

Time for a Radically New Approach to Public Sector Pay

An article from Napo Assistant General Secretary, Dean Rogers

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I'm currently involved in negotiations for a new pay and reward system for the probation service. It's easy to see why reform's needed but much more difficult to see how a sustainable model could work given the complex and competitive challenges facing probation, like much of the public sector. As we start to test models I'm increasingly asking if, in a radically new operating environment, we don't need radically different solutions to some of the big public sector pay challenges – involving an holistic, strategic, whole-career approach which incentivises working in public service in new ways. Pay reform alone will be only part of the answer to addressing fears and concerns about how public sector professionals can pay for housing, transport and basic costs – let alone save.

In 3 articles I look at:

- 1. Where probation pay stands and how it got into this mess**
- 2. The particular challenges of living on a probation wage, especially in our cities**
- 3. The radical questions that will need to be asked alongside any pay reform that Napo can negotiate with employers, including how saving can be incentivised, pensions protected, and what government need to do to holistically protect and develop public services.**

If you look up and allow yourself to view things from a different perspective an interesting picture begins to form where pensions, savings, professional development and welfare incentives start to make public service look much more interesting.

Grayling's Probation Earthquake

Chris Grayling's Transforming Rehabilitation revolution was an earthquake across probation. Massive organisational upheaval has undermined staff morale and increased workloads – a public sector legacy even in the newly privatised parts of the business. Many have left and more and more still want to escape. In London and the South-East the new internal market is amplifying recruitment and retention problems up to deafening levels. Huge sums are needed to put right years of pay problems at exactly the moment the service is under greatest scrutiny to deliver more for less on the back of Grayling's catastrophic revolution.

All parties, including unions and multiple new employers recognise that the current probation wide pay system isn't working. Only the degree of emphasis varies between parties when stressing the model's lack of transparency, competitiveness, flexibility, fairness or measurable equitability. Designed almost a decade ago around funding assumptions to facilitate 'progression' up ludicrously long broad scales, the model is a dinosaur whose aspirations were endangered as soon as the government's public sector Pay Ice Age kicked in. Progression was replaced by stagnation. Now, this mess provides a barrier to all and any efforts to rebuild across the new probation landscape - efforts to reform how probation works in general are undermined by a redundant pay system and underinvestment that makes choosing probation an uncompetitive option. The risk that new competitors start looking for their own short term solutions risks, in the medium to long term, only making things more complicated for the service as a whole.

Who controls the market?

Most public sector pay reform over the last two decades has involved addressing some combination of external competition (e.g. Why teach when society places a value on trainees accountants usually about x4 a newly qualified teacher?) with internal fairness issues (e.g. equal pay claims from women school cleaners earning less than male bin men). In almost all cases there were three other commonalities impacting negotiations – 1. Most staff had reached a rate for the job which may or may not have been seen as competitive to the private sector; 2. the negotiations were timed against a recruitment or retention crisis in some critical areas of service delivery; and 3. The employers control of these factors had been (or was being) reduced by greater market competition (e.g. agencies emerging in the health and social work).

Arguably there is 4th common factor – the negotiators didn't have the freedom to really make a big difference to headline pay or to develop different approaches or 'think outside the box', usually because of funding restraint from their governors, meaning their 'competitors' could respond and react to any outcomes and immediately unpick any solution, especially market competitors with greater flexibility. No real lasting solution was found, even if some heat was taken out of a specific recruitment and retention crisis.

Probation finds itself in a slightly different position – ironically the catastrophic failure of Grayling's revolution combined with the particularly acute failings of the current pay model means some of this pressure is dissipated. The vast majority of staff in most of the broad pay ranges, some of whom have been in post since before the current pay model was adopted around a decade ago, are still nowhere near their anticipated pay band maxima – the point that someone somewhere in the Treasury must have at some point used in their budget calculations. In theory, this gives negotiators extra flexibility, although any contractual progression would still need to be bought out.

Alongside this, new contract owners have neither the confidence nor the capacity to innovate as yet. The ideological rush to sell the contracts before the last election means they didn't know what they were buying because the MoJ didn't really know what they were selling and so now nothing works or adds up. Trust is minimal and promised profits haven't materialised. This goes some way to neutralising the threat that contractors do their own thing or quickly react to any centralised change – government has more control of at least the local probation the market.

What's the cost of reform?

The unique probation perspective doesn't mean that pay reform can wait indefinitely. The service is now running on goodwill and the rotten pay system is getting up people's noses. Highly skilled staff are getting a closer sight of alternative career options as they work closer to better paid colleagues in parts of the prison service, or see old friends with greater flexibility and less stress earning similarly in charities or other social work related roles they'd be qualified to do. Agencies are circling seeing an opportunity.

Alongside these retention pressures are increasing difficulties attracting people into probation. Starting salaries especially for a fully qualified post-graduate probation officer of around £26,000

or £29,000 in London just don't cut it when they see the workloads, pressures and low morale, especially when progression is so slow and advertised maxima look like mis-selling. Why opt for probation when social work or teaching pay more and more quickly?

So a solution must be found and could be found with some controlled de-frosting of government pay restraint. Quite large increases could be offered and pay scales radically shortened to unfairness without significantly increasing the potential long-term pay bill if most staff reached their current contractual maxima (as is the case in most public sector professions). Using the review to address the existing grade boundaries could promote greater flexibility and provide a win-win – especially in entry level management grades who are the 'Engagement Gatekeepers'.

The biggest problem with any solution may be selling it. Staff are still traumatised and reeling from the revolution so trust in any change may be a hard sell but not as challenging for unions as convincing MoJ paymasters to be brave and adopt something radical. I'd happily sell a deal with double digit % increases but won't get a chance if Ministers think teachers, nurses and doctors may notice and ask for the same. One suggested way around this is setting increases in hard numbers not percentages, which also may help increase transparency and value in an award.

A deal can be done that gets probation pay back to where it should be and improves transparency, fairness and morale whilst making probation more competitive. However, that'll just be catch-up. What would be really interesting is if, for once, probation was a testing ground for something more radical and positive.