to make these additional payments during holiday/maternity leave etc. Back pay may also be due in relation to these new entitlements.

NPS or CRC staff who earn such additional non-contractual payments, particularly members who work in approved premises or community payback who work frequent non-contractual overtime, may be entitled to have these payments reckoned for holiday pay, maternity pay etc with immediate effect, and may be entitled to back pay in relation to the failure of NPS or CRCs to reckon these payments since the respective legal rulings.

4.11 A decent pension scheme for new CRC staff

The Ministry of Justice saddled the CRCs with a big pension problem. Former Probation Trust employees, working for CRCs, have protected membership of the Local Government Pension Scheme, which the unions negotiated during the TR Reforms. But MOJ refuse to pay the CRCs enough to give new staff the same decent pension. This is government cost cutting again; the same government which continually warns people to save for their retirement.

The MOJ hopes that it can continue to get away with this. But there is an elephant in the room now and it's getting bigger by the day. In the probation job market, with relatively few qualified staff, why would any new-starter choose to work for a CRC over the NPS, when the CRC's pension offer is so poor by comparison to that provided by the NPS?

By refusing to pay for decent CRC pensions, the MOJ has pulled the rug out from under the CRCs' ability to attract good staff to work for them in the future. Maybe they just don't care!

- New employees working for the NPS get the high quality, career average Local Government Pension Scheme, which pays a decent pension on retirement.
- New employees working for one of the CRCs get a poor quality, defined contribution pension scheme, with no guarantee whatsoever of what they will get out at the end!

The unions campaigned to get the government to do the decent thing and pay the CRCs enough in the contract price to enable the CRCs to carry on offering the Local Government Pension Scheme to new staff.

But a decent pension scheme is expensive, and Chris Grayling was trying to cut costs, so the CRCs offer poor quality defined contribution pensions and now have a major disadvantage in not being able to compete with the NPS on their pension offer.

Napo and UNISON are therefore asking for all CRCs to apply to join the Local Government Pension Scheme for new starters. Yes this will cost money and might eat into shareholder profits a little bit, but the CRCs have actually it within their gift to ask the MOJ for the money.

5. Conclusion

Napo and UNISON submit this joint claim on behalf of NPS and CRC members in the expectation of genuine negotiations over pay this year and the start of substantive and authorised talks on pay reform across the whole of the probation sector. Our claim is realistic and achievable. We look forward to negotiations starting with all employers in the very near future.

ⁱ Office for National Statistics, Consumer Price Inflation Reference Tables, March 2018

ⁱⁱ In 2011 and 2012, the Government froze the pay increases of most public sector workers, but proposed a £250 increase in each year to workers earning up to £21,000. The majority of public sector workers, including the majority of probation staff, got nothing, and in Local Government the £250 was discretionary, so many local government staff under £21,000 also got nothing

ⁱⁱⁱ In 2015 and 2016, Local Government workers in the lowest pay points on the NJC pay scale received major uplifts of between 1.2% and 8.6%.

^{iv} The 2018 Local Government NJC settlement also included increases for staff on the lowest pay points ranging from 3.7% to 9.2%.

^v The 2018 NHS Agenda for Change figures shown are for the current offer, which is yet to be settled. If settled on the basis of the offer, bottom loaded increases would also raise the wages of the lowest paid staff by 13.3% and bring the lowest wage above the Living Wage, as defined by the Living Wage Foundation.

^{vi} Bank Of England, Agents' Summary Of Business Conditions, February 2018

vii A Minimum Income Standard for London 2016/17 - https://www.trustforlondon.org.uk/wp-content/uploads/2017/03/MIS_2016-17_Key_Findings.pdf

viii Local Housing Allowances April 2016/17 – ONS March 2017 – Inner London - <http://www.entitledto.co.uk/help/Local-Housing-Allowance-Rates>

ix Source Homelet Rental Index 2017 - <https://homelet.co.uk/homelet-rental-index>