

**“INVEST TO IMPROVE”
QUALITY TREATMENT FOR
QUALITY SERVICES**

**NJC TRADE UNION SIDE SUBMISSION TO
THE NJC LOCAL GOVERNMENT PAY
COMMISSION**

'These are talented people. Many of them could earn more elsewhere. But they choose public service and they deserve our respect.'

Tony Blair, January 2002

'Those who work in the public services perform a vital role, and deserve to be rewarded fairly. Pay systems must promote fair employment practice. They should support and encourage diversity of staff so that the public sector reflects the communities it serves. They should also ensure equal pay for equal jobs across the public sector.'

Treasury Spending Review 2002, HM Treasury

'A patient wanted to go home to die. No-one else was available to take over my role of setting up a care package.'

Social worker, explaining the need to work unpaid overtime

'She is so good. She does all the things I need. If I have any problem with bills, she arranges everything. She is my lifeline. I don't know what I would do without her.'

Client of home carer for 7 years

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CONCLUSIONS

Local government staff suffer from a culture of neglect, characterised by endemic recruitment and retention problems, low and unequal pay and high levels of demoralisation. The union submission provides detailed evidence of these and other problems besetting local government, including:

- ❖ An ageing workforce, with an average employee age of 46
 - ❖ High levels of casualisation
 - ❖ A dismal lack of investment in training and workforce development
 - ❖ Swathes of staff providing front-line services employed on privatised contracts, almost invariably on worse conditions and with less access to training
- **A fundamental review is needed of all aspects of local government pay and human resources practices.**

Local government has undergone a ‘permanent revolution’ for decades. Reorganisation, changes to the funding and local taxation regimes and, more recently, the adoption of market mechanisms and privatisation have been the chosen means to ‘modernise’ service provision. While our evidence suggests that the impact of these measures on the workforce and their pay and conditions have been largely negative, local government workers at the sharp end have continued to demonstrate high levels of commitment to service users and their employing local authorities. However there has been no commensurate increase in their pay, training or status and no reciprocal care and attention.

Our evidence on pay demonstrates that local government workers continue to fall behind and remain low paid compared to other parts of the public and private sectors. Absolute and relative low pay, coupled with a uniquely large gender pay gap, run contrary to Government policy and good practice elsewhere in the public sector. These problems are exacerbated by the high proportion of female workers in local government, many on part-time contracts at the bottom of the pay scale, along with term-time only and other flexible contracts which disadvantage already low paid workers. Union research indicates that low pay has long-term negative effects on pension provision, as well as the health and well-being of council workers and their families.

- **The trade unions believe that workers should be paid a ‘living wage’ which allows them to sustain an adequate living standard, without resort to in-work benefits. A local government minimum wage of £6.50 an hour would allow workers to meet this standard without dependence on Tax Credits, saving the Treasury money which could be channelled into workforce training and development in local government. Furthermore, raising the minimum wage in local government would require private contractors to increase their pay rates under the Best Value Code of Practice, benefiting both employees and the Treasury.**

Six years after the implementation date of the Single Status agreement, progress remains painfully slow. Although implementation of a single pay spine and harmonisation of conditions are fairly well advanced, and have provided a one-off boost for the lowest-paid workers, local government's record on pay is not impressive and substantial problems remain. Less than one in ten councils have implemented a new pay structure. The great majority of councils are nowhere near addressing extant pay or training inequalities.

- **Real progress is only likely to be effected by pump-priming of the exercise and clear direction from central government: here ambiguities over private financing and provision of public services also need to be addressed as these are clearly undermining the pay 'modernisation' and 'equalities' agenda. Failure to address pay inequalities in local government is likely to incur substantial costs in the form of litigation, staff shortages, and deterioration in productivity and industrial relations.**

The employers favour a weakened national pay structure and greater reliance on local pay determination. Union research indicates that this will lead to inconsistent pay policies, with resulting equal pay cases, and a range of human resources problems, including poaching of trained staff, unwieldy administrative systems and spiralling wage bills as councils bid for scarce staff. In addition, abandoning national pay structures could seriously damage the economies of deprived regions.

- **We believe that local government pay needs a thorough overhaul, with a new national strategy that ensures that national agreements are implemented locally in way that ensures consistency and equity. Only a national approach can ensure that equal pay considerations are taken into account.**

There is a lack of investment and unequal access to resources for training and workforce development for front-line staff.

- **We recommend that the Employers' Organisation reverse its recent decision to delete references to partnership working with unions, and adopt a policy which would facilitate the planning, developing and monitoring of training on the basis of equality of access to all and agreeing targets for nationally recognised qualifications**

The link between 'services' and 'staff' is obvious and unbreakable. Most local government services are so highly labour intensive that in reality our members ARE those services. While there is undoubtedly a need for major capital investment in buildings, IT hardware and equipment, the arguments for investment in staff are at least equally compelling, recent 'capacity building' initiatives are all focuses on managers and 'leaders'.

- **We are therefore calling for major investment in the local government workforce from central and local government to give our members and the public the quality treatment they deserve.**

Local government workers and local councils are essential in delivering on key planks of the Government's improvement agenda – community care, bed blocking, social inclusion, regeneration, school standards and under fives education among them.

- **Local government workers should be recognised and rewarded for the essential role they play in delivering central government policies and holding local communities together.**

The unions support strong local democracy. However, we believe that the lack of centralised human resource management and funding systems has led to a fragmented and laissez-faire approach to the treatment of staff. This is characterised by a voluntary, cost-driven approach to implementation of the Single Status agreement, uneven pay distribution for the same or similar jobs, an uncoordinated approach to workforce development and training and a lack of consensus over the road to improvement.

- **Consideration should be given to the development of more centralised, strategic human resources and staff training systems which meet the highest standards of equal opportunities and employment practices to support councils and national bargaining.**

As key local employers, the pay and staffing levels of local councils have a direct impact on the buoyancy of local economies and is central to local regeneration policies. Local councils' employment policies have a direct impact on other Government targets, such as eradicating child poverty and discrimination, creating social inclusion, beating the gender pay gap and enhancing the skill levels of the population.

- **Local authorities should operate as 'model employers', setting the standard for others locally and establishing important benchmarks in employment practices and pay and conditions.**

There is an urgent need for pay systems that motivate staff and lead to greater improvement. What is also needed is a significant raising of awareness of gender and race discrimination issues. Current workforce statistics collected by local government employers do not provide information needed to track ethnicity or link occupational trends to particular authorities.

- **Statistical data on pay and the workforce should be published in a standard format by all local authorities as a requirement. This would provide systematic data that could be tracked over time and would enable meaningful monitoring relating to a range of groups by gender, race, disability and by occupation and enable pay to be linked to such groups in a meaningful way.**

A serious manifestation of the culture of neglect surrounding the local government workforce is the extent of recruitment and retention problems affecting councils of all types across England and Wales. Our evidence shows that such are not constrained to London and areas south of Watford Gap, nor are they restricted to professional jobs. Research indicates that councils' responses to recruitment were ad hoc, reactive and short-term in nature, with councils merely coping with, rather than tackling, their staffing problems.

The failure of councils to effectively recruit and retain permanent staff is reflected in unacceptably high proportions of staff employed on casual and temporary contracts. Nearly a quarter of council workers are currently employed on temporary, agency and fixed-term contracts. Unfilled vacancies have contributed to spiralling workloads, resulting in very high

levels of unpaid overtime. Union research found 35% of council workers reported doing regular unpaid overtime.

- **Recruitment and retention of front-line staff is an area needing urgent and specific attention. A co-ordinated response is needed by both local and central governments to tackle recruitment and retention difficulties.**

RECOMMENDATIONS

CHAPTER 3 : RECRUITMENT AND RETENTION

- **ONS or another appropriate Government agency initiate a system for monitoring vacancy rates, turnover, use of agency and temporary staff and recruitment and retention problems by occupational group at the earliest opportunity**
- **That the relative costs of using agency staff are also collated and monitored**
- **The Audit Commission be asked to establish recruitment and retention problems as a routine part of its inspection of Best Value contracts and in carrying out Comprehensive Performance Assessments**
- **The Employers' Organisation and Regional Councils be given an explicit brief to regularly monitor vacancies, turnover and broader recruitment and retention problems for all key groups of staff**
- **That the information gathered is shared via the NJC and Provincial Councils with the Trade Union Sides, with a view to formulating effective responses**
- **That some more detailed work is undertaken in recruitment and retention 'hot spots' throughout NJC councils to identify in more detail the underlying causes, the impact on service delivery and possible remedies, paying particular attention to comparative pay rates, working patterns and cost of living**
- **A plan to assist councils in monitoring problems and developing strategic responses is put in place by the Employers' Organisation, together with good practice guidance in recruitment and retention strategies**
- **These should be based on a partnership approach, fully involving the trade unions**

CHAPTER 4 : PAY IN LOCAL GOVERNMENT

- **Pay and related rewards for local government staff should be brought in line with other public sector groups**
- **This should apply to recruitment and retention payments and other allowances as well as basic pay**

- The Green Book allows for labour market additions and other ‘flexible’ means of dealing with recruitment issues. There is no support within the trade unions for local bargaining
- Urgent action on equal pay is needed. This should be seen as a priority to establish an equality-proofed pay “floor” underpinning future pay initiatives
- A centrally driven approach to pay and grading reviews is needed, with funding made available
- Quick action needs to be taken on the position of part time workers. As an interim measure, guidance on equal pay and sex discrimination should be issued. Further research should be carried out over the next year and an action plan on equality devised.
- Term time workers should be the focus of a separate initiative to establish equality-proofed national conditions
- Research on black and ethnic minorities’ pay and conditions needs to be undertaken as a matter of urgency, in line with broader recommendations for workforce monitoring
- An action plan to deal with race discrimination in pay should be drawn up
- There should be Audit Commission performance indicators on: effective systems of workforce and pay data collection and monitoring; positive action pay strategies for dealing with race and sex discrimination

CHAPTER 5 : PAY AND REWARD SYSTEMS

- Part 3 conditions should be retained
- Unsocial hours payments should be considered for inclusion in Part 2 of the Green Book
- There should be an equality audit of any proposal to change or remove Part 3 conditions
- The pay spine should be examined and adjusted if necessary as an equality-proofing measure
- A review of the human resource capacity and its structure within councils is needed. This should be required as part of the “modernisation” requirements of Best Value and the Comprehensive Performance Assessment

CHAPTER 6 : SOME SOCIAL POLICY ISSUES SURROUNDING PAY

Recommendations on Tax Credits and the local government minimum wage

- The Pay Commission should undertake further investigation of the impact of Tax Credits on the pay and earnings potential of local government staff
- It should also examine the pay bill implications of them, with a view to establishing where the burden of future pay increases in local government will fall
- The Pay Commission submit evidence on this matter to the ODPM/LGA Review of the Balance of Funding in local government
- Careful examination of the impact of Pension Credits on the pension outcomes of local government staff in the Local Government Pension Scheme, subsequent to the findings of the New Policy Institute's submission¹

CHAPTER 7 : SINGLE STATUS – THE LONG WAIT

- The Government and the LGA should identify funds required to carry out pay and grading reviews across all local authorities who have yet to implement them
- Additional funds should also be allocated to ensure that the training elements of the Green Book are also implemented, in line with current service delivery and workforce development objectives
- A national strategy is required to ensure that national agreements are implemented locally in a way that ensures consistency and equity
- Councils should receive more support with implementation
- Trade unions at local level should receive adequate facility time to enable them to fully participate in the pay and grading review process

CHAPTER 8 : THE QUEST FOR EQUAL PAY

- Eliminating pay discrimination in local government should be made a Government and LGA priority
- The Government should require all councils who have not carried out pay and grading reviews to carry out pay audits by the end of 2004 and publish the results, together with action plans to eliminate pay inequality within the Single Status framework
- The LGA and the Employers' Side should draw up an action plan based on the pay audits with a clear deadline for implementation
- Audit Commission Best Value Performance Indicators should be drawn up for carrying out equal pay audits, Single Status implementation and narrowing the gender pay gap

¹ 'All Credit to You', UNISON 2003

- There should be annual statistics produced covering workforce and pay issues, by gender and race, working hours, occupation, basic pay, pay additions, pay related benefits

CHAPTER 9 : BARGAINING ARRANGEMENTS

- The NJC should continue as a safeguard for a framework of nationally determined pay and conditions, but the Pay Commission may wish to explore how it might be made more effective
- The gender and race composition should be carefully scrutinised and recommendations made about this matter
- The strategic role of the NJC and the Employers' Organisation needs to be enhanced to ensure an effective national 'driver' on pay and NJC issues and to overcome the current fragmented approach to human resource management

CHAPTER 1

INTRODUCTION

Background to our submission

UNISON, GMB and T&G are pleased to make this joint submission to the NJC Pay Commission for Local Government Services. Between us we represent the majority of the 1.5 million staff employed by councils, from the Chief Executive to the quarter of a million members employed on the bottom two pay points. All of them provide vital council services, supporting local people from the cradle to the grave. We hope that our evidence will result in a new recognition for the work they do under difficult circumstances, with inadequate rewards.

The dispute and industrial action over pay in 2002 brought the residual and widespread discontent amongst local government staff over pay and conditions to a head. It was the first ever national action covering all groups of council workers and the first national action since the APT and C strike of 1989. It brought to a sympathetic public's attention the scale of low pay for high skill levels which we believe to be a key characteristic of council employment.

The ACAS settlement, including the establishment of the Pay Commission, was accepted by the majority of our members. They did so with the serious expectation that the roots of their discontent would be subject to detailed investigation and subsequent action in negotiations over pay in 2004 and thereafter. There is a further expectation that wider measures will be put in place to tackle the gender pay gap, training and development opportunities and staff shortages. Many of those on scale points 6 and 7 who did not benefit from the additional increases are women in highly skilled jobs and highly inadequate pay.

We cannot therefore emphasise enough the crucial nature of the current work of the Pay Commission. We hope it will lay a new foundation for the future pay, conditions and career prospects of council staff, which are currently tainted by a culture of neglect. Poverty, inequality, endemic recruitment and retention problems, low morale, high stress and casualisation prevail.

Without a new approach to the treatment of employees and significant investment in capacity building at all levels, there will remain clear limits to the ability of councils to improve their performance and growing demoralisation and discontent among our members. Neither is in the interest of councils or the communities we serve.

Getting the best for the public....

Delivering the best for local communities is of central concern to us as trade unions. Our objectives and influence extend far beyond the workplace. One million members have lots of friends and family members! We are engaged in all areas of civic society. Our involvement in the wider social and political life of England, Wales and Northern Ireland makes us central to building the 'social capital' which Government sees as the bedrock of social inclusion. As public service unions we want the best for local people – many of whom are our members.

.... but not without well treated staff

Endemic low pay levels, gender inequality and under-investment in workforce development and training not only cause undoubted hardship and demoralisation for our members. They are an affront to social justice and the Government's own recognition that 'a well paid, well trained and well motivated workforce' is essential to the step change in service delivery we all desire. The deep-rooted neglect of local government workers threatens to undermine central and local government's aims to improve services and reinvigorate local democracy.

Local councils generally employ around 15% of the population within their areas. Traditionally local councils offered relatively low pay levels but adopted good employment practices and offered reasonable job security often setting the standards for other local employers. Their pay and staffing levels have a direct impact on the buoyancy of local economies and are themselves key as employers, as well as policy makers, to the regeneration which is an important plank of Government policy.

How councils behave towards their staff has a direct knock-on effect on other aspects of the Government's agenda too: eradicating child poverty and discrimination, creating social inclusion, beating the gender pay gap and enhancing the skill levels of the population are all objectives which local government can - and should - be key to attaining.

Too much localism?

All three unions strongly support our system of local government and wish to see local democracy strengthened. We see ourselves as its champions. But there is undoubtedly a sense in which our members have also become its unwitting 'victims' over the years. Local government staff are not viewed as a national workforce or sector, contributing to central as well as local political priorities. Despite increased centralisation of finance, standards, targets and performance management, central Government takes no responsibility for our members or the human resource management and funding which could - and should - underpin its improvement agenda. This has led to a fragmented and laissez-faire approach to the treatment of staff, characterised by a voluntary, cost-driven approach to implementation of the Single Status agreement, uneven pay distribution for the same or similar jobs, an uncoordinated approach to workforce development and training and a lack of consensus over the road to improvement.

At a local level, new political structures have not helped. The creation of the executive and scrutiny split within councils has had major effects. The first is to see the political responsibility for HR management regularly downgraded and not within the ambit of the local executive. This undermines the potential for dialogue between trade unions and elected members and also pushes personnel staff and issues further down the officer hierarchy. Secondly, the 'professionalisation' of some councillors has led to significantly increased allowances for many - as we reported in our 2002/3 pay claim. With rises far higher than those enjoyed by our members, demoralisation amongst them has been inevitable.

