



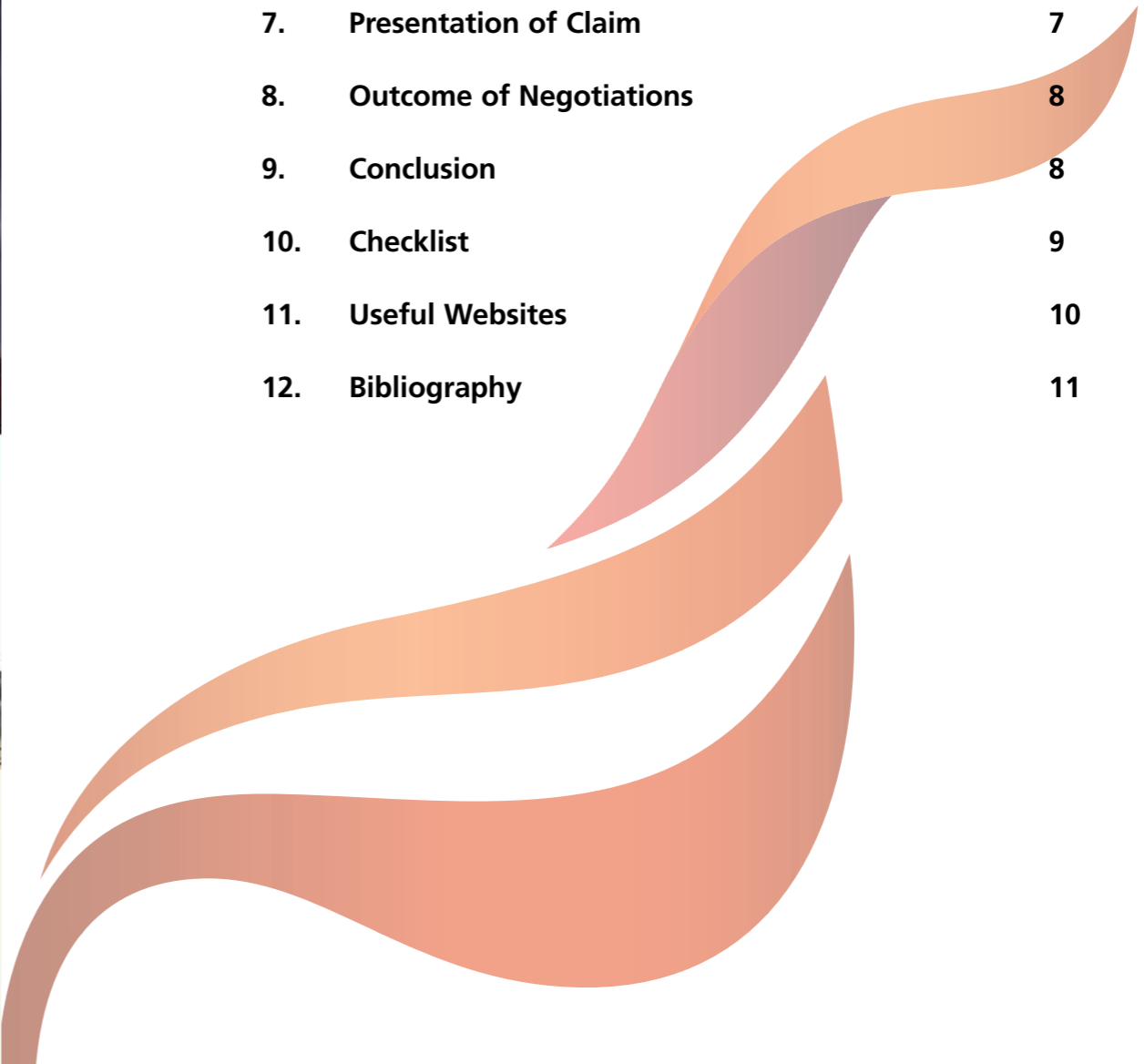
**UNITE FINANCE SECTOR-
THE PREPARATION
AND MANAGEMENT
OF A PAY CLAIM**

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Introduction

Achieving pay improvements is one of the fundamental reasons for joining a trade union. Due to the interest which most members have in the subject of pay, this should also be viewed as a valuable organising opportunity. A well considered pay campaign allows for communication and consultation with members, demonstrating the relevance of the union and ensures membership involvement, it also highlights to non members that to be part of the process is to influence the outcome of the pay deal.



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Trends in Pay Systems

When asked members say that negotiating pay and conditions is one of the main roles of their trade union. However development of pay systems which replace all or part of a general pay increase with one linked to an individual's performance, or their market rate or their competence to do the job, has reduced unions' influence over the pay increase that each individual receives. This is especially prevalent with the finance and business services sector.

For many employers, pay systems are a question of following fashion. It is often the case that a particular form of pay system will sweep across the industry with little actual evidence of its effectiveness and applicability, i.e. -performance related pay is a good example of this. Pay systems are more complex now they appear to be based upon the employers view of two things-inputs and outputs.

- inputs are the skills and abilities which an individual brings to the job
- outputs are the results in quality or quantity which the individual achieves.

A focus on inputs has created the ideas of 'performance management', 'competency based pay' and 'skills based pay'. Employers are giving greater emphasis to the attributes individuals possess and less attention is paid to the job that is being done.

Management looks to pay systems to achieve a number of objectives which can be summarised as:

- recruit and retain the best employees
- motivate the workforce
- strengthen line managers' authority
- achieve the organisation's goals and objectives

Experience has shown that as trade unionists we can add some other objectives to their list

- wanting to reduce the role of the trade union by exercising greater discretion over pay increases and reducing the ambit of collective bargaining
- wanting to reduce the pay bill
- giving high awards to favoured individuals
- flexibility to easily change jobs and structures

The new pay systems have largely failed to meet the first four objectives above, and in particular, have failed to motivate staff. However, they have, unfortunately, been more successful in meeting the later four objectives!

The trade union approach is to seek fair pay through:

- pay levels comparable with other appropriate companies
- fair internal relativities and range of earnings
- pay increases in line with company financial performance and movement in the cost of living

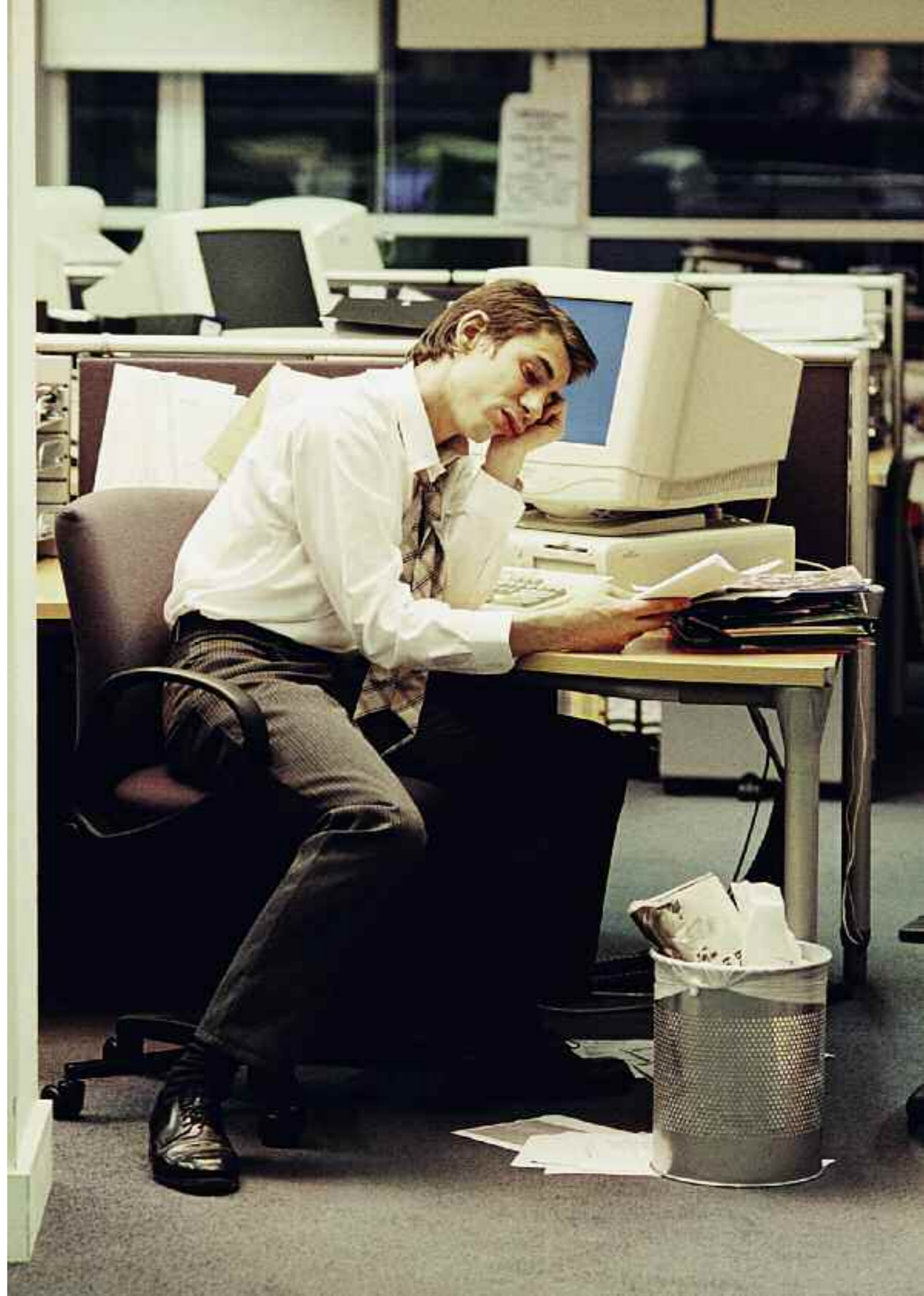
- equal treatment of all employees in pay and grading
- job content as an important aspect of salary determination
- people performing the same job satisfactorily getting the same salary.

These objectives apply to whatever form of pay system is in operation, but it is Unite's experience that inequalities are greater where pay systems seek to link pay to performance, competency and other subjective criteria.

Therefore our strategy should be to aim for a system:

- where pay decisions are objective, rather than subjective;
- is transparent
- where principles are explicit, clear and straightforward;
- which is free of favouritism and, treats all staff in the same way, regardless of gender, ethnicity, age, grade and so on: and
- where outcomes can be measured.

Aiming for change and making it happen are the two ends of the spectrum. We need to develop a campaign and program of change to achieve the required strategic outcomes-pay claims and negotiations are an integral starting point for influencing the change required.



Assessing your Bargaining Strength

The planning and preparation for a pay claim is critical and needs to take account of a number of factors. Lead negotiators need to assess which factors apply, which are the most important to the employer and how strong is the unions case.

The main factors are:

1. COMPARISON WITH OTHER EMPLOYERS

Will comparisons with other employers be helpful in the long term? If so, with whom? Where will management think pay rates should be and will they look for comparisons in the same places? If not, where?

2. RATE OF INFLATION

What is the attitude of the business to the relationship between inflation and pay?

3. HOW IS IT FUNDED?

What is the state of the business, can the organisation afford to pay? Where is the source to finance a pay settlement? Is it just increased profits?

4. RECRUITMENT & RETENTION

What is the attrition rate? Is a skills shortage causing a problem to the business? What are the shortages?

5. LOW PAY/EQUALITY

Moral and legal pressure, re low pay, high gender pay gap

6. MORALE AND MOTIVATION

Is the business concerned re lack of motivation? Staff survey says what? Has the union its own evidence of low morale etc?

7. INDUSTRIAL INFLUENCE

How much pressure can the union bring to bear on the business through campaigns and the negotiation process? Activists and membership density? Past relationship with the business?

These are some of the factors that will require discussion prior to preparing and developing the claim. It is the responsibility of the lead officers to ensure there is an opportunity for the specific groups and committees within the finance sector to meet and assess the priority of the factors above and add to the debate other relevant factors.

Timing and Framework of Claim

It is essential that a timetable for planning and presenting the claim should be worked out in advance. This should be incorporated as part of the annual organising strategy and be part of the events calendar for each Unite finance sector committee.

The predetermined anniversary or settlement date is usually well established. If either side wish to change the settlement date or a business wishes to decentralise bargaining, a new timetable for the negotiations will have to be agreed. Whatever the timing or frequency, negotiators will need to have their claim, arguments and supporting evidence ready for the commencement of pay talks.

A timetable for planning and presenting the claim should be worked out in advance. This should be completed 2/3 months before the anniversary date. This will enable sufficient time for meaningful negotiations to take place prior to settlement date but not so early that the unions' arguments and evidence become outdated.

The framework for any claim is the existing terms and conditions of employment. It is essential that all the necessary information is available, including previous years agreements for those who are formulating the claim.

Information Required

To assess: - level of claims required - make up of claims - costing of claims

For example

- current pay awards in the sector and out with
- average earnings
- earnings forecast
- economic indicators
- RPI trends
- internal information, such as pay bands, previous settlements etc
- business performance, including profit margins and projections
- cost centre breakdowns,
- pay bill and gender breakdown,
- annual accounts,
- senior managers pay remunerations include CEO

The right to information

There is a legal requirement to provide information to recognised trade unions. The Employment Protection Act states that every employer who negotiates with independent trade unions must provide information to them:

- Without which unions would be materially handicapped in conducting collective bargaining with the employer; and
- Which is related to matters the union is recognised to negotiate on for that group of employees.

The Act does not specify exactly what this information should be, however the ACAS Code of Practice on 'Disclosure of Information to Trade Unions for Collecting Bargaining' sets out some of the relevant items. For information visit: www.acas.org.uk



Membership involvement

It is essential that membership have involvement in the process and development of the claim, this will encourage ownership and increase involvement. It will also raise the profile of the union across the business. The issue of pay is a very effective tool for Unite to use to increase membership and improve organisational structures.

Preparatory work may be needed to ensure membership database is accurate, this needs to be completed prior to pay claim being lodged. If it is decided that a ballot of membership is required, it is essential that we can achieve this in an efficient and accurate way.

Officers and Lead Representatives with National Committees should decide on the most appropriate way to consult members on the content of the claim:

- Survey
- Specific Committee meeting
- Committee members consulting with their constituents.

Once the information that has been gathered has been assessed, the claim can be drafted and endorsed by the committee/negotiating team.

It would also be a positive move to reproduce the claim in a printed/PDF format and circulate to members.

A method of reporting back from the negotiating team to members will need to be discussed and agreed-

- Meetings
- Membership circulation-utilise 'my amicus'
- Special pay bulletins

Report backs should take place at key intervals where there are matters of substance to report.

Presentation of Claim

The Committee/Officers need to discuss when and in what format the claim should be submitted to management:

- Initial basic claim-detail and evidence to be put forward during negotiations.
- Detailed claim with evidence

Define who is to be the lead negotiator who will present the claim.

Key points about the negotiating process:

- Clear Objectives
- Anticipate management thinking
- The union case
- Fall-back position

Outcome of Negotiations

Once negotiations have been reached completion either:

- Agreement to recommend to membership
- Failure to agree-ballot of membership with out recommendation.

The negotiating team will need to consult and if required ballot membership.

Conclusion

The pay process is an annual or time reviewed event and therefore we can utilise this into part of our organising calendar of events within each company.

The process cannot be prescriptive as other factors influence how pay and negotiations are managed. However it is essential that we have a clear aim as to how and why we need to develop a comprehensive and collective approach to influence this process within the finance sector.



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CHECKLIST

- Ensure accurate membership database
- Gather background info on trends in pay within and out with the sector
- Assess bargaining strength within the business
- Define clear timeline for process and give framework to claim
- Collate relevant information from various sources including the business
- Involve membership throughout the process
- Develop and present claim, ensure solid evidence base
- Consult on outcome of negotiations

USEFUL WEBSITES

1. www.unitetheunion.com
 - direct access to LRD online
 - Research – information for negotiators
2. www.acas.org.uk
3. www.statistics.gov.uk
Government statistics
4. www.paywizard.org
Site offering salary/wage comparisons
5. www.worksmart.org.uk
TUC service providing up to date developments and changes in bargaining information

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