



NJC PAY CLAIM 2010 – 11 (ENGLAND, WALES AND NORTHERN IRELAND)

STEWARDS' BRIEFING 2

26 February 2010

LOCAL POLITICAL CHOICES

On 5 February we wrote to every councilor in England, Wales and Northern Ireland to argue our case for a pay rise and ask for their support. Unsurprisingly, the majority who replied were in favour of a pay freeze (the majority of councillors are now Conservative - 9526 of them!) **However, about a third of the councillors who did respond expressed support for a pay increase.** In addition, we have now been made aware that the LGA Labour Group would favour an increase of up to 1% and that the Liberal Democrats' policy is for a maximum increase of £400 irrespective of starting salary. **WE NEED TO BUILD ON THIS SUPPORT and maximise pressure on the employers for a re-think.** All the replies have been forwarded to our respective Regional Offices where you will be able to access them.

In this briefing we will examine some of the councillor responses that try to justify a 'pay freeze'. **When councillors were in favour of a pay increase it is worth noting that many (mostly Labour) councillors were only in favour of an increase for the lower paid.** Many Liberal Democrat councillors repeated their national policy in reference to a £400 maximum pay increase in the public sector, irrespective of starting salary. **However,** the Liberal Democrats sided with the Conservatives on the LGA and supported the pay freeze – we are asking them why!!

1. *The Economy - We all have to 'Share the Burden' or 'Tighten our Belts' or 'Get in the Real World'*

Some Tory councilors' seem to think it's a privilege to be paid a pittance. We are at a fundamental point of difference if some of our elected representatives think that **'sharing the burden' means we all (should) suffer equally.**

When inflation runs at 3.7% (January RPI) it has a big impact on our low paid members – especially when it isn't offset by a pay rise. A wealthy banker who helped cause the crisis (receiving thousands more in bonuses and probably avoiding or trying to avoid income tax) will not have to question what they pay for basic essentials in the same way our lower paid members do.

Remember, the arrogance in which the employers are approaching the negotiations is summed up by their absence from the negotiating table. Table; they are not even prepared to talk, even after the sharp inflation rise in January.

We need to press the point that **instead of cuts to public services** which have greater impact on the vulnerable, **job losses, pay freezes and attacks on our pensions**, there are alternatives to save or raise revenue:

Within local authorities – we can shape **POLITICAL CHOICES...**

- Through the way **Council tax** is used and set – It has a big impact (especially in some smaller authorities') on a councils financial position
- Through highlighting the way low pay and redundancies impact on **local economies**
- Through highlighting the **loss of our members' goodwill and the impact of their worsening morale**. Let's just think about that for a moment – and put it into pounds and pence. The TUC estimates that £3.2 billion is added to the economy by 4 million public sector workers through working unpaid overtime every year. **How much longer will our members do more for less and less? – 'Offering' nothing will have a cost!!**

Within the wider economy – we can shape **POLITICAL CHOICES...**

- **For investment not cuts**. Many economists argue that we should still be investing in the economy to help aid its recovery – as true at the national as it is at the local level
- **For a more progressive taxation system and a maximum wage** – we are moving towards an even more unequal society
- **For a 'Robin Hood Tax'** – a small tax on the huge number of global financial transactions would raise billions
- **For a fight against tax avoidance** – fought with the same vigour all the major political party's pursue, or would like to pursue, benefit cheats

2. *Affordability - Falling Income - Rising Demand and a fear that government funding will reduce by as much as 20% over the next spending period.*

The 2010/11 local government settlement provided an additional £3billion in government grants. It not only includes average increases in Formula Grant of 2.65%, but also increases in general and specific grants of more than 4%. These are average figures. Some authorities received more, some less.

No one yet knows what the settlement figure will be in 2011 – a 20% reduction in overall funding is very pessimistic. We know, that on average, many authorities made allocation in their mid-term financial plan for a pay increase for over 2% in 2010/11. Where has the money gone to?

It is true to say that revenue from car parking and land charges has fallen. However, with low interest rates councils have been able to better service their debt. And **let's not forget that local authorities in England at 1st April 2009 had £3351 million in unallocated reserves** – an increase of £47million on 1st April 2008, according to the Office for National Statistics.

3. *The private sector is in a far worse state, they are accepting cuts and*

freezes...