Pressure on all sides

This lack of coherence is underpinned and compounded by pressures arising from the current funding of local government and central Government's improvement agenda, which we outline later in our submission. Councils remain strapped for cash, particularly for social services. Almost two thirds of their funding derives from central Government grant, which has increasingly been ring-fenced. Challenge funding has become a regular feature of council finance, undermining the ability to plan for the long term. At the same time local authorities are charged with delivering annual 2% 'efficiency savings' under Best Value.

Best Value

Lack of finance is coupled with a new performance management regime which has evolved in local government over the last two decades and which has its roots in New Public Management. Councils in England and Northern Ireland are now required to subject all services to Best Value challenge and competition and seek private investment and 'partnership' for infrastructure and services. Those in Wales have to follow the Wales Improvement Plan. At the same time they are subject to Comprehensive Performance Assessment and inspection, targets and a myriad of performance indicators. This latest round of 'modernisation' in local government follows more than a decade of Compulsory Competitive Tendering (CCT), reorganisation and budget cuts under previous Conservative governments.

These 'decades of change' are outlined in more detail later in our submission. Local government workers have been 'squeezed' between severe financial constraints, privatisation and increasingly stringent and pervasive performance management measures. This pressure on local government has resulted in the Local Government Association and local council employers calling for investment in 'services' not 'pay' or 'staff' - a dichotomy the trade unions see as false and unhelpful.

Our members – the 'poor relations'

As trade unions we believe that local government workers have become the poor relations of the public services, a sorry state reflected in the lack of investment in their pay, related conditions and access to development and training. This has to change, not simply on the grounds of social justice and equity. There is a strong case for that alone, as we believe our evidence on low pay throughout the sector and the gender pay gap highlights. However, if local councils are to become community leaders, devising strategic plans for the improvement of their areas, a halt has to be called to the casualisation, demoralisation and turnover of staff which our evidence demonstrates.

While local government staff continue to show high levels of commitment to their work and those they work with, morale is low and stress levels are high. This is demonstrated in surveys carried out by NOP for UNISON in 2000, 2001 and 2002, covering 10,000 members each year. The latest survey, with responses from 4425 members, produced the following results:

- 58% felt that they were not well paid for the jobs they do
- 75% of nursery nurses and classroom assistants felt this way

- Over 35% of respondents said that staffing had decreased and use of temporary workers increased in the last year
- 69% said that stress levels had risen in that time
- 57% claimed that morale had worsened
- 45% would not recommend their job to others
- 68% had considered leaving, 37% seriously
- Over 40 % were actively looking for another job
- 'Feeling undervalued', dissatisfaction with pay and resources to do the job and lack of promotion prospects were the main reasons for wanting to leave
- However, 59% were still committed to and enjoyed their jobs
- 72% said that 'Greater recognition of staff input' would most help them to improve services
- 85% thought that staff in their workplace were not resistant to change

Taken with the very similar findings of the previous two years surveys, these findings depict a workforce caught in a downward spiral of morale and satisfaction with their pay, conditions and treatment by managers.

Casual staff neglected

The neglect of local government staff is not reflected across the public sector. It rests in stark contrast to the laudable investment in Agenda for Change and the NHS University, with the action taken to reduce teachers' workloads and ongoing efforts to improve the lot of staff in the Civil Service and the Police. At the same time, the growth in private service sector jobs has expanded, with supermarkets and call centres providing an alternative source of local employment for many local government workers. It is little wonder that many of our members are voting with their feet and going to work in these less stressful but better paid and more family friendly jobs elsewhere.

Widespread and growing recruitment and retention problems, from the north to the south, across all groups of staff, are the starkest symptom of the malaise which bedevils local government. Our evidence highlights the deleterious impact that staff shortages are having, both on services, the cost of providing them and staff. While at their most acute in social care and some other professional groups such as planning, building control and environmental health, it is clear from our evidence that local authorities around England, Wales and Northern Ireland are beginning to experience difficulties attracting and keeping cleaners, cooks and clerical and admin staff too. This is as true in buoyant local economies around Sheffield, Manchester and Newcastle as it is in 'hot spots' south of Watford Gap.

Exorbitant house prices and the high cost of living in London and the southern regions of England have exerted particular pressure on our members trying to live and work in those areas. A noticeable feature of the Government and public sector employers' response to recruitment and retention problems and the high cost of living has been its unevenness. As we document later, NHS, police and teaching staff have received a range of 'golden hellos', help with transport, housing and childcare at a level of which local government workers can only dream. As a consequence, we have been forced to engage in prolonged industrial action over London Weighting, while other public services have rightly, but voluntarily, received the support they deserve.

Women in the workforce

UNISON, GMB and T&G believe that the task facing the Pay Commission is therefore a very challenging one. This is made more so by the major issues arising from a key characteristic of the workforce – its gender composition. 76% of all local government staff are women, 90% in some occupations. These include cleaning, catering, home care, care assistant, school meals, teaching assistant and some admin and clerical jobs.

Over half the workforce work part-time, most segregated in the lowest paid jobs at the bottom of the pay structure. The gender pay gap in local government is a startling 35%, with little progress in implementation of Single Status pay and grading reviews to tackle this deep-rooted inequality. Once seen as an exemplary employer in terms of equality, maternity leave and family-friendly working, local government has fallen behind other competing areas of the economy, such as parts of the retail sector – where pay is generally higher, shift patterns less hostile and emotional demands lower.

In the late 1980s, local authorities were in the forefront of introducing flexible working policies such as flexi-time and job-share schemes, in order to deal with the recruitment and retention difficulties which arose during the Lawson boom. At the beginning of the 21st century the options for flexible working arrangements have become broader and more sophisticated. What are now called work-life balance policies offer the potential to produce win-wins not only in terms of the employees optimising their working patterns and employers being able to recruit and retain, but also the ability to deliver improved services in new ways which better meet the needs of communities. It was with this in mind that the NJC set up a joint working party to research and produce a publication on work-life balance policies for local government aimed at moving the agenda forward through case studies and practical implementation advice.² It is disappointing, therefore, that we are aware of very little local activity which is picking up on the guidance. There is a complacency among many local authorities that the policies they introduced in the 1980s mean they do not have to do any more, while others lack the HR capacity to engage with this agenda. Furthermore, there are some worrying indications that as statutory provisions for paternity, parental and adoption leave, and for requesting flexible working come into play, some local authorities are levelling down to the statutory minimum and eroding more comprehensive provisions under existing policies.

Close the gender pay gap

² 'Finding the balance: work-life policies in practice', NJC for Local Government Services 2001

Post-war local government services have developed on the backs of undervalued and underpaid women workers whose goodwill keeps schools and caring services functioning. The assumption that they are a constant, 'captive' local labour force, not sufficiently skilled for work in other sectors and occupations, is now being strongly challenged. Women with white-collar experience before having children are leaving for office work and call centres. Others see the retail sector as a better paid, less stressful and more family-friendly option.

Local authorities are now universally vulnerable to expensive and damaging equal pay claims. As trade unions we have sought alternative solutions to the gender pay gap, preferring to negotiate and tackle them through Single Status. This has not worked, as our evidence demonstrates. We therefore hope that the Pay Commission will make recommendations to tackle this problem before we are forced down the costly litigation route.

Indices of neglect

Aside from endemic recruitment and retention problems, low and unequal pay and high levels of demoralisation, there are other factors which complete the 'portrait of neglect' we have depicted. They are:

- An ageing workforce, with an average employee age of 46
- Failure to attract young people
- High levels of casualisation, with 11.4% of the workforce on temporary contracts, 7.4% on fixed term arrangements and a further 3.7% on a combination of agency, casual and other temporary contracts according to Employers' Side figures for 2002
- A dismal lack of investment in training and workforce development, with only £159 spent on 1.5 days training each year. A mere 9% of this is spent on NVQ's and training for front-line staff
- Swathes of staff providing front-line services employed on privatised contracts, almost invariably on worse conditions and with less access to training

Services and staff go hand in hand

UNISON, GMB and T&G consider the link between 'services' and 'staff' to be obvious and unbreakable. We are therefore calling for major investment in the local government workforce from central and local government to give our members and the public the quality treatment they deserve.

Most local government services are so highly labour intensive that in reality our members ARE those services. They are on the front line, the public face of local government, the people who make a difference. So while there is undoubtedly a need for major capital investment in buildings, IT hardware and equipment, the arguments for investment in staff are at least equally compelling. It is this lack of recognition of the crucial role our members play in delivering local services which underpins local government's growing lack of appeal as an employer.

Lack of recognition is most clearly demonstrated by the public silence from central Government over the crucial role our members play in holding communities together and the decisive influence which councils can exert over their well-being. It is rare indeed to hear praise being given to our members or local councils, while increased finance and attention is given to nurses, police and teachers. Yet local government workers are also charged with delivering on key planks of the Government's improvement agenda – community care, bed blocking, social inclusion, regeneration, school standards and under fives education among them.

As trade unions we believe that there is a residual reluctance on the part of Government and the employers to accept that our members are not adequately rewarded or recognised for the valuable work they do. At the same time they claim to want pay systems that motivate staff and lead to greater improvement. Neither can be achieved while the cracks remain so thinly papered over. What is required is a major culture change to underpin more effective bargaining and pay systems, not to mention elected members and senior managers representative of the local and national electorate.

What is also needed is a significant raising of awareness of gender and race discrimination issues and, above all, funding to provide a decent pay and conditions baseline from which to launch further improvements in service delivery. The size of the workforce and the funding needed to rectify long-term neglect and existing discrimination are no doubt off-putting factors. But we believe there are no more short cuts to be made if the Government and Employers' Side are serious about putting communities first.

We believe that the Trade Union Side evidence makes the clear case for Government and local authorities to 'invest to improve' through a new commitment to council staff and the vital work they do. We hope to have a further opportunity to outline our case through oral evidence to the Commission.

CHAPTER 2 : 'PERMANENT REVOLUTION' IN LOCAL GOVERNMENT

We have called our submission 'invest to improve – quality treatment for quality services'. The local government workforce desperately needs that investment because of years of neglect.

The roots of that neglect run deep and have some of their origins in the 'permanent revolution' which local government has undergone for decades. Reorganisation, changes to the funding and local taxation regimes and, more recently, the adoption of market mechanisms and privatisation by Conservative and Labour governments have been the chosen means to 'modernise' service provision.

While the evidence suggests that the impact of these measures on the workforce and their pay and conditions have been largely negative, local government workers have continued to demonstrate high levels of commitment to service users and their employing local authorities. Far from avoiding measures to modernise services, they have been required to subject these services they provide to market testing, compulsory competitive tendering, PFI and Best Value. They have been inspected and tested and subjected to performance indicators and the Comprehensive Performance Assessment.

At the same time, recent Government policy has led to changes in the nature of the work which many of our members provide. Key examples of this are home care and teaching assistant jobs. As a result of policies to promote community care – which in principle we support – and pressures to privatise - which we don't -, directly provided local authority home care work has been transformed into provision of skilled personal and basic nursing care, rather than a 'shopping and cleaning' service, which is frequently externalised.

Most of our members welcome their extended roles and show enormous commitment and dedication to their clients. However, there has been no commensurate increase in their pay, training or status. Pressure to privatise and cut staffing costs exerted by joint Social Services and Best Value inspectorates has put downward pressure on already-low wages in high performing services. The internal market with its care 'commissioners' allows our members no role in devising care plans or adapting them to clients' needs. They continue to be treated as unskilled manual workers, with no professional expertise or know-how, despite new Government care standards to meet and inspectors to please.

The importance of the work carried out by teaching assistants has recently been recognised by the Government in its 'Raising Standards and Tackling Workload' agreement with the education unions³. This recognises the core contribution our members make in supporting literacy and numeracy strategies in schools and working with families and children to support the Government's objective to combat social exclusion and truancy. Over 95% of teaching assistants, school secretaries, nursery nurses, cooks and school meals workers are women - all contributing as part of the school team to children's education. And all low paid.

³ 'Raising Standards and Tackling Workload', DfES 2003

This is perpetuated by the failure of most councils to carry out Single Status pay and grading reviews. Even when they do, high job evaluation scores and commensurate grading for both groups are sometimes 'massaged down' in order to contain costs and 'turbulence' engendered by a justified, but significant, improvement in the pay and grading of staff once considered to be domestic or unskilled support workers.

Reorganisation

Local government reorganisation has been a constant feature of recent decades. In 1972 the Redcliffe-Maud reorganisation of local government created district and metropolitan councils and abolished the shires. In 1986 the Thatcher government did away with the GLC and six metropolitan counties, a move followed by the formation of unitary authorities in 1995. The latter engendered major upheaval, some of which has yet to be resolved. Staff continue to this day to work alongside each other in unitary councils on different terms and conditions, with the same job titles but with different responsibilities and workloads. The current possibility of regional government poses a further likelihood of reorganisation, with county councils likely to be subsumed within the new tier of administration.

Fragmentation

On top of the turmoil of constant reorganisation has been the fragmentation of local government. This has taken a number of forms, involving separation of legal and financial control and management from local government. At its most potent, the desire to minimise the power and role of elected local councils was expressed in the call for 'enabling' authorities in which councils would no longer be providers, but commissioners, of services. The 1991 Consultation Paper on Local Government said:

'Local authorities are undergoing a fundamental transition from being the main providers of services to having the responsibility for securing their provision. The task of setting standards, specifying the work to be done and monitoring performance is better done if it is fully separated from the job of providing services.'

The 'enabling' authority concept has been replaced by the 'new localism', currently proposed by the New Local Government Network and others. Although less directly wedded to the notion of councillors as contractors rather than providers of services, the concept suggests a similar role. It stands in direct contradiction to central Government standards and the new duty on councils to secure the 'economic, social and environmental wellbeing' of their areas and draw up Community Strategies to ensure partnership working across public service and public/private boundaries in pursuit of this end.

There has also been a continuous process of removing key services from local authority control. Early moves to minimise councils' powers and influence included measures which saw polytechnics and further education colleges 'incorporated' in 1989 and 1992 respectively, with responsibility for funding transferred to the Higher Education and Further Education funding Councils. The break-up of councils continued in 1990 with the Environmental Protection Act, which required them to turn municipal waste disposal operations into arms length commercial operations called Local Authority Waste Disposal Companies.

The disposal of council housing stock through the 'right to buy' scheme and transfer of stock to housing associations began in the 1980's, starting a trend which continues today in the requirement of the current government on councils to transfer housing stock to housing associations, Arms Length Management Companies or PFI schemes by 2005, in pursuit of improvement by 2010. Other recent examples of the fragmentation of local government include the direct funding of schools and the transfer of inspection services out of local government into national agencies (OFSTED and NCSC). This has regularly created uncertainty about our members' employment status, led schools to opt out of Single Status and made staffing levels more sensitive to budget fluctuations.

Local government finance

Since 1989/90 - the last year of domestic rates - local government has seen a shift from local to central funding. In 1989/90, 58% of all council expenditure in England was financed from local sources, made up of 29% of domestic and 29% of non-domestic rates. The introduction of the poll tax, followed by the present council tax system, has coincided with a shift to 75% central funding. This in turn has been accompanied by increasing central government control over council expenditure. Between 2000 and 2001 the amount available to councils through grants rose by 16.5%, while general revenue support funding fell by 2.3%. Other additional funding streams have been dependent on bidding or specification of particular projects. Consequently councils have had little scope for innovation in use of staff or service delivery. Local Public Service Agreements also open the way to additional funds, but are also time-consuming to negotiate and target driven.

The loss of local flexibility in funding has been accompanied by decades of underfunding, alleviated only slightly by recent above-inflation awards. This has generally meant that cost-saving imperatives have come before quality of service or employment. The 1996 English House Conditions Survey calculated that £19 billion alone was required to bring council housing up to a decent standard. This year the gap between budget requirements determined by local authorities and Total Standard Spending - the Government's view of what councils need - reached the all time high of £4,679 billion. This compares with £1.7 billion in 1997/8. At the same time vacancy rates for social workers are running at 40% in some local authorities and schools are planning redundancies because of funding difficulties.

Privatisation

Privatisation has been central to new approaches to service delivery adopted by Conservative governments from 1979 - 1997 and Labour governments since. Recently viewed by New Labour as central to 'modernisation' it has been a policy which has impacted dramatically on staffing levels and staff themselves, not least in pay, pay related conditions and morale. The message that 'private is best' which has emanated from New Labour since 1997 had proved to be a source of demoralisation for our members and a faith unfounded in fact in many well documented instances.

Compulsory Competitive Tendering (CCT)

Compulsory Competitive Tendering (CCT) was first introduced for construction, maintenance and highways work under the Local Government Planning and Land Act in 1980. Local authorities were barred from carrying out the 'defined activities' themselves

unless work had first gone out to tender and been won under open competition as the lowest cost bid. CCT was extended to other manual services such as building cleaning, catering, refuse collection and grounds maintenance under the Local Government Act 1988. Sports and leisure and further manual activities were added under new legislation in 1989 and 1994. A percentage of professional functions were timetabled to be subject to CCT from 1994 on, although few were actually externalised. Enforced privatisation of residential care and home care provision further added to the fragmentation of councils up to 1997.

