**GEOGRAPHICAL SUPPLEMENT PAY CLAIM FOR 2023**

**SUBMITTED BY NAPO, UNISON and GMB-SCOOP**

**TO THE PROBATION SERVICE**

**1. INTRODUCTION**

This pay claim is submitted by NAPO, UNISON and GMB-SCOOP on behalf of staff working for The Probation Service in the following geographical areas: Kent, Buckinghamshire (including Milton Keynes), Oxfordshire, Berkshire, Essex, Hampshire / Isle of Wight, Norfolk, Suffolk, Surrey, Sussex, Hertfordshire and Cambridgeshire.

The claim is made to address the following key points:

* Staff, across all pay bands, experience substantially higher living costs in these areas than other geographical areas;
* Substantial increases in the cost of living over recent years have significantly reduced the value of staff wages and the rise in prices facing workers is now at a 40-year high, the cost of living crisis is going to be greater for staff living in the most expensive locations outside of London;
* Appropriate reward, compared to pay levels offered by other employers, is needed to sustain the morale and productivity of staff in their crucial role of delivering a high quality probation service;
* Average earnings and pay settlements are surging across the economy, but the difference between private sector pay and public sector pay including that offered by the Probation Service, is greater in these areas than anywhere else outside of London, increasing the likelihood of recruitment and retention problems;
* The removal of market forces supplements, as part of the 2022/23/24 Probation Service pay settlement, from certain staff working in these areas, without any actions to address the existring recruitment and retention problems, was a mistake that this claim aim to address.

The current market forces supplements to be phased out are:

* + **£1,100 for Band 3 staff** in some locations in Kent, Norfolk and Suffolk, Berkshire, Hertfordshire, Dorset, Buckinghamshire and Oxfordshire
	+ **£1711 for Band 4 staff** in some locations in Buckinghamshire, Oxfordshire, Berkshire and at HMP North Sea Camp
	+ **£2882 for Band 5 staff** in some locations in Kent
	+ **£3016 for Band 4 staff** in some locations in Kent
	+ Essex has been included in this claim as an area of relatively high cost of living. The NHS include staff working in parts of Essex as eligible for London Fringe pay supplemtent as do local government. Officers in the Essex Police Force are paid the higher South East high cost allowance.
	+ Cambridgeshire has been included in this claim as it is an area of high living costs and relatively high competitor private sector wage levels.

**2. SUMMARY OF CLAIM**

We are seeking:

* The highest Geographical Supplement rate 1 - £4,045 per annum in 2023, to be applied to all staff working in the counties which border Greater London. These are Berkshire, Buckinghamshire (including Milton Keynes), Essex, Hertfordshire, Kent and Surrey.
* Geographical Supplement rate 2 - £1,910 per annum in 2023, to be applied to Bedfordshire, Cambridgeshire, Hampshire / Isle of Wight, Oxfordshire, Suffolk and Sussex.
* Geographical Supplement rate 3 - £ 955 per annum in 2023, to be applied to Norfolk.

The Probation Service Geographical Supplement rates as detailed in the 2022/23/24 pay settlement are:

 **2022 2023 2024**

**London Weighting** £4005 £4126 £4249

**Geographical Supp 1** £3927 £4045 £4207

**Geographical Supp 2** £1854 £1910 £1967

**Geographical Supp 3** £927 £955 £983

* This applies only to staff based outside of the M25 in these areas and are therefore not in receipt of London weighting
* Using house prices as a proxy for high cost of living areas illustrates some of the logic of constructing a supplement system graded by county proximity to Greater London. This is a heat map of house prices from the UK House Price Index.



**3. COMPARATIVE HOUSING COSTS**

The UK House Price Index, published by HM House Registry, has consistently shown us how house prices are higher in the South East of England than anywhere in the UK outside of London.

A table of the most recent data can be found attached in Appendix 2. What it shows us that the average house in the South East government region is £403,515. Compared to its neighbours this is 19.9% higher that the South West of England at £336,583 and 11.4% higher than the East of England at £362,197.

Housing rental costs show a similar relative expensive for residents of the south east. Data from the October 2022 HomeLet Rental Index shows:

South East average rental value £1,243

UK excluding Greater London £ 976

East of England £1,108

South West £1,086

From this we can see that South East average housing rental costs are 27% higher than the UK excluding Greater London, 14.5% higher than in the South West and 12.2% higher than the East of England.

**4. AVERAGE EARNINGS**

The most recent Office of National Statistics ASHE annual earnings data provides strong evidence of how competitor employer salaries are higher in the South East than neighbouring regions.

Mean Average Full Time Earnings UK Gross Annual Pay Private Sector: ASHE Table 25

South East - £40,263 South West - £33,778 East of England - £37,091

From this data we can see how competitor private sector earnings are 19.2% higher in the south east compared to the south west and 8.6% higher than in the East of England.

It is worth noting that whilst this is the most up to date official data it relates to 2021. We know that the pay gap between the private and public sector has widened since then and, therefore, the attractiveness of salaries in the private sector in the south east, compared to the Probation Service, is going to have increased.

**5. MARKET SUPPLEMENTS CONTINUE IN PRISONS**

Providing additional pay supplements to Prison Service staff within the HMPSS. In it’s submission to the most recent Prison Service Pay Review Body (PSPRB) deliberations HMPSS asserted that “with regard to local and geographical variation, we remain committeed to the targeted approach offered by the use of Market Supplements across a range of sites where the pay drivers of recruitment and retention challenges are most acute.”

Additionally, in HMPSS’s submission to the PSPRB it states “We continue to see a need for their (Market Supplements) use. However, we acknowledge the PSPRB’s concerns around the impact on overall pay structure and recognises the need for nation-wide inveastment in pay to make the Prison Officer role more maket facing.” Explicitly accepting the need for market supplements until nationwide pay increases can be delivered making the role more attractive in the labour market.

Far from reducing the reliance on market value supplements the PSPRB was informed by the HMPPS that they would be expanding geographical scope of the market supplements from 31 establishments to 41 sites.

Further detail from the HMPPS submission to the PSPRB and the PSPRB’s 2022/23 Report, with sections of particular interest highlighted, are attached to this report as Appendix 1.

**6. CONCLUSION**

Probation Service Unions warned that removing the market forces supplements from certain staff in the south east was only going exacerbate the recruitmemt and retention problems the Probation Service is suffering in the South East. The Geographical Supplement pay claim seeks to begin to address these pressures that threaten the delivery of a safe and effective Probation Service in the South East.

**APPENDIX 1**

1. The HMPPS submission to the Prison Service Pay Review Body
2. With regard to local and geographical variation, we remain committed to the targeted approach offered by the use of Market Supplements across a number of sites where the pay drivers of recruitment and retention challenges are most acute. However, we recognise the PSPRB’s previous recommendations on Market Supplements and through our proposals have started a process of eroding these. We are of the strong opinion that large scale increases to base pay at Band 3 are not an effective or cost-effective 5 method to remove Market Supplements and would remind the PSPRB of their terms of reference to consider regional / local variations in labour markets and their effects on the recruitment and retention of staff.

j. Our proposals this year represent the first year of a long-term strategy which will be kept under review against organisational and operational needs and labour market developments.

1.33 The PSPRB’s evidence for 2021/22 also highlighted challenges associated with the “additional tier” to the F&S pay structure created by the use of red and amber Market Supplements. As set out in Chapter 2, Market Supplements of either £3,000 or £5,000 which are currently applied to 31 establishments have equipped us in tackling localised ongoing recruitment and retention challenges where they are most acute.

1.34 We continue to see a need for their use. However, we acknowledge the PSPRB’s concerns around the impact on overall pay structure and recognise the need for nation-wide investment in pay to make the Prison Officer role more market facing. In doing this, we expect to minimise the need for Market Supplements and in turn, achieve a more coherent and consistent pay structure.

1.50 Additional rationale and key drivers: • Ensuring our offer applies available pay flexibilities (e.g. Market Supplements being paid in 31 red and amber sites) to address local pay issues linked to 27 specific roles rather than extending the zone structure to other geographical areas

F&S Market Supplements at Red and Amber sites

1.100 HMPPS will extend the payment of Market Supplements in the 31 red / amber sites, by a further year until 31 March 2023 – although the value of these will be eroded by pay point increases as per Proposal 8.

1.101 Retaining prison staff and experience in these 31 establishments is crucial for productivity, regime stability and therefore achieving better outcomes. Evidence from focus groups show that experienced Officers have a positive effect on reducing violence in prisons. It is also clearly important for developing a strong pipeline of future leadership talent.

1.102 Evidence currently shows that there is a need to retain the targeted approach to recruiting and retaining in these hard to recruit sites, hence the need for continuation of the 31 Market Supplement sites at this point

A targeted approach to Recruitment and Retention: Market Supplements

2.113 Market Supplements were originally introduced in early 2017 as an additional (non-pensionable) payment of either £3,000 p.a. (at Amber sites) or £5,000 (at Red sites) for Band 3 Prison Officers (on F&S, or legacy pay terms and 75 conditions only) as a means to address acute recruitment and retention challenges at our most difficult to recruit and retain at prisons.

2.114 We continue to see a need for their use and have secured HM Treasury approval for their continuation beyond April 2022.

2.115 Continuation of Market Supplements for 2022/23 allows us to compete against local market forces, tackle ongoing recruitment difficulties in these areas and retain experienced Prison Officers in order to ensure the safe operation of these 31 establishments. Continuation of Market Supplements for 2022/23 also allow us to mitigate the risks of the losing experienced staff to the large recruitment drive of the Police Force and similar organisations such as Border Force.

2.116 However, the PSPRB’s evidence for 2021/22 highlighted challenges associated with the “additional tier” to the F&S pay structure created by the use of red and amber Market Supplements. They also raised concerns over the impact of Market Supplements on the recruitment and retention at neighbouring prison establishments.

2.117 As set out within our pay strategy, detailed further in Chapter 1, we are looking carefully at the use and effectiveness of Market Supplements over the longer term.

2.118 Acknowledging the PSPRB’s argument for nation-wide investment in pay to make the Prison Officer role more market-facing, we set proposals for this year to do so. Our proposed increases to our lowest paid grades will therefore have the effect of phasing out parts of the Market Supplements where they are in place. We will carefully monitor the impact this has on localised recruitment and retention trends in order to inform our longer-term approach.

1. The Prison Service Pay Review Body 2022/23 Report

xiv. The lack of an effective pay strategy for Band 3 pay has become more apparent this year due to the contradictory approach to market supplements. Although we welcome the commitment from HMPPS to start eroding the market supplements we do not believe this is compatible with the supplements being increased and extended to more prisons.

These measures may help to reduce the flow of officers out of the Service in the very short term, but it is clear to us that their continued and repeated extension is evidence of its limited effectiveness. We believe staff need certainty and confidence in their pay and the Service must act now to provide a competitive base salary. We accept the aspiration of HMPPS not to rely on market supplements, as it has demonstrated in its approach to Band 2.

However, we believe the Service must, given the scale of the recruitment and retention issues it faces, move further and faster to do so.

xvi. We therefore recommend that from 1 September 2022, the ‘amber’ market supplement is consolidated into pay, resulting in a £3,000 increase in pensionable pay for all Band 3 staff on the National Fair and Sustainable Band 3 pay scale. This £3,000 increase should be paid to all staff in Band 3, including those working at ‘red’ and ‘red plus’ market supplement sites. We further recommend that HMPPS continue to pay an amended non-consolidated ‘red’ market supplement of £2,000 (reduced from £5,000) and a ‘red plus’ market supplement of £3,500 (reduced from £6,500) a year to those Band 3 Prison Officers who are currently eligible to receive them. We will review these payments in the future in line with our longer-term aspirations for Band 3 Prison Officer pay.

3.49 In February 2017, HMPPS introduced market supplements for 31 sites across England and Wales for a period of four years, adding further complexity to the Fair and Sustainable pay structure. As at 30 September 2021 there were 2,142 Band 3 Prison Officers in receipt of the £3,000 ‘amber’ market supplement and 2,504 Band 3 Prison Officers in receipt of the £5,000 ‘red’ market supplement. An additional 613 Band 2 staff were in receipt of a ‘red’ site market supplement (£875 for an Outer London ‘red’ site or £900 for a National ‘red’ site.).

In total, this is an increase of around 460 more staff eligible for receiving market supplements than in September 2020. Market supplements do not form part of pensionable pay.

3.50 The establishments eligible for a market supplement are those that HMPPS consider have, or have had, recruitment and retention issues – ‘amber’ sites where recruitment is still possible but difficult, and ‘red’ sites where the Service is unable to recruit the staff it requires despite significant efforts. In 2019 HMP & YOI Winchester was added as a ‘red’ market supplement site. The following year Medway Secure Training Centre, a ‘red’ market supplement site, closed.

3.51 Between August and December 2019, HMPPS conducted a review of market supplements, testing how effective it had been in the recruitment and retention of Prison Officers. The review found that market supplements had been effective at slowing resignation rates between March 2017-18 but that these rates had started to rise again from March 2018 due to increased competition from comparable roles, such as the Police. Pay emerged as a “constant and consistent” reason for why staff were leaving, with the retention of experienced staff becoming increasingly challenging.

The HMPPS review concluded that market supplements should remain in place after April 2021, and potentially be expanded, because removing them would work against the need to retain staff in an increasingly competitive labour market.

3.52 We had serious concerns, not only about the ripple effect that market supplements were having at other prisons, but about the possibility of yet more tiers being added to an already complex and unequal pay system by expanding their use. Our own data showed that there was an insufficiently competitive level of pay for Band 3 Prison Officers and that retention was a wider problem across the whole prison estate.

3.54 In its written evidence this year HMPPS confirmed its continued commitment to the market supplements, stating that Her Majesty’s Treasury had approved an extension of the supplements to be paid until 31 March 2023. It informed us that it did not believe large scale increases to base pay at Band 3 was an effective or cost-effective method to remove the supplements. HMPPS did however, recognise our concerns about market supplements and stated that it would start the process of eroding them this year.

3.55 In March this year, after written evidence had been submitted and exchanged with all the parties, we were informed by HMPPS that it planned to expand the use of the market supplements and introduce a new £6,500 ‘red plus’ tier for Band 3 staff. The changes included: • The ‘red plus’ market supplement to be introduced at Bullingdon, Woodhill and Aylesbury.

The establishments eligible for the ‘red plus’ market supplement were those that had projected target staffing levels falling below 80% at or before September 2022. • ‘

Amber’ market supplements to be introduced at Berwyn, Eastwood Park, Norwich, and Wayland. •

The OSG ‘red’ market supplement to increase by 30% at Bullingdon, Woodhill and Aylesbury. •

Seven sites added to a Band 3 ‘watch list’ – Foston Hall, Isle of Wight, Lindholme, Stocken, Swinfen Hall and Warren Hill (on the watch list for the ‘amber’ market supplement) and The Mount (on the watch list for a ‘red plus’ market supplement).

3.56 We were disappointed that these changes were not included in the written evidence submitted by HMPPS and that neither the unions nor the Review Body were consulted before they were implemented in April 2022. These additional market supplements add further complexity into the system and will potentially result in eligible staff at 41 sites out of 104 public sector prisons receiving a market supplement.

3.57 In oral evidence HMPPS shared with us its serious concerns about staffing projections, particularly running into the summer months. It stated that it could not wait until the Government made a decision on the PSPRB’s 2022 recommendations and that some prisons would be in severe difficulties if the changes to market supplements were not brought in immediately. HMPPS told us that it still planned to erode the market supplements and it hoped that they would be fully eroded by 2027.

For reference these are the Prison Service regional market forces supplements as at April 2022 from the Labour Research Department Payline database:

|  |  |  |
| --- | --- | --- |
| **Amount** | **Coverage** | **Notes** |
|  | **London** |  |  |
|  | **Inner** | **Outer** | **Fringe** | **South east** | **Other** |  |
| £4,314 | ✔ |  |  |  |  | Inner London salary differential over maximum National rates for Fair & Sustainable grades |
| £4,250 | ✔ |  |  |  |  | Brixton, Pentonville, Wandsworth, Wormwood ScrubsLocality Pay Allowance for closed grades. |
| £4,000 | ✔ | ✔ |  |  |  | Feltham, Huntercombe, The Mount, Westminster HQLocality Pay Allowance for closed grades. |
| £3,100 |  |  | ✔ |  |  | Belmarsh, Bronzefield, Coldingley, Downview, High Down, Isis, SendLocality Pay Allowance for closed grades. Bronzefield - payable to eligible staff in the Controller's office |
| £2,836 |  | ✔ |  |  |  | Outer London salary differential over maximum National rates for Fair & Sustainable grades |
| £2,600 |  |  |  | ✔ |  | Aylesbury, Bedford, Bullingdon, Chelmsford, Grendon/Springhill, WoodhillLocality Pay Allowance for closed grades. |
| £1,100 |  |  |  | ✔ |  | Lewes and WinchesterLocality Pay Allowance for closed grades. |
| £250 |  |  |  |  | ✔ | Birmingham, Bristol, Littlehey, Long Lartin, OnleyLocality Pay Allowance for closed grades. |

**APPENDIX 2**

**Average price by country and government office region**

**Source: UK House Price Index, published by HM Land Registry**

**Price, monthly change and annual change by country and government office region**

| **Country and government office region** | **Price** | **Monthly change** | **Annual change** |
| --- | --- | --- | --- |
| **England** | £314,278 | 0.0% | 9.6% |
| **Northern Ireland (Quarter 3 - 2022)** | £176,131 | 4.1% | 10.7% |
| **Scotland** | £191,941 | -0.9% | 7.3% |
| **Wales** | £223,798 | 2.0% | 12.9% |
| **East Midlands** | £252,982 | 0.0% | 11.3% |
| **East of England** | £362,197 | 0.1% | 10.4% |
| **London** | £544,113 | -0.6% | 6.9% |
| **North East** | £163,768 | 0.3% | 5.8% |
| **North West** | £219,005 | 0.6% | 9.1% |
| **South East** | £403,515 | -0.2% | 10.3% |
| **South West** | £336,583 | 0.3% | 11.9% |
| **West Midlands Region** | £253,864 | -0.3% | 10.1% |
| **Yorkshire and The Humber** | £212,593 | 0.0% | 8.5% |

In other words South East house average house prices are 28.4% higher than the England average, 19.9% higher than the South West of England average and 11.4% higher than the East of England average.

A heat map using the UK House Price Index data illustrates the point:

