

PROBATION SERVICE PAY CLAIM RE-OPENER

2023

A COST OF LIVING CRISIS PAY CLAIM.

1. Introduction

This claim is submitted by Napo, UNISON and GMB/SCOOP on behalf of members working for the Probation Service

Why a Re-opener Pay Claim?

The Probation Service trade union side are submitting this pay claim re-opener because of:

- the unprecedented squeeze on living standards caused by large increases in prices, particularly essentials like energy, housing and food
- Levels of real terms pay falling dramatically due to erosion by thirteen years of pay freezes and below inflation pay settlements
- the cumulative value of total Probation staff pay rises from 2010 till 2023 has been 7.6%, the cost of living has risen by 81.5% over the same period.

The Cost of Living Crisis

The three year pay settlement of 2022/2023/2024, which gave an average cost of living increase of 3.2% in each year, can now be seen clearly in the context of historically exceptional UK price inflation. For the 12 months to October 2022 RPI reached 14.2%, a level of inflation not seen for 42 years and a level that was not predicted at the time the three year pay settlement was agreed by members of the Probation Trade Unions.

The claim is made against this background of an historically exceptional leap in the cost-of-living that has rapidly shrunk the real terms value of our members' salaries and severely eroded their standards of living. This fall in real terms salaries and falling pay compared to other employers, particularly in the private sector, is having a direct impact on the Service's ability to recruit and retain staff.

The Probation Workforce Crisis

When submitting the 2022/2023/2024 pay claim the trade union side said that without a pay settlement that addressed the fall in real terms earnings of staff, “the Probation Service will fail in its attempt to build a successful organisation following last year’s merger of the NPS, CRC, parent company and sub-contractor workforces.” Unfortunately, this is now the case.

On 31 March 2023 the Service employed 4,387 FTE Probation Officers, a shortfall of 1,771 FTE against a requirement of 6,158 FTE. A 29% vacancy rate. In the year to the end of March 2023, 832 Probation Officers left the Service, an increase of 15.2% compared to the year before. In the words of the HMPPS Workforce Quarterly “The number of leavers has increased considerably since June 2021, which is likely attributable to competition in the labour market”.*

*HMPPS Workforce Quarterly: March 2023 (updated 22 May 2023). www.gov.uk

The Key Issues

The three probation unions note:

- For most employees, pay and allowances have risen by only 7.6% since 2009. This is the value of pay points, discounting the movement of staff through the pay bands, and increases in allowances
- Between the start of 2010 and 2023, the cost of living, as measured by the Retail Prices Index, has risen by 81.5% (compound).
- A recurrent theme of HMIP recent inspection reports has been the consequences of significant staffing shortfalls on the ability of Probation to provide a safe and effective service.
- The current cost of living crisis is leading to real hardship amongst probation staff and their families. The RPI headline rate of inflation understates the impact of real terms pay cuts when we look at bundles of goods average and lower earners typically spend their money on
- The Retail Price Index (RPI) measure of inflation stood at 11.3% for the twelve months to May 2023*. The Treasury average of independent forecasts states that RPI inflation will average 9.3% over 2023**.

* Office for National Statistics, Consumer Price Inflation Reference Tables, June 2023

** HM Treasury Forecasts for the UK Economy, May 2023

Table 1 below shows the major fall in living standards suffered by Probation staff since 2010:

Table 1

	Probation pay-increases	Rise in cost of living (as measured by Retail Price 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%
2018	0%	3.3%
2019	0%	2.6%
2020	0%	1.5%
2021	0%	4.1%
2022	3.2%	11.6%
2023	3.2%	13.8%

*Office for National Statistics, Consumer Price Inflation Reference Tables, figure is for 12 months to January of respective year

While the cumulative value of total Probation staff pay rises from 2010 till 2023 has been 7.6%, the cost of living has risen by 81.5% over the same period.

The failure of pay to keep up with the rising cost of living has led to major cuts in living standards for Probation staff and their families since 2010.

For illustrative purposes we can see what this means to a salary of £27,102 in 2010, top of Pay Band 3. With the total value to Probation Service pay awards this will now be worth £29,162 per annum. If pay had kept up with the rising of living it would now be £49,190 per annum.