Over 70% of local government contracts under CCT were won by councils themselves, however Direct Service Organisations lost considerable market share and councils became the sites of internal market mechanisms and separate DSO accounting procedures which led to internal fragmentation and widely regarded unhelpful 'purchaser/provider' splits. A noticeable feature of CCT were the provisions which made it unlawful for councils to take 'workforce matters' into account in the procurement process. This allowed contractors to treat them as they wished, with the consequences we outline below. Only in Northern Ireland is there positive equality legislation which requires councils to carry out equality impact assessments of procurement.

Best Value

The 1997 Labour Government was elected to power on a promise to abolish CCT. In November 1997 new regulations amended - though did not abolish - the CCT regime and gave birth to Best Value. The Local Government Act 1999 places a duty on local authorities to secure 'economy, effectiveness and efficiency' in service delivery; secure a balance between cost and quality and subject services to a four-stage process as follows:

Challenge - why and how a service is being provided

Compare - performance with others, including the private and voluntary sectors

Consult - service users, local taxpayers and the business community to seek their views on service delivery options and quality

Compete - with the private and voluntary sectors to secure diversity in provision and 'efficiency'

The Best Value legislation also requires councils to 'make markets' where there are none, to ensure private sector involvement. Best Value Inspectorate reports frequently exhort councils to market test or privatise all or part of a service, even where performance is good. UNISON's monitoring of home care inspections also highlighted the tendency for inspectors to also call for staff costs to be cut, even where an excellent service was being provided. The regime is monitored and inspected by the District Auditor at local level and the Best Value and specialist inspectorates, on a joint basis in the case of social services, education and housing.

The duty to consult is only belatedly being extended to the workforce under the local government bill. This omission has meant that most authorities have conducted Best Value Reviews without drawing on the unique experience and insight of the staff working at the front-line. A joint report commissioned by the three unions in conjunction with APSE,

LGIU, the Employers' Organisation and IDeA found that, while 80% of authorities had some form of employee or trade union involvement in Best Value at corporate level, this fell to 40% at departmental level and only 30% at front-line service level.⁴

Best Value Performance Indicators test compliance with core national performance measures, including the percentage of senior management posts held by women, minority ethnic community staff as a percentage of the workforce, those declaring that they meet the Disability Discrimination Act definition of disabled as a percentage of the workforce and action to comply with the Commission for Racial Equality's Standard on Race Equality.

Best Value has now been encompassed within the provisions of the Comprehensive Performance Assessment, which looks at authorities' performance in the light of inspections, self-assessment, performance indicator scores and corporate 'health'. Councils are put into one of five categories - poor, weak, fair, good or excellent, with county councils currently emerging as the best performers. The Secretary of State has powers to intervene in 'failing' councils and invite external providers to run services. Extra freedom to borrow within the Government's 'prudential framework' and engage in limited trading are only conferred on high performers.

PFI, Public Private Partnerships and Strategic Partnerships

In the last twenty years local authorities have been increasingly denied borrowing powers to invest directly in service improvement and renewal of buildings, equipment and council housing. Instead they have been increasingly directed down the Private Finance Initiative route, which usually engages the private sector in the design, building, financing and operating of projects. Public Private Partnerships and Strategic Partnerships, which involve the outsourcing of a number of core council services, are often PFI by another name. As with other forms of outsourcing, PFI and PPP's remove council services from democratic control and often result in loss of public assets to private consortia at the end of lengthy contracts.

DECADES OF CHANGE – THE IMPACT ON LOCAL AUTHORITY STAFF

Reorganisation, financial constraints, fragmentation and privatisation have all required our members to provide services under increasing pressure and with decreasing security and morale.

The emphasis on competition and the 'private is best' approach to service delivery has combined with financial strictures, the requirement to deliver 2% annual efficiency savings required by Best Value and the cost-driven approach often demanded by Audit Commission inspectors, to put significant downward pressure on pay, conditions and staffing levels for directly employed and privatised staff. This is particularly true in services where there is an available 'market' option such as catering, cleaning and care jobs - mostly 'women's work'.

There is a growing body of evidence which demonstrates:

⁴ 'Working together for Best Value', Centre for Public Services, December 2000

- general casualisation of local government employment. The Labour Force Survey show that between 1984 and 1994, there was a 66% increase in the use of temporary staff in the public sector
- the erosion of pay and conditions of large groups of our members directly employed by councils
- even lower rates of pay and poorer conditions in the private contracted sector
- the emergence of the 'two-tier' or multi-tier workforce following privatisation

The two-tier workforce has seen new starters on privatised contracts receiving worse pay, pensions and other conditions than TUPE transferred staff, even though TUPE transferees themselves are often subject to detrimental changes to pay and conditions post-transfer. All of the trends above undoubtedly impact on the ability of councils to recruit and retain staff - a subject explored in some detail later in our submission - and the quality of service provided. Privatisation has infected the employment culture and undermined 'model employer' standards.

Job loss

Despite recent slight increases in public sector employment, Employers' Organisation figures show a decline of 25% in overall local government employment, including teachers and the fire service, over the last twenty years. Staff employed in all other services than education and social services have decreased as a result of fragmentation, the creation of agencies and privatisation. It is estimated⁵ that 21 % of jobs in defined manual activities were lost in the first few years of CCT, with over half of all DSO's reducing their workforces.

In addition to the effect on staff, poor pay and training provision, developments such as the two-tier workforce have a deleterious effect on the quality of service. Low pay and reduced service levels undermine the ability of local authorities to secure the economic, social and environmental well-being of their areas.

⁵ Escott and Whitfield, The Gender Impact of CCT in Local Government, 1995, EOC

Pay and conditions hit - worse for women

'There is an unacknowledged contradiction in public policy in seeking women's employment equality through anti-discrimination legislation, guidance and exhortation, while simultaneously undermining this goal in other areas of economic, legal and social policy.'

(Dickens, 'Public Sector Competitive Tendering: The Missing Equality Dimension', Industrial Law Journal, Volume 26/2, 1997)

CCT, Best Value and all forms of privatisation have hit our members hard. One of the principle effects took the form of cuts and changes to working hours, particularly for part-time workers. Real pay cuts accompanied the start of CCT between 1980 and 1985.

Women have been particularly badly hit by privatisation in its many guises. Two studies into the impact of CCT⁶ showed that under CCT they lost jobs and suffered cuts to basic, retainer and holiday pay at twice the rate of men, who sometimes found their bonus pay increasing as a means to raise productivity. Part time jobs were cut by 22%.

More recently, the two-tier workforce within private contracts has been identified and documented⁷. Although the Government has now issued a Code of Practice which requires contractors to pay 'no less favourable' terms and conditions and provide a pension with a 6% employer contribution, existing new staff have been shown to face worse basic pay, significantly poorer sick pay and holiday pay and rarely have access to a pension scheme. As for transferred staff, the TUPE Regulations have proved to be less than effective at protecting pay and conditions post-transfer and, in any case, are still not always applied.

Local studies provide the evidence

Three case studies⁸ were recently commissioned by UNISON to examine the impact of low pay and contracting out on selected groups of staff in three local authorities: Brighton and Hove, Tower Hamlets and Rotherham. The work was undertaken by academic researchers, working closely with local branches. The aim of the research was to get a detailed picture of how the contracting out of council services was effecting service provision and the working conditions of remaining in-house staff and new starters.

Brighton and Hove

As a result of the Best Value review of Brighton & Hove Home Care Services in 1999, the in-house service has been drastically reduced and service users transferred to the independent sector. The role of home carers has changed to that of Home Care Support Worker offering 7 days per week, 24 hour cover, dealing with hospital admissions and discharge and more acute complex care needs, rather than the more 'domestic' service previously provided. Linked to the recommendation of the Best Value review, was a savings

⁶ EOC 'The Gender Impact of CCT', 1995 and EOC Northern Ireland Study, also 1995

⁷ 'Contracting Out and the Two Tier Workforce', UNISON 2001

⁸ 'Love the Work, Hate the Job' Dr Peter Ambrose, University of Brighton, 2003; 'On the Front Line of Care', Jane Wills, Queen Mary College, University of London, 2003; 'Dirty Work', Centre for Public Services/IMPACT, 2003

target of 1 million pounds for the in-house home care service over the 3 year period 2001 – 2004.

Voluntary redundancies were offered to all existing 160 home carers and approximately 80 plus accepted. Others applied for the new post of home care support worker and the remaining home carers were asked to sign new contracts in relation to harmonisation of existing contracts, weekend working and monthly pay.

The study

A total of 24 staff were interviewed for this case study. Ten of them were either working for a private care home or were on agency contracts, and 14 were still directly employed by the local authority. Also included in the study were workers doing other related socially vital jobs, such as classroom assistants, creche workers, and care workers.

Despite the essential nature of the jobs they did, pay levels were low, with an average hourly wage across the group of £5.95, and an average overtime rate of £7.10. Three quarters of those interviewed felt that their pay was out of line with the responsibilities they were asked to take on, which were, in some cases a ‘matter of life and death’.

At the same time, training was scarce. The study found the survey respondents had been in their jobs for an average of 4.2 years; yet 17% of the respondents had received no training at all; 46% had had only 1-3 days; 17% had had 3 – 5 days and only 20% had had over 5 days.

Half of those interviewed said they were doing things beyond their trained capacity, including procedures such as changing stomach bags that can easily go wrong or dealing with children with emotional difficulties which is a highly skilled task. Respondents noted that delivering services with less than properly trained people was not cost-effective and could have negative and costly effects.

The much vaunted ‘flexible labour market’ was found to be alive and well in Brighton and Hove, but the findings of the survey showed that it is *not* delivering ‘fair treatment of those affected’ nor is it producing ‘real efficiency gains’. The uncertainty of employment, downward pressure on pay and conditions and especially the ‘thinning out’ of both upward line management and support services (such as office support and photocopying) are drastically reducing both motivation in the sample and their efficiency in the job. Of those interviewed, 42% said their motivation was declining.

Tower Hamlets

This case study was carried out to investigate the impact of privatisation on home care employees and service users in the London Borough of Tower Hamlets. The research explored the experiences and views of in-house staff, those of private contract staff and the service users.

Interviews were conducted with: 10 in house home care staff; 9 home care clients; representatives from 3 private/not-for-profit providers of home care services; 1 contractor liaison and accreditation officer; 1 home care manager; and 2 home care supervisors. In

addition visits to were made to the offices of some private/not-for-profit providers of home care

Background

Over time domestic care in the borough has gone to the private sector or voluntary sector and this has meant that all new staff recruited by the Council are part time or on flexible hours. There is a serious effect over time on pay for in house staff as a group, although no individual has had her hours changed. There is also a serious disparity between in-house pay rates and those paid by the contractors. None of the contract staff are covered by TUPE.

The contracting of care to the private sector has created a highly complex system of service provision. Tower Hamlets uses 24 outside contractors alongside its in-house services. This makes communication difficult. It is also difficult to understand who is responsible for things, and there is real murkiness about the rationale for using the outside contractors alongside the in-house service.

The study found that, while official job descriptions had not changed, the workload of in-house staff has risen in recent years, with in-house staff taking on much greater responsibility for personal care. Even though most long-serving staff were taken on as home helps, to provide domestic care, they are now fulfilling the role that might have been performed by district nurses in the past. Staff assist with incontinence problems, apply dressings, help with medication, etc. There has been no re-evaluation of job descriptions and salaries on the basis of this extra work.

At the same time, in-house staff suffer from low pay. Basic pay is £6.90 an hour including London Weighting. However, conditions are good and as a result, many have been working for the council for a very long time. Service history ranged from 1978 to 1999. All those interviewed had received training to help with the job (most had had some in the last 1 or 2 years). Supervision is weekly, but the staff are left to work on their own, which they like. Staff have access to a pension scheme (although one worker said that she had to stop paying due to lack of money), premiums for anti-social hours (but these are more restricted for staff on new contracts), and better than minimal holiday entitlement. Client numbers ranged from 4 to 10 a week and many of the client-staff relationships were very long term (one case lasting for 23 years).

The contribution these workers make to household expenses ranges from 40% to 100%, so the wages are essential to the support of the household. Two workers had extra jobs too. One worker argued that holidays were difficult, not having had one for 14 years. Others reported having difficulties with rent arrears and needing to borrow money to cover things at the end of the month.

The pay and conditions offered by out-house providers varies a great deal, and is not easy to ascertain. The range seems to be from £4.50 an hour up to £9.50 an hour (for very specialist services), but most pay well below the in-house council rate. In addition, conditions of service are much poorer and unless staff are employed full-time, they only get paid for what they do. Few private companies pay sick pay or provide any extra benefits. Training is usually provided but not paid for. Staff have to attend in their own time.

Overall, the research indicated that the use of out-house providers is increasing the number of poor jobs relative to what were, and still are, relatively good jobs for in-house homecare workers. The pay for in-house staff is poor, but better than the private sector and the benefits for directly employed staff are much better. These are good, secure, living wage jobs. Increased contracting undermines this regime.

South Yorkshire

The case study considered grounds maintenance staff employed by a contractor engaged by a local authority in South Yorkshire. The workers interviewed were all employed by or on behalf of a single grounds maintenance contractor. Some of them had been part of the initial transfer from the local authority.

The majority of transferred staff did so with TUPE protection, but a small number indicated that they transferred without the application of TUPE protections. Others were new starters with the company since the beginning of the initial contract. A fourth group of employees were employed by an employment agency. These workers tended to be temporary and engaged as 'seasonal gardeners' for the spring-summer months. This resulted in a multi-tiered (rather than two-tiered) workforce. Table 2 sets out their varying terms and conditions.

The table below compares pay and conditions for TUPE transferred staff, staff transferred without TUPE protection and new starters.

Terms and Conditions across the Staff Groups

	TUPE transferred Staff	Other Transferred	Contractor – Casual	Temporary Agency Staff
No	6	3	2	5
% of Sample	35%	18%	12%	29%
Contract Type	Permanent	Permanent	Casual – as and when required	Fixed Term Contract
Terms	Full Time	Full Time	Full Time	Full Time
Hourly Rate of Pay Range	£4.70 (1) £5.11 (2) £5.86 (1) £7.68 (1)	£4.68 (1) £4.70 (2)	£4.20 (2)	£4.20 (5)
Median Hourly Pay	£6.28	£4.69	£4.20	£4.20
Mean Hourly Pay	£5.72	£4.69	£4.20	£4.20
Contracted Weekly Hours	37	37		37
Overtime Details	37+ Hours = 1.5x Sundays = 2x	37+ Hours = 1.5x Sundays = 2x		44+ Hours = 1.5x
Holidays Entitlement Accrual Per Month	2.08	1.67	-	1.67
Pension	Yes	Yes: 1 No: 2	No	No
Pension Type	Occupational, Final Salary: 4 Private, Money Purchase: 2	Private, Money Purchase: 1		

A number of interviewees also remarked on their desire to be on the same pay as their colleagues who were still employed by the local authority, demonstrating the even more complex dynamics of the ‘two-tier’ or ‘multi-tiered’ workforce that results from contracting out local authority and other public sector services. They expressed anger at the injustice of being paid less for doing the same job as a colleague on different terms and conditions, and concern about the ongoing break up of the workforce as a product of ‘casualisation’. As one worker explained, “Every time a full-timer leaves we get a ‘temp’ to replace them and we don’t keep them too long so that they can’t build up rights...its easier to get a temp to do what you want like take a van out without any tax or take a machine out that isn’t safe”

These feelings were especially keenly felt by temporary agency staff who also underlined the employment insecurity arising out of temporary agency work. Agency workers reported not getting paid for bank holidays, and having to work for 44 hours before getting paid the overtime rate, while permanent staff were paid overtime rates after 35 hours. “We would have to work 9 hours at normal rate before getting paid overtime. There must be something wrong there!!!”

The majority of interviewees reported decreasing staffing or static staffing levels, increased workload and responsibilities at work, with no regrading of posts to compensate. Ten interviewees (59%) said that their workload had increased over the last year. Perhaps as a result of this, eleven (65%) interviewees reported declining morale over the last year.

The sense of poor levels of job satisfaction were reflected by the large number of interviewees who have considered leaving their job over the last year. The most frequently cited reasons were feeling undervalued, low pay and excessive workload.

While levels of training were considered to be adequate, all interviewees reported that they had no opportunities for promotion or career development.

CHAPTER 3 : RECRUITMENT AND RETENTION

A further manifestation of the culture of neglect surrounding the local government workforce is the extent of recruitment and retention problems affecting councils of all types across England and Wales. It is one of the clearest symptoms of the underlying problems in their pay, conditions and management.