Let's move away from the media myth that there are pay freezes everywhere in the private sector. Whilst a few journalists did receive a pay freeze in 2009 the broader reality was very different! **The private sector twelve-month average pay award fell from 3.5% at the end of 2008 to 1.9% in October 2009¹ – This was still much higher than the 1-1.25% local government workers received in 2009. We are 'sharing the burden' already!!** In the region of 15,000 redundancies have also been made over the last 15 months across councils in England, Wales and Northern Ireland

In addition, pay freezes were not the commonest form of pay settlement in 2009 – they accounted for about a third of settlements in the private sector. It is not surprising that *during* a recession the private sector suffers more than the public sector. We (at least in UNISON) are not in a race to the bottom. In the coming months, as the economy improves, private sector workplaces that reduced working hours will return to full time working. Again, it is hardly surprising that average earnings dropped in the private sector last year when we consider the fall in bonus payments which (rightly) took place in the financial sector.

It also very difficult to compare public and private sector wages - you in the public sector are generally far better qualified than those in the private sector **so you should be paid more and we should have the confidence to say so!** Many low paid public sector jobs have also been 'outsourced' to the private sector and many better paid banking jobs, after being nationalized, are now in the public sector.

4. *We need to protect jobs and the Council Tax payer – there is no public support for a pay rise...*

It is very clear we are in an election year. Are we naïve enough to believe that if we accept nothing for pay there will be no (more) redundancies? **The reverse is more likely to be true!! – If we show that we can't protect pay then we show we are weak at protecting jobs!!**

It is often the case that 'protecting the Council Tax payer' makes for a good **political sound bite** but delivers very little in practice. **We need to be asking councillors and local authorities just what the average saving per household is in relation to a council tax freeze or cut and comparing that reduction to the services which are being cut, the jobs which will be lost and the goodwill which is being lost through a pay freeze.**

5. *We (councillors) have not received an increase (on allowances) ... which implies that the work force should not receive an increase either?*

In the recent past we have seen the rise of the 'professional councillor' but in many cases the 'allowance' is not the primary means of paying the rent or feeding a family. UNISON has been alert to councillor allowance increases over the past few years which have risen above cost of living increases for the workforce.

¹ Bank of England - Structural Economic Analysis Division
<http://www.bankofengland.co.uk/publications/quarterlybulletin/qb090403.pdf>

We believe that councillors should be reimbursed fairly – especially those from poorer backgrounds where restrictive allowances would limit involvement with the democratic process. Every Councillor should see the TUC Touchstone blog which explodes, ‘Ten Myths about the Recession and Wages’: <http://www.touchstoneblog.org.uk/2010/02/ten-myths-about-the-recession-and-wages/>

6. *We should have local settlements to reflect local conditions...*

As trade unionists we need to resist any call for local bargaining. UNISON surveys have shown that authorities that have opted out of the NJC generally offer worse terms and conditions. We should not be fooled by arguments relating to local labour markets and the ‘necessity’ to pay ‘local rates relative to local (market) conditions’. We also need to protect local authorities from themselves. Do you think the average personnel function has the capacity/capability to engage in local pay bargaining?

Let’s not forget that the main trigger for the ‘credit crunch’ was the manner in which the American housing market exploited ‘sub-prime’ mortgage holders, it was the inevitable level of default which led to the crisis. **If we want to move to an even more unequal society then one means of doing so is through the breakup of national bargaining processes** - forget the mirage of weak financial regulation helping to cause the financial crises. The cause was **inequality** and greed.

7. *‘Unaffordable’ final salary pension schemes*

This is another race to the bottom. They would have been more affordable if some local authorities had not taken ‘pension holidays’! **The average ‘feather bedded’ final salary pension for a local government worker is around £4k a year** – not too much for years of dedicated service to the community.

See the TUC guide ‘Exploding Public Sector Pensions Myths’ to further challenge some of the many miss-conceptions:
<http://www.tuc.org.uk/extras/publicsectorpensions.pdf>

8. *You are not getting a pay cut – ‘many staff’ will receive incremental increases...*

There are also ‘many staff’ at the top of their grade who would receive no increase at all! This is a position we need to carefully avoid. Combining cost of living and incremental increases is common in the civil service and financial sector – within ‘total reward’, bonus and performance management schemes. In the recent past PCS colleagues have shown how this has produced downward pressure on wages.

We need to make the point that incremental increases are paid in reflection of an individual’s capacity (their developing skills and experience) to perform the job. It does nothing to help maintain the relative position of the role to other jobs in the labour market – paying only an increment will add to the gender pay gap as 75% of the work force in local government is female.

What you should do now?

- If you haven't lobbied your councillor or MP, do so now by using the arguments contained in the bulletin. We know that a significant number of councillors do not support the 'pay freeze' – we need to build on this support.
- Talk to members and non members about the 'non offer' and our response to it. Use the opportunity to recruit non-members.
- Use some of the arguments contained in the bulletin to issue a local press release which sets out our position
- Try and gather wider public support from service users and community groups.