This represents a £20,028 cut in the real terms value of pay of an annual salary.

In other words, to return pay back to its 2010 value a 68.7% pay rise would be required.

These stark figures show the scale of loss of real terms earnings of Probation Staff since 2010. The historically high inflation figures of the past couple of years, which remain stubbornly resistant to falling quickly, has turned growing unhappiness from our members at becoming poorer year on year, to a full on cost of living crisis that demands an urgent response by HMPPS.

The continual erosion of real terms pay for well over a decade, coupled with the recent surge in prices for essentials such as energy, food, and housing, mean that many staff are really struggling to find the money to get through each month. We look to HMPPS to demonstrate that they really value Probation Service staff and recognise that it is now essential to begin to reverse the real terms cuts to pay and living standards that we have seen since 2010.

2. Synopsis

This claim is split into the following sections:

- The Claim
- The Economic Evidence Supporting the Claim
- Conclusion

3. The Claim

We seek:

- An increase in the value of all pay points of 12% effective from 1 April 2023 and an unconsolidated payment of £ 2,500
- An increase in the value of all Probation Service cash allowances of 12% effective from 1 April 2023

4. The Economic Evidence Supporting an Urgent Cost of Living Pay Increase

4.1 Pay Movements Elsewhere in the Public Sector and Elsewhere in the Economy

Pay settlements in the private sector have been running ahead of the public sector and for Probation staff for most of the last decade. Over the past year pay awards across the whole economy have been running at 5.9%.* In the private sector awards have averaged at 6%.* Public sector awards stand at 4%* and 4.6% in the voluntary sector over the past year and are likely to increase as large numbers of public sector workers take industrial action to secure better pay and conditions. The NJC for Local Authority Fire and Rescue Services has recently implemented an award for firefighters of 7% retrospective from 1 July 2022 and 5% with effect from 1 July 2023.

With regards to major public sector employers who have made offers for 2023 as this claim is written, Local Government employers have made a pay offer of a £1,925 consolidated increase, which has been rejected by trade union members, and the NHS pay has been settled as an extra one-off £1,655 for the lowest paid, rising in value up pay bands, in addition to the £1,400 a year pay rise for 2022/23 plus a permanent 5% pay rise on all pay points for 2023/24, worth at least £1,065 and a permanent 10.4% increase to the two lowest pay points, raising the lowest pay point to 55p higher than the real Living Wage.

The Bank of England is forecasting that private sector pay settlements will average at 5.6% for the year ahead.**

Employers offering pay rises below these rates can expect damage to their ability to recruit and retain high quality staff.

* Source: Labour Research Department, settlements to May 2023

** Bank of England, Decision Maker Panel, April 2023

Table 2

Sector	Average pay settlements
Across economy	5.9%
Private sector	6%
Public sector	4%
Not for profit	4.6%

Source: Labour Research Department, settlements year to May 2023

A longer-term perspective, shown in Table 3 below, reflects the huge cumulative impact of Probation staff pay settlements lagging behind average pay settlements across the economy from 2010 to 2023. This shows how average pay settlements across the economy have resulted in 44.8% growth since 2010 compared to 7.6% for Probation staff.

This cumulative gap in earnings growth since 2010 will not be closed without significant investment. We note the proposed £1,500 one off lump sum payment to staff. It has been confirmed that this relates to the 2022/23 financial year and, as an unconsolidated payment, it has no effect on the spending power of Probation Staff for 2023/24 onwards.

Table 3

Year	Average pay settlements*	Probation Staff pay increases
2010	2%	0%
2011	2.5%	0%
2012	2.5%	0%
2013	2.5%	1%
2014	2.5%	0%
2015	2.2%	0%
2016	2.0%	0%
2017	2.0%	0%
2018	2.5%	0%
2019	2.5%	0%
2020	2.5%	0%
2021	2.0%	0%
2022	4%	3.2%
2023	5.9%**	3.2%

* Source: Incomes Data Research.

** Source: Labour Research Department, settlements to May 2023

4.2 Movements in the Retail Price Index

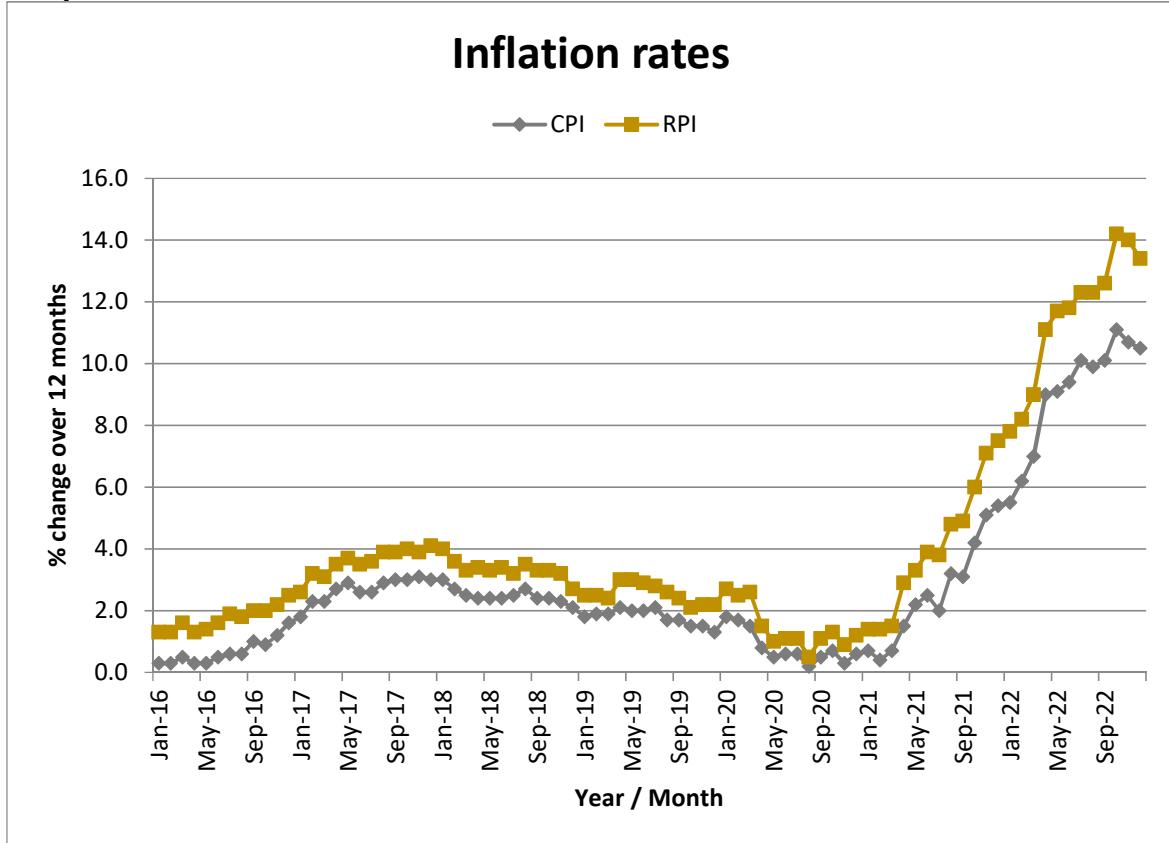
As Table 1 above shows, the value of Probation staff salaries has fallen drastically relative to inflation over the last nine years.

The most accurate indicator of changes in the cost of living facing workers is the Retail Price Index (RPI).

For the 12 months to October 2022 RPI reached 14.2%, a level of inflation not seen for 42 years. The Probation Service needs to recognise this reality and its impact on the living standards of staff.

Graph 1 below shows these trends.

Graph 1



Source: Office for National Statistics, UK Consumer Price Inflation: December 2022, published January 2023

4.2.1 RPI inflation Rate

The retail prices index of inflation was 11.3%* for the twelve months to May 2023.

* Office for National Statistics, Consumer Price Inflation Reference Tables, June 2023

The RPI inflation rate doesn't tell the whole story of how the scale of price rises are impact on the lives of individual staff members and their families.