Contrary to the Employers' Side view, our evidence shows that such problems extend across England and Wales. They are not constrained to London and areas south of Watford Gap as is often suggested. Neither are they restricted to professional jobs. We will also demonstrate that pay, stress and pressure are important factors in undermining local government's attempts to improve, by adding to the casualisation of the labour force within councils.

Public Sector Problems

Recruitment and retention problems in the public sector are not unique to local government, as documented in the Audit Commission's recent report⁹. What *is* unique to local government is the marked lack of a strategic and co-ordinated response by central and local government itself to the problems it is faced with.

The Audit Commission's report makes a number of general observations:

- Sector level data is not sufficient to allow 'reliable conclusions' to be drawn about the 'true size and scale of the problem'
- There is no 'shared understanding' among the stakeholders about the cause of the problems
- The public sector workforce is growing and there will be a requirement for more staff as Government policy in some areas kicks into play. Eg. the intention to recruit 20,000 additional teaching assistants
- It is also an 'old' workforce, with 27% local government workers aged over 50
- Supply and demand for public sector staff reflects 'a complex interaction of economic, demographic, social and political factors'
- 'Developing a shared and sufficiently detailed picture of vacancies and trends across the public sector requires substantial long-term effort, and central co-ordination'

It is undoubtedly true that there is no strategic approach to recruitment and retention issues across local government. The Employers' Organisation, the LGA and professional bodies have more recently carried out annual surveys - all of which have confirmed major problems. However, there is no co-ordinated response, and certainly not one involving the trade unions. Action is largely left to individual authorities, with the exception of some recent targeted initiatives such as the EO's Graduate Recruitment Programme.

⁹ 'Recruitment and Retention: A Public Service Workforce for the 21st Century', Audit Commission

The lack of 'official', nationally collected and analysed workforce data adds to this problem. The Chancellor's announcement of measures to collect and co-ordinate workforce data in the Comprehensive Spending Review announcement 2002 may help to rectify this.

The Audit Commission's report contains observations on the specifics of public sector workers and their reasons for joining and leaving public sector employment.

Reasons for joining

- People want to 'make a difference' in a job that satisfies them, and with a reward package that meets their needs'
- 42% of those surveyed wanted to make a positive difference, 39% wanted to work with people, both as colleagues and clients and 28% said their chosen job was what they 'always wanted to be'

Reasons for going

- 78% of leavers cited the increase in bureaucracy and paperwork as the key factors
- 68% cited lack of resources and staff
- 65% workload and hours
- 55% left because they were not valued by Government and 48% because they were not valued by their managers
- 36% said that pay was the reason for leaving

The Audit Commission also notes that poor change management has a marked effect:

'75% of local public service workers recognise the need for change, and in fact, more than 50% look forward to change as a challenge. 70% feel that the reasons for change have not been communicated well and more than 75% feel that change has not been managed well'.

This accords with the findings of the UNISON 2000, 2001 and 2002 NOP surveys¹⁰ quoted elsewhere.

Reasons for staying

Factors which would have made those surveyed stay reflected a different order of priorities. 44% could have been persuaded to return if circumstances were right, 53% could not have been.

- Better pay would most have led people to stay, followed by decreased workload and more support from managers

¹⁰ 'Against the Odds – Delivering Local Services' UNISON/NOP 2000; 'Making A Difference Under Pressure', UNISON/NOP 2001; UNISON/NOP Local Government Members' Survey 2002 (unpublished)

- More staff resources, less bureaucracy and being more valued were also cited

The Audit Commission notes that no one aspect alone would be likely to make the difference. It is the 'total reward' package and the 'psychological contract' with the employer which counts.

Trade Union Side evidence

Incomes Data Services were commissioned by the Trade Union Side to investigate recruitment and retention problems and the use of agency staff in local government for this submission¹¹. Their report is attached.

IDS looked in detail at staffing issues across local authorities in England and Wales, using evidence from the IDS local government pay and conditions benchmarking survey, supplemented by interviews with local union officials at ten of the authorities responding to the survey. They also conducted a series of case studies at 11 councils, on an anonymous basis, to try and illustrate some of the problems in-depth.

The detailed report is attached to our submission. We hope that the Commissioners will be able to give it detailed consideration. However, we have outlined the broad findings below.

90% of councils across regions have recruitment problems

Nine out of ten authorities surveyed were experiencing problems in attracting and keeping key groups of staff. One of the most striking findings was the spread of recruitment and retention problems. Those with the worst ones covered the Eastern, South West, North West, West Midlands, Yorks and Humberside and South East regions. Those councils were finding it hard to attract staff of all kinds.

Of particular interest is Sheffield. Once regarded as a high unemployment, low wage city, it is now finding it hard to employ staff in a wide range of occupations, including home care. The reasons the council gave for its difficulties were:

- low unemployment
- national care standards and minimum qualifications
- private industry competition on pay and working patterns
- difficulty in attracting young people
- national and local skill shortages

The same patterns applied to lower paid staff. Care staff could not be attracted to Dorset, Knowsley, North Tyneside, Sheffield, NW Leicester, Rutland or York. Cleaners were hard to recruit in Barnsley, Oldham, Trafford, Shropshire, NW Leicester and Welwyn Hatfield - hardly viewed as traditional boom areas!

The single biggest problem area was social work, but there was a rising shortage of environmental health officers, and other professional staff such as building control and planning were also affected.

¹¹ 'Recruitment and retention, pay levels and the use of agency workers in local government'

Regional patterns

While staffing difficulties were nation-wide and not confined to London and the South East, some regional patterns emerged. For example, social workers were the key problem group in London and in Yorkshire and Humberside. Professional staff such as environmental health officers were a particular difficulty for councils in the South East outside London. And in the North West, tighter labour markets were contributing to problems recruiting/retaining lower-paid staff such as caterers and cleaners.

However what was clear was that in a number of larger councils concentrated in the major conurbations, competition for staff (especially among professional staff) was intensified. This was the case in London and in the West Midlands, South Yorkshire and Greater Manchester.

A recent report from the Greater Manchester Low Pay Unit¹², highlights the fact that there is now a very tight labour market in Greater Manchester, which will be affecting the growing recruitment problems and competition between councils. There was a 60% rise in vacancies between April 2001 and 2002, the highest number of vacancies since 1989. Since 1989 the number of sales and care jobs have doubled, and now represent over 17% of jobs, compared with 6% then. Office, catering, shop work and sales account for almost 50% of all vacancies.

Reasons for recruitment problems

The IDS research identified eight key factors behind the recruitment and retention problems in local government:

- a general shortage of key staff
- relatively poor pay and conditions
- competition from the private sector
- competition from other local authorities
- competition from other parts of the public sector
- the high cost of living in some areas
- tight labour markets
- a perceived lack of career progression in local government

Other factors included increasing workloads, outsourcing and the deregulation of some areas of council's work.

IDS found that the most common responses from councils to recruitment and retention problems were to review pay and grading, introduce market supplements, and look at recruitment processes. Other initiatives included offering more flexible working patterns, the introduction of trainee posts and the use of agency staff.

In general councils' responses appeared to be ad hoc, reactive and short-term in nature. There appeared to be a lack of information and a fragmented view of the nature and extent

¹² Briefing December 2002

of the problems in some councils. IDS conclude that the sector is merely coping with, rather than tackling, its staffing problems.

Chief Officers and Senior Managers

A recent study of recruitment and retention of senior managers in local government is worth noting at this point¹³. It found that the following are most important in attracting and retaining senior managers:

- Interesting/challenging work
- Competitive pay rates
- High quality living environment
- Security of employment

It also showed that 62% of Chief Executives were likely to stay for 2-5 years and that only 30% of them were dissatisfied with their pay.

This is perhaps a vindication of the extremely high pay increases which this group of staff have enjoyed in recent years and in the last JNC Chief Officers' pay increase, which was significantly above that for most local government staff. There has also been a dramatic increase in external recruitment measures which, although no doubt costly, have proved successful.

Low paid shortages overlooked?

We would ask the Commission to also consider the possibility that so-called 'manual' job vacancies and recruitment problems might not be as readily identified by councils as those in 'professional' occupations. They are already a relatively highly casualised and privatised area of council activities. We would argue that the wide use of untrained, unaccountable agency staff masks fundamental recruitment problems and lowers service standards. Use of agency and temporary staff is common and, despite the evidence to the contrary, 'manual' jobs are often seen having low skills and responsibility levels and therefore capable of being carried out by almost anyone who is looking for a job. We hope our evidence elsewhere in this submission demonstrates that this is far from the truth and that recruitment and retention of front-line staff is an area needing specific attention.

Council and trade union case studies

The anonymous council case studies undertaken by IDS show that the difficulties experienced by many councils when it came to dealing with staffing issues were compounded by the lack of structures and systems for identifying and analysing problems. Out of 11 case studies, seven monitored staff turnover, which ranged from 8 to 19 per cent, and only two monitored vacancy rates, which ranged from 4 to 14 per cent. However, a number of councils were looking at bringing in new systems.

Most council employers said they could not make any assessment of the impact of recruitment and retention problems on service delivery. The failure to 'join up' recruitment

¹³ 'Recruitment and Retention of Senior Managers in Local Government' Ian Kessler, SOLACE, 2003

and retention and service delivery issues within councils is surprising, given the current duty placed on them to improve corporate governance and services. It is symptomatic of the absence of a strategic approach to human resource management within the sector and the separation of 'staff' from 'services' in local government thinking.

Many of the union reps tended to regard the effect of staffing issues on service delivery as quite serious, with most of the examples relating to social services. This highlighted the mismatch between councils' responses to the survey and the evidence supplied by union representatives. In many cases, the union reps reported more widespread staffing difficulties than the council respondents. They were more likely to point to higher pay elsewhere, unsocial working hours, low morale and high cost of living as factors influencing recruitment difficulties.

Trade union surveys corroborate IDS findings

In February 2003 UNISON surveyed the opinions of Chief Executives, Personnel Officers and Best Value Officers in England, Wales and Northern Ireland on their experiences of recruitment and retention problems in local government. Officers from 273 authorities took part in the postal questionnaire survey and the results were analysed by the Labour Research Department¹⁴.

A fifth of responses came from Chief Executives, 45% from personnel officers and 22% from Best Value Officers. All types of councils were represented in the responses, with 50% of County Councils and 70% of District Councils responding. Responses were well distributed across England and Wales.

On average, 87% of officers said that their authorities were having recruitment and retention problems. All regions, except Northern Ireland, reported difficulties. Clearly what is being identified is a national problem as opposed to a problem in certain regions. The same picture is evident when looking at recruitment and retention difficulties according to council type.

Officers who reported that their authority/external provider was experiencing recruitment and retention problems registered difficulties in all 17 occupations listed in the survey. The five occupations where recruitment and retention were at its worst were planning officers, environmental health officers, social workers, finance staff and chief officer/senior managers.

Recruitment problems hit services

'Higher turnover creates knowledge gaps and also depends on the goodwill of those left to work harder to hold the service together. Sometimes reduced services are inevitable'

(District council, South East)

'Low resources impact on existing staffs' workloads. Whilst they are a professional resource, they can only do so much. Pain is felt more by individuals than the organisation'

¹⁴ 'More Pain than Gain', UNISON, April 2003

(County council, West Midlands)

The most striking findings from the survey were the extent to which service delivery is being undermined by staffing problems and the negative impact on staff. Officers reported that recruitment and retention problems put extra pressure on remaining staff to maintain levels/meet targets, resulting in increased stress and sickness levels and reduced morale. Other comments included 'difficult to maintain statutory services' (District Council, East of England) and 'slows momentum for improvement' (Unitary Council, East of England) 'loss of corporate history and information' (London Borough) and 'paying more for market supplements' (District Council, South West). The impact on staff included difficulties in providing a service; added stress; increased duties with and without extra pay; more unplanned and unpaid overtime.

The solutions most frequently proposed by Chief Executives and managers to recruitment and retention problems were:

- better image for local government
- a better paid workforce
- more funding from central government
- improved training and career development.

Other key remedies included; more family friendly policies; more affordable housing and tackling equal pay issues.

In February 2003 UNISON carried out a parallel survey of its local government branches on their experiences of recruitment and retention problems. 85 branches took part in the postal questionnaire survey and the results were analysed by the Labour Research Department¹⁵.

At the same time UNISON's Northern Region surveyed its 25 local government branches with a separate survey¹⁶.

The results of both surveys confirm the conclusions reached by IDS above. However, they also emphasise the impact that staffing problems are having on service delivery.

Recruitment and retention problems were reported by the overwhelming majority of branches, across all types of council and regions, for a wide range of staff. 98% of those taking part said their authority/ external provider was experiencing recruitment and retention difficulties. Recruitment and retention problems were recorded for the 17 occupational options listed. Occupations most seriously effected were: Social workers, Home Care workers, IT staff, Planning Officers, and Day and Residential Care workers. In the Northern Region study, 80% of branches recorded difficulties with recruitment of social workers, while occupations highlighted in the IDS study were reflected in trends in the North East.

¹⁵ 'For Love, Not Money', UNISON, April 2003

¹⁶ UNISON Northern Region, Survey of Branches in relation to Pay Commission issues, April 2003

Branches reported that recruitment and retention problems had an adverse effect on service provision. In particular, 73% of branches said that recruitment and retention problems led to a greater use of agency/temporary staff. Other effects given were:

- limited scope to improve services
- high turnover of staff
- reduced availability of service
- funding more overtime
- hiring staff without the appropriate qualifications
- contracting out of services.

Remaining staff were reported to be suffering from added stress and finding it harder to provide a service. They were also doing more paid and unpaid overtime, and taking on extra duties – often without extra remuneration.

Solutions most frequently proposed to recruitment and retention problems were:

- a better paid workforce
- more funding from central government
- improved training and career development

Other key remedies included a better image for local government, more family friendly policies, tackling equal pay issues and more affordable housing.

The Northern region study outlined the following consequences of staff shortages:

- building control work 'farmed out' to another council
- high turnover among childcare social workers
- Social Services Inspectorate monitoring Children's Services because of staffing shortages
- backlog of housing benefit claims

Use of Agency and Temporary Staff in Local Government¹⁷

The trade unions also asked IDS to examine the use of temporary and agency staff in local government. Their findings are in their report (attached). However, it is important to note some of the key findings here. They should be considered against the background of local government having the highest proportion of temporary staff in its workforce of all sectors within the economy - over 11%.

'Agency' and 'temporary' staff are often confused, a fact exacerbated by the lack of comprehensive data on the employment of both groups within local government and agreed definitions of the terms. However, it is clear that the combined employment of agency and temporary staff in some authorities amounts to a large proportion of the total workforce.

¹⁷ We are including our response to the Commission's question 6 (a) in this part of the Trade Union Side submission. We believe that the use of agency and temporary staff is closely linked to the problems of recruitment and retention and should be considered alongside this topic.

We would contend that there must be inevitable outcomes of such casualisation in the quality of service delivered and the impact on permanent staff.

The IDS study contains the following broad findings in relation to temporary and agency staff:

- In large authorities, in care work in particular, up to 20% staff are agency workers
- Most councils surveyed were unable to assess the relative costs of employing agency staff
- Many councils surveyed were unable to provide information on the use of agency or temporary staff
- Use of agency staff appears to be devolved to individual departments and is not subject to strategic decision making by corporate human resource departments
- Agency staff are mainly found in admin and clerical work in district councils and care work
- 'Professional' agency staff such as social workers tend to be paid more than their permanent counterparts
- Manual agency staff are paid roughly the same
- However, agency staff would seem to have inferior holiday and sick leave entitlement and pensions
- Respondent councils were generally unable to comment on the impact of the use of agency staff on service delivery, although comments did indicate some concern

The GMB recently surveyed the use of agency staff in one outer London borough and found 61 different agencies in use. Agency staff were being used to cover vacancies unfilled for over six months. Examples included housing benefit assistants. In-house staff are paid between £7.68 pence and £8.31 pence an hour, while agencies charge between £8.92 pence and £20. The permanent housing assistant posts have been vacant since April 2002. Other agency placements include cover for a vacant Head of Property Services, where the agency charge is £54 an hour and a Social Services Departmental Head of Human Resources vacant since August 2001.

When combined with staff on privatised contracts and the use of temporary staff, a picture emerges of councils as highly casualised workplaces. Our survey by IDS also show that 10% or more of staff in the following councils are on temporary contracts: Calderdale MBC, East Sussex County Council (17%), LB of Redbridge, Stafford BC, Welwyn Hatfield and Wolverhampton City Council. Some councils gave the number of temporary staff. In the case of Sheffield this was 2,151 employees, with 530 in Pembrokeshire County Council and 253 in Sefton. The pattern, as with recruitment and retention difficulties, is one of UK wide use of temporary and agency workers, but with little knowledge of their cost or impact on other staff and services.

Ongoing budget restrictions have added to the motivation of local authorities to move away from direct employment. Where services could not be completely privatised as a result of statutory duties or political sensitivities, use of temporary and agency staff has served much the same purpose.

Devolved management

Recent research into temporary work in the public sector turns the spotlight on local government. In her research into temporary working in councils, Hazel Conley found that there was commonly a divergence between official local authority policies on the treatment of temporary workers, and the practice on the ground. Central personnel policies limiting the number of temporary contracts and ensuring equal opportunities recruitment procedures, were frequently disregarded by lower level line managers who preferred to hire 'the right sort' of compliant individual. In one metropolitan local authority, Conley was told, "[Managers] have done their own thing to make sure they don't employ anybody who is in the union, don't employ people who don't agree with them and don't employ people who are liable to rock the boat. They get what they want and have their own agenda."¹⁸ As a result, temporary workers felt compelled to accept whatever terms managers handed out, for fear that complaint would mean their contracts would not be renewed.

Conley concluded that the decentralisation of management functions and devolving budgets to lower echelons within local authorities, had added to the inconsistent application of personnel policies. Managers were frequently caught between conflicting agendas. On the one hand they were compelled to operate within limited (and potentially declining) budgets, on the other they were expected to keep services operating, and avoid compulsory redundancies. The use of temporary workers helped to relieve this pressure.¹⁹

Local managers with devolved budgets and a high level of discretion over personnel practices, can use temporary contracts to undermine the terms and conditions of workers who remain directly employed. For example, a trade union representative in one local authority described how casual workers in social services did not appear on the official work rota and it therefore became convenient for the unit manager to 'forget' how many hours they had worked in a week. She went on to say that casual workers accepted this situation firstly because they needed the money as they were unsure if they would get work in the following weeks but also because casual workers who refused work were pushed to the bottom of the list. While pay rates for agency staff were not far off those of directly employed employees, agency staff fared less well on leave entitlement and pensions

Poor personnel practices may go unrecorded. Decentralisation of management makes it difficult to monitor the number and conditions of agency and temporary workers. Despite having an estimated one in ten of their staff on temporary or fixed term contracts, one local authority studied by Conley could not provide reliable authority-wide figures, nor a breakdown of temporary staff by gender or ethnicity. IDS found that few authorities had made efforts to monitor the impact of the use of agency staff on service quality, although authorities raised concerns about the effects on continuity of service, quality of service delivery and staff turnover.

¹⁸ Conley, Hazel, *Temporary Labour in the Public Sector: Employers' Policies and Trades Union Responses in Social Services and Schools*, H. Conley unpublished PhD Thesis, University of Warwick, March 2000

¹⁹ Conley, 2002

Conley found that temporary workers were concentrated amongst certain social groups, particularly women and ethnic minorities. She concluded that the growing use of temporary contracts “may offer an inferior form of employment to already disadvantaged workers.”²⁰

Her conclusions were that the widespread policy of devolving responsibility for performance assessment and disciplinary issues to line managers had left many unconfident about using formal procedures for managing performance and there was a lack of clarity and shared understanding about what constitutes good performance in a job. Solutions identified included better training for line managers, clearer guidance on expectations of good performance in a job, and simplified disciplinary procedures.

Unpaid overtime

A further effect of staff shortages is growing pressure and workloads for permanent staff. The 2002 Audit Commission Report on Recruitment and Retention in the Public Services concluded that public service workers are motivated by the desire to ‘make a difference’. But burgeoning workloads and staff shortages have made it almost impossible for local government staff to deliver a quality service in their normal working hours. Rather than let the public down, however, results of a UNISON survey²¹ indicate that workers in local government are doing thousands of hours of unpaid overtime, saving employers over £2.4 bn a year.²² This amounts to a massive subsidy to local government from the pockets of some of the lowest paid workers.

The survey results were based on responses from nearly 2000 members in local government. The majority of respondents were permanent employees of local authorities or schools. Nearly two thirds worked 31-37 hours a week, with a further 18% working 21-30 hours a week.

Over half of the respondents (57%) said they worked unpaid overtime in a typical week, with those working 21- 30 hours a week reporting the highest rate of unpaid overtime working. The most common reason cited for working unpaid overtime was that there was more work than they could complete in their contractual hours. Over three quarters of respondents said that working unpaid overtime created problems with family and social life. Nearly half of the sample said that in a normal week the demands of their job prevented them from taking proper breaks and meal breaks either ‘all the time’ or ‘frequently’.

The occupational groups doing unpaid overtime spanned the grading structure. The highest proportion was found amongst learning support and classroom assistants, 85% of whom reported doing an average of 3.9 hours unpaid a week. This was closely followed by Chief Officers, who worked an average of 6.6 hours per week unpaid. Other occupations with high rates of unpaid work were nursery nurses, social workers, school secretaries and librarians. Over half of all respondents across the occupational spectrum said that they did unpaid overtime, with an average for all groups of 4.4 hours a week.

²⁰ Conley, 2002

²¹ ‘All Work and No Pay’, UNISON 2003

²² Calculated on the paybill for employees on NJC scales, local government workforce statistics, 2001.

Calculations based on data from the survey and hourly rates from IDS and NES earnings data for 2002, reveal that unpaid overtime is worth 18% of the total local government staff paybill. If these hours of work were paid, employers would need to compensate the average learning support or classroom assistant by an additional £1,828 per year. A social worker would be owed an extra £3,574, a nursery nurse £2,186, school secretary £2,559 and a librarian £3,745.

The GMB survey²³ showed that 75% of nursery nurses and 60% of teaching assistants regularly work unpaid overtime because their contractual hours are not sufficient to complete their work.

MEASURES TAKEN TO TACKLE RECRUITMENT AND RETENTION PROBLEMS ACROSS THE PUBLIC SECTOR

The trade union research carried out by IDS shows that measures taken to deal with recruitment and retention problems are ad hoc, and primarily centre on enhanced grading, extra incremental points or labour market supplements. These appear to be paid to white collar and professional staff in the main, though there are some examples of manual workers receiving them. They are also apparently applied in a fairly random manner and do not appear to take into account the need for transparency and equality proofing. Only one council surveyed - LB of Hammersmith and Fulham - has paid a low pay supplement for some time to manual workers and appears to have largely weathered the recruitment and retention storm which has swept through other councils.

Public sector recruitment initiatives - local government loses out

In other areas of the public sector, a raft of recruitment and retention measures have been taken in the last four years in particular. These are well documented²⁴. Within local government, negotiations on London Weighting have been devolved to the Greater London Provincial Council. Fringe Area Allowances, once part of the Purple Book for NJC APT and C staff, have been 'frozen' and any renegotiation on either rates or new payments are to take place at the relevant Provincial Council level. This has led to ongoing prolonged industrial action.

Since the labour market tightened significantly in the late 1990s, the response in other areas of the public sector has been a plethora of initiatives aimed at recruiting and retaining key staff in areas with very low unemployment and a high cost of living.

Initially, the focus was on London pay but as the difficulties spread, the geographical area covered by these new initiatives widened to include the rest of the South East, parts of the South West and East and some cities with low unemployment such as Edinburgh.

To address the shortage of police officers in the capital, the combined London payments for the Metropolitan police rose substantially to £6,165 a year in 2001. This drew many police officers from the surrounding forces into the Met, creating shortages in neighbouring forces. As a result, location allowances were introduced for forces across the South East. This experience highlights the dangers of one-off initiatives to boost pay as a recruitment and

²³ 'Education's Hidden Professionals', GMB January 2003

²⁴ IDS Report 880, April 2003

retention tool. Since then, south east police forces have also been told that they will receive help with housing costs, after an injection of £10 million from the Home Office.

Also in 2001, the Government introduced 'cost-of-living supplements' for all qualified nurses, midwives and professions allied to medicine working in London and in some designated areas in the South, in addition to the London allowance.

The Agenda for Change proposals for the NHS will introduce an inner London allowance for all staff worth 20 per cent of salary subject to a minimum of £3,000 and a maximum of £5,000 a year. Recruitment and retention allowances up to a maximum of 30 per cent will then also be available where there are local shortages, or will be paid nationally to an occupation, where there are widespread problems. NHS staff are also set to benefit from a substantial programme of workplace nursery provision.

In addition to existing London allowances, recruitment and retention allowances were introduced in September 2000 for school teachers employed in shortage subjects or where a particular teaching post was difficult to fill. Recruitment and retention allowances are worth between £975 and £5,262. They are paid at the discretion of individual schools but because schools are not funded to use them they have not been fully utilised.

The School Teachers Review Body in 2003 replaced the system of national rates and inner London allowances with a new inner London pay spine. This new pay spine increased the pay differential for experienced teaching staff in inner London to £5,493 over the rest of the country.

The Prison Service has made some significant changes in the payment of local allowances over the last two years. In January 2001 it replaced the old system of London weighting and London supplements, which varied by grade, to a higher flat-rate payment for all staff. It has also introduced tiered payments for areas surrounding London and other areas with recruitment and retention problems and a high cost of living.

In local government negotiations on the appropriate level of London allowances continue, as does industrial action. The current level of allowances for London weighting range from approximately £1450 pa to £2850 pa which compares very unfavourably to the prevailing norms outside local government.

What Is To Be Done?

The widespread nature of the problems in local government cannot be tied to a single cause. As suggested by the Audit Commission, image, feeling valued and well-managed are important factors in attracting and keeping staff. However, there is increasing evidence - outlined in our submission - that buoyant labour markets and higher pay in other areas of the service sector amount to significant 'pull factors' on existing and potential local government staff. Combined with inadequate staffing levels, ensuing use of agency and temporary staff, pressure, stress and increasing casualisation of the workforce, they amount to a lethal cocktail which requires a holistic solution.

Recommendations

- ONS or another appropriate Government agency initiate a system for monitoring vacancy rates, turnover, use of agency and temporary staff and recruitment and retention problems by occupational group at the earliest opportunity
- That the relative costs of using agency staff are also collated and monitored
- The Audit Commission be asked to establish recruitment and retention problems as a routine part of its inspection of Best Value contracts and in carrying out Comprehensive Performance Assessments
- The Employers' Organisation and Regional Councils be given an explicit brief to regularly monitor vacancies, turnover and broader recruitment and retention problems for all key groups of staff
- That the information gathered is shared via the NJC and Provincial Councils with the Trade Union Sides, with a view to formulating effective responses
- That some more detailed work is undertaken in recruitment and retention 'hot spots' throughout NJC councils to identify in more detail the underlying causes, the impact on service delivery and possible remedies, paying particular attention to comparative pay rates, working patterns and cost of living
- A plan to assist councils in monitoring problems and developing strategic responses is put in place by the Employers' Organisation, together with good practice guidance in recruitment and retention strategies
- These should be based on a partnership approach, fully involving the trade unions

CHAPTER 4 : PAY IN LOCAL GOVERNMENT

'Public servants must be rewarded fairly for the contribution they make. We must make sure that our approach to pay encourages more of the best people to join and stay.'

(Modernising Government White Paper, Cabinet Office, 1999)

'Those who work in the public services perform a vital role, and deserve to be rewarded fairly. Pay systems must promote fair employment practice. They should support and encourage diversity of staff so that the public sector reflects the communities it serves. They should also ensure equal pay for equal jobs across the public sector.'

(Treasury Spending Review 2002, HM Treasury)

'(Government) attaches the highest priority to reforming and improving public services. Decisions on pay should reflect and support that objective.'

(Government guidance to the Pay Review Bodies, 2002)

Introduction

This section of the Trade Union Side's submission addresses three of the Pay Commission's questions - 3, 1 and 5. It therefore deals with current pay levels and issues, factors inhibiting action on problems areas, pay comparisons, data issues and the impact of the current pay levels and structures on flexibility, working time, work-life balance and quality service provision.

Our evidence on pay demonstrates that local government workers continue to fall behind and remain low paid compared to other parts of the public and private sectors. Low underlying pay levels throughout the structure are giving rise to major recruitment and retention problems and having a negative impact on service delivery and the improvement - or so-called 'modernisation' - agenda. Absolute and relative low pay, coupled with a uniquely large gender pay gap, run contrary to Government policy statements above and developing practice elsewhere in the public sector. Urgent action needs to be taken on pay throughout local government to prevent further deterioration in morale, recruitment and its capacity to provide the community leadership of tomorrow.

The context

There have been a number of key developments influencing public sector pay trends since 1997. These provide the context for what is happening to local government pay today. They also suggest that the Employers' Side proposals for "modernising" the pay system run counter to general trends. They are:

- The Labour Government elected in 1997 initially continued the previous government's policy of public sector pay restraint, but since 1999 there has been a substantial loosening of this policy, although the 2003 review body awards indicate some tightening in line

with Government guidance

- There have been widespread attempts at reform and pay modernisation across the public sector. The pay reform developments across central government, local government, the NHS and in the schools and universities have a number of common elements
- A common theme is movement away from attempts to devolve bargaining to a local level - such as NHS Trusts and Civil Service agencies to more centralised, transparent systems
- Other common elements include: simplified grading structures based on job evaluation; increased transparency; national pay spines; equality proofing in pay, progression and promotion; single status terms and conditions; moving to shorter progression systems and the introduction of a target rate for the job
- For example, in the civil service performance pay has become discredited and many departments and agencies are re-introducing fixed pay points and structured progression systems. However, the Government continues to encourage a stronger link between pay and performance in the public sector
- Equal pay has been a key issue to be resolved in all parts of the public services – in the National Health Service, in local government, in the universities and in large parts of the civil service. Developments to achieve equal pay have progressed quickly in the civil service in the last year or so. Following the Government's Kingsmill Review, all departments and agencies are expected to have carried out an equal pay audit and developed a plan to eradicate problems by April 2003
- The need to address equal pay and harmonise pay structures has put a renewed emphasis on job evaluation. There has been a recognition that analytical job evaluation is an essential element in achieving equality and transparency in pay systems. This calls firmly into question the Employers' Side desire for broad banding, more localised pay bargaining and 'flexibility' to customise agreed national job evaluation mechanisms
- In the new pay proposals for the NHS, the focus on job evaluation and equal pay have shifted the emphasis from away from any element of local pay determination, so that pay is determined solely by knowledge, skills, responsibility and effort - 'job weight'
- Dealing with recruitment and retention problems has been a key area of policy in the last three years, with cost-of-living supplements for nurses and midwives, significant increases in London allowances for the police, prison officers, teachers and firefighters, and golden hellos for teachers in shortage subjects and for GPs
- Over the last two or three years there have also been a series of moves to give higher pay increases to the lowest paid. Minimum rates now stand at over £5 an hour in central and local government. The NHS continues to lag behind, with a minimum rate of £4.47 an hour, although Agenda for Change is set to boost this to over £5
- If Agenda for Change is agreed by the NHS employees, over half of the public sector workforce will be covered by long-term pay arrangements in 2003. Until recently, long-term agreements were a rarity in the public sector. However, they have become a

growing feature, encouraged by Government, and seen as a vehicle for the introduction of pay reform, particularly to accompany changes in progression systems and to implement equal pay

Current Government thinking

Current Government policy on public sector pay, including the Chancellor's pronouncements in the 2003 budget, says that:

- Increases must be affordable and consistent with the inflation target of 2.5 per cent
- Salary levels should be sufficient to recruit and retain staff and deliver high quality services, but recruitment and retention payments should be targeted rather than general
- There must be adequate pay flexibility at a local level
- Performance and pay should be linked explicitly and pay progression should not be automatic
- The modernisation of pay systems should be encouraged and long-term pay agreements may be an advantage
- Equal pay should be an immediate target, but only in some parts of the public sector. No stipulation has been made in relation to local government

The Employers' Side view of the future

'The employers see it (Pay Commission) as an opportunity to compare total labour costs with those of our private sector competitors and to demonstrate the wide variety of pay relativities in different regions and for different types of work. We also hope to pursue our objectives in modernising pay systems so that remuneration arrangements support, rather than hinder, the improvement agenda.'

(Charles Nolda, Employment Matters, Employers Organisation, November 2002)

Key aspects of emergent Employers' Side thinking on future rewards and pay systems run counter to prevailing public sector trends which demonstrate moves away from local determination of grading and pay, broad banding and individualised performance pay mechanisms. The employers' views have been articulated in a number of contexts, but most clearly in a presentation in February this year, entitled 'Basic of Pay Policy'.

The key elements of the policy are:

- **Retention of a national framework to** 'maintain stability, because it's cost effective, to resist leapfrogging but...we need core agreement'. The footnote to this element of the presentation reads:

'The aim would be to further slim down the National agreement to a small group of core conditions such as leave, sick pay etc plus a revised National spinal column. Even this

might be purely advisory, with national negotiations confined to discussion on 'going rate' increases. These might be supported with joint advice on other issues.'

- **'Responsiveness to local labour markets:** resisting national prescription, developing our ability to track the labour market, intervening in the labour market.' The footnote to this reads:

'Minimise pay prescription from the centre, maximise responsiveness to local labour market conditions. We should resist any attempt to prescribe pay rates for specific jobs from the centre. Both the unions and certain government departments (social care and support staff in schools) sometimes seem inclined to drift in that direction.'

