

Staff and Pensions Sub Committee

13 November 2012

2013/14 Pay Claim

Recommendation

That Warwickshire County Council support the Local Government Employers in making a standard pay award to all staff in 2013-14.

1.0 Background

- 1.1 The County Council has received a Pay Claim from the Trade Unions (a copy of which is attached).

In brief the claim is for:

"a substantial flat rate increase on all scale points as a step towards the longer term objective of restoring pay levels and achieving the living wage as the bottom NJC spinal column point".

The Employers side have responded with the following statement,

"We have made it clear since February that employers want to avoid a fourth year of pay freeze and will be working within the extremely challenging financial constraints facing local government to try and make that happen. Informal discussions with the unions have already taken place. We hope to take those forward in the same mutually positive spirit which this year delivered fair, affordable reform of local government pensions".

- 1.2 The three-year pay freeze has been unique in the public sector, and the cumulative effect of this coupled with high inflation has meant that, since 2009, pay for the NJC workforce has fallen by 13% in real terms across the board. In the meantime the cost of living has increased, with the cost of basics such as food and energy putting ever-increasing pressure on household budgets that are already stretched to the limit. In Warwickshire the pay freeze has been imposed for four years.

The aim of the pay claim is to restore pay levels, bringing them in line with inflation and the cost of living, with a long-term view to achieving a living wage as the baseline for NJC wages. However, it is not just the lowest paid who are affected. Professional and technical jobs in the middle levels of the organisation are being paid less than their private sector equivalents with councils finding it increasingly difficult to recruit for the future. Safeguarding the future of public services depends on the public sector recruiting and

retaining skilled and professional people to our workforce. In Warwickshire we are noticing a reduction in the number of well qualified and experienced managers applying for middle, and particularly, senior level posts which exposes us to the risk of not being able to compete with other employers and recruit the best candidates for these critical positions and to build a strong workforce for the future.

Background papers

None

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Trade Union Side of the National Joint Council for Local Government Services: England, Wales and Northern Ireland PAY CLAIM 2013 – 2014

17 October 2012

***“The cumulative effect of the last three years is that pay has fallen by 13% since 2009 and is now more than 10% below where it was in 1996”
(Living on the Edge: Pay in Local Government”, New Policy Institute, Feb 2012)***



THE NJC TRADE UNION SIDE PAY CLAIM FOR 2013/14

The NJC Trade Union Side is submitting the following claim for a pay increase for our members in 2013 - 2014:

A substantial flat rate increase on all scale points as a step towards the longer term objective of restoring pay levels and achieving the living wage as the bottom NJC spinal column point

Local Government Pay in Context

1. Local Government Pay in Context

The 2013-14 pay claim is being submitted at a critical time for our members in local government. The NJC workforce are suffering the effects of an unprecedented three-year pay freeze, widespread redundancies and cuts to their terms and conditions of employment. All of this is set against a backdrop of government driven austerity measures, with local government facing unprecedented cuts to funding from central government.

High inflation coupled with a pay freeze has meant that since 2009, pay for the NJC workforce has fallen by a shocking 13%. Our members are earning poverty pay and struggling to make ends meet. Research commissioned by UNISON this year highlights the continuing effects of the pay freeze on the local government workforce. A survey into the impact of austerity measures on UNISON members, prepared by the Working Lives Research Institute, shows that members' lives have **“become more difficult and that they are struggling to cope with the continued attacks on their jobs and living standards”**. Nearly one in eight respondents from local government report having had a pay cut in the last year – this is on top of the long-term pay freeze – and a shocking 40%, have been threatened by their employer with a pay cut.¹

This pay claim sets out the key points in our arguments for a substantial flat rate increase on all scale points as a step towards the longer term objective of restoring pay levels and achieving a living wage as the bottom NJC spinal column point.

1.1 Local government finance

With government grants to councils being cut by 28%, local government has been cut harder and faster than the rest of the public sector. In June, the LGA released a report, *Funding Outlook for Councils from 2010/11 to 2019/20*, which paints a dismal picture of the economic climate councils now find themselves in. The report demonstrates how a funding gap opens out in 2012/13 and continues to widen every year through to 2019/20. It concludes that there is a likely funding gap of £16.5 billion a year by 2019/20, or a 29 per cent shortfall between revenue and spending pressures.

There can be no doubt that under the current Coalition's austerity policies the future for local government looks grim. While local authority reserves might be able to support the financial management required to begin to address the real terms increase needed in local government pay, they can only be used once, and will not provide a long term solution to the pay deficit.

There will also have been a £6.1 billion reduction in formula grant between 2010/11 and 2014/15 and the central “share” of business rates in 2013/14 will be £1.1 billion – money that would otherwise have been available to local government. While the Local Government Employers are facing the toughest financial outlook for generations, it is obvious that there has been no action on their part to stand up for a workforce tasked with

¹ The Impact of Austerity on UNISON Members 2012, A report for UNISON by the Working Lives Research Institute, June 2012. Figures stated here, and elsewhere in this claim, relate to those responses from local government members only.

the job of delivering the essential public services that communities rely upon. Thanks to the Government’s blind pursuit of austerity measures, councils find themselves in a difficult position – but choices do exist.

While we recognise that the current local government settlement means we cannot realistically expect to restore pay levels within the span of a one year pay award, our longer term objective is to ensure that a living wage becomes the bottom pay scale for NJC workers. In order to achieve this it is vital that the Local Government Employers join forces with the Joint Trade Union Side in calling for central government to return the £1.1 billion of business rates it intends to keep to local authorities, so that councils can retain quality services and provide their staff and families with a pay increase this year.

Last year millions were ploughed into unallocated reserves while a dedicated workforce was punished with job losses, freezes to pay and cuts to terms and conditions. Councils do need to look at efficiencies too - such as putting an end to the practice of employing highly paid consultants and agency workers while directly employed, long serving and loyal members of staff are made redundant. Lastly, it should not be forgotten that, according to the Local Government Association (LGA) “the basic pay bill has decreased (from £25.1 billion in 2010/11) by 4.7%; which when inflation (at CPI rate) is accounted for, shows a real terms fall of 9.2%. The total gross pay bill contracted further (from 26.3 billion in 2010/11) by 5.2% (a real terms fall of 9.7%).”²

1.2 Councils budgeting for a pay rise

Table 1 provides an overview of pay settlements across local authorities in the south east of England which have opted out of the NJC. It reveals that many are offering pay settlements in excess of those achieved through NJC negotiations, bucking the trend in freezing public sector pay. This backs up research conducted by the Local Government Chronicle (LGC) this year that found that 48% of non-NJC councils plan for an increase.

| Year | No. of local authorities delivering pay settlements better than NJC awards | Range of Pay awards |
|-------------|---|---|
| 2008 | 23 | 2.45% - 4% |
| 2009 | 25 | 0% - 4.8% |
| 2010 | 11 | 0% - RPI |
| 2011 | 18 | 0% - 2% |
| 2012 | 21 | 0% - 2% (flat rates paid ranged from £250 - £500) |

LGC research also highlighted that a third of all councils had budgeted for a rise ranging from 0.5% to 2.8% and that 6% had budgeted for an increase for the lowest paid. The highest increase planned for 2013-14 and 2014-15 is in non-NJC Huntingdonshire (3.5%). Only 7% of councils are planning for a pay freeze between 2013 and 2015/6.³

If we are to ensure that money is available to provide the quality of public services we want and the public expects, and that the workforce are rewarded appropriately, our claim

² Local Government Earnings Survey, Summary 2011/12, Local Government Association, January 2012.

³ The data in full: Pay in 2012/13, Local Government Chronicle, 5 April 2012 (www.lgcplus.com/the-data-in-full-pay-in-2012/13/5043392.article).

cannot be met without a change in attitude to ensure significant finances are available for services, jobs and decent pay and conditions for the workforce.

It is crucial that both the Trade Union Side and Employer's Side commence talks on restoring pay to a level which at least reflects the cumulative impact of inflation since 1997. We must commence a frank and open discussion on options for how we can achieve a sustained period of year-on-year, real terms increases in the levels of pay for NJC workers.

The 'hands off' approach taken to date by both the Local Government Employers and the Department for Communities and Local Government to all matters of pay and remuneration has to end. It is time to recognise that further cuts of the kind inflicted by the Coalition cannot be passed onto a workforce stretched beyond belief and decency. Loyalty and motivation are fast disappearing, while working for the council is no longer a positive choice but seen as an act of last resort.

1.3 The effect of pay cuts on the local economy

It is important that in the current economic climate local authorities acknowledge the role public spending plays in supporting economic growth and job creation. Indeed, the Trade Union Side strongly maintains that a significant boost would be given to local economies by increasing NJC pay. Recent research has shown that for every £1 spent by a local authority, 64p is reinvested back into the local economy. Crucially, local government workers re-spend 52.5 pence in every pound they receive in wages in their local economy.⁴ This is a finding consistent with other studies. In 2005, research by Staffordshire Business School demonstrated that for every extra £1 per hour paid to low paid workers in Stoke on Trent, the local economy benefitted by an additional £0.63 of income creation.⁵

Outside of London, most local government employees live within the areas they work, so paying the workforce a decent wage will promote local supply chains which can only benefit local neighbourhoods. Figure 1 shows that local public sector workers (a group excluding civil servants and NHS workers) are the most likely of any group to live and work in the same area. Across all sectors, more low earners than high earners live and work in the same area.⁶ While outside of London, it can be seen that 84% of the lowest paid public sector workers live and work in the same area. This means that an increase in earnings for low paid local government workers would contribute strongly to local economic development and the economy as a whole.⁷

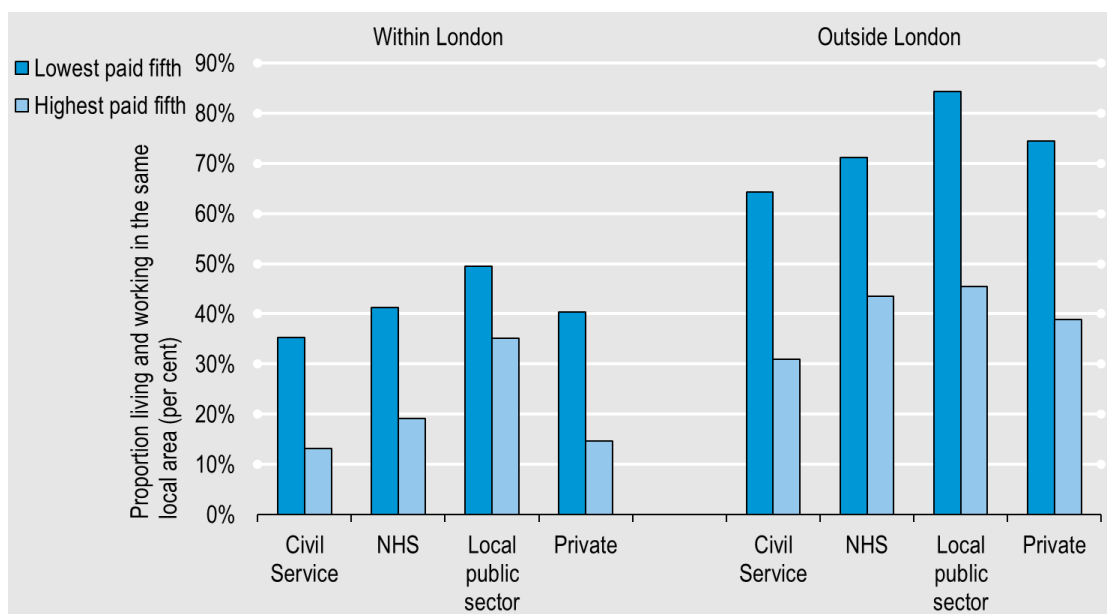
⁴ "Creating resilient local economies: exploring the economic footprint of public services", Association of Public Service Excellence, 2008.

⁵ The regeneration effects of fair wages, The economic benefits to Stoke-on-Trent of closing the gap between private and public sector pay for residential care work, Jackson and Pugh, Staffordshire Business School, June 2005, (www.lm3online.org/documents/Regeneration%20effects%20of%20fair%20wages.pdf).

⁶ The proportion is always lower within London than elsewhere.

⁷ Living on the Edge: Pay in Local Government, New Policy Institute, 2012

Figure 1: the proportion of people who live and work in the same local area



However, three years of a pay freeze has forced our members to cut back on even the basic essentials with 69% of UNISON members working in local government reporting that they have cut back on spending on food in the last twelve months⁸. So while councils focus on pay bill savings, any reduction in spending, even on the essentials, is bad news for local businesses, supply chains and regeneration strategies. Councils need to wake up to the very real costs to families and the local economy of their continued pay policies. Instead of our members' wages being fed into the local economy, they find themselves dependent on benefits and tax credits to prop up their earnings. As benefits are cut back and withdrawn, the poverty pay that was previously disguised will be brought out into the open. Pay cuts are, in any case, a false economy and it is crazy that we have one half of government effectively subsidising local government pay.

2. NJC pay: not a living wage

With the lowest pay rate in local government stuck at £6.30 an hour for nearly four years, the National Minimum Wage (NMW), now £6.20 an hour, has almost caught up with local government pay. It is clear that local government is becoming a minimum wage employer for predominantly women part-time workers on scale point 4 (SCP4) who now earn only ten pence above the NMW.

This intolerable situation has led the Joint Trade Union Side to call for a longer term objective of restoring pay levels and achieving the living wage as the bottom NJC spinal column point in this year's pay claim. The living wage is set at £7.20 an hour outside of London, and £8.30 in London. As the living wage is regarded as the minimum hourly pay needed to provide a working family with the minimum essentials of life, this is a demand that must not be ignored.

⁸ The Impact of Austerity on UNISON Members 2012, A report for UNISON by the Working Lives Research Institute, June 2012.

In 2011, a shocking 38% of part-time workers and 8% of full-time workers in local government were earning less than the living wage of £7.20 per hour outside of London⁹. This is a quarter of the workforce. Currently, all NJC workers on spinal column points 10 and below earn less than the living wage of £7.20. This accounts for 203,350 workers.¹⁰ Hidden behind these appalling figures is the reality of whole families and children forced into life below the poverty line. Taking a significant step towards the living wage as the bottom rate across the NJC workforce would stimulate the economy by effectively increasing consumer spending power.

The report of the independent advisory panel looking into the feasibility of introducing a living wage in Newcastle reports that:

“We were advised by those councils where the living wage has been implemented that it has provided an important new stimulus to the local economy”¹¹

The panel also stated that many low paid workers lived in areas suffering from multiple deprivation, so a wage rise for the low paid would have the added impact of benefitting those local areas most in need of economic stimulus.

More than a quarter of the NJC workforce – 76% of whom are women – now earn less than the living wage of £7.20 an hour. Even a small change to their financial situation can easily tip these families into poverty. Changes to the welfare system, and in particular to tax credits, mean that staff on low wages have to pay significantly more for their childcare than in previous years, compounding the problems faced by families supported by NJC workers.

However, it is evident that there is a growing momentum among local authorities and branches seeking to implement the living wage. This is not surprising when the many benefits of paying a living wage are considered¹²:

- Stimulating the economy by boosting consumer spending
- Addressing deprivation and combating child poverty
- Improved recruitment and retention and reduction in recruitment costs
- Better attendance and reduced sickness absence
- Improved morale and productivity
- Closing the gender pay gap

However, the Trade Union Side believes that no NJC employee should be paid less than the living wage and that it is critical that moves towards a living wage are not financed through detrimental changes to our members' terms and conditions or allowances, or are a substitute for a substantial across-the-board settlement for all NJC workers.

⁹ Living on the Edge: pay in Local Government, New Policy Institute, 2012.

¹⁰ LGS Spinal Column Point Distribution, 2011/12, http://www.local.gov.uk/web/guest/local-government-intelligence/-/journal_content/56/10171/3015313/ARTICLE-TEMPLATE

¹¹ A Living wage for Newcastle, Independent Living Wage Advisory Panel, April 2012.

¹² Ibid.

3. Low pay in local government.

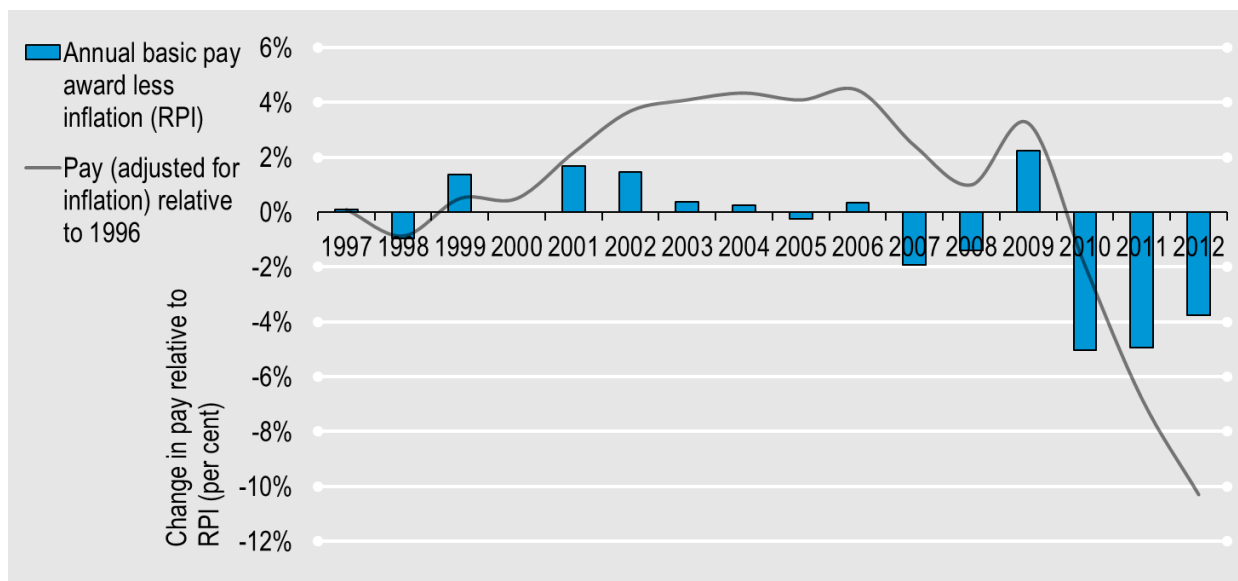
3.1 Inflation and NJC Pay

If we look at the effect of pay awards and price inflation on the NJC pay scale we see that the cumulative effect of the last three years of a pay freeze is that, since 2009, pay has fallen by 13% and is now more than 10% below where it was in 1996¹³.

In figure 2 below, the bars show how much pay has gone up or down each year following annual pay awards, after deducting the effect of inflation over the previous year. The line shows the cumulative effect of NJC pay awards.

The graph shows us that after four years, during which pay awards either matched inflation (1997 and 2000) or matched them over two consecutive years (1998 and 1999), pay grew by 2% more than inflation in both 2001 and 2002. Over the next four years, as awards only just exceeded inflation or fell below it, pay stayed about 4% higher (after inflation) than it had been in 1996. However, after that, it began to fall back. Inflation outstripped pay awards in both 2007 and 2008 and the increase in 2009 was mainly due to negative inflation in the first year of the recession. Pay freezes followed in 2010 and 2011 which, when coupled with inflation, meant falls of around 5% in both 2010 and 2011. Thanks to inflation, pay was expected to have fallen further, by nearly 4%, up to the point when the next pay award (April 2012) was due.

Figure 2: The cumulative value of 'headline' NJC pay award after inflation



Source: NPI calculations using headline pay increases, from Local Government Employers via Unison¹⁴

¹³ Living on the Edge: pay in Local Government, New Policy Institute, 2012.

¹⁴ 'Inflation' is RPI. The March 2012 figure uses the Office for Budget Responsibility forecast for first quarter 2012: <http://budgetresponsibility.independent.gov.uk/pubs/Economy-Supplementary-Tables-AS11.xls>, Economy Supplementary Tables November 29 2011 table 1.5. Taken from Living on the Edge: pay in Local Government, New Policy Institute, 2012.

3.1.1 Current inflation levels

Retail Price Index (RPI) inflation ran above 5% through almost the entirety of 2011. During 2012, inflation has gone through a steady decline. However, the huge gap between the public sector pay awards and the rate of increase in the cost of living that opened up during 2010 has been sustained over the last year. Latest inflation figures for the year to September 2012 showed the Consumer Price Index (CPI) at 2.2% and RPI at 2.6%.¹⁵

3.1.2 RPI inflation and forecasts

The Trade Union Side has consistently maintained that the RPI measure of inflation represents the best measure of changes in prices faced by NJC staff, as it includes the housing costs that form a significant part of most employee's expenditure. RPI also remains the most widely used measure as the basis for pay negotiations across the public and private sector¹⁶.

The results of the latest Croner Reward cost of living survey¹⁷ backs up the assertion that RPI is the most relevant measure as its analysis of the required income to maintain a family's standard of living identified a 5.7% increase over the year to March 2012.

The Treasury average of independent forecasts for the remainder of 2012 suggests that inflation measures will fall a little further, with RPI hitting an average of 2.6% and CPI running around the 2.1% mark. Looking further ahead to 2013, inflation is expected to stabilise, with RPI at 2.5% and CPI at 2% by the fourth quarter. Although inflation might be falling, it still represents a further fall in our members' standard of living.

3.1.3 Inflation and the Low Paid

Long term studies of the impact of inflation on different income groups still suggest that low income groups suffer disproportionately. There is a greater tendency for low income households to spend a higher proportion of their income on fuel and water which means that, on average, lower income households experience higher inflation rates than higher-income households. In 2011, the Institute of Fiscal Studies published a report which found that, over a ten year period, households in the second lowest income deciles (the second poorest 10% of households by income) experienced a 41% increase in prices, while the highest income decile experienced a 33% increase.¹⁸ This disparity is likely to continue given the forecasts from the Department of Energy and Climate Change that predict significant price increases in domestic fuel above that of general inflation over the short term. At the time of submitting this pay claim, Npower has announced an average increase of 8.8% in the price of gas and a 9.1% average increase in the price of electricity. British Gas, the UK's biggest supplier, raised its charges for both types of fuel by an average of 6%, adding £80 a year to the average dual fuel bill, and SSE - trading as Scottish Hydro, Swalec and Southern Electric – has stated it's intention to raise prices by

¹⁵ Office of National Statistics Consumer Price Indices reports at http://www.statistics.gov.uk/hub/release-calendar/index.html?newquery=*%u0026u00day=0%u0026u00month=0%u0026u00year=0%u0026title=Consumer+Price+Indices%u0026pagetype=calendar-entry%u0026l00day=%u0026l00month=%u0026l00year=

¹⁶ Incomes Data Services, Pay in the Public Sector 2007

¹⁷ Croner Reward, Cost of Living Regional Comparisons, March 2012

¹⁸ Peter Levell and Zoe Oldfield, The spending patterns and inflation experience of low-income households over the past decade, Institute of Fiscal Studies, June 2011

an average of 9%.¹⁹ Household budgets, already stretched by high inflation and a continued pay freeze, are going to be put under further pressure in the coming year.

A survey in July this year of 350,000 Unite members illustrates how this massive squeeze in living costs has been affecting them. When members were asked if they were worse off than just six months previously, out of the respondents working in local authorities, 72% replied that they were worse off. When people were asked if their income lasted the month only just over half (52%) said that it did. Respondents were also asked what they needed financial help with - the top two answers were housing (50%) and transport (29%).

Below average earnings in local government usually need to be topped up by benefits and tax credits to keep households out of poverty. With the changes to working tax credits this year, more families have been pushed onto the margins or actually into poverty. Low paid part-time workers have been hit the hardest by these changes.

3.2 £250 compensation

To add insult to injury, fewer than twenty councils have paid the £250 promised by the Chancellor to the lowest paid NJC workers earning less than £21,000, and virtually all of these councils have paid it as an unconsolidated one-off payment. A massive 70% of NJC employees earn below £21,000.²⁰ According to the LGG's own earnings survey in 2011/12, this accounts for over 1,000,000 headcount.²¹

4. Working in local government

“with the best will in the world, cuts to central services spending could not make enough money available to protect frontline services from drastic reductions” (Funding Outlook for Councils from 2010/11 to 2019/20, LGA, June 2012)

4.1 Under rewarded and overworked

Along with a three year pay freeze, the NJC workforce is taking the brunt of the local government settlement through widespread compulsory and voluntary redundancies, recruitment freezes, deletion of vacant posts and additional cuts to pay and to terms and conditions.

With a staggering 200,000 jobs lost since 2010²², the local government workforce face an uncertain future while having to cover for jobs which have been deleted. The LGA states that:

“with two years of the current spending review period still to go, this number will increase significantly before the next Spending Review period.”²³

Research carried out by UNISON in January 2012, involving a Freedom of Information trawl of all councils in England, Wales and Northern Ireland, uncovered a 161% rise in the

¹⁹ NPower and British Gas raise energy prices, BBC News, 12, Oct 2012, www.bbc.co.uk/news/business-19927350

²⁰ IDS Pay report 1068, March 2011, page 12.

²¹ Local Government Earnings Survey 2011/12, local Government Group, January 2012.

²² Funding Outlook for Councils from 2010/11 to 2019/20, LGA, June 2012.

²³ Ibid.

number of redundancies and early retirements between 2009 –10 and 2010 –11. These figures are all the more alarming when it is considered that this period covered the six months prior to the 2010 Spending Review announcement as well as the six months after the announcement was made.²⁴

In reality, this means that our members are doing much more for much less as they are forced to cover the work of vacant posts and routinely undertake unpaid overtime. Over a quarter (28%) of UNISON local government members report working longer hours than provided for in their contracts.²⁵

The lack of job security and ever increasing workload is leading to increased stress levels and morale is being slashed as NJC workers are left feeling undervalued and overworked. For those left behind, three years of frozen wages have taken their toll. According to the LGA's most recent survey of the local government workforce in 2010/11, the top three causes of sickness absence are stress, depression, anxiety, mental health and fatigue. Out of 188 councils responding to the LGA's workforce survey, 77% had reduced the number of staff posts in the 2010/11 financial year to bring about a reduction in workforce costs.²⁶

Increasing workloads also have a detrimental effect on the quality of work local government workers are able to provide. A new report from UNISON into the crisis in failing home care services reveals widespread concern from homecare workers that short visit times and changing client lists are seriously impeding their ability to provide quality care and continuity of care. Many workers report "topping up" care by providing additional unpaid care in their own time, to the detriment of their own personal lives. Fifty-eight per cent of respondents were not paid for their travelling times between visits, which results in many being paid below the national minimum wage. Indeed worryingly, 22% of the homecare workers responding to the survey that were directly employed by local authorities, were on zero hours contracts. They did not know what their monthly wage would be – or what food they would be able to afford for their families.²⁷

4.2 Terms and conditions under attack

In addition to redundancies and job losses, employers appear to be intent on hacking away at the pay and conditions of those remaining in post and the Coalition government seems not to care about the impact on local services. At a local level, attacks to terms and conditions are widespread with councils imposing bargain basement conditions ever since the LGA published its 'Reducing Workforce Costs' policy document back in 2010.

Pay increments have been frozen in 20% of councils and 8% have implemented a pay cut. Unpaid leave also features in some councils with 13% of local authorities responding to a recent UNISON survey introducing unpaid annual leave²⁸. Unsocial hours payments for already low paid women workers are also disappearing. For low paid workers, cuts to unsocial hours payments can make a huge difference to living standards, particularly if they work part-time and are not entitled to overtime payments. Over 60% of local

²⁴ Loss of staff accelerates, Ruth Keeling, Local Government Chronicle, 23 February 2012.

²⁵ The Impact of Austerity on UNISON Members 2012, A report for UNISON by the Working Lives Research Institute, June 2012.

²⁶ Local government workforce survey 2010/11, LGA (the survey for 2011 – 12 is due for publication in early 2013).

²⁷ Crisis of failing homecare services an outrage, UNISON report, October 2012.

http://www.unison.org.uk/asppresspack/pressrelease_view.asp?id=2832. Full details available on request.

²⁸ 31/236 surveyed, Cuts to terms and conditions branch survey, UNISON, October 2012.

authorities have also implemented cuts to weekend enhancement payments.²⁹ Overtime, sick pay and redundancy pay are also under pressure with 31% reporting redundancy pay having been cut³⁰. Redundancy pay is now heading towards the statutory minimum and in one council it was reported that occupational maternity pay may disappear during 2012.³¹

Particularly disturbing is the finding reported by UNISON branches that 15% of cuts packages being implemented have not been subjected to an equality impact assessment.³² This means there is no safety net in place to prevent the gap between men and women's pay widening. Equality law is not a luxury for the good times. It applies as much under austerity as during periods of growth.

4.2.1 Car allowances

In 2010, to the frustration of our members, the Local Government Employers refused to commission the technical advisors report to up-rate the fuel allowance element of the NJC car allowance scheme. They also refused to go to ACAS to resolve the dispute.

Table 2 below sets out in full the amount of money that our members are subsidising the employer. The figures stated have been arrived at by comparing the rate for essential car users allowances, stuck at 2010 levels, with the actual cost of travel in 2012. To obtain accurate figures for the actual cost, UNISON commissioned a technical expert to up rate the formula for 2011 and 2012. The table below sets out the subsidies according to distance travelled and engine size.

Table 2: Essential car user subsidy provided by NJC workers, 2012

| Mileage | Subsidy (£s) x engine size | | |
|---------|----------------------------|---------------------|---------------------|
| | 451 - 999 cc £ | 1000 - 1199 cc £ | 1200 - 1450 cc £ |
| 1000 | 82 | 101 | 111 |
| 2000 | 116 | 140 | 153 |
| 3000 | 150 | 179 | 195 |
| 4000 | 184 | 218 | 237 |
| 5000 | 218 | 257 | 279 |
| 6000 | 252 | 296 | 321 |
| 7000 | 286 | 335 | 363 |
| 8000 | 320 | 374 | 405 |
| 8500 | 337 | 394 | 426 |
| 9000 | 348 | 405 | 439 |
| 10000 | 369 | 428 | 464 |
| 11000 | 390 | 451 | 489 |

²⁹ 146 out of 242 surveyed, Cuts to terms and conditions branch survey, UNISON, October 2012.

³⁰ 76 out of 242, Cuts to terms and conditions branch survey, UNISON, October 2012.

³¹ Grim tide hits public sector, Labour Research, November 2011.

³² 30 out of 203 surveyed, Cuts to terms and conditions branch survey, UNISON, October 2012.

So, an NJC worker travelling 11,000 miles in a 1200 cc engine sized car, is paying £489 from their own wages to simply carry out their job. Half of councils have even implemented cuts to the essential car user's allowance and in nearly 60% of these cases the allowances have been completely withdrawn.³³

Mileage rates too are being reduced with nearly 40% of authorities in a recent UNISON survey reporting a reduction³⁴. Twenty-six per cent also report the introduction of, or an increase in parking charges.³⁵ Worryingly 65% of the latter had not taken any action to soften the blow for vulnerable groups such as disabled workers, pregnant women or low paid workers.³⁶

Local government staff such as home care and social care workers, housing workers, social workers, trading standards officers and highway engineers have to use their car to do their job. Our members are subsidising the employers' business and local authorities are getting the job done on the cheap.

4.2.2 Increase in professional fees

NJC workers are also facing additional financial strains from increases in professional fees. For example, from 1 August 2012, the responsibility for maintaining the register of social workers in England transferred to the Health and Care Professions Council (HCPC). As a result, by 30 November 2012 all social workers in England will have to pay the HCPC's fees of £76 a year. This represents a 150% increase in registration fees overnight – effectively a new 'tax' on practising which social workers can ill afford. They have no choice but to pay and those who have already paid a fee to the predecessor body in 2012 will have to pay twice in one year.

This situation is adding to the financial pressures on social workers – particularly part-time workers for whom there is no pro-rata fee reduction. Registration of social workers with the HCPC is a compulsory public protection measure. The Trade Union Side believes that it is entirely appropriate for employers, rather than individual social workers, to cover the cost of ensuring that the public are protected. This was recognised by NHS employers when, as part of the three year 2007 pay settlement, an annual allowance was paid to support the payment of registration fees for those clinical staff in England where registration is mandatory in order to practise. Although not a formal part of our claim, it is a cost which should be met through a decent pay settlement.

4.2.3. Dismissal and re-engagement

Lastly, in relation to attacks to terms and conditions, there has been a particularly disturbing trend in recent years of local authorities threatening staff with dismissal and immediate re-engagement - on worse terms and conditions. During 2010, the Guardian newspaper reported that by the latter part of the year, 54,380 local authority workers, across six different authorities, faced a process of dismissal and re-engagement onto inferior terms of conditions. The following year, this was followed by a south east council dismissing 4,000 staff and re-hiring them with cuts to their pay and allowances, and a

³³ 117 out of 236, Cuts to terms and conditions branch survey, UNISON, October 2012.

³⁴ 86 out of 236, Cuts to terms and conditions branch survey, UNISON, October 2012.

³⁵ 63 out of 239, Cuts to terms and conditions branch survey, UNISON, October 2012.

³⁶ 50 out of 77, Cuts to terms and conditions branch survey, UNISON, October 2012.

midlands county council serving notice of dismissal to its entire workforce, all 6,500 staff. It then re-employed them on worse terms and conditions (including a 5.4% pay cut and cuts to their sick pay arrangements). In October 2011, a council in the north east issued notices that staff contracts would be ended to save £7.5 million in revisions to terms and conditions.³⁷ These developments are particularly distressing and it is entirely unacceptable that our members' livelihoods should be held to ransom in this way.

4.4 Women being hit hardest

“Women are bearing the brunt of the cuts to public spending....taken individually, the elements that make up the current austerity package will make life more difficult for many women...added together they spell a tipping point for women’s equality” Fawcett Society, March 2012.

Women are 76% of the NJC workforce and therefore the bedrock of local public services. Analysis by the GMB of official data for local authority employment³⁸ shows that between the first quarter of 2010, and the second quarter of 2011, there were 19 councils in which the drop in the number of women employed accounted for 100% of the total drop in numbers.³⁹

Under the Equality Act 2010 public authorities are required to pay “due regard” to the need to eliminate discrimination and advance equality of opportunity between women and men. This means that local authorities must consider the impact of their current and proposed policies and practices on women and men. However, research undertaken by UNISON shows that black, minority and ethnic (BME) women may be being affected severely by job losses. In February 2012, UNISON surveyed 17 local authorities in London and found that BME women are being disproportionately hit in twelve London councils. In one council, while BME women made up 5% of the workforce, they accounted for 23% of redundancies.⁴⁰

Women in the NJC workforce will be hit hard through lost wages, reduced state benefits for housing and childcare costs, and by undermining the services women rely upon. New figures compiled by Daycare Trust show nursery costs rising by nearly 6% and 44,000 fewer families getting help with childcare costs since the tax credit cut in April 2012⁴¹. On average, benefits make up twice as much of women’s income than men’s⁴² and research from the House of Commons Library reveals that changes to tax credits and public sector pay cuts, announced in the 2011 Autumn Statement, will hit women more than twice as hard as men⁴³.

A planned increase in pay towards the living wage should form the core of a new “gender agenda” in local government.

³⁷ Serving notice on dismissals, Labour Research, December 2011.

³⁸ Compiled by the Office for National Statistics, covering local councils in England and Wales.

³⁹ http://www.gmb.org.uk/newsroom/latest_news/women_council_job_losses.aspx

⁴⁰ Unison website, *Government cuts hitting London's black and minority ethnic workers hard*, February 2012: http://www.unison.org.uk/asppresspack/pressrelease_view.asp?id=2600.

⁴¹ <http://www.daycaretrust.org.uk/pages/childcare-costs-survey-2012.html>

⁴² http://www.politiquessociales.net/IMG/pdf/The_Impact_of_Austerity_on_Women_-_19th_March_2012.pdf

⁴³ Not giving credit where it’s due? Labour research, March 2012.

4.5 Part-Time Workers

Over half of local government employees work part-time and nine out of ten, are women. Over the past seven years the proportion of part-time workers in local government has risen as councils have come under increasing pressure to save money.

After the pay freeze, part-time hourly earnings are now worth the same as they were ten years ago with a quarter of part-timers in local government earning less than £6.63 per hour and half earning less than £8.01 per hour. Low paid local government workers usually need benefits and tax credits to keep their families out of poverty and many are part-time workers.⁴⁴

As cuts to terms and conditions in local government bite, part-time staff are being forced to take on more work for less hours and less pay, and attacks to pay and terms of conditions hit part-time workers the hardest.

In the Local Government Group's own "Pay and Workforce Facts and Figures 2010/11 (a more recent publication is not available on the LGG's website) total mainstream local government employment is quoted as falling from 1,116,200 FTE posts in 2008, to 1,099,500 in 2010, a fall in employment of 1.5%. The publication states that anecdotal evidence suggests a *"significant shift from full-time to part-time working which we expect to continue as councils further reduce costs"*.

With changes to the criteria for receiving tax credits, many working part-time in local government are involuntarily losing out. Under Universal Credit, new conditions will be placed on in-work benefits which will mean that employees earning less than £212.80 per week will be obliged to work more hours or face sanctions. In the current financial crisis, many are being forced to work part-time because full-time hours are not available. Decisions on pay policy in local government however do not take effect in a vacuum; local government employers must be aware that with the reduction in level of benefits available to part-time workers, they must make every conceivable effort to enable part-time workers to work the requisite number of hours in order to claim working tax credits and pay them a living wage.

5 Comparing pay

5.1 NJC pay compared to other public sector groups

Alongside their counterparts in the police, higher education, probation and the NHS, our members working in local government deliver the services local communities rely upon. Yet their pay remains historically lower than the pay for equivalent public sector workers. Table 3 below shows how the bottom five pay grades in local government have fallen well below the level of pay for equivalent pay points for police staff, staff employed in higher education, probation and NHS employees.

⁴⁴ Living on the Edge: pay in Local Government, New Policy Institute, 2012.

This is backed up by the Local Government Pay and Workforce Report which states that “workers in local government have the lowest average earnings compared to other groups of workers in the public sector”.⁴⁵

| Table 3. Lowest NJC Pay Points Compared to Equivalent Police, Higher Education and Probation Employees | | | | |
|---|-----------------------------------|--------------------------------------|-------------------------------|-------------------------|
| NJC (Apr 12) | Police Staff (Sept 12) | Higher Education (Aug 11) | Probation (Apr 12) | NHS (Apr 12) |
| 12,145 | 14,779 | 13,353 | 14,325 | 14,153 |
| 12,312 | 15,163 | 13,702 | 14,464 | 14,508 |
| 12,489 | 15,595 | 14,061 | 14,604 | 14,864 |
| 12,787 | 16,024 | 14,376 | 14,752 | 15,279 |
| 13,189 | 16,417 | 14,758 | 14,898 | 15,694 |

If we examine the bottom pay point for an even wider variety of public sector workers, as illustrated in table 4, it is apparent that NJC workers earn a lower amount than any other group. The difference is exacerbated even further by the failure of local authorities to pay the £250 for low paid workers promised by the Chancellor. The NJC workforce is the only part of the public sector to be deprived of this meagre compensation. The average of all the minimum rates of pay given below (excluding NJC) amounts to £15,090. NJC workers on the bottom pay point take home 20% less than this average.

⁴⁵ Local Government Workforce Report, LGG, April 2011.

| Table4: Minimum pay rates in the public sector | | | |
|--|-------------|--------------------|---------------|
| Bargaining groups | From | Annual Rate | Hourly |
| NJC for LGS (E&W) | 01/04/2012 | 12,145 | 6.30 |
| Sixth form colleges support staff | 01/09/2011 | 12,362 | 6.41 |
| Police staff council (E&W) | 01/09/2012 | 14,779 | 7.66 |
| Police staff council (Scotland) | 01/09/2011 | 12,837 | 6.65 |
| Fire-fighters (trainee rate) | 01/07/2011 | 21,157 | 9.66 |
| Higher Education | 01/08/2011 | 13,353 | 6.92 |
| Further Education | 01/08/2011 | 13,851 | 7.18 |
| Agenda for Change | 01/04/2012 | 14,153 | 7.24 |
| Probation | 01/04/2012 | 14,325 | 7.21 |
| Civil Service | | | |
| Ministry of Justice | 01/08/2011 | 13,620 | 7.06 |
| Department for Work & Pensions | 01/07/2011 | 14,400 | 7.46 |
| Department for Business, Innovation & Skills | 01/08/2011 | 13,605 | 7.05 |
| HM Revenue & Customs | 01/06/2011 | 14,505 | 7.52 |
| Dept for Environment, Food & Rural Affairs | 01/07/2011 | 15,329 | 7.95 |
| Ministry of Defence | 01/08/2011 | 15,083 | 7.82 |
| Foreign and Commonwealth Office | 01/04/2011 | 16,635 | 8.62 |
| National Assembly for Wales | 01/04/2012 | 17,410 | 9.02 |
| Review Bodies | | | |
| Armed Forces | 01/04/2012 | 13,219 | 6.85 |
| Prison Service | 01/04/2012 | 14,495 | 7.51 |
| School Teachers | 01/09/2011 | 21,588 | 11.19 |
| Average minimum pay point = £15,090 | | | |
| NJC pay as a % of average public sector minimum pay point = 80% | | | |

5.2 NJC and NHS pay compared

Table 5 below sets out how basic pay settlements for NHS staff have outstripped NJC pay awards since 1998. Even during the public sector pay freeze, NHS staff earning less than £21,000 a year have been in receipt of the £250 compensation, unlike their NJC counterparts.

| | '98 | '99 | '00 | '01 | '02 | '03 | '04 | '05 | '06 | '07 | '08 | '09 | '10 | '11 | '12 |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| NJC Pay Awards % | | 3 | 3 | 3.5 | 4 | 3.5 | 2.75 | 2.75 | 2.95 | 2.48 | 2.75 | 1.02 | 0 | 0 | 0 |
| NJC Index | 100.0 | 103.0 | 106.1 | 109.8 | 114.2 | 118.2 | 121.4 | 124.8 | 128.5 | 131.6 | 135.3 | 136.6 | 136.6 | 136.6 | 136.6 |
| NHS Pay Awards % | | 4.7 | 3.4 | 3.7 | 3.6 | 3.225 | 3.225 | 3.225 | 2.5 | 2.4 | 2.4 | 2.54 | 2.25 | 0.3 | 0.3 |
| NHS Index | 100.0 | 104.7 | 108.3 | 112.3 | 116.3 | 120.1 | 123.9 | 127.9 | 131.1 | 134.3 | 137.5 | 141.0 | 144.2 | 144.6 | 145.1 |

5.3 NJC pay compared with NHS pay: same work, less pay.

Table 6 compares key jobs in local government with their equivalent roles in the NHS. This is an important comparison to make because local government is in direct competition with the NHS in many local labour markets, particularly with the impending transfer of public health services to local authorities. The differentials in pay evident between the two sets of workers have grave implications for recruitment and retention of key NJC staff. The table shows that this year, differences in pay for the lowest two salary scales have widened further. For cleaners and catering assistants on NJC pay, the pay differential with their NHS comparators has increased by a further 2% and 3.5 % respectively⁴⁶. The staggering 25% difference in pay levels between nursery nurses, the 24% pay differential between NJC senior social workers and NHS social worker specialists, and finally, the 22% difference between the pay of senior care workers in local government and home/residential carer team leaders in the health service are staggering.

In 2011 and 2012 NHS workers earning less than £21,000 received a pay increase as a result of central government policy to provide compensation to the low paid, a policy ignored by local government employers. This means that the difference between NJC and NHS workers on the bottom spinal column points of their pay scales has widened to more than £2,000 per year.⁴⁷

⁴⁶ Last year pay differentials for cleaners = 14.28%; for catering assistants = 12.22%

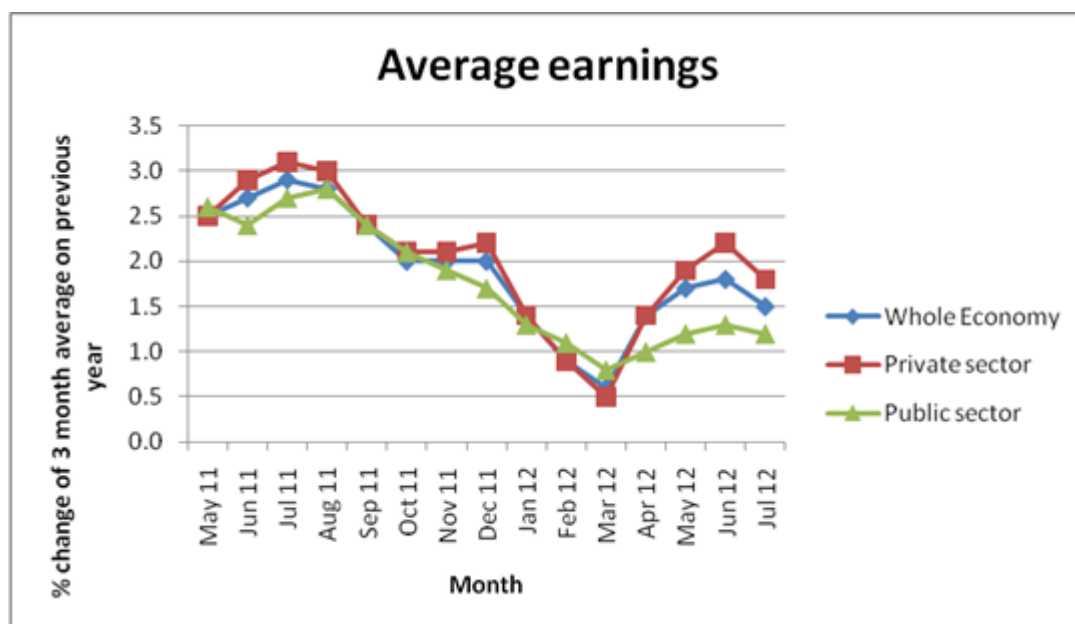
⁴⁷ £2008 per annum.

| Table 6. NJC and NHS pay compared | | | | | | |
|--|--|--|---|---|--|--|
| NHS | NJC | NJC 2009 (0%pay increase) | NHS 2011 | NHS 2011 | | |
| Job title | Job title | Median Maximum Salary (IDS 2009 Survey) | 37 ½ Hour Week Maximum Pay | 37 Hour Week Equivalent (1.4.11) | Difference between NJC and NHS in £ | % NHS pay exceeds NJC Pay |
| Domestic Support Worker | Cleaner | 12,618 | 14,864 | 14,665 | 2,047 | 16.22 |
| Catering Support Worker | Catering Assistant | 12,849 | 14,864 | 14,665 | 2,015 | 15.68 |
| Clinical Support Worker | Home Care Assistant | 16,669 | 17,003 | 16,777 | 108 | 0.65 |
| Residential Carer | Residential Care Assistant | 16,495 | 18,827 | 18,577 | 2,082 | 12.62 |
| Home/Residential Carer Team Leader | Senior Care Worker | 23,904 | 29,464 | 29,072 | 5,168 | 21.62 |
| Social Worker | Social Worker in Children and Families | 31,439 | 36,303 | 35,820 | 4,381 | 13.94 |
| Social Worker Specialist | Senior Social Worker | 34,592 | 43,388 | 42,811 | 8,219 | 23.76 |
| Nursery Nurse | Nursery Nurse | 17,827 | 21798 | 22,362 | 4,535 | 25.44 |

5.4 Average earnings comparisons

Over the last year, the disparity long apparent between public and private pay settlements has also asserted itself in average earnings. Figure 3 below shows that private sector average earnings have been growing at or above the rate of the public sector during 12 of the last 15 months.

Figure 3: Average earnings



Forecasts of average earnings predict that average earnings growth for 2012 will stand at 1.6% and expand to 2.2% in 2013.⁴⁸

5.5 Local Government mid-point earnings compared to private and public sector

Figure 4 below compares mid-point full-time earnings in local government, with the public sector as a whole, and the private sector since 2000. All mid-point values are expressed as the difference (after inflation) from the local government mid-point in 2000.⁴⁹

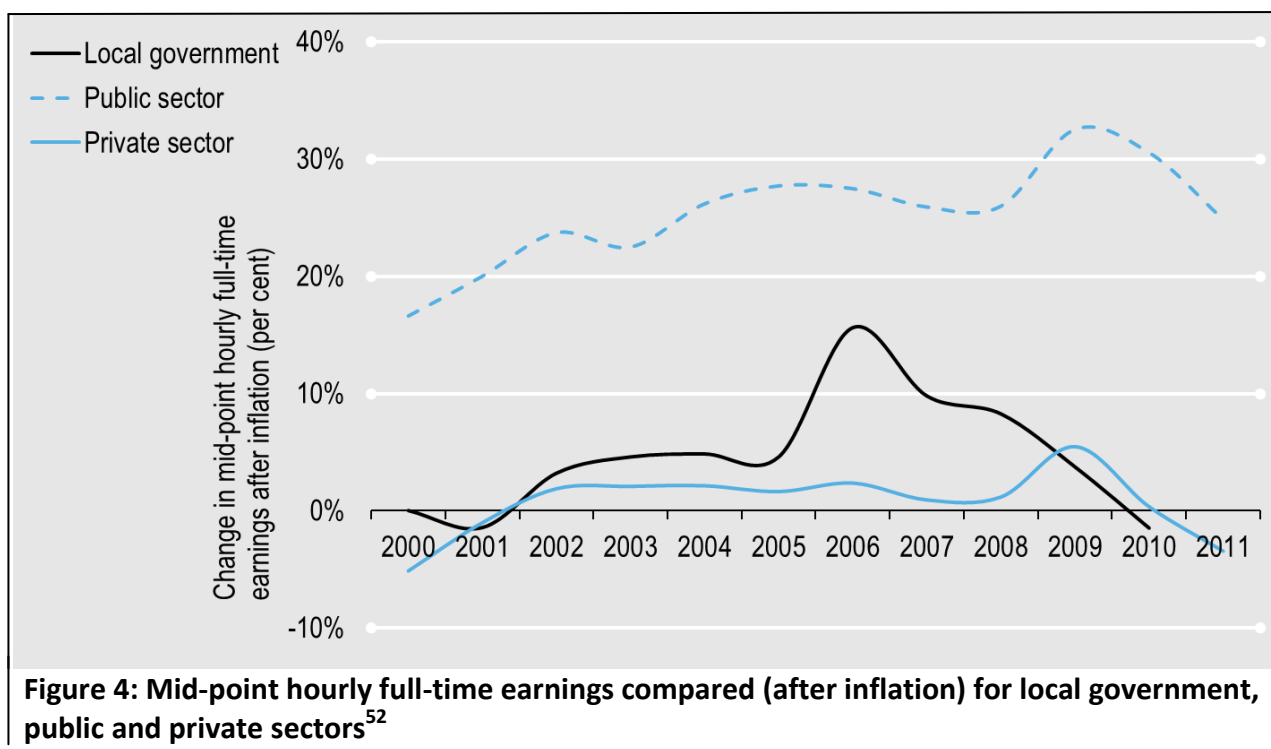
For the purposes of this pay submission, the key point to note is that mid-point public sector earnings, have risen from 17% above the local government mid-point in 2000, to 25% above that baseline in 2011.⁵⁰ It is also evident from the graph that mid-point local government earnings in 2000 were close to the private sector and far away from the public sector as a whole. From 2002, that started to change, largely due to the implementation of Single Status pay reviews. However, the ten per cent gap that had opened up between the private sector and local government by 2006 proved temporary, and by 2010 local government was back to the mid-point earnings level it had been at in 2000.⁵¹

⁴⁸ HM Treasury, Forecasts for the UK Economy, September 2012.

⁴⁹ Living on the Edge: pay in Local Government, New Policy Institute, 2012.

⁵⁰ part of the step up in 2009 is artificial, reflecting the statistical effect of the nationalisation of banks which pushed up the public sector figure (banks paying higher salaries, even at lower levels, than the public sector which they joined).

⁵¹ The jump in the median in 2006 is a result of the way in which the calculation of the local government median from grouped data is sensitive to small changes in group sizes (which in this case means the median –just – moving up to the next point on the pay scale). Unlike the public and private sector medians, less significance should therefore be attached to the individual values in the local government series here.



Source: *Annual Survey of Hours and Earnings*, table 13, various editions, ONS, for the public and private sectors; NPI analysis of local government using data (available only to 2010) supplied by Unison. ‘Inflation’ is RPI.

In summary, NJC workers are now the worst paid and least rewarded in the public sector, and median earnings for full-time employees are also below those in the private sector.

What has happened to pay in local government is not only a story of the lowest paid being hit the hardest, NJC workers in the middle and at the top are also feeling an unprecedented squeeze with those nearer the top in full-time professional occupations being paid less than their equivalents in the public and private sector.

It is quite a different story for council chief executives however, who have seen their pay rise by 59% between 1998 and 2007, while our members’ earnings have plummeted by over 13%.⁵³

6. In-work poverty

Typical full-time hourly earnings in local government have sunk back to the levels of the early 1990s and pay for those on low salaries is “poverty pay.”⁵⁴ Recent research has studied how resilient earnings in local government are in times of change. These changes included, for example, households affected by a cut in hours worked, children leaving school without a job and living at home, or a change in entitlement to benefits. The study reaches the conclusion that:

⁵² Living on the Edge: pay in Local Government, New Policy Institute, 2012. Source: *Annual Survey of Hours and Earnings*, table 13, various editions, ONS, for the public and private sectors; NPI analysis of local government using data (available only to 2010) supplied by Unison. ‘Inflation’ is RPI.

⁵³ Why low pay is a false economy for local government, Guardian Professionals, 27 June 2012.

⁵⁴ Living on the Edge: pay in Local Government, New Policy Institute, 2012

“Many part working, vulnerable households and those with dependents are forced to rely on state benefits to lift them above the poverty line. When entitlement to these benefits ends, for whatever reason, the household can rapidly find itself on the poverty line” (Living on the Edge: Pay in Local Government, New Policy Institute, 2012.)

Such circumstances are by no means rare - fifty per cent of UNISON members in local government responding to a recent survey report having lost benefits in the last twelve months and half also report suffering a reduction in benefits. Over a quarter meanwhile describe their financial situation as being “in difficulty” or “struggling to survive” and 42% describe their financial situation as “not comfortable”. Nearly a quarter have reduced spending on healthcare, such as prescriptions, dentists and opticians and nearly 60% state that they are in debt - nearly 20% report personal debts of £10,000 or more.⁵⁵

The only households with an NJC worker/s above the official poverty line are those with a single adult working full-time or a couple where both adults are working. Any NJC household, with dependants, has net earnings at – or below – the poverty line⁵⁶.

Low pay in local government is then no longer a story purely about those employed on the lower points of the pay scale, we are now looking at an ever expanding “squeezed middle” struggling to survive financially.

7. Conclusion - The council of the future

Earlier in the year the LGA stated that, assuming that demand for social care and waste services are fully funded, other council services will face cash cuts of more than 66% by the end of the decade. If capital financing and concessionary travel fares are also funded in full, then the cash left for remaining services will be cut by over 90%.⁵⁷ In real terms, this leaves no funding for any other council services. Reductions in funding of this scale will leave councils susceptible to legal challenge as they become incapable of fulfilling their statutory obligations. It is quite clear that this is a future that no one working in local government wants to see and which bodes a bleak future for local communities.

Austerity measures mean that we are faced with a nightmare scenario of what the council of the future could look like if the Employers do not call for greater resources for local government. It will be a hollow shell, while redundancies among our members soar and local economies are even harder hit.

Our members – school meals staff, teaching assistants, social workers, carers, building inspectors, street cleaners, housing benefit advisers – to name a few, all perform vital roles in our local communities. They form the fabric of those communities, often building relationships with vulnerable service users and adding a personal touch that cannot easily be replaced. These are not services that should be delivered or sold to the lowest bidder. Widespread job losses mean the expertise and knowledge that our members bring to their roles, instead of being nurtured, is being thrown on the scrapheap. The NJC workforce

⁵⁵ The Impact of Austerity on UNISON Members 2012, A report for UNISON by the Working Lives Research Institute, June 2012.

⁵⁶ Living on the Edge: pay in Local Government, New Policy Institute, 2012

⁵⁷ Funding Outlook for Councils from 2010/11 to 2019/20, LGA, June 2012.

must be viewed as a precious asset in a time of hardship and austerity and not seen simply as a drain on the public purse. In order to maintain its skills, loyalty and goodwill, a substantial pay increase in 2013/14 as the first step towards a pay structure built on a living wage is vital.

More than ever local government employment is crucial to the survival of local economies and local services. These are the workers who have been placed at the sharp end of a pay freeze spanning three long and painful years. They deserve better. Restoring their pay levels and putting an end to the constant raid on their terms and conditions will in turn help boost consumer spending, build economic growth and put an end to the unprecedented attack on living standards across the NJC pay scale.

The Trade Union Side asks the employers to give this pay submission immediate consideration and to respond with an early offer, in writing, to enable a settlement to be arrived at by 1 April 2013.