Within these figures, some costs are rising more sharply than others. Here are some examples for the:

- In the 12 months to March 2023 Gas increased by 65% and electricity by 131%*
- Mortgage payments by 55%* - estimated average payments will rise by £3,500 between Q3 2022 and Q4 2023**
- 17.3% increase in food prices*
- A 10% rise in rent for a new rental tenancy***

*Office for National Statistics, Consumer Price Inflation Reference Tables,

** Resolution Foundation, Interesting Times, October 2022

*** HomeLet Rental Index, April 2023

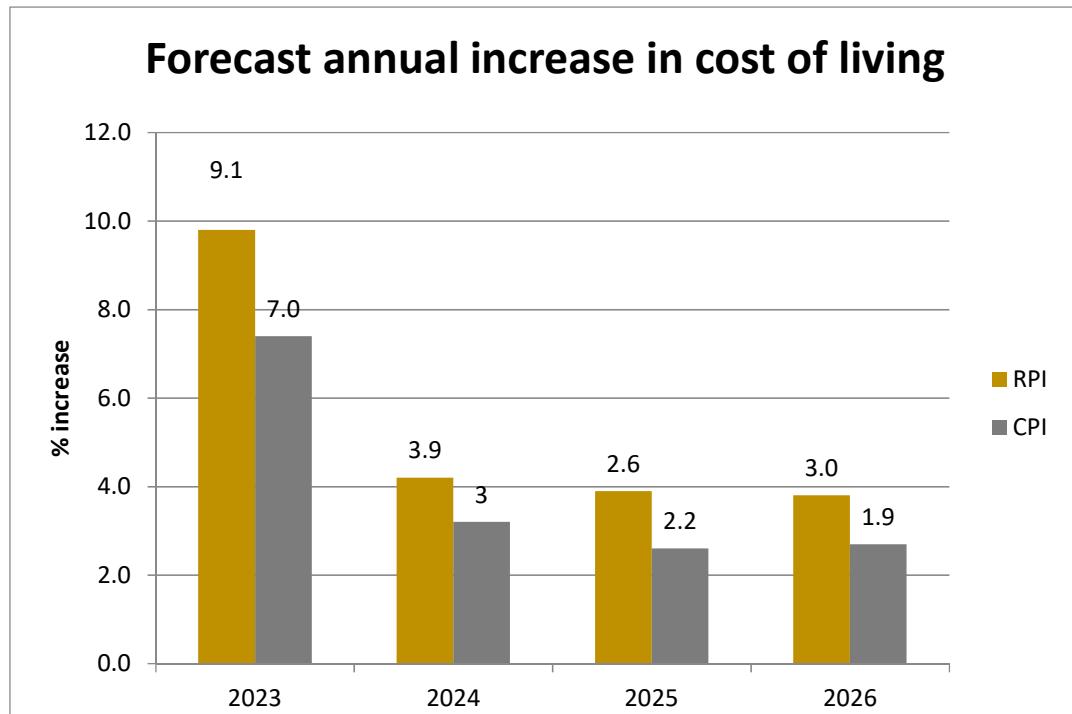
Items like gas, electricity, housing and food make up a significantly larger proportion of spending for mid and lower earners than for the higher paid. It is therefore the case that many Probation staff are facing a considerably higher rate of personal inflation than the headline RPI rate.

4.2.2 Inflation Forecast

The Treasury average of independent forecasts states that **RPI inflation will average 9.1% over 2023**, before dropping back to the 3.9% mark in 2024, as per 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.