- **'Reflecting modernised working practices:** eliminating or rationalising premium payments, encouraging flexible hours.' The footnote reads:

'We have to remove or reduce payments for working patterns outside the 'norm'. Premium payments for evening, weekend, shift, and overtime working, make flexible service provision too expensive, and can discourage staff from changing their work patterns to reflect service requirements.'

- **'Rewarding contribution not time in the job:** conventional pay structures, PRP, contribution pay. The footnote reads:

'We need to develop ways of rewarding employees and groups of employees for the contribution they are making to the delivery of improved services. This is not crude performance-related pay, that does not work and has been rejected by most authorities. It does mean rewarding service quality, productivity, skill, responsibility and flexibility in a balanced way.'

- **'Supporting improvement process:** link between pay and behaviour, fewer grades, broader bands.' The supporting footnote reads:

'Support improvement with a strong 'message' from pay policy. Most authorities have a pay structure based on too many grades that do not reflect real differences in levels of responsibility and discourage flexibility. At the same time the range of salary covered by these grades is too narrow to allow us to reward employees for their contribution, reflect their development, or recruit and retain in a dynamic job market. We need fewer, broader, pay bands.'

- **Local pay review:** opportunity to make leap forward, link to improvement, job evaluation 'prop or impediment', danger of JE culture, need to achieve broad support for move forward.' The footnote reads:

'Complete the process of local pay review. Too many authorities have failed to take the opportunity to modernise provided by the 1997 agreement. The promotion of job evaluation in that agreement went too far and has become a blockage to further progress. JE should be seen as a tool to underpin pay policy, but it should remain in the background. The prominence of JE endangers improvement by introducing rigidities

and encouraging employees to stick closely to over-detailed job descriptions. JE needs to be put in a proper context if pay reform is to proceed.'

- **Longer term agreements:** financial stability, market stability and opportunity to tackle medium-term issues. The footnote reads:

'Seek longer-term pay agreements. Multi-year agreements have been resisted by conservative element among the employers here, despite their success elsewhere in the public service and in Scotland. They provide stability and the ability to tackle issues that are impossible to deal with in a single year agreement.'

- **Rewards package:** pay, pension, leave, sick pay, employment environment. The footnote reads:

'Focus on the rewards package as a whole. Too much attention is given to basic pay rates, and not enough to the overall package of pay, pension, leave and sickness spay.'

The Employers' Organisation strategy

The Employers' Organisation presentation raises a number of points which we would like to bring to the Commission's attention:

- There is no mention of equal pay or the need to comply with equal pay legislation
- The suggestion of local bargaining around an 'advisory' pay spine leaves open the question of how councils will determine grades and pay to meet equal pay and equity requirements. Local pay bargaining in the NHS in the early 1990's proved costly, bureaucratic and time consuming and delivered little variation in pay settlements and structures across the service.
- The focus on pay related to local labour market rates also bucks current trends and entails a danger of sex discrimination, given that rates for women's jobs in the economy as a whole are tainted with sex discrimination, particularly in the care, catering, childcare and cleaning fields
- Within Agenda for Change, the Civil Service and other areas of the public sector, there is a move towards national grades as a means of tackling the gender pay gap and bias arising from local discretion in grading and pay. The employers' resistance to national grades displays the lack of awareness of equal pay considerations which currently blights local government pay
- The desire to eliminate premium payments is short sighted. Most of those in receipt of them are women and part-time workers in the care fields, where there are increasing recruitment and retention problems and endemic low pay. Apart from the question of whether staff should be paid extra for unsocial hours working - which we believe they should - removal of unsocial hours payments would make it even harder to attract and retain staff. There is no linkage made with 'family friendly' working practices

- The introduction of the notion of individualised 'contribution pay' would be resisted by the trade unions. It could prove to be even more unfair and discriminatory than PRP, which is also being phased out of the Civil Service and parts of the private sector who tried it and found that it failed to deliver enhanced performance and was discriminatory
- The reward package overall should motivate staff. There is no mention of improving the work-life balance. This is surprising given the proportion of women in the workforce
- Broad banding has been cited by the EOC and other observers as a key underpinning of pay inequality, especially where not underpinned by objective criteria for its use. The trade unions would support positive means of creating a 'can do', motivational approach to employment of all staff, which genuinely recognises their contribution. Broad bands and career grades will not deliver that motivation and are unlikely to be applied to so-called 'manual' jobs at the lower end of the pay structure
- The suggestion that 'job evaluation should remain in the background' runs counter to the Single Status agreement and accepted good practice on equal pay. The trade unions do not want rigidity in the grading and pay structure. Indeed, we could see clear value in job redesign to create more fulfilling, better paid jobs for many of our members. There is no reason why this should not be done as part of pay and grading reviews or subsequently.
- Focussing on the overall reward package may be understandable. Our members are prone to do the same. However, it implies that all employees benefit equally from national conditions. This is not the case. Part time and term time workers do not have equal access to holiday pay, low paid workers are discriminated against in the pension scheme.
- The employers display an alarming lack of awareness generally about the composition of the workforce, the reality of many of our members' jobs and 'reward package' and equal pay considerations in particular

Pay trends in local government

It is hard to see how the employers' proposals would alleviate the fundamental problems with local government pay. These are:

- Low pay levels relative to the economy as a whole
- Low pay levels relative to the private sector
- Particularly low pay for part time workers
- External and internal gender pay gaps which exceed those in other sectors
- Hidden low pay as a consequence of working practices such as term time working
- Significant existing pay differences across local authorities and regions for the same jobs

More cold comfort

Like our 2002/3 pay claim, much of our evidence on pay in this submission draws on Thornley's research for UNISON²⁵.

'More Cold Comfort' uncovers the following uncomfortable facts about local government pay:

- Local government workers as a whole have fallen further behind the rest of the economy and the private sector since 2000
- Between 1992 and 2000, local government pay had already declined relative to that for both groups
- NJC staff have fared even worse than local government workers overall, reflecting higher increases and earnings rises for teachers
- In 2000, NJC staff earned 88% of average gross local government pay. By 2002 it was 83%
- Between 2000 and 2002, NJC staffs' earnings fell from 87% to 81% of economy-wide average earnings
- And from 88% to 80% of the equivalent pay in the private sector
- Low pay remains an endemic problem. Over two thirds of NJC staff earned less than £14,000 in 2002, compared to national average basic earnings of over £22,000. They fall below all the accepted low pay thresholds

Women's pay

- The internal gender pay gap remains wide. In 2002, full time women workers earned just 82% of men's average gross pay
- Part-time workers achieved only 57% pro rata. This is a deterioration of part time earnings since 2000
- Overall, women NJC workers earn only 65% of average gross pay of their male colleagues
- The external gender pay gap has widened since 2000. In 2002 full time NJC women earned just 63% of economy-wide male gross annual pay
- For part-time women the equivalent figure is a shocking 46% pro rata

The figures below also demonstrate how far local government has fallen behind the rest of the economy.

²⁵ 'Cold Comfort: The State of Local Government Pay', January 2002, Keele University and 'More Cold Comfort', April 2003, Keele University

	Wider Economy	Local Govt. Staff	Wider Economy	Local Govt. Staff	Wider Economy	Local Govt. Staff
Increase 1988 – 2002	109%	105%	133%	117%	130%	125%

Source: New Earnings Survey 2002

The table below indicates how points on the Local Government scale compare with key low pay benchmarks and average earnings figures.

Pay Scale for Local Government Workers, April 2003

Spinal Column Point	Annual Salary (£)*	Hourly Rate (£)**	Key Benchmarks
4	10,278	5.33	
5	10,521	5.45	
6	10,668	5.53	
	10,823	5.61	Low Cost but Acceptable threshold for each earner in a 2 earner couple with 2 two children in Swansea
7	11,013	5.71	
8	11,361	5.89	
9	11,706	6.07	
10	11,949	6.19	
	12,001	6.23	Checkout Assistant
	12,044	6.26	Female Full-Time Manual Average Earnings
	12,592	6.54	Customer Service Advisor (Call Centre)
11	12,720	6.59	
	12,849	6.68	Administrative Assistant
12	12,987	6.73	
13	13,335	6.91	
14	13,581	7.04	
15	13,863	7.19	
16	14,196	7.36	
	14,199	7.38	Low Pay Unit Threshold (66% Average Gross Weekly Earnings)
17	14,532	7.53	
18	14,817	7.68	
19	15,372	7.97	
	15,796	8.21	Great Britain Male Full-Time Manual Average Earnings
20	15,933	8.26	
	16,085	8.36	Council of Europe Decency Threshold (68% Average Gross Weekly Earnings)
21	16,515	8.56	
22	16,944	8.78	
23	17,442	9.04	
24	18,012	9.34	
25	18,582	9.63	
26	19,185	9.94	
27	19,824	10.28	
28	20,469	10.61	
	20,763	10.79	North East Gross Average Weekly Earnings
	20,991	10.91	Great Britain Female Full-Time Non-Manual Average Earnings
29	21,282	11.03	
30	21,993	11.40	
31	22,689	11.76	
32	23,358	12.11	

	23,588	12.26	Local Government Average Gross Weekly Earnings
33	24,048	12.47	
	24,164	12.55	Great Britain Gross Average Weekly Earnings
34	24,726	12.82	
35	25,245	13.09	
36	25,911	13.43	
37	26,640	13.81	
38	27,420	14.21	
39	28,320	14.68	
40	29,067	15.07	
41	29,835	15.47	
	30,168	15.68	Male Full-Time Non-Manual Average Earnings
42	30,954	15.86	
43	31,356	16.25	
44	32,127	16.65	
45	32,847	17.03	
46	33,642	17.44	
47	34,413	17.84	
48	35,181	18.24	
49	35,934	18.63	

*52 Weeks; ** 37 Hour week.

Source: New Earnings Survey (2002), New Policy Institute figures for hourly rate required to reach LCA Standard, 2002

Who are local government's low paid workers?

An analysis of the employers' 'single status' workforce data for 2002 shows that of the total workforce of 1,346,266, 26% are full time women workers, 19% are full time men, almost 51% are part time women and 4.5% are part time men. Women are 77% of the workforce overall and 92% of all part time workers.

Closer analysis reveals that over 34% of part time women are on scale points 4 and 5 and a further 24% on scale points 6,7,8 and 9, a persistent trend in local government. This means that 59% earned less than £6.07 pence in 2002. At the other end of the scale, 0.4% part time women, compared to 4.7% full-time women, 1.4% part time and 11.3% of full time men are on scale points 40 to 49.

Reasons for low part time earnings

'The reason that most of all the part time domestic and caring work in the welfare state has been organised on a part time basis is that the work is quintessentially women's work, which requires the skills that women have learned in their homes as wives and mothers. Since older married women are seen as the ideal employees for these jobs, they have been organised, at least in part, to dovetail with women's domestic commitments.'

(Beechey and Perkins, 'A Matter of Hours, Polity Press, 1987)

Very large proportions of local government staff are part-time women whose hourly rate is invariably lower than equivalent full-time employees. Figures below indicate that part-time female local government earnings fall below other equivalent public sector groups, apart from NHS ancillary staff and higher education manuals. Significantly, these two groups have yet to embark on their own 'single status' exercise, while local government has had six years in which to re-evaluate the pay of the lowest paid staff. Agenda for Change is likely to deliver comparable rates to local government for NHS staff on the lowest pay points.

NES 2002: "PART-TIME FEMALES ON ADULT RATES, whose pay was not affected by absence

	% earning below		
	£5.00	£6.00	£7.00
Local authority single status – E&W	30.5	56.4	73.0
Local authority single status – Scotland	23.3	60.0	74.5
Teaching E&W	6.8	10.8	13.3
Inland Revenue	0.9	7.8	28.7
NHS Ancillary staff	38.6	69.2	86.4
Old universities manual staff	62.8	87.2	91.0
Other public sectors – Company agreements	1.3	37.5	63.0

There are a number of reasons why women part time workers are crowded onto the lowest echelons of the pay structure. These are:

- Most of those on scale points 4 and 5 occupy 'manual' jobs which have been traditionally low paid throughout the economy, although some teaching assistants and home carers are found on these scale points
- Their work is subject to traditional gender biased assumptions about its skill content and value relative to other local government workers and the economy as a whole
- Few of them receive bonus , unlike the majority of their full time male equivalents
- The slow progress in carrying out Single Status pay and grading reviews means that assumptions have been made about the jobs done by women on the lower pay points and the value of them. Many will be undervalued in relative terms.
- Most home care workers and teaching assistants are on scale points 6 and 7. Despite the nature of their jobs, they are still regarded as manual workers in the eyes of the employers and subject to manual workers' pay
- Manual workers assimilated on to the APT and C pay spine are on spot points, with no incremental progression

- They are least likely to receive training and therefore progress into higher paid jobs
- The pressure to 'compete' within Best Value has led to downward pressure and reductions in pay

It should also be remembered that data is not available to adequately assess the impact of working part time on the wage packet. Public statistics are not routinely kept for holiday, overtime, bonus or unsocial hours payments. The full extent of pay differentials between women and men, full time and part time workers may therefore be hidden. For instance, many part time workers do not get paid for Bank Holidays, or those they do not work, unlikely full time workers. They also receive only flat rate payments for overtime working. As we demonstrated earlier in our submission, part time school based staff and home carers are among the groups most likely to work unpaid overtime to complete their jobs too. Anyone working below a 37-hour week in local government is deemed to be a part time worker.

Term time workers

This overall picture disguises the full extent of low pay experienced by term time workers. This has been recently documented by both the GMB and UNISON²⁶.

An estimated two thirds of school support staff are on term time contracts, 90% of them women. Their basic salary is calculated on a pro rata basis to reflect the number of school weeks they are at work. This is generally spread across 12 monthly payments. Some term time workers are not paid holidays losing about one third of their annual wage, others receive pro rata holiday pay. The UNISON surveys show that teaching assistants' actual minimum wage is generally £7000 to £8000. Some find that their hourly rate falls below the National Minimum Wage once pay for school holiday periods is deducted. To add insult to injury, term time workers have been barred from claiming Job Seekers' Allowance because they are viewed as employed during school holidays!!

Other 'flexible hours' contracts

As we stated earlier in our submission, nearly 25% of all council workers are now on temporary, casual, fixed term or agency contracts. Others, particularly home care workers, are often placed on zero hours contracts, working on an 'as and when' basis. Many of these are part time women staff who will not receive the conditions provided in the Green Book. Their overall earnings will almost certainly be an even smaller proportion of men's and full timers' pay when this is taken into account.

Pay by occupation and location

IDS were asked to carry out a survey of pay in local government by the trade unions. The results of their study are contained in the report which accompanies this submission. They looked at pay across 26 occupations, based on an open survey of local authorities. The key findings were :

²⁶ 'Education's hidden professionals', 2003, GMB; 'Teaching Assistants', UNISON, 2002' 'Taking the lid off term time working' Christine Lewis for UNISON, 2003

- There is a wide variation in pay within and across regions and between neighbouring or close authorities
- Enhanced pay rates are being paid by councils throughout England and Wales to deal with recruitment and retention problems, not just those in London and the south east. For instance, planning officers in Wales and the south west had median starting pay rates almost £3000 higher than the national figure. The eastern and north west regions both pay higher rates for newly qualified social workers and IT staff than the national medians
- However, outside of London and the south east median starting salaries for teaching assistants were generally lower than the national median of £5.34 pence. The eastern region was the only one outside of London and the south east to pay a higher median maximum rate
- For home care, no region outside of London and the south east paid higher than the national medians
- There is less differentiation in pay for manual workers because of their fixed pay points and national grades
- Nearly 20% of councils identified higher rates in the private sector as the cause of recruitment and retention problems

Below are some of the scale point ranges for key occupational groups:

Senior social workers	Lowest median minimum 22 – 38 Highest median maximum 41 – 42
Senior care workers	Lowest median minimum 10 – 11 Highest median maximum 31 – 36
Home care workers	Lowest median minimum 4 – 5 Highest median maximum 16 – 25
Planning officers	Lowest median minimum 14 – 16 Highest median maximum 41 – 49
Environmental health officers	Lowest median minimum 20 – 21 Highest median maximum 43 – off scale
Refuse collectors	Lowest median minimum 4 - 6 Highest median maximum 21 – 29
Teaching assistants	Lowest median minimum 4 Highest median maximum 17 – 21

Pay patterns

There were some discernible patterns to pay levels. Cornwall and some Yorkshire councils featured regularly as paying the lowest minimum and maximum rates. Coventry also featured as a council with rates towards the lower end of the distribution for a number of jobs, as did Wakefield. Both councils received poor ratings in the recent Comprehensive Performance Assessment.

