



**Trade Union Side of the National Joint Council for Local Government Services:
England, Wales and Northern Ireland**

NJC PAY CLAIM 2014 – 2015

The NJC Trade Union Side is submitting the following pay claim for our members covered by the National Joint Council for Local Government Services in 2014 - 2015:

**A minimum increase of £1 an hour on scale point 5 to achieve the
Living Wage and the same flat rate increase on all other scale points**

5 November 2013

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KEY POINTS FROM OUR CLAIM

Local government (NJC) pay

- Over 1 million NJC workers (two thirds) earn less than £21,000 a year
- That's below the Coalition's 'low pay' threshold and over £5,500 less than annual median earnings in the economy in 2012
- 515,000 earn less than £15,000 a year
- **472,000 earn less than the Living Wage of £7.45 outside London**
- In comparison, only 22,000 NHS and 4,000 Higher Education workers earn less than the Living Wage
- Local government pay (NJC) is the lowest in the public sector – from top to bottom of the pay spine

The local government (NJC) workforce

- In 2012-13, there were 1.6 million NJC workers in local government
- 77% were women
- 55% were part-time workers – over 90% of them women
- There have been 407,000 jobs lost in local government since May 2010.

Pay freeze kills earnings since 2010

- **If pay had just kept up with inflation since 2010, those earning £6.45 an hour on the bottom scale point 5 would now be earning £7.53 – above the Living Wage outside London**
- **If the National Minimum Wage increases as Ministers would like, it will be 49 pence – 62 pence above the bottom NJC rate of £6.45**
- Those on the bottom scale point 5 earn £1,994 less in real terms than in 2009
- Those on scale point 10 earn £2,247 less
- Those on scale point 19 earn £2,882 less
- Those on scale point 38 earn £5,142 less
- NJC workers' pay was frozen in 2010, 2011 and 2012 – one year before other public sector workers

Benefit cuts hit the lowest paid NJC workers

- Even if the majority of NJC workers on in-work benefits were being paid the Living Wage in 2013, they would still be worse off than in 2010 because of benefit cuts

Cuts to pay-related conditions hit pay packets hard too

- Over 60% of councils have cut car allowances and many of our members are subsidising travel for work purposes
- Many councils have cut unsocial hours and overtime payments – hitting the lowest paid hard
- At the same time, many are imposing car park charges, closing workplace canteens and refusing to pay the increase in professional registration fees
- Some councils have also cut sick pay, basic pay and redundancy pay
- Others have imposed unpaid holidays or cut annual leave

Part-time workers subsidise their employers

- 55% of the NJC workforce are part-time workers
- Over 90% of them are women
- 25% of them earn less than £6.63 an hour
- 50% earn less than £8.01 an hour
- **60% of part-time workers work unpaid overtime each week**
- **60% of them work half a day or more each week unpaid to get the job done**

£1 an hour for all is affordable and good for the economy

- Increased tax and National Insurance revenue from meeting our claim could be recycled from the Treasury to local government to pay for the £1 an hour pay increase
- Council reserves have increased by 20% since 2010-11 while NJC workers' pay has fallen by 18%
- Councils chose to 'bank' £2.6 billion in the last year. That would pay for a 10% pay increase for local government workers
- Local government workers spend 50 pence of every £1 they earn in their local economies. A £1 an hour increase would boost the economy across England, Wales and Northern Ireland
- Every £1 of public spending generates £0.9 - £1.7 of wealth according to the IMF (2012)

Inflation to stay high and hit the low paid hardest

- Inflation is predicted to remain at 3% during 2014 and increase to 3.4% in 2017. A pay award below 3% will be a further pay cut for our members
- Average gas and electricity prices are due to rise by 8.2% over the coming year
- NJC workers earning less than £15,000 would have to spend a whole year's pay on full-time childcare for one child
- Inflation hits the lowest paid hardest: Increases in the cost of essential household items mean inflation of 41% for the lowest paid but 31% for the top 10%

1. WHY THIS CLAIM? AND WHY NOW?

While politicians from all political parties call for action to end low pay and a higher National Minimum Wage or the Living Wage, 1.6 million local government workers covered by the National Joint Council (NJC) for Local Government Services are facing unprecedented downward pressure on their incomes and increasing financial hardship. Many can only make ends meet through loans from friends and family, food banks, in-work benefits and welfare support from their trade unions.

Over three quarters of this largest group of UK public sector workers are women, many of whom are single mothers or in low paid households in which their incomes are vital to the wellbeing of their children and families. Over 50% of the workforce are part-time workers, working regular unpaid overtime. The current attack on local government workers is a vicious swipe at our members who have provided vital local services and sustained education in schools throughout the post-war period. They have continued to do so during the Coalition's 'austerity' programme resulting from the collapse of the banks and financial institutions, despite massive job cuts and falling earnings.

The downward spiral in which local government workers are trapped is the result of the Coalition's 'austerity' measures, including the public sector pay freeze, widespread attacks by local councils on pay additions and NJC pay awards which have fallen below inflation in eight of the last 16 years. Even in 'good times' when pay could – and should – have at least kept pace with increases in the cost of living. For too long our members have been treated with disrespect by employers at all levels and of all political complexions – on the one hand the local 'shock absorbers' of the impact of government's austerity measures, on the other - simply a cost item to be cut, not a precious asset to be rewarded, developed and nurtured. As trade unions, we are giving notice that this lack of concern for our members can go on no longer.

This claim is set against a backdrop of unprecedented cuts in local authority funding by central government – amounting to 50% in some councils by 2015. The Local Government Association (LGA) itself warned¹ before the 10% additional cuts made to local government in the 2013 budget, that there would little left for anything other than adult social care, refuse collection and street-sweeping by 2020. The cuts are changing the way local government operates and altering the quality of public services, at the same time as pushing our members into poverty and financial hardship. This squeeze on living standards is damaging the chances of economic recovery, alongside our members' ability to make ends meet. We need a rise in local government pay levels which recognises our members' vital contribution to local services, boosts consumer confidence and helps revive the economy.

Re-wiring Public Services

Local government is central to the life of local places. Councils are central to the network of local relationships and collaborations which support people, communities and businesses. Local government and our members who deliver local public services have a vital role to play in ensuring our future economic and social prospects. The unrestrained programme of government cuts means that local government is less able to take advantage of development opportunities, less resilient to shocks and less able to protect the most vulnerable. The trade unions support much of the Local Government Association's vision for

¹ Funding Outlook for Councils from 2010/11 to 2019/20, Local Government Association, June 2012.

the future of local government and local public services - "Rewiring Public Services". However, it can only be realised through employees who are valued, given opportunities to up-skill and motivated by a real sense of identification with their employers. As pay and conditions are slashed further, our members are less and less likely to act as advocates for their employers.

The ghost at the bargaining table

While this claim is being submitted to the Local Government Employers who negotiate with us - the NJC trade unions - over pay and conditions, there is a ghost at the bargaining table. If the Coalition government wishes to end low pay in our economy and promote economic revival – as it claims to do, then it must start with the lowest paid and largest bargaining group within the public sector for which it is ultimately responsible - NJC workers. It needs to ensure that councils have sufficient funds to enable them to substantially raise pay levels and give the Local Government Employers the power to ensure that the Living Wage becomes the lowest pay point for NJC employees and that a commensurate increase is applied throughout the most depressed pay structure in the public sector. We need a commitment to end low pay at all levels of the NJC pay structure and pay inequality within the public sector. Until then, there will continue to be a hollow ring in our members' ears to calls by Ministers and leading politicians for substantial increases in the National Minimum Wage and for the Living Wage. Raising pay is not just a private sector issue or one facing our lowest paid members. It is a critical one for the future of the whole local government workforce. Our members – and we their trade unions - are demanding action this year.

Low pay in local government

A shameful 515,000 NJC workers earn below £15,000 a year and 472,000 below the Living Wage level of £7.45 pence an hour outside London. A substantial number within London earn below the London Living Wage level of £8.55 pence an hour. Altogether one million earn less than the Chancellor's chosen 'low pay' threshold of £21,000 a year. If local government workers had received pay increases just at the level of inflation and had not been subjected to a three year pay freeze from 2010 – 2012, those currently on the bottom pay rate of £6.45 pence an hour would now be earning £7.53 pence – nearing the Living Wage instead of a poverty wage. The NJC trade unions are calling time on those poverty wages. We are saying that the time for a minimum £1 an hour pay increase for all NJC workers to deliver the Living Wage as the minimum pay rate and to restore lost earnings for all is **now**.