Table 4

Forecast annual increase in cost of living RPI CPI



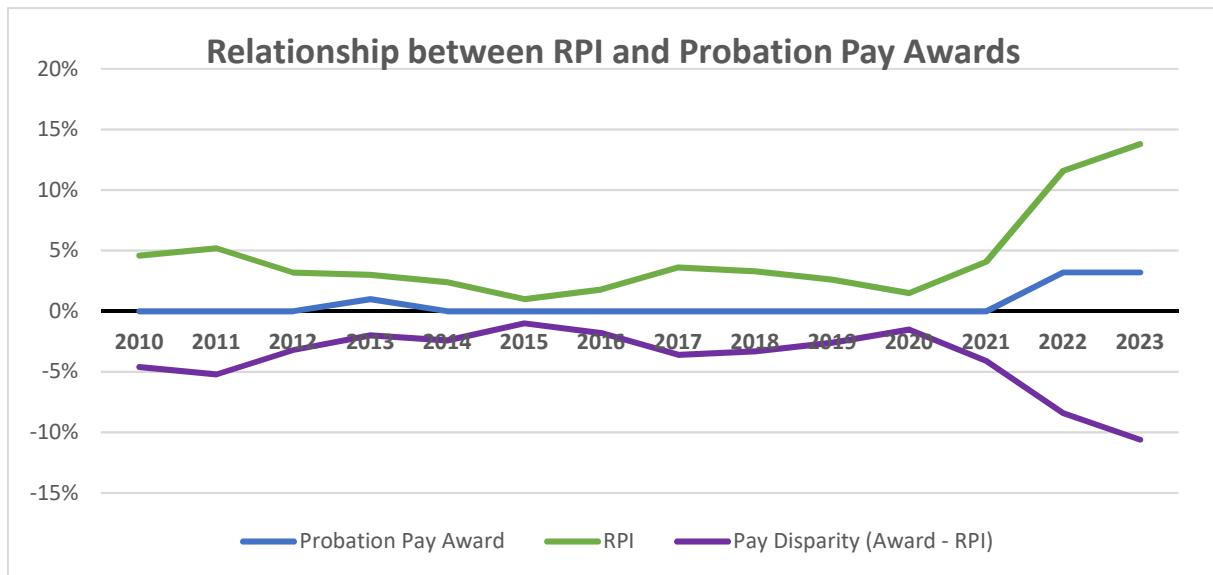
Source: HM Treasury Forecasts for the UK Economy, May 2023

4.2.3 Relationship between RPI and Probation Service Pay Awards (2010 – 2023)

Graph 2 below shows the relationship between the Probation Service pay awards and RPI inflation since 2010. RPI inflation is shown in green, the Probation Service pay awards in blue and the disparity between the two in purple.

The Probation Service pay award has been lower than RPI inflation for most of the period in question.

Graph 2



4.3 Recruitment and Retention

The staff shortfall and leaving rate figures for the Probation Service are extremely worrying for those concerned about the quality of provision.

On 31 March 2023 the Service employed 4,387 FTE Probation Officers, a shortfall of 1,771 FTE against a requirement of 6,158 FTE. A 29% vacancy rate.

In the year to the end of March 2023, the leaving rate for band 3 probation services officer was 12.4%. In that period 832 Probation Officers left the Service, an increase of 15.2% compared to the year before. In the words of the HMPPS Workforce Quarterly “The number of leavers has increased considerably since June 2021, which is likely attributable to competition in the labour market”.*

*HMPPS Workforce Quarterly: March 2023 (updated 22 May 2023). www.gov.uk

Workforce shortages are frequently cited in His Majesty's Inspectorate of Probation (HMIP) reports in relation of concerns about the quality of service provided by Probation.

In 'Offender Management in Custody – Post Release (March 2023) the HMIP report stated:

“Probation services face several challenges, including a significant shortage of staff. On average, probation regions have 30 per cent fewer practitioners than they require to carry out resettlement work with prison leavers. This situation is compounded by shortages of probation services officers and administrative staff. As a result, there is insufficient capacity to build relationships with prisoners before they are released, or to complete timely referrals for housing support.”

In February 2023, following an inspection of the East Midlands Region, HMIP wrote to the Regional Probation Director in the following terms:

“There is acknowledgement that staffing levels (18 per cent vacancies, according to SOP data, although, as noted previously, the region disputes this figure) are not able to deliver a service to required expectations consistently. There is also an acknowledgement that this brings risks to the outcomes from regional service delivery.”

The Probation trade unions find worrying numbers of their members reporting that their workloads are too high and unmanageable. The struggle to recruit and retain staff, in part due to eroded real terms pay levels, is leading to a workload and stress crisis that is going to make the retention of staff even more difficult.

5. Conclusion

The Probation Service Trade Unions submit this claim in the expectation that the 3 year pay award be re-opened to provide probation staff with a proper, above inflation, cost of living pay rise for 2023. Our claim is reasonable and proportionate, particularly given the drastic decline in the value of our members' earnings over the last thirteen years.