A further very interesting feature was that highest minimum and maximum rates for home care workers and teaching assistants were found in Medway and Hertfordshire, both councils having completed pay and grading reviews. West Sussex, the first council to complete Single Status, was among the highest minimum payers for home care workers.

Comparative pay levels

IDS were also asked to carry out some preliminary work on comparative pay levels within the public sector and with the private sector. Comparative studies for local government workers are not possible for all occupations, but IDS benchmarked a small sample looking at median minimum and maximum salaries. Their results were as follows:

Admin assistant: Pay rates lower than both the public and private sectors for both pay levels

Admin Officer: Lower than the private sector, though higher than the public sector, especially at the minimum level

Catering Assistant: Maximum rates in the private sector were higher by 19 pence

Cleaner: Pay rates were the same as the private sector at £5.10 pence an hour

Nursery nurse: Both local government medians were higher than for the private sector. However, it is widely known that the private nursery sector is a 'low payer' with a high turnover of staff. Private nurseries do not cater for children with family problems or with special needs

Programmer: Starting salaries were higher in local government, but the rest of the public sector was ahead on maximum pay. The private sector had a 'large lead' when it came to maximum salaries

Systems analyst: Both the public and private sectors exceeded local government medians at the bottom and top ends

Housing officer: Local government staff were significantly below medians for both the public and private sectors

Overall then, the IDS survey confirms the trends in local government pay identified by Thornley, op cit. Pay rates are generally lower than for the rest of the public and private sector for most jobs. Only the nursery nurse was better paid, though the jobs are likely to be dissimilar, with higher skill levels in local government. This finding also reinforces the fact that women's jobs in the private sector are subject to even lower pay rates in some occupations than in local government.

Two examples of public sector comparisons are illuminating. An Inbucon survey of pay in the housing sector last year showed that while minimum rates for housing managers were slightly lower in housing associations, maximum rates were over £10,000 a year higher, at £40,887. For housing officers, the housing association minimum and maximum were higher by around £2000.

School staff provide an interesting case study too and highlight the growing disparity in the treatment of teaching and school support staff. In 1995, nursery nurses earned 51% of teachers' pay. By 2001 it was 44%. The same trend holds true for teaching assistants. In 1995 they earned 45% of teacher's pay. By 2001, the figure was 38%. This is clearly an indication of the concerted attempts by Government to boost teachers' earnings in order to attract and retain staff. Teaching assistants are soon to be given an enhanced role in the classroom, but as yet there has been no agreement on their future pay and grading or real recognition that they are not adequately valued.

Managers' pay

Chief Executives, Directors and Assistant Directors - or their equivalent - have their pay negotiated within a separate negotiating body, the JNC for Chief Officers. However, the reality is that pay for staff at this level is increasingly determined by private sector market rates and recruitment carried out by recruiting agencies and HR consultants operating outside of local government. Earnings for Chief Executives regularly top the £100,000 level and are frequently more, making the JNC minimum of £58,750 for this year largely irrelevant. The Chief Officers' pay increase from July 2002 was a 21-month one, giving 3% from 1 July 2002, followed by 4.5% from 1 April 2003. This generous increase exceeded that for the majority of NJC staff and reflects the ability of this group to use the market positively to hike pay up.

SOME KEY POLICY ISSUES ON PAY

The Government and Employers' approach to future pay systems and levels in local government raise some key issues for us as trade unions. There are other policy areas too which the Pay Commission has sought views on. Finally, the question of the minimum rate for local government staff has been thrown into relief by the new system of Working and Pension Tax Credits and work carried out by the Family Budget Unit on Low Cost but Acceptable budgets. We wish to highlight some issues for the Commission to give further attention to in its deliberations.

Local bargaining

The Treasury's spending review in 2002 said that 'variations in the public sector labour market are largely local, rather than regional, and can differ significantly by occupation. Therefore increased flexibility at local level to address recruitment and retention challenges is necessary'. The Government's evidence to the Pay Review Bodies talked of the 'deadweight costs from high settlements in low cost areas'. It would prefer national pay awards to be modest to enable a more targeted approach and to pay more only in those areas and for those jobs where there are real recruitment and retention problems. This is in line with the Employers' Side view.

Treasury thinking has been influenced by statistical work on regional pay differentials, such as the work carried out for the GLA enquiry into London weighting. It is also based on the premise that the public sector engages in widespread local bargaining. However, there are a number of flaws with this approach and its practical application is limited.

A study of regional pay by IDS²⁷ examined how large multi-site private sector companies responded to local pay pressures within national pay structures. They found that on the whole there has been a reluctance to devolve decision making and to vary pay according to each locality. The dangers of local pay determination was seen to be spiralling paybill costs, as each branch claims to be a 'special case', branches poaching rather than training staff and 'leapfrogging' pay claims from trade unions comparing awards to other sites. Employers also

²⁷ IDS Report 872, January 2003

felt that single pay and conditions structure was easier to administer, enabled the easy transfer of staff between branches and minimised the risk of equal pay claims.

Private sector practice on local pay

Most large private sector employers, much like the public sector, have retained national pay structures and have built-in mechanisms to provide higher pay for areas with low unemployment and a high cost of living, principally London and the South East.

IDS identified a number of different approaches to local pay variation, though the differences between them are often of style rather than substance. First, companies, especially those in the finance sector, have national pay structures with additional flat-rate allowances for inner London and outer London. The recent IDS Study on London allowances found that the median payment was £3,290 a year in inner London.

Second, some companies have extended the allowances beyond London, introducing more tiers to cover areas surrounding London, the rest of the South East and sometimes to large towns around the country.

Third, many of the large retailers have 'zonal pay' systems. Locations are categorised into a number of zones with those in the higher zones attracting higher pay premiums on top of the national pay bands. This system offers more flexibility than London and South East allowances as over time locations can be moved from zone to zone as the labour market changes and locations within the same region can be in two different zones.

Fourth, some employers operate regional pay bands, although they don't always correspond to regions and like pay zones they allow companies the flexibility to move particular locations from band to band.

Fifth, some organisations have in recent years moved to pay systems that are more explicitly based on market pay, either for occupations or for locations. This tends to offer local managers a limited ability to vary pay according to strict criteria laid down by head office.

Local or site-level bargaining is not common in national companies, due to factors such as the costs and time involved in duplicating bargaining machinery and the lack of paybill control. It is more common in national manufacturing companies where there are fewer large sites than in a retail or bank chain, for example. However, even where it does exist annual pay rises tend to be very similar across the sites as they are provided with strict guidance and budgets from the centre.

Evidence from opted out local authorities

Regional pay bargaining already operates in the 32 local authorities which have opted-out of National Joint Council (NJC) bargaining and are, therefore, not bound by the Green Book terms and conditions of employment for local government staff. The majority of these councils opted out in the late 1980's and early 1990's. Therefore, they have had a decade or more to vary their terms and conditions to meet their local needs.

A survey of UNISON branches was carried out in the 32 opted-out authorities²⁸ to find out the effect on pay and conditions of the authority opting-out of national bargaining. The results of the survey indicate that, far from leading to widely differing pay structures and conditions of service, most opted out authorities have remained very close to Green Book conditions.

Of the 17 authorities responding to the survey, seven have had pay awards higher than the NJC, 4 were paid awards lower than the NJC and 6 were paid the same as NJC.

Staff in all opted-out authorities are still covered by the Local Government Pension Scheme.

Apart from Dartford, which had reduced its entitlement to sick pay for new staff in their probation period, most opted-out authorities made the same payments for sickness as the Green Book. Two authorities had made reductions in payments for working unsocial hours.

Four authorities have improved in maternity pay; Buckinghamshire, Dartford, Tandridge and Wealdon. The other 13 remain the same as the Green Book.

Six authorities have increased annual leave entitlement.

Despite having the freedom to develop their own pay systems, the majority of authorities are still experiencing staff recruitment and retention problems and have shown little taste for moving far away from Green Book conditions.

Local bargaining is already happening in many schools as a result of fair funding. This has been demonstrated to result in low pay for school support staff, widely differing pay rates and also has created problems in the implementation of Single Status²⁹. Schools are increasingly claiming that they are outside of its scope. In the ConneXions service, once part of local government as the Careers Service, bargaining at careers company level has led to differing pay rates for the same jobs in similar cost-of-living areas and created severe discontent within the workforce.

Race discrimination in pay

The paucity of pay and workforce data in local government is discussed in more detail elsewhere. It impacts on the ability of the NJC to address race discrimination in pay and within employment practices more generally, although the trade unions do work closely with Dialog, the Employers' Organisation equality unit on the range of equality issues. However, it is well recognised that black women constitute a high proportion of staff in caring, catering and domestic jobs in councils. It is also evident that few black and ethnic minority employees hold senior positions within councils.

It is also important to note that the Census of Employment data for 2002 shows that for 59% of full-time women, 60% of full-time men, 63% of part-time women and 64% of part-time men, ethnic origin is unknown.

²⁸ Opted Out Authorities, UNISON, 2003

²⁹ Classroom Assistants

Local authorities now have a duty under the Race Relations (Amendment) Act to produce race equality plans. There is also a CRE Standard for local government, which forms the basis of a Best Value performance indicator. A recent Audit Commission report on performance indicator results³⁰ highlighted the fact that only 3% of local government workers are black, with the proportion of black staff in councils ranging from 0.5% to 30% in a small number of London boroughs. 42% of workforces have less than 0.5% black and ethnic minority staff. 40% of councils in England had done nothing to implement the 1995 CRE Standard, 38% were at level 1 and only 15% at level 2. Councils' performance was 'poor' on equality and diversity initiatives in England in 2001/2, although the Welsh Assembly has established a Public Sector Round Table on Equalities. The Audit Commission report concluded:

'Although the majority of councils have some form of equality and diversity policy, it is rarely translated into strategy and even more rarely into action plans with challenging targets.' It continues:

'Local councils are frequently the largest employer in their local community. The staffing policies and practices of local councils can have a significant impact locally. The composition of the council's workforce is an important equality issue. The staffing profiles of communities should reflect the diversity of communities they serve – both in terms of gender, disability and ethnicity. Local councils need to have systems in place that ensure that they continually monitor the profile of their workforce.'

Further on in our evidence we recommend action to rectify the lack of pay data for all groups of staff, including black and ethnic minority workers.

RECOMMENDATIONS

- **Pay and related rewards for local government staff should be brought in line with other public sector groups**
- **This should apply to recruitment and retention payments and other allowances as well as basic pay**
- **The Green Book allows for labour market additions and other 'flexible' means of dealing with recruitment issues. There is no support within the trade unions for local bargaining**
- **Urgent action on equal pay is needed. This should be seen as a priority to establish an equality-proofed pay "floor" underpinning future pay initiatives**
- **A centrally driven approach to pay and grading reviews is needed, with funding made available**
- **Quick action needs to be taken on the position of part time workers. As an interim measure, guidance on equal pay and sex discrimination should be issued. Further research should be carried out over the next year and an action plan on**

³⁰ 'Equality and Diversity', Audit Commission 2002

equality devised.

- **Term time workers should be the focus of a separate initiative to establish equality-proofed national conditions**
- **Research on black and ethnic minorities' pay and conditions needs to be undertaken as a matter of urgency, in line with broader recommendations for workforce monitoring**
- **An action plan to deal with race discrimination in pay should be drawn up**
- **There should be Audit Commission performance indicators on: effective systems of workforce and pay data collection and monitoring; positive action pay strategies for dealing with race and sex discrimination**

CHAPTER 5 : PAY AND REWARDS SYSTEMS

As noted above, the current pay system consists of a core national prescription of nationally negotiated basic pay within a single pay spine. In most authorities, there is still no national or consistent grading system, due to the lack of progress with Single Status. Hence, local government pay system remains a hybrid one, but with a large element of local 'negotiation' on pay for ex APT and C staff. Manual workers are on fixed points, having been assimilated onto the APT and C pay spine. White collar staff enjoy incremental grades.

The other key feature of the Green Book is its division into Parts 1, 2,3 and 4

Part I contains principles and the constitution. Part 2 contains 'key national provisions', including working time, leave, sickness, maternity, part time workers and broad car allowance provisions. Part 3 contains 'other provisions' 'which may be modified locally, by negotiation between the authority and the unions.'(Implementation Agreement, para 3)

Part 3 covers arrangements for pay for 'additional hours', Saturday and Sunday working, night work, Public and Extra Statutory holidays, sleeping-in duty and other 'non-standard' working patterns. Also in that section is the training agreement, conditions for receipt of sick pay, childcare and dependants support, car allowances, payments in the vent of death or permanent disablement and meal and accommodation charges. Appendix 1 refers to grading provisions and working arrangement provisions arising from the Purple and White Books covering, amongst others nursery nurses and registration officers. These 'remain as part of the new national agreement until superseded by local arrangements following local reviews of grading structure'. They were intended to protect some core aspects of conditions such as full time status for nursery nurses until implementation of Single Status.

Part 4 contains guidance on job evaluation, equal opportunities, appeals and 'soft' maternity issues.

Part 3 provisions

As noted above and in their presentation to the Pay Commission in February, the Employers would like the Part 3 provisions to wither and die and have consistently tried to put new agreements in Part 4. This includes aspects of the revised maternity agreement, in which they succeeded, and the disputed Workforce and Training Agreement. The most significant impact of this would be to remove unsocial hours payments from care staff, who are largely, low paid, part time women and groups such as library assistants and librarians who also show high dissatisfaction ratings with their pay³¹. This has been a regular feature of approaches to Single Status implementation, with unsocial hours payments being targeted to pay for – at least in part - new pay and grading structures. We believe that the Part 3 provisions are essential to protect the terms and conditions of lower paid staff groups.

The trade unions, as we have shown above, wish to engage positively with the improvement agenda, one strand of which will inevitably be to extend the hours of service provision in some areas. UNISON's briefing on home care for the Commission³² outlines the impact this has had on that group alone. More split shifts and family-unfriendly working patterns

³¹ 'Making A Difference Under Pressure', UNISON/NOP 2001

³² 'Poverty Begins At Home', UNISON, April 2003

command increasingly fewer and lower rewards. We do not believe that 'modernisation' will require universal 24/7 delivery and, even if it were to do so, would impact most on those on the front line who are paid worst. We believe that they should be rewarded for the disruption to their family and social lives.

Inconsistent pay spine

We would like to highlight at this point one of the features of the pay spine which is of some concern. The steps between points are highly irregular, with pay differences of, for example, 2.36% between scale points 4 and 5, 2.4% between 14 and 15, 3.25% between 25 and 26, 2.64% between 35 and 36 and 2.1% between 48 and 49. A fair and equality proofed pay system would be best served by a spine with equal gaps.

The problems with local pay bargaining in local government

There are a number of reasons why the Trade Union Side cannot support either the Government or employers' proposals for a minimum framework pay structure, 'topped up' by local bargaining. Some of these have been detailed in our critique of the employers' proposals earlier in our submission. We have demonstrated that enormous levels of flexibility already exist, although they have not proved effective in dealing with recruitment and retention problems or low pay. And they run counter to equality considerations. We would like to emphasise our view that:

- The Green Book provides ample flexibility at the moment for local authorities to vary grades and pay to deal with recruitment and retention problems
- It could be argued that there is too much flexibility, given the wide variation in pay rates for the same jobs performed in different authorities. Using incremental points to deal with recruitment and retention problems or shortage of supply of key groups of staff runs counter to the notion of equal pay for work of equal value and could perpetuate inflated rates of pay when labour market factors are no longer evident
- Recruitment and retention problems span the UK and strongly suggest the need for a general uplift in pay throughout the structure, rather than a piecemeal approach
- Women are most likely to suffer from local pay bargaining. They are under-represented in trade union structures at a local level and have less bargaining clout. We would submit that the employers' wish to use local bargaining to 'peg' women's jobs to market rates, which they know can be lower than those in councils, although they appear to be catching up
- We have no confidence that the employers would approach local bargaining with the needs of the majority of the workforce in mind, given the general lack of awareness of equality and equal pay issues demonstrated by their track record and approaches to job evaluation and pay
- Councils will be seeking to save money by negotiating down pay locally for large groups of staff, in particular those whom the Audit Commission considers over-paid relative to

the market such as home care staff

- We are not confident of the capacity of either side to engage in widespread local bargaining. Local authorities have shown themselves to be unable to implement Single Status pay and grading reviews, with personnel capacity appearing to be one of the main barriers. It seems unlikely then that they could bargain successfully on pay at a local level
- Local bargaining is likely to set up competition between councils and engender 'poaching', as demonstrated by some of the case studies produced by IDS for our submission

RECOMMENDATIONS

- **Part 3 conditions should be retained**
- **Unsocial hours payments should be considered for inclusion in Part 2 of the Green Book**
- **There should be an equality audit of any proposal to change or remove Part 3 conditions**
- **The pay spine should be examined and adjusted if necessary as an equality-proofing measure**
- **A review of the human resource capacity and its structure within councils is needed. This should be required as part of the “modernisation” requirements of Best Value and the Comprehensive Performance Assessment**

CHAPTER 6 : SOME SOCIAL POLICY ISSUES SURROUNDING PAY

The Minimum Wage in Local Government

The minimum rate in local government is now at £5.33 pence an hour. Apart from the problems our members experience trying to live on low pay, two policy developments lead us to suggest that this remains too low and should be significantly updated.