The 1% NJC pay award for 2013-14 followed an unprecedented three-year pay freeze, widespread redundancies and cuts to terms and conditions of employment at local level. In addition, the £250 promised and given to all other public sector workers earning less than £21,000 in 2011 and 2012, was not paid to NJC employees. In accepting the 2013-14 pay offer, the Trade Union Side made it very clear to the Local Government Employers (LGE) that 1% and deletion of the bottom pay point fell far below our aspirations and what our members deserved. Indeed, it meant a further pay cut for them, falling below inflation of 2.9% in April and up to 3.2% since. It was not surprising that a significant proportion of those members voted to reject the offer.

A similar offer this time round will be unacceptable. We believe a completely fresh approach to pay and rewards – linked to economic recovery, exemplary public sector employment practice and gender equality - is necessary and long overdue.

2. THE IMPACT OF THE PAY FREEZE ON LOCAL GOVERNMENT WORKERS

The Local Government Employers chose to impose a freeze on NJC pay in 2010 - a year before the Coalition government's two-year freeze began. This has had a devastating effect on NJC pay throughout the pay structure, starting with the bottom scale point 5 - as illustrated in Table 1 below.

TABLE 1: NJC pay on bottom scale point 5 if increased in line with inflation since 2010.			
Year	Actual Salary (£s)	Salary if in line with inflation (£s)	Differential (£s)
2009	12312	12312	0
2010	12312	12878	-566
2011	12312	13548	-1236
2012	12312	13982	-1670
2013	12435	14429	-1994

For those on the bottom pay scale point 5 (scp5) like catering assistants, school crossing patrol staff and cleaners, pay of £12,312 in 2009 was worth £1,670 less in real terms by 2012 - after the effects of inflation and the three-year pay freeze were taken into account. The subsequent 1% increase in April 2013 has been effectively wiped out by an average inflation rate of 3.2% up until the end of September 2013. **In 2013, the lowest paid NJC workers find themselves effectively £1,994 per year worse off in real terms than in 2009 and deprived of the Living Wage they would otherwise be earning.** This is money they desperately need just to survive and money they could have ploughed into their local economy, supporting a more general economic upturn.

For those on scp 10 like library assistants, the lowest graded teaching assistants, refuse drivers and mid-day supervisors, the pay freeze and high inflation has meant that their pay and purchasing power has dropped dramatically by £2,247 since 2009 as Table 2 below demonstrates.

TABLE 2: NJC pay on scale point 10 if increased in line with inflation since 2010			
	Actual Salary (£s)	Salary if in line with inflation (£s)	Differential (£s)
2009	13874	13874	0
2010	13874	14512	-638
2011	13874	15267	-1393
2012	13874	15756	-1881
2013	14013	16260	-2247

3. NJC PAY MEANS LOW PAY FOR ALL

Those on scp11 - £14,880 per annum - and above have had the same pay freeze and low pay increases as everyone else. They deserve the same increase in 2014. No-one on NJC pay earns enough for the job they do – or as much as other public sector workers doing equivalent jobs.

By seeking a minimum £1 an hour increase for all NJC workers, our claim addresses the issue of poverty pay at the bottom of the NJC pay structure, but also real and relative low pay for admin, professional, technical and managerial occupations up to the top of the pay scale – which is the lowest from top to bottom within the public sector. Those above NJC scale point 11 – just above the Living Wage in October 2013 - have endured the same pay freezes and low increases as everyone else. They deserve the same significant increase in 2014. No-one on NJC pay earns enough for the job they do.

For the past three years the Resolution Foundation has produced a report on low pay in Britain. This year the Foundation states: “Where previously attention had focused on the fact that the pay of low and middle earners appeared to be stagnating even during years of economic growth, concern has more recently centred on cost of living pressures and low earnings growth which have combined to form a wage squeeze across the entire earnings distribution”.² Nowhere is this more true than for our members on NJC grades in local government.

Equal pay must stay

Ensuring a pay increase across the pay spine is essential if we are to avoid undermining Single Status job evaluation outcomes, upsetting agreed pay and grading structures and signalling a return to a challengeable “felt fair” approach to grading and pay. It is vital to maintain the commitment to job evaluation and equal pay, which some councils think can be ignored in a climate of cuts. This approach would also prevent a new rash of equal pay litigation in local government which would divert precious financial resources away from services and decent pay for our members. In the rash of equal pay cases arising from failure to implement Single Status and pay discrimination in Single Status packages, local authorities have paid out £2 billion in legal fees and settlements – money which could – and should – have been put into the pay packets of our members. It is also essential that gaps between managers, supervisors and more junior roles are not simply eroded, as it will be difficult to maintain good management, morale and productivity.

Nursery nurses’ lost pay

The three year pay freeze has meant that a nursery nurse earning £17,802 on scp 19 is now nearly £3000 worse off than in 2009 simply because her/his pay has not kept up with inflation. This is shown in Table 3 below. If pay had been increased in line with inflation, the same nursery nurse would have been earning £20,862 by April 2013.

² [Low Pay Britain](#), [Resolution Foundation](#), 2013.

TABLE 3: NJC pay on scale point 19 if increased in line with inflation since 2010

	Actual Salary (£s)	Salary if in line with inflation (£s)	Differential (£s)
2009	17802	17802	0
2010	17802	18620	-819
2011	17802	19589	-1787
2012	17802	20216	-2414
2013	17980	20862	-2882

Social workers' lost pay

If we look further up the pay scale at the salary of a social worker on scp 38, we see that the value of her/his pay has declined even further. In 2009 s/he was paid £31,754. Table 4 shows the impact of the pay freeze and the rise in living costs which has left her/him a shocking £5,142 worse off by 2013. In just four years she/he has lost over £5000 in income in real terms.

TABLE 4: Pay for NJC workers on scp 38 if pay had increased in line with inflation since 2010

	Actual Salary (£s)	Salary if in line with inflation (£s)	Differential (£s)
2009	31754	31754	0
2010	31754	33215	-1461
2011	31754	34942	-3188
2012	31754	36060	-4306
2013	32072	37214	-5142

A UNISON survey of 1052 social workers in 2013 found that 73% of them are currently working unpaid overtime every week. Over half work up to five hours extra unpaid every week and over 20% work an extra day or more. Ninety-one per cent report their workload and pressure has increased since 2010 while their wages have dropped by approximately £5000 per year in real terms. Expecting more and more for less and less is no longer an option. It is clear that our members in the middle and higher NJC grades providing essential community services are suffering an appalling and unacceptable loss in the value of their pay packets.

**Social Workers – Overworked and underpaid:
Since 2010:**

- 91% report an increase in workload and pressure
- 90% say their employer's expectations have increased
- 60% say service user's expectations have increased
- 91% report increased stress levels

Loss in income since 2009 - £5412

UNISON's Local Government Pay Matters Survey, 2013

The Health and Care Professions Council (HCPC) has also recently issued a consultation into further increases in registration fees for social workers in England. The HCPC are proposing a fee increase of over 5%. Social workers will suffer a double-whammy if these proposals go through. They already had to absorb a 150% increase in registration fees when they transferred to the HCPC in 2012 because there was a refusal by government and the HCPC to offer phasing-in of the fee increase. Social workers are particularly angry that less than a year later – at a time when their wages have continued to decline – they are being faced with another proposed hike. It can be no wonder that the research conducted for the LGA this year shows that nearly two-thirds (65%) of councils experienced issues with recruiting social workers in 2012-13 and nearly one-half (48%) had experienced challenges in staff retention.³

4. CUTS TO CONDITIONS ADD INSULT TO INJURY

Added to these cuts to their basic pay, NJC workers are also facing massive cuts to their terms and conditions, especially unsocial hours payments, overtime pay, redundancy payments and car allowances. For middle to higher income workers and “high mileage” users, cuts in car allowances represent a substantial loss in earnings as they are forced to subsidise their employer’s business by paying their own fuel costs. Seventy-four per cent of trading standards officers, 64% of environmental health officers and 60% of social workers and planning officers reported cuts to car allowances in a 2013 survey of cuts to conditions.⁴

Around half of councils have moved employees onto lower HM Revenue & Customs (HMRC) car allowances. Implementation of HMRC rates has serious implications for many of our members delivering frontline services. Many local government staff need to use their cars to do their jobs and this rate is too low to compensate them properly for use of their cars, especially given the large increases in petrol prices in recent years. Table 5 below sets out in full the extent to which essential car users are subsidising their 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 2013. To obtain accurate figures for the actual cost of travel, UNISON commissioned a technical expert to up-rate the mileage formula for 2011 and 2013. The table sets out the subsidies according to distance travelled and engine size.

³ http://www.local.gov.uk/c/document_library/get_file?uuid=ec02514f-e848-43a2-bb86-ee2fb106ce1&groupId=10180

⁴ Local Government Pay Matters Survey, UNISON, 2013. Survey included responses from 1052 social workers, 397 environmental health officers, 389 planning officers and 129 trading standards officers.

Table 5

Mileage	451 - 999 cc	1000 - 1199 cc	1200 -1450 cc
1000	£104	£131	£149
2000	£142	£181	£199
3000	£180	£231	£249
4000	£218	£281	£299
5000	£256	£331	£349
6000	£294	£381	£399
7000	£332	£431	£449
8000	£370	£481	£499
8500	£389	£506	£524
9000	£399	£520	£536
10000	£419	£548	£560
11000	£439	£576	£584
12000	£459	£604	£608

Unsocial hours payments have been hit hard too, along with redundancy pay and free car parking. All in all, being a council worker means you face a double whammy – hit hardest by the selective application of government pay restraint policies and cuts and subject to the harshest approach to workforce issues and conditions in the public sector - one that has characterised local government for at least the past 15 years. The Local Government Employers issued *Reducing Workforce Costs* in 2010, urging councils to worsen pay and conditions – by imposition if necessary. In September 2013 they issued a further call to councils to consider cutting sick pay and annual leave – both the worst in the public sector - in “*Supporting Local Initiatives on Changes to Green Book Terms and Conditions*”. Meanwhile maternity and parental rights now hover just above the statutory minimum – in a sector in which women make up over three quarters of the workforce.

5. HIGH PENALTIES FOR PART-TIME WORKERS

Over half of local government employees work part-time and nine out of ten are women. There is already an hourly basic pay gap of around one third between equivalent full-time and part-time workers in local government. As cuts to terms and conditions by local councils bite, part-time workers are being forced to take on more work for fewer hours and even less pay, and face attacks to pay and terms of conditions which hit them the hardest. Added to this, the proportion of part-time workers in local government has risen - together with an

increase in zero hours contracts, agency and temporary staff - as councils have come under increasing pressure to save money,

After the pay freeze, part-time hourly earnings are now worth the same after inflation as they were ten years ago, with a quarter of part-timers in local government earning less than £6.63 and half earning less than £8.01 per hour. Many need benefits and tax credits to keep their families out of poverty and the higher but still modest Living Wage is rarely reached.⁵ With the changes to the criteria for receiving tax credits, many in part-time work are involuntarily losing out. Under Universal Credit, new conditions will be placed on in-work benefits. Improving the pay of low paid part-time workers will also have the benefit of reducing the number of local government workers who would be subject to conditionality under the Universal Credit Regulations.

A UNISON survey completed by 2,616 part-time workers in local government in May to July 2013 shows how reliant local government is on the unpaid goodwill of its part-time workforce. The survey found that 60% of part-time workers work unpaid overtime in order to get the job done and 60% of those are working an extra half a day or more a week without pay. In stark contrast, 40% report that overtime pay has been cut and 20% report that they work part-time because full-time work isn't available. Nearly half of those who are claiming in-work benefits to supplement low pay report that those benefits too have been cut since 2010 leaving them high and dry.

Added to this part-time workers are seeing their terms and conditions slashed. Sixty-one per cent reported that their car allowances have been cut, 23% stated that unsocial hours payments have been reduced, 11% have had their annual leave reduced and 13% report that even their sick pay has been slashed. 'Austerity' is hitting hard at the heart of a local government workforce which is already the worst paid, with the worst conditions in the public sector.

6. COMPARING PAY ACROSS THE PUBLIC SECTOR

NJC: the only sector with large numbers earning less than a living wage

It is little wonder that councils are implementing or discussing the Living Wage when comparisons are made across the public sector. Table 6 below shows that local government is the only sector with large swathes of workers earning less than the Living Wage and continues to be the poor relation in the public sector.

Table 6: No of employees earning below the Living Wage: NJC compared to Police, Higher Education and Probation				
NJC (Apr 12)	Police Staff (Sept 13)	Higher Education (Aug 13)	Probation (Apr 12)	NHS (Apr 12)
472,540	None	4000	None	22,152 (2.11%)

29.4%, of local government employees are being paid less than the Living Wage - nearly half a million workers. By comparison, in the NHS this figure stands at 2%. In police authorities, those catering and cleaning staff remaining in-house are being paid

⁵ Living on the Edge: Pay in Local Government, New Policy Institute, 2012.

approximately £14,950 - about 7% more than their NJC counterparts. Police authority cleaners are paid £948 per year above a cleaner on NJC conditions and police catering

assistants receive £926 more than their equivalents on NJC pay and conditions. Just 4,000 employees in higher education receive less than the Living Wage.

Table 7 below 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 and other public sector groups in many local labour markets, particularly now that public health services have transferred to local authorities. For cleaners and catering assistants on NJC pay, the difference in pay means that their NHS comparators receive around 6% more, while senior social workers in the NHS get paid £2,703 (7.3%) more than their NJC counterparts. The shocking 20.8% difference in pay levels between nursery nurses leaves the NJC worker a staggering £3,739 worse off than her NHS counterpart.

Table 7 NJC and NHS pay compared					
NHS	NJC	NJC	NHS		
Job title	Job title	Median Maximum Salary (IDS 2013)⁶ uprated by 1% (£)	37 Hour Week Equivalent (1.4.13) (£)	Difference between NJC and NHS (£)	% NHS pay exceeds NJC Pay
Domestic Support Worker	Cleaner	14,003	14,813	810	5.8%
Catering Support Worker	Catering Assistant	14,024	14,813	789	5.6%
Clinical Support Worker (Higher Level)	Community Care Assistant	17,980	19,011	1,031	5.7%
Social Worker	Social Worker	33,051	34,070	1,019	3.1%
Senior Social Worker	Senior Social Worker	37,287	40,017	2,730	7.3%
Nursery Nurse	Nursery Worker	17,983	21,722	3,739	20.8%

Public Health transfer highlights low pay in local government

The pay gap between NJC and NHS workers on Agenda for Change is also highlighted by the transfer of public health staff from the National Health Service to local government.

As part of the assessment by the Concordat Steering Group overseeing the transfer of public health staff from the NHS to local authorities, Agenda for Change (AfC) jobs were evaluated under the NJC scheme. The points outcomes were plotted against comparable points ranges in 27 local authorities across England. This showed quite clearly that the vast majority of jobs were paid more within the Agenda for Change pay and grading structure than under local authorities pay and grading structures. At the higher graded levels, AfC pay exceeded NJC pay by many thousands of pounds. Above AfC Band 8b, no local authority paid higher than the AfC rate. In a very small number of local authorities where the minimum rate was higher, the maximum rate was almost invariably lower. Table 8 below shows a comparison of the outcomes for a Band 3 Health Improvement Resource Assistant, a Band 6 Information Analyst Specialist, a Band 7 Improvement and Development Manager and a Band 8b Health Improvement Principal.

⁶ IDS 2013 Survey of Local Government Pay

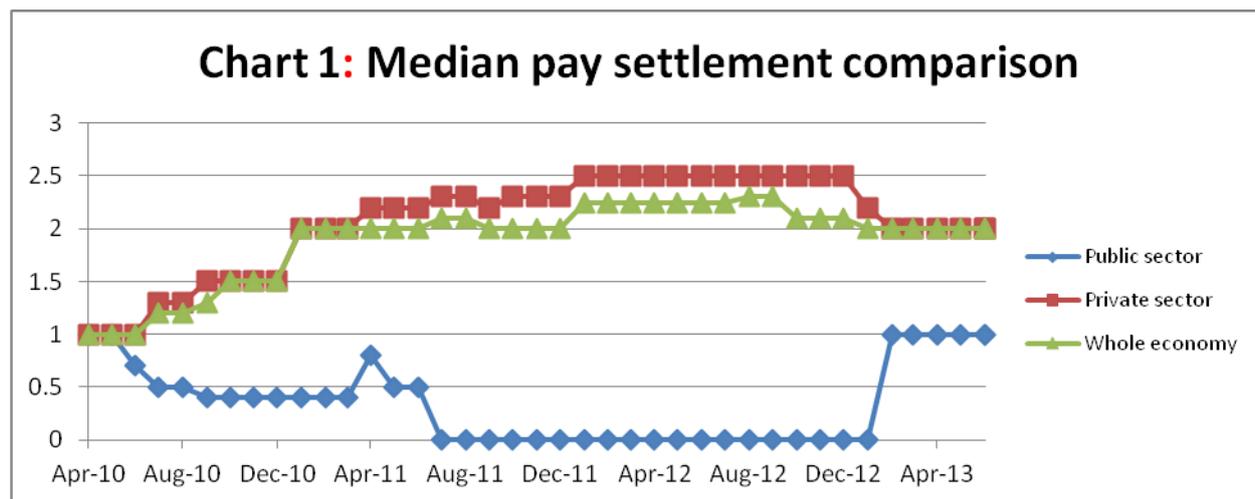
Table 8 - Comparison of Public Health Agenda for Change Rates and NJC Rates

Job	Health Improvement Resource Assistant		Information Analyst Specialist		Improvement & Development Manager		Health Improvement Principal	
	Min	Max	Min	Max	Min	Max	Min	Max
NHS	£16,271	£19,628	£25,783	£34,530	£30,764	£40,558	£45,707	£56,504
Authority 1	£13,321	£13,725	£23,188	£25,725	£31,754	£33,661	£39,531	£40,254
Authority 2	£17,980	£19,817	£29,528	£32,072	£36,676	£39,361	£44,423	£48,049
Authority 3	£14,013	£15,598	£22,443	£28,922	£34,894	£33,128	£39,351	£42,032
Authority 4	£14,013	£15,598	£21,067	£23,945	NA	NA	NA	NA
Authority 5	£17,333	£19,317	£27,052	£28,922	£33,128	£35,784	£39,351	£42,032
Authority 6	£15,882	£16,604	£24,892	£27,323	£30,311	£33,128	£38,422	£41,148
Authority 7	£16,215	£17,333	£24,892	£28,127	£33,128	£36,676	£41,148	£43,844
Authority 8	£15,598	£16,215	£21,734	£23,945	£34,894	£38,422	£44,108	£48,208
Authority 9	£14,880	£15,598	£21,734	£24,892	£29,528	£33,128	£36,676	£40,254
Authority 10	£14,880	£15,598	£22,443	£24,892	NA	NA	NA	NA
Authority 11	£12,915	£13,725	£22,443	£25,727	£30,311	£33,998	£38,422	£42,032
Authority 12	£15,444	£16,604	£21,734	£23,945	£28,922	£31,160	£36,676	£39,351
Authority 13	£14,880	£15,598	£22,443	£23,945	£28,922	£30,311	£37,578	£39,351
Authority 14	£15,882	£16,998	£27,323	£30,311	£35,784	£38,422	£41,148	£41,148
Authority 15	£13,321	£15,189	£24,892	£26,539	NA	NA	NA	NA
Authority 16	£15,882	£16,604	£28,922	£32,072	£33,128	£36,676	£45,998	£49,116
Authority 17	£12,915	£13,725	£23,945	£26,539	£30,311	£32,072	£41,148	£42,953
Authority 18	£13,725	£15,598	£21,734	£24,892	£28,127	£31,160	£34,894	£39,351
Authority 19	£15,189	£16,604	£23,188	£26,539	£30,311	£33,998	£39,351	£42,032
Authority 20	£15,882	£16,998	£25,727	£28,127	£30,311	£34,894	£39,351	£42,032
Authority 21	£15,598	£16,998	£19,317	£22,443	£26,539	£30,311	£35,784	£38,422
Authority 22	£13,725	£15,598	£21,067	£23,945	£28,922	£33,128	NA	NA
Authority 23	£13,725	£14,880	£19,817	£23,168	£31,160	£34,894	£35,784	£41,148
Authority 24	£16,998	£19,317	£27,323	£32,072	£37,206	£43,458	£50,895	£58,292
Authority 25	£14,013	£15,189	£24,892	£28,127	£33,128	£36,676	NA	NA
Authority 26	£12,435	£13,725	£17,333	£19,317	£22,443	£24,892	£29,528	£33,128
Authority 27	£13,725	£14,880	£21,067	£24,892	£28,127	£33,128	£39,351	£42,032

7. PAY ELSEWHERE IN THE ECONOMY

Median pay settlements across the UK economy have been between 2% and 2.5% over the last year – higher than the 1% NJC increase.⁷

The scale of the disparity in pay settlement growth between the public and private sectors is shown in Chart 1 below. In April 2010 public and private growth was equal at 1%, but public and private settlements then began moving in opposite directions. By mid 2011 the public rate had dropped to zero while the private rate was heading toward 2.5%. This trend was maintained right through 2012 and though the gap has narrowed slightly in 2013, private sector pay settlements are still double those of the public sector.⁸



This deterioration in the relative position of public sector pay is likely to continue, given forecasts of private sector pay settlements that predict growth of 2.0% over the coming year.⁹ The impact of the public sector pay freeze has been particularly harsh on local government workers, who started from a much lower base than the rest of the public sector and who did not receive the £250 promised by the Chancellor if earning below £21,000. In the case of local government, this amounts to over 1 million employees.

8. NJC WORKERS ON BENEFITS SUFFER

On top of the attacks on the basic pay and pay-related conditions of NJC workers, a number of state benefits that can be claimed by the low paid and part-time workers have either been cut or have been made subject to harsher conditions.

Research on the combined impact of pay cuts and changes to in-work benefits since 2010 produced for UNISON in October 2013 by the New Policy Institute¹⁰ assessed how many low paid local government workers have been affected by this toxic combination. It explored how these changes - together with the below inflation pay increases - have combined to make local government workers worse off in 2013 than in 2010. The report took into account all other relevant changes within both the benefit system - such as the up rating of thresholds - and the tax system, particularly the £2,965 increase between 2010-11 and 2013-14 in the income tax personal allowance.

⁷ Source: Industrial Relation Service - www.xperthr.co.uk. Figures from July 12 to July 13.

⁸ IDS estimated that pay awards in not-for-profit organisations were running at 2% in the three months to June 2013.

⁹ XperTHR, Pay trends July 2013

¹⁰ The impact of welfare reforms on low paid local government workers, New Policy Institute, October 2013,

The report demonstrates that **even if they were paid the Living Wage in 2013, our members would still be worse off than in 2010, with the exception of single people without children, working 20 hours each week and living in private accommodation.** This is because of the combination of the pay freeze and benefit cuts and demonstrates that many local government workers are now amongst the poorest workers in our society. However, in each case, the family would be better off in 2013 if they were paid the Living Wage of £7.45 rather than NJC pay – increasing the household income by at least 4%.

The research shown in table 9 overleaf used ‘model’ households affected by welfare reforms and the three-year pay freeze in local government. Each household contained a low paid local government worker.

Table 9: The effect of benefit cuts and the Living Wage on low paid NJC families Family description	Main welfare reforms	Weekly real disposable income		If paid the living wage in 2013-14
		2010-11	2013-14	
Single adult works 24 hrs per week. Lives in social rented housing.	Bedroom tax	£90	£77	£82
	LHA cap	£90	£82	£87
Single adult works 20 hrs per week. Lives in owner-occupied housing.	Council tax support	£70	£65	£80
Lone parent with one child. Works 24 hrs per week, requires 24 childcare hrs per week. Lives in owner-occupied housing	Childcare support	£219	£207	£215
Couple with two children one working 12 hrs per week the other 8 hrs per week. Lives in owner-occupied housing	24hr rule for tax credits	£240	£176	£192
Couple with two children both working 16 hrs per week. Live in the private rented sector and require childcare.	Childcare support, council tax support, LHA cap.	£339	£315	£317

NB: Disposable income is income after housing costs and childcare costs. Each worker is paid £6.47 per hour in 2010-11 and £6.54 per hour in 2012-13. This pay level (scp6) represents the largest single group of low paid local government workers. In the Living Wage example they are paid £7.45 - £1 per hour more than scp5, the lowest pay point from 1 October 2013. These figures are adjusted for inflation to give the real disposable income. All values are in April 2013 prices.

9. OVER- WORKED AND UNDER-PAID – NJC WORKERS STRESSED OUT ON THE JOB

We all expect and deserve high quality public services. But increasing workloads on ever-declining pay will have a detrimental effect on the quality of services. For local government workers to remain motivated and engaged against the odds, they must at least be valued by their employers. They cannot continue to be the 'shock absorbers' for Government's austerity measures, while living in poverty and increasing stress.

The latest figures from the Office of National Statistics now show that in the UK 407,000 local government jobs have gone since the Coalition walked into Downing Street. That is the equivalent of 372 jobs disappearing every day – including weekends and bank holidays. This scale of job loss through compulsory and voluntary redundancies, recruitment freezes, deletion of vacant posts combined with the pay freeze and additional cuts to pay and to terms and conditions means those left behind are expected to do more for less. Our members cannot be expected to shoulder ever-increasing workloads on declining earnings and morale.

In a UNISON survey of local government members conducted in 2013, 87% of almost 15,000 respondents reported that their workload and pressure had increased. Eighty-two per cent reported the pressure of the increase in employers' expectations and 62% also reported an increase in service users' expectations. Our members are struggling to deliver quality public services at a time when demand is increasing due to government cuts.

Stress levels are increasing and morale has been slashed. A staggering 86% of respondents to UNISON's survey reported that stress levels had increased. Eighty four per cent said that stress at work was affecting their job performance and 83% reported that stress was also affecting their personal life. This tallies with the LGA's latest workforce survey that finds that stress, depression, anxiety, mental health and fatigue are the top cause of sickness absence among staff.¹¹

This is no wonder when it is considered that some councils have lost over a third of their staff. For instance, Manchester City Council has reduced its workforce (excluding school employees) since 2010 by nearly a third, 31.1%. That's 3,965 livelihoods lost. Meanwhile Tameside have similarly lost a staggering 37% of staff – income lost to households and the economy.

¹¹ [Local Government Workforce Survey 2011/12: Summary findings for England, Local Government Association.](#)

10. POLITICIANS AND ECONOMISTS CALL FOR AN END TO LOW PAY: WHAT'S GOOD FOR THE GOOSE....

There is widespread recognition across the main political parties and amongst economists that earnings throughout the economy have fallen to damaging levels, with Ministers and others calling for an increase in pay to boost the economy.

Vince Cable, Secretary of State at the Department for Business, Innovation and Skills has been particularly vocal about the need to move away from a low pay economy, calling for the Low Pay Commission to restore the value of the National Minimum Wage (NMW) to its 2008 level in real terms - an increase of 10-12%. This would mean that the NMW would increase to between £6.94 and £7.07 pence per hour and exceed the lowest pay point in local government by between 49 and 62 pence an hour. For too long our members have been threatened with job losses if they do not accept pay restraint and cuts to conditions. Despite both, 407,000 jobs have still been lost in local government and the threat now has a hollow ring.

"We cannot go on forever in a low pay and low productivity world in which all we can say to workers is 'you have got to take a wage cut to keep your job'."

Vince Cable, interview with The Guardian, Sept 2013

www.theguardian.com/politics/2013/sep/13/liberal-democrats-push-minimum-wage-increase

George Bain, the first Chairman of the Low Pay Commission, is calling for a "fresh approach" to the National Minimum Wage, claiming that it is no longer working because its value is falling as inflation outstrips it. It is now worth less in 2013 than it was in 2004¹².

"The challenge ...is much harder - how to help people earning above the minimum wage but below the living wage. Yet on current forecasts it looks like the gap between the minimum wage and the living wage could only widen in the coming years. Fresh thinking is going to be needed."

George Bain, first Chair of the Low Pay Commission

The bottom hourly pay rate in local government is now £6.45 pence, just marginally higher than the National Minimum Wage at £6.31 per hour and £1 an hour lower than the Living Wage of £7.45 per hour outside of London. Had the bottom pay point of £6.30 pence not been deleted on 1 October 2013, the gap between NJC pay and the National Minimum Wage would only have been 1p an hour! The NMW has shamefully become the anchor point for NJC pay, a situation once unthinkable. If underpaid workers in the private sector deserve higher pay – which we believe they do – then so do all local government employees. The bottom rate of pay must be separated from the NMW and earnings throughout the NJC pay structure must also rise to compensate for lost earnings during the pay freeze.

¹² <http://www.independent.co.uk/news/uk/politics/inadequate-minimum-wage-isnt-working-says-its-chief-architect-sir-george-bain-8737169.html>

11. THE LIVING WAGE – WHY NOT FOR NJC WORKERS IN LOCAL GOVERNMENT?

Failure to pay the Living Wage and tackle poverty pay is often perceived as just a private sector problem. This is not the case. The total number of workers below the official low pay threshold of **£7.47 pence** an hour in the UK rocketed from 3.4 million in 2009 to 4.8 million in 2012¹³, one in five employees. Local government workers alone represent a shocking 10% of this UK total. Yet while the government and employers refuse to tackle low pay within NJC pay structures, our political leaders argue the case for the Living Wage in the private sector and call for individual councils to implement it locally. Our claim this year is designed to make the Living Wage the minimum bottom point of the NJC pay structure in a first move to tackle the growing scandal of poverty pay in local government.

We believe that the whole of the public sector should lead the way out of low pay by example. Only in local government and local authority schools are large numbers of employees within the NJC paid below the Living Wage – almost half a million, mostly women. This contrasts with just 22,000 in the NHS and 4,000 in higher education. The lowest paid workers in the civil service, the police and probation services and elsewhere in the public sector are all paid above the Living Wage level of £7.45 pence outside London.

What is the Living Wage?

The Living Wage inside and outside London is calculated to ensure that workers receive the bare minimum needed for an acceptable standard of living. This does not mean that those receiving a Living Wage are protected from financial hardship, particularly when the current escalation in living costs is taken into account. Outside of London, the Living Wage is less than the official poverty threshold of £7.47 an hour, which is the equivalent of 60% of all median earnings within the economy.¹⁴ Added to this, the Living Wage assumes access to social housing and a car, both increasingly rare options for the low paid.

Meanwhile the Joseph Rowntree Foundation also calculates a “Minimum Income Standard” (MIS), which is based on what members of the public think people need to achieve a socially acceptable standard of living. When compared to the Living Wage it highlights the low level at which the Living Wage is set. In 2013, the MIS stood at £16,850 for a single person - just below NJC scp 17 of £16,998, and £2,477.61 pence per year above the Living Wage. For a couple with two children both working full-time, the MIS amounts to £19,400 per year - just over NJC scp 21 at £19,317 and £5,027.61 pence above the Living Wage.¹⁵

¹³ Low Pay Britain, Resolution Foundation, page p.23 September 2013

¹⁴ Organisation for Economic Co-operation and Development’s definition of two thirds of median gross hourly earnings applied to 2012 Office for National Statistics figures.

¹⁵ A Minimum Income Standard for the UK in 2013, Joseph Rowntree Foundation, July 2013.

Support for the Living Wage grows

Support for a Living Wage has gained traction across the political spectrum in recent years – and in recent months in particular. This has led to a reframing of perspectives around low pay and in-work poverty, focussing attention on the role that decent pay above the National Minimum Wage can play in raising living standards. Prime Minister David Cameron and Boris Johnson, Mayor of London, have both publicly supported the Living Wage:

“An idea whose time has come”

David Cameron, Prime Minister, describing the Living Wage

“Paying the London Living Wage is not only morally right, but makes good business sense too. What may appear to be an unaffordable cost in a highly competitive market should more often be viewed as a sound investment decision. I believe that paying decent wages reduces staff turnover and produces a more motivated and productive workforce.”

Boris Johnson, London Mayor, 2009

Ed Miliband, Leader of the Labour Party, has spoken of the Living Wage as a means to make the UK a “fairer and more prosperous place”, has called on Labour councils to implement it¹⁶ and has talked of creating Living Wage Zones, with tax incentives for private employers who pay up and for subsidies from local government for private employers implementing the Living Wage. This is welcome talk, but his vision must also apply to local government - where the biggest problem lies. Rather than using scarce council resources to incentivise the private sector, they should be used to put local government’s own house in order.

“It would be in central government’s interest to get private sector employers over the hump to pay the living wage, so local councils could offer temporary rate subsidies or extra cash for training.

The money would come from savings to the Treasury through lower tax credit payouts. It’s an incredibly exciting way of persuading the private sector there is a real incentive to pay the living wage.

Employers might say at present that this is just a cost to us but if we can show how they will benefit then that attitude changes. There is also increasing evidence that living wage employees are more productive and committed”

Ed Miliband, Guardian, 27 April 2013

There is growing public awareness and support for the Living Wage too. A public opinion poll carried out for Labour List in February 2013 showed that 71% of Labour voters, 66% of Lib Dems and 44% of Conservatives (60% overall) thought that the National Minimum Wage

¹⁶ living.wage.edmilliband.org/

should be increased to the level of the Living Wage. This result held true across regions and social classes, though with greatest support from the lowest paid.

The Living Wage in local government?

Research undertaken by UNISON in August 2013 via a Freedom of Information request to all local authorities in England and Wales, reveals the extent to which the Living Wage has been implemented in councils independently of collective bargaining through the NJC. It has also uncovered the extent of discussions underway at a local level on the introduction of the Living Wage. Out of 375 requests, 337 councils have so far responded - a response rate of 90%.

Tables 10 and 11 below show that 93 (27.6%) of the 337 councils responding so far claim to have implemented the Living Wage, while 72.4% have not. Fifty eight per cent of councils with a Living Wage are Labour councils, 21.5% Conservative and 14% are No Overall Control. Table 12 shows that Shire Counties and Welsh Unitaries are least likely to be paying the Living Wage. This is significant as both employ large numbers of workers in social services and education jobs – predominantly women. This also applies to English Unitary councils, of which only 20.4% are paying the Living Wage.

It should be noted here that local implementation of the Living Wage has not always been carried out in a way which is acceptable to the trade unions and has not always occurred through negotiation with us. In some councils, the Living Wage is lower than the official level and is set at a local rate. In others it has been traded for cuts to other conditions such as unsocial hours enhancements, leaving some of our members worse off. Elsewhere the job evaluated pay and grading structure has been changed, leaving supervisors on the same pay as those they supervise and ignoring the need for transparency and the principle of equal pay for work of equal value based on job evaluation outcomes.

Table 10: Implementing the Living Wage? All councils responding		
Response	Number	All Council (%)
Yes	93	27.6%
No	244	72.4%
Total	337	100%

Table 11: Implemented the Living Wage in your authority? (All councils)				
Party	Yes	%	No	%
Conservative	20	21.5%	138	56.6%
Independent	1	1.1%	1	0.4%
Labour	54	58.1%	48	19.7%
Lib Dem	4	4.3%	8	3.3%
NOC	13	14.0%	48	19.7%
Non Party Based	1	1.1%	1	0.4%
Total	93	100%	244	100%

Table 12: Implementing the Living Wage - all respondents by council type						
Type	Yes	Response	%	No	Response	%
English Unitary	10	49	20.4%	39	49	79.6%
London Borough	17	28	60.7%	11	28	39.3%
Metropolitan	11	34	32.4%	23	34	67.6%
Other	1	2	50.0%	1	2	50.0%
Shire County	1	25	4.0%	24	25	96.0%
Shire District	51	182	28.0%	132	182	72.5%
Welsh Unitary	2	17	11.8%	15	17	88.2%
Total	93	337	27.6%	245	337	72.7%

Tables 13 and 14 below set out the responses received from NJC councils.

Table 13: NJC councils responding and implementing the Living Wage		
Response	Number	%
Yes	75	27.1%
No	202	72.9%
Total	276	100%

Table 14: NJC councils considering implementing a Living Wage		
	No. of councils	Councils (%)
Yes	90	44.6%
No	94	46.5%
Under review or are already paying above the Living Wage	18	8.9%
Total	202	100%

Table 14 shows that 90 (44.6%) of 202 councils within the NJC, are considering paying the Living Wage, while a further 8.9% say it is currently under review or that they already pay above the level of the Living Wage – a total of 53.5%. So the Living Wage – to use the Prime Minister, David Cameron’s words – does seem to be an idea whose time has come in many individual local authorities who are party to collective bargaining through the NJC. What the trade unions want from 1 April 2014 is a collective agreement across NJC councils, based on the Living Wage as the bottom pay point – not a collection of differing local agreements which undermine sector-wide bargaining and equal pay proofed pay structures. There is no logic to local implementation of the Living Wage, while councils call for ongoing pay freezes or settlements below inflation within the NJC.

Establishing the Living Wage as the very minimum rate of pay through the NJC bargaining machinery is vital if the National Joint Council is to maintain its credibility. Some councils – such as Oxford City – have left the NJC because they don’t believe that it is delivering for the workforce and have bottom rates of pay above the Living Wage and improved conditions. Others are actively considering it. Councils and employers can’t have it both ways – local implementation of the Living Wage but no – or below inflation – NJC increases for the remaining majority of the workforce. The NJC machinery should be seen as a “leader” within the public sector, not the poor relation. Fragmentation of pay bargaining will lead to new equal pay problems and a ‘free for all’ once there is renewed investment in local

government. Those in jobs further up the pay structure will leave for better paid jobs elsewhere unless their earnings are also restored in line with the increase required to deliver the Living Wage for the lowest paid.

12. THE BENEFITS TO THE ECONOMY OF THE LIVING WAGE

“raising wages among workers in low-income families will generate significant savings for government, in addition to the increased tax revenues”...

IPPR/Resolution Foundation “Beyond the Bottom Line” 2013.

Benefits for central government

A clear macro-economic case has developed for the Living Wage. In a 2010 report, the Institute for Fiscal Studies¹⁷ found that there would be an additional gain to the Treasury of £0.9 billion if all public sector employees were paid the Living Wage.¹ The vast majority of these would be local government workers. Broadly speaking for every £1 spent on raising wages to the Living Wage, around 50 pence returns to the Treasury. The IFS study concluded that if all private sector wages were raised to £7.85 in London and £7.60 elsewhere, and assuming no job loss, the total gain to the Treasury would be between £5.9 and £6.3 billion through lower spending on benefits and tax credits and increased revenue through tax and national insurance.

The absurdity of low pay is summed up by the fact that the taxpayer is subsidising employers like local government to pay poverty wages. **The 2013 IPPR/Resolution Foundation study into the Living Wage “Beyond the Bottom Line”¹⁸ estimates that the Treasury would benefit to the tune of £3.6 billion as a result of introducing a statutory Living Wage, a figure which includes savings on means-tested benefits of £1.1 billion.** The savings made by paying local government workers the Living Wage and restoring earnings for higher paid employees could be channelled back by the Treasury into the local government settlement to pay for increases in pay.

A new report by Landman Economics for UNISON, published in October 2013, examined the impact of a statutory Living Wage on employment and the macro-economy. It concluded that – far from causing job loss and damage to the economy – a statutory Living Wage could create up to 89,000 new jobs and result in an aggregate increase in public finances of around £1.3 billion, taking account of increased National Insurance and tax receipts, decreased benefit and tax credit expenditure, an increased public sector wage bill and reduced corporation tax receipts.

Benefits for the economy

The ‘fiscal multiplier’ quantifies the effect of public spending on wages and goods on the economy. Recently the IMF questioned its own past thinking about the multiplier - that £1 of public spending generates £0.5 of wealth. In its 2012 ‘World Economic Outlook’¹⁹, it revised that figure to between £0.9 and £1.7 – figures supported by other economists. The cuts in

¹⁷ IFS Analysis on the Living Wage, Institute for Fiscal Studies, August 2010.

¹⁸ “Beyond the Bottom Line – the Challenges and Opportunities of a living wage”, IPPR and Resolution Foundation 2013

¹⁹ IMF, World Economic Outlook 2012, <http://www.imf.org/external/pubsft/weo/2012/02.pdf/text.pdf>

NJC pay are clearly contributing to a reduction in economic activity at local and UK level and reducing aggregate demand.

The potential local and macro-economic benefits of paying a Living Wage and increasing NJC pay for all are clear. Outside of London, high proportions of local government workers live in the areas in which they work and spend their wages locally. The Living Wage would lead to higher local spending and therefore contribute to local and macro economic growth. A 2005 study by Staffordshire Business School found 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.²⁰ This multiplier of £1.63 found in Stoke on Trent is consistent with studies in other regions of the UK.

APSE and CLES research has shown that for every £1 spent in the local economy, a further 64 pence is generated. If all NJC workers were paid an equivalent rise in their wages, the multiplier effect will be even stronger.

Organisational benefits

Paying the Living Wage will also provide a much needed morale boost for hard hit local government workers. It would improve productivity and enhance councils' reputations. Living Wage standards should be a core element of corporate social responsibility for any reputable employer. Employers who have implemented the Living Wage report better retention of staff and improved service as a result. This leads to a reduction in recruitment costs and savings on the costs of training new staff. Significant savings can also be made through reduced absenteeism.

A study by Queen Mary College, University of London²¹, found multiple benefits to employers of introducing the Living Wage, including reputational improvement, lower staff turnover, greater loyalty and higher motivation. A similar study by the GLA reported the same findings²². Paying a Living Wage will help reduce sick leave and high turnover. It will also help councils retain skilled and experienced workers when the upturn comes. The study also found a statistically significant association between Living Wage workers and psychological well-being compared to lower paid workers. With stress being the number one reason for sickness absence in local government, paying a Living Wage would also impact positively on costs in the workplace as well as the wider society.

The “most significant impact noted was recruitment and retention, improved worker morale, motivation, productivity and (the) reputational impacts of being an ethical employer”

London Economics, 2009 independent study into the impacts of paying the Living Wage for the GLA.

²⁰ 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).

²¹ [The costs and benefits of the London Living wage, Wills and Linneker, Queen Mary University of London, October 2012.](#)

²² [An independent study of the business benefits of implementing a Living Wage policy in London, GLA Economics, February 2009.](#)

13. RISING COSTS AND DECLINING LIVING STANDARDS HIT NJC WORKERS HARD

Inflation and NJC Pay

RPI inflation ran above 5% through almost the entirety of 2011. It subsequently went through a decline and since mid 2012 has stabilised at around 3%. Consequently, the huge gap caused by a three year pay freeze, a below inflation 1% increase in 2013 and the increase in the cost of living that opened up during 2010 has been sustained over the last year. RPI currently stands at 3.2% in October 2013 and is likely to remain around 3% for the rest of the year. Official forecasts suggest that it may dip just below 3% in 2014, returning to that level in the first quarter of 2015.

The Trade Union Side maintains that the Retail Price Index (RPI) measure of inflation represents the best measure of changes in prices faced by the NJC workforce, as it includes housing costs, a significant part of most employees' expenditure. Data collection is tied more tightly to working households than the Consumer Price Index (CPI). The Trade Union Side does not believe that the CPI is an appropriate measure of inflation and believes that it results in a consistent under-estimation of the real inflation in the cost of living faced by our members. RPI remains the most widely used basis for pay negotiations across the public and private sector. Our approach is backed by the Resolution Foundation which points out that housing costs are important pressures for low and middle earners.²³

The Treasury average of independent forecasts places RPI inflation in the region of 3% right up until 2017. The medium term forecast illustrated in Table 15 below shows what these forecasts mean in terms of the cumulative increase in the cost of living.

Table 15: RPI forecast and cumulative increase in the cost of living		
Year	RPI forecast	Cumulative increase in cost of living
2013	3.1	3.1
2014	2.9	6.1
2015	2.9	9.2
2016	3	12.4
2017	3.4	16.3

NJC workers are all facing harsh times keeping up with living costs that are far outstripping wage trends. Our members face real term pay cuts while energy prices soar. Table 16²⁴ shows the average price increases being forced on our members by the big six energy companies. These shocking increases range from between 8% to 11%. At the time of submitting this pay claim, energy firms are on the verge of announcing a new round of rises and both Centrica and Eon have warned that they are likely to be raising prices again before the end of the year. SSE customers will see an average 8.2% rise in gas and electricity prices from 15 November, affecting 4.4 million electricity customers and 2.9 million gas customers. SSE's average annual dual-fuel energy bill will rise by £106 to £1,380.²⁵ British Gas have also increased the price of gas by 8.4% and electricity by 10.4%.

²³ Low Pay Britain 2013, Whittaker and Hurrell, Resolution Foundation, September 2013

²⁴ <http://www.uswitch.com/gas-electricity/guides/gas-electricity-prices/>

²⁵ <http://www.bbc.co.uk/news/business-24465979>

Ofgem chief executive Alistair Buchanan warned in February that the UK is set to face substantial rises for years to come because restrictions on the UK's power production capacity will lead to more high price energy imports. The current average annual dual-fuel bill is £1,420. Bills have risen by an average of £300 over the past three years.²⁶

Retrospectively, the latest ONS statistics show household utility bills as one of the biggest contributors to inflation over the last year, with gas prices up by 8.5%, electricity by 8.1% and water by 4.5%. Household budgets, already stretched by high inflation and falling wage levels, are going to be put under further pressure in the coming year.

Table 16: Average increase in energy prices			
Energy supplier	Date effective	Average gas price increase (%)	Average electricity price increase (%)
E-on	18/1/2013	9.4	7.7
EDF Energy	07/12/2012	10.8	10.8
Scottish Power	6/12/2013	8.5	9
NPower	1/12/13	11.1	9.3
British Gas	23/11/2013	8.4	10.4
SSE	15/12/2013	8.2	8.2

The evidence of the increasing hardship local government workers are facing is brutally apparent from the sharp increase in applications to UNISON's own welfare charity "There for You". The charity offers one-off financial support to UNISON members facing financial difficulty and unable to cope.

Since 2011, UNISON's own charity offering grants to help members facing severe financial difficulty has seen the number of applications for winter fuel grants increase nearly six fold from its local government members. Local government workers suffering in-work poverty due to low wages and frozen pay are relying on their trade unions to supplement their low pay.

On top of hikes in energy prices, our members are facing increases in the cost of travel with rail fares jumping 3.6% and bus and coach fares soaring by 4.8% over the year to August 2013. The cost of food increased by an average 3.8%, rents by 6% and housing prices rose to a new record level - up by 3.8% - in the same year ending August 2013.

Inflation and the Low Paid

The most important price indicators for low paid workers relate to essential household goods and services. For the 1 million NJC workers currently earning less than the Chancellor's 'low pay' threshold of £21,000 and struggling to support themselves and their families, even a small percentage increase in the prices of these commodities can have a detrimental effect on their quality of life.

As if the inflation figures above were not bad enough, long term studies of the impact of inflation on different income groups show that those on low incomes suffer

²⁶ <http://www.thisismoney.co.uk/money/news/article-2445611/Letters-warning-10-energy-price-rises-expected-start-hitting-doormats-weeks.html?ito=feeds-newsxml>

disproportionately. The Institute of Fiscal Studies published a report²⁷ in 2011 which found that the greater tendency of low income households to spend a higher proportion of their income on fuel and water meant that, on average, lower income households had higher inflation rates than higher-income households. Over the ten year period studied, the group within the second lowest income decile experienced a 41% increase in prices while the highest income decile experienced a 33% increase.

NJC workers and their families on low incomes are increasingly worse off. The sustained pay freeze and the below inflation pay rise last year, combined with high inflation, have meant that the real value of our members' pay has fallen significantly. This fall, combined with loss of benefits as part of the Coalition's welfare 'reform' agenda, will force more NJC households into poverty unless action is taken to tackle the iniquity of poverty pay.

Chart 2 below shows that the cost of living for NJC workers will have grown by 16% by the close of 2017.

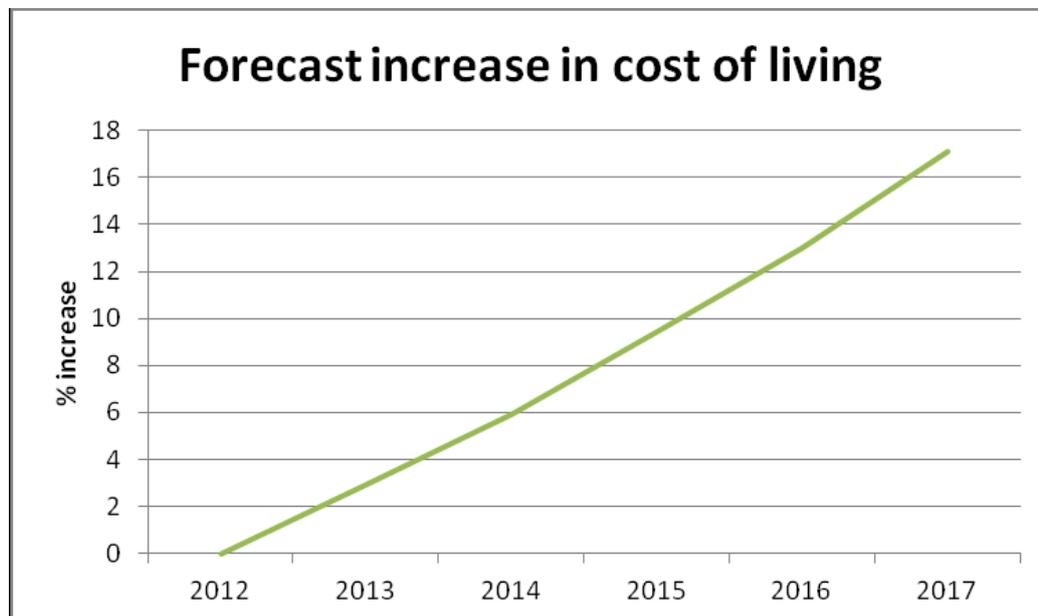


Chart 2: Forecast increase in cost of living

14. "A GENDER AGENDA" FOR LOCAL GOVERNMENT

"Public sector job cuts hammer women hardest. Rebalancing the economy on the back of sacked women in the public sector is utterly unacceptable to most Liberal Democrats" as it should be to our government as a whole.

*Lib Dem peer Lord Oakeshott
The Guardian, Monday 1 July 2013*

Seventy-six per cent of the NJC workforce are women. Over half of all local government jobs are part-time and over 90% of them are held by women. Since 2010, the number of women working in local government has fallen by 253,600, while the number of men has dropped by less than half that number – 104,700.²⁸ The sharp drop in women's jobs raises

²⁷ 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

²⁸ <http://www.theguardian.com/business/2013/jul/01/public-sector-austerity-measures-women>

questions over the net impact on women from the government's 'austerity' agenda and how it plans to account for the disproportionate effect. This disproportionate blow to female workers means women will be hit hard through lost wages, reduced state benefits for housing and childcare costs, and by undermining the services women rely upon. Paying the Living Wage with the same increase on all other spinal column points should form the core of a new "gender agenda" in local government.

On average, benefits make up twice as much of women's income than men's. To date, a total of £14.9 billion worth of cuts per year have been made to benefits, tax credits, pay and pensions, with 74% of this taken from women's incomes. The 2012 Budget also announced that a further £10 billion of welfare cuts will be made by 2016/17.²⁹ Women will feel the brunt of these cuts.

The Women's Budget Group released a report³⁰ this year detailing the extent of the economic losses women have suffered since the Coalition came into power and have called upon "both private sector and public sector employers (to) recognize a duty of care for their employees, paying them a living wage" in order to ensure a balanced and sustainable economic recovery that supports gender equality. Though not specifically assessed by RPI or CPI figures, childcare costs represent a key area of expenditure for many NJC staff. A report by the New Policy Institute³¹ into the impact of welfare reform on low paid local government workers completed in October 2013 shows that since 2010, some 4,000 low paid local government workers with children receiving the childcare element of tax credits now get less support with their childcare costs.³² At the same time, the 2013 Daycare Trust survey found that childminder and after-school club costs rose by over 6% in 2013, while the costs of a nursery place in England rose by 5.2% - on top of a 6% rise in 2012. The cost of nursery places are 77% higher now in real terms than they were in 2003.³³ Low paid women in local government face overwhelming financial pressures.

"A parent buying 50 hours of childcare per week for a child under two now faces an annual bill of nearly £11,000 per year or £14,000 per year in London."

*Daycare Trust and Family and Parenting Institute,
Childcare Costs Survey 2013.*

This means an NJC worker earning below the Living Wage on scp 10, has to work for a year just to cover her/his annual childcare costs. For those below scp 10, their annual childcare costs will exceed their annual earnings

²⁹ <http://www.fawcettsociety.org.uk/benefits/>

³⁰ [To ensure economic recovery for women we need plan F, The UK Women's Budget Group, September 2013.](#)

³¹ [The impact of welfare reforms on low paid local government workers, New Policy Institute, October 2013.](#)

³² [Ibid.](#)

³³ http://www.daycaretrust.org.uk/data/files/Research/costs_surveys/Childcare_Costs_Survey_2013.pdf

15. MONEY'S ALRIGHT TO MENTION

While the Local Government Employers are currently facing the toughest financial outlook for generations, it is obvious that there has been no longer-term planning or action on their part or by the Department for Communities and Local Government (DCLG) to stand up for a workforce tasked with the historically important job of delivering the essential public services that communities rely upon. Thanks to the Government's pursuit of austerity measures, councils find themselves in a very difficult position indeed – but choices do exist.

The local government pay bill has fallen for the last three years in real terms and is now 23.09% lower than in 2010. That represents a huge saving in pay, pensions and other 'on costs' across local government. In the last year alone, the gross pay bill, including additional pay, fell by 10%. Many councils also have unallocated reserves and though they do not provide a long term solution to the pay crisis, they have grown significantly in recent years – indeed by £2.6 billion to £19 billion in the last year alone. Councils have chosen to squirrel money away by boosting reserves, rather than pay a diminishing, overworked workforce the wages they deserve for delivering year on year efficiency savings and quality services in challenging times. School funding has been relatively protected compared to council funding, and while school budgets have not been inflation proofed, schools can afford to pay the Living Wage and more to the many school staff on NJC pay and conditions.

The NJC pay spine has also long been in need of a "clean up" to introduce more uniformity in the gaps between scale points. This technical exercise could absorb some of the cost of our pay claim. Councils also need to look at efficiencies by 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 or kept on poverty pay.

It is clear that the long-term decline in NJC pay and pay-related conditions demands recognition from the government that additional funding is needed to boost the lowest pay level to the Living Wage and to increase pay throughout the pay structure for all NJC workers. This is vital, not just to deal with the scandal of low pay, but to protect equal-pay proofed pay structures and valid differentials based on bona fide job evaluation exercises.

As we have shown in our claim, an increase in NJC workers' pay of £1 an hour would generate significant savings for the Treasury in benefits and tax credits and significant income from increased taxes and National Insurance contributions. There would be nothing to stop the Treasury funding our claim through the re-distribution of these savings to local authorities in the 2014 budget.

The NJC trade unions are calling on the Coalition government to put money where their mouths evidently are and use savings to pay all our members a minimum extra £1 an hour to achieve the Living Wage as the bottom pay rate in local government and restore lost earnings to all NJC employees

16. CONCLUSION

NJC workers in local government have seen an 18% drop in basic pay in real terms since 2010. This is a consequence of the Coalition government's pay freeze, failure to pay the promised £250 to the 1 million local government workers earning below £21,000 and the longer-term decline in NJC pay. On top of that, the Local Government Employers chose to impose an additional one-year freeze in 2010, before the rest of the public sector and have encouraged cuts to pay-related conditions at local authority level. The Government's 'austerity' programme has been targeted primarily at local government, which will see 40% of its budget cut by 2014. Some councils are facing cuts of 50%. School budgets have not been cut, but have not kept pace with inflation.

While the trade unions recognise the harsh treatment of local government by central government, we believe that our call for NJC workers' pay to increase by at least £1 an hour in 2014 can be met – and must be met. If it is not, our members' pay will decline even further in real and relative terms – and cease to bear comparison with other public sector groups, with whom councils compete for staff and who increasingly work alongside each other. Calls by politicians of all political hues for low pay to be tackled and for the Living Wage to become the lowest paid 'norm' must apply to NJC workers too.

While we are sympathetic to the attack on local government funding by central government, we believe our claim for £1 an hour on all scale points is just, modest and affordable. Councils have increased reserves by £2.6 billion in the last year – a sum which would pay for our claim, with some to spare. That was a political choice. An alternative would have been to end the scandal of low pay throughout the NJC pay structure. The pay bill has declined by over 23% in the last two years. We have demonstrated in our claim that the sums generated by ending the subsidy of low NJC pay through benefits and increased tax and national insurance revenue would allow the Treasury to increase the local government settlement and put its new-found money where its Ministers mouths clearly and rightly are - supporting an end to low pay and the Living Wage.

The scandal of NJC pay is also a tale of gender discrimination. More than two thirds of the NJC workforce are women and many work part-time on wages which are only two-thirds of equivalent full time workers. There is no support for childcare or eldercare and parental rights are the worst in the public sector. A predominantly female workforce is 'governed' by predominantly male Ministers and local councillors. This gender imbalance and its implications for decisions about pay and conditions needs to be carefully scrutinised. The trade unions want a new 'gender agenda' for NJC workers which recognises the real needs of the workforce.

Last year our members narrowly and reluctantly accepted the employers' 1% offer, with the deletion of scale point 4 in October. This year they are looking for some recognition of their low ranking in the public sector pay arena and the extra mile that they go each day to keep local government working in austerity. We look forward to negotiating over our claim with the Local Government Employers.