'Low cost but acceptable' wages

Methodological work undertaken by the Family Budget Unit (FBU) has constructed a means of assessing a *Low Cost but Acceptable* wage level for specific family types and localities. It is argued by the FBU and others that incomes below this level mean that a family is living in absolute poverty. Other less specific methodologies are used to calculate measures of relative poverty. For instance the Department for Work and Pensions has published research into Households below Average Income, which uses a guide of 60% of median income as a measure of relative poverty. Measures of both relative and absolute poverty, however, draw a link between low pay and social exclusion, that is exclusion from activities (both private and social) which those with higher incomes enjoy and which make up part of normal living in the UK.

Table 4 shows estimations of a Low Cost but Adequate income level for different family types, each with two children (a boy aged 10 and a girl aged 4) based on FBU research in York during 2002:

Net weekly earnings required to reach Low Cost But Acceptable levels, York, April 2002

Family Type	LCA Net Earnings level
2 earner couple (1 st earner working f/t, 2 nd working p/t)*	£310.00
1 earner couple (earner working f/t)*	£259.00
1 earner couple (earner working p/t)	£259.00
Lone mother (working f/t)	£313.00
Lone mother (working p/t)	£254.00

*Full time = 38.5 hours per week, Part time = 17 hours per week. Source: (UNISON 2002).

A lone mother working part-time would need to be on NJC scale point 12 before she would be earning a LCA wage, or she would have to rely on Working Tax and Child Tax credits to boost her 'earnings'. Below are the new tax credit and child benefit rates for 2003.

Weekly Estimated Tax Credit Entitlement April 2003

Family Type	Tax Credit Entitlement
1 Earner Couple with 1 Child	£108.46
1 Earner Couple with 2 Children	£132.26
1 Earner Couple with 3 Children	£169.02

Source: Inland Revenue (2003).

These figures exclude Child Benefit, which during March 2003 was equal to the following amounts:

Weekly Child Benefit Entitlement

No of Children	Tax Credit Entitlement
1 Child	£15.75
2 Children	£26.30
3 Children	£36.85

Source: Department for Work and Pensions (2003).

The trade unions believe that workers should be paid a ‘living wage’ which allows them to sustain an adequate living standard, without resort to in-work benefits.

The Family Budget Unit also recently completed a study of minimum incomes needed to achieve Low Cost but Acceptable (LCA) living standards in Wales. The research found that a two earner couple or lone parent with two children, living in local authority housing in Swansea, needed a net income of £310 a week to meet a LCA living standard without dependence on in-work benefits.

This works out to an hourly minimum of £5.61 for each worker, for a family with two adults working-- one full time, one part-time.¹ The equivalent figure, calculated by TELCO - the East London Communities Organisation - for London is £6.50 an hour.

While many local government jobs pay just at or below the LCA on an hourly basis. The prevalence of part-time working means that a high proportion of local government workers do not receive sufficient weekly earnings to provide adequately for themselves or their families. The Swansea FBU study found that a lone mother working 17 hours a week, would need to earn £15.77 an hour to reach LCA level, without dependence on Working Family Tax Credit.

According to the Employers’ figures for 2001, 30.4% of jobs on NJC scales in local government paid less than £6 an hour. Almost a quarter of respondents in UNISON’s 2002 NOP survey earned between £161 and £228 a week (£4.35 - £6.15 an hour, based on a 37 hour week).

The IDS Local Government Pay Benchmarking survey reports median starting salaries for hourly paid jobs in 2002 all falling below £6, except for senior care worker (£7.03). Salary ranges for home care assistants in England and Wales went from £5.22-£5.52 in Calderdale MBC, to £6.23 – £9.88 in Surrey County Council. The lowest minimum was £5.10 in Wakefield MDC. Most ranges (or single points) for non-London authorities fell below £6.00 an hour. Significantly, Medway, one of the rare councils to have completed its single status exercise, had a salary range of £7.00 to £9.24 an hour for care assistants.

The impact of tax and benefits on low pay in local government

Low pay rates determine that large numbers of NJC staff remain dependent on in work-benefits. In April 2003, revised tax credit arrangements will come into force which replaced the Working Families Tax Credit with a combination of a Working Tax Credit (WTC) and a Child Tax Credit (CTC). These revised arrangements will both increase the numbers of people eligible for tax credits and increase the amounts that they are entitled to. For the first time, they also include a tax credit for low paid workers who do not have dependent children. The net result is that many low paid households will be eligible for tax credits and,

in many cases, these tax credits will form a substantial part of their income. Work carried out for UNISON by the New Policy Institute³³ and submitted to the Pay Commission highlights the implications of the new Credits for our members and for the employers and Government.

We are not convinced that the Working Tax Credit system is the best means to deal with low pay. Take-up is unlikely ever to be universal, it could be seen to undermine the 'rate for the job' and equal pay principles and certainly places more than a glass ceiling on earnings potential!

However, by making the Working Tax Credit available to low paid workers whether or not they have dependent children, central government is clearly recognising that working age adults should not have to live solely on the income from the minimum wage. Rather, it is effectively setting a 'real' minimum wage which is considerably higher than £4.20 per hour:

For a couple with no dependent children, working 30 hours work per week at the minimum wage would result in a Working Tax Credit eligibility of £59 per week. This is around £2 per hour, implying a 'real' minimum wage of £6.20 per hour. For a single person with no dependent children, 30 hours work per week at the minimum wage would result in a Working Tax Credit eligibility of £30 per week. This is around £1 per hour, implying a 'real' minimum wage of £5.20 per hour.

Implications of the Working Tax Credits for the Government and the Employers' Side

The fact that all of the local government workforce are public sector employees is also an important factor. For example a £1 increase in hourly pay, resulting in a gross pay bill increase to the local government employers of £1.23, will save the Treasury 81 pence, due to a mixture of lower tax credits and higher tax and national insurance. Thus the £1 rise constitutes an increase in public sector expenditure of 'only' 42 pence.

In considering the overall costs of any pay settlement, the figure that is usually talked about is the overall cost to the employer. However, the net cost of pay rises for people with tax credits is much lower than the gross cost to the public sector as a whole. If the gross costs solely are considered in negotiations, this would substantially over-estimate the cost of the pay increase. Future negotiations should perhaps consider the net costs to the public sector as well as – or even instead of – the gross costs of the pay rises. Local government could also examine recouping of at least some of the money recouped by the Treasury following pay increases. It could be argued that the Treasury should be giving such 'profits' in the form of increased tax and national insurance and reduced tax credits, back to local authorities, particularly as a mechanism for doing so (i.e. central government grant) already exists.

Since much of the extra wage bill would be offset by reductions elsewhere in the public sector in the amount of money paid out in tax credits, we would argue that it would be better to pay all local government employees at least the implied minimum wage rates above rather than pay less and then make up the difference through tax credits. Such an approach would also help with recruitment and retention.

³³ Full research document: 'Tax Credits: Policy Issues for UNISON', New Policy Institute, 2003

In effect, the Working Tax Credit represents a subsidy to employers. Whereas there might be economic arguments for such a subsidy in the private sector (to avoid a loss of jobs), there is no such argument in the public sector. If the 'local government minimum wage' were set at £6.50 per hour then little or no subsidy would be required. We would argue that it would be far better for unions and local government employers to set a 'local government minimum wage' at 'low cost but acceptable' levels at least. Our members would largely prefer to have money in their hands than have to rely on tax credits, with their earnings ceiling. Furthermore, raising the minimum wage in local government would require private contractors to increase their pay rates under the Code of Practice on the Two-Tier Workforce, benefiting employees and the Treasury.

Pensions and Tax Credits

Impact of low pay on pensions

Low pay excludes many individuals from the possibility of saving for their retirement and from a crucial part of the remuneration package. Overall membership of the local government pension scheme stands at only around 60%. Research for the Local Government Pensions Committee showed that the predominant reasons for not joining or leaving the scheme were due to insufficient income. Nearly half said their earnings were too low for membership to be of benefit, and a similar proportion said that they did not earn enough and needed to maximise their take-home pay.³⁴ UNISON looked at the details of pension provision for a number of women members on low pay.

Those interviewed were in the Local Government Pension Scheme and most wanted to remain even though the recent increase in State means tested benefits makes it increasingly questionable that they will get value for money.

Example A

Is 52 and intends to work until 65 realising that she will have difficulty in retiring on a sufficient pension. She entered Local Government when she was 47 which means she will have been in the scheme for 18 years by the time she retires at 65. She works half time and her whole time pay on which her pension is calculated is currently £18000pa. Her service will be halved so the current estimate of her pension is £2025 pa and a lump sum of £6075.

Not surprisingly she has low savings and previously was in the State Earnings Related Pension Scheme for 19 years. It is difficult to estimate how much this will be but if it were around £1,500 a year then with assuming an unreduced Basic State Pension she would be above the means tested threshold. If she cannot remain in work until age 65 then unless she can go on ill health retirement the benefits of the scheme become much more borderline especially if the MIG/Pensions Credit continues to go up in line with National Average Earnings.

She had a total mistrust of money purchase schemes because of the risk. Certainly the cost of building up pension is expensive at any age but from age 50 the joint contribution would have to be significantly higher than the current average joint contribution of 21% to the

³⁴ Local Government Pensions Committee Circular 130, February 2003

Local Government Pension Scheme. She is unlikely to change her hours so she is unlikely to benefit if the scheme was career average as opposed to the current structure of final salary.

Example B

Is a women aged 34 who has been in the LGPS since age 24. She works 25 hours a week and whole time earnings would be £15700 a year. If she works to 60 in the same job then her pension at current pay levels would be around £7,400 pa with a lump sum of £22,200. On the face of it she is doing well out of the scheme. Unfortunately the service is under threat of privatisation. Ironically although it has been won by the in house bid it was on the basis of making substantial savings and her job is at risk. Her accrued pension is only £1460 pa. Due to commitments she is unlikely to be able to increase her hours in the future. A long bout of unemployment and possible membership of low value stakeholder schemes in the future may well bring in to question the value of a small deferred LGPS pension if she was to lose her job and have to leave Local Government.

Example C

Is nearly 60 but has been working for nearly 15 years. She is on £5.40 per hour for about 24 hours a week. She is not in the LGPS and never saw any real point in joining. She has no savings and will not have a full state pension. Her main income is likely to be incapacity benefit as she is suffering for a degenerative disease. It is unlikely that she would have got value for money for her contributions and is typical of the members who not only receive low pay but have little incentive to join the pension scheme.

The revised tax credit arrangements also include revisions for pensioners, with a 'pension credit' replacing the current Minimum Income Guarantee. Again, there are implications for UNISON's stance towards the Local Government Pension Scheme (LGPS).

Because the Pension Credit will operate like the other tax credits, it reduces the value to the individual of a second pension (such as the LGPS pension), just as other tax credits reduce the value of a pay rise. The first £62 per week of LGPS pension is currently actually only worth £36 to the pensioner because £25 of Pension Credit is lost. In other words, the value of the LGPS pension to the employee can actually be up to 40% less than its value (cost) to the LGPS fund itself.

Statistics on the local government workforce suggest that most employees are likely to be in this position with a pension whose value to them is markedly less than its cost to the employers. So among those aged 55 to 64, the average number of years in local government employment is about 14. With 14 years of service, an employee needs to retire on £18,500 in order to have a weekly pension of £62. Yet only 20% of those aged 55 to 64 have such a salary.

Furthermore, the scale of the issue may well grow over time. The current government is committed to increasing the guaranteed minimum income for pensioners in line with earnings whilst only being committed to increasing the basic state retirement pension in line with prices. The implications of this are that both the maximum amount of the Pension Credit and the numbers of people eligible for this credit will grow over time.

RECOMMENDATIONS ON TAX CREDITS AND THE LOCAL GOVERNMENT MINIMUM WAGE

- **The Pay Commission should undertake further investigation of the impact of Tax Credits on the pay and earnings potential of local government staff**
- **It should also examine the pay bill implications of them, with a view to establishing where the burden of future pay increases in local government will fall**
- **The Pay Commission submit evidence on this matter to the ODPM/LGA Review of the Balance of Funding in local government**
- **Careful examination of the impact of Pension Credits on the pension outcomes of local government staff in the Local Government Pension Scheme, subsequent to the findings of the New Policy Institute's submission³⁵**

³⁵ 'All Credit to You', UNISON 2003

CHAPTER 7 : SINGLE STATUS – THE LONG WAIT

The Single Status Agreement of 1997 had three central aims:

- To eradicate outmoded , class based divisions between the pay and conditions of white and blue collar staff and to bring those in local government onto common terms and conditions
- To ensure means of rewarding all staff on a common basis, compliant with the equal pay and other equality legislation
- To establish a pay system and reward package which would promote improved service delivery

Allied to those aims were the intention to complete harmonisation of the working week and to generate a new commitment to workforce development and training. A single pay spine, which essentially moved manual workers onto the old APT and C points, replaced the two pre-existing structures.

Prior to 1997, manual workers had been graded according to the NJC manual workers job evaluation scheme, which was intended to comply with equal pay principles and generated six national grades. Outside of London, there was no routine use of job evaluation for APT and C staff. In 1993, The EOC produced a report for NALGO³⁶ which found the potential for widespread discretion and discrimination in the Purple Book and its application. It found in particular that:

- Pay and grading on appointment was subject to subjective judgements about merit and the relationship of qualifications to the job
- Commencing salary was fixed ‘with due regard to educational standards, experience and age’ with no objective criteria for applying this approach
- Increments could be accelerated at the discretion of the authority, ‘on the grounds of special merit or ability’
- 83% women staff were located on bottom scales 1 – 6 in which ‘less specificity to qualifications’ was required. Male jobs were linked to specific qualifications
- Grading was ‘inconsistent in approach and criteria used are vulnerable to sex bias. This makes the provisions highly problematic in terms of the equal value legislation’
- Factors for grading Senior and Principal Officers were ‘clearly stated’
- But, ‘the treatment of nursery nurses and welfare assistants is more cursory’. They were regarded as having only ‘limited and general skills’ which were linked to only six spinal column points, with no additions for qualifications.

³⁶ ‘Sex Discrimination and the Purple Book; EOC, 1993

- The study concluded that ‘the use of vague, ill defined criteria for selection and promotion encourages sex bias.’

A further report by LEVEL, the London Equal Value Steering Group in 1987³⁷ had also looked at the Greater London Whitley Council job evaluation scheme and found that:

- It ‘continually emphasises and re-rewards professional status, managerial roles and position in the status hierarchy’
- There were ‘ a number of important job demands which are difficult or impossible to assess within the GLWC scheme’
- These were:
 - Caring and interpersonal skills
 - Difficult or demanding contacts
 - Volume of work or pressure
 - Stress
 - Creativity, other than writing reports
 - Skills without allied professional qualifications
 - Experience gained outside of work
- Career-linked grades were ‘open to various pressures and possible abuses as some staff move through the grades without clear changes in their job demands’
- This was seen to be ‘incompatible with job evaluation unless demands change in clear and measurable ways’
- There was no transparency or objective justification in approaches to market additions

Although the GLWC scheme was subsequently rewritten, its principles were embodied in the scheme contained in the NJC Handbook which existed until 1997.

A key aim of Single Status therefore was to create a new pay and grading system which would apply to both manual and white collar staff assimilated on to the APT and C pay spine and which would eliminate past discrimination. Although the manual workers’ job evaluation scheme had attempted to deal with equal pay problems, there were different impediments to equal pay, most noticeably bonus and other additions. These are described in more detail in Sue Hastings’ report on behalf of the Trade Union Side to the Commission.³⁸

Equal pay central

The Green Book is clear – and perhaps unique – in its explicit commitment to ensuring that new pay and grading structures should be equal pay ‘proofed’. It is underpinned by a commitment to a joint approach to implementation.

³⁷ ‘Job Evaluation and Equal Value – A study of white collar job evaluation in London local authorities’, LEVEL, September 1987

³⁸ ‘Pay Inequalities in Local Government’, Sue Hastings, 2003

It states:

‘To fulfil a key objective of single status employment, fair and non-discriminatory grading structures are needed at local level to integrate former APT and C staff and former manual workers.’

‘Local authorities should review their local grading structures...In conducting such a review, representatives of the recognised trade unions should be fully involved.’

A new NJC job evaluation scheme was drawn up jointly, both sides having ‘signed up’ to the notion of job evaluation as the only means to ensure a fair, transparent and objective approach to devising new, common pay and grading structures at local level. It was initially in ‘paper’ form only, but was soon computerised with a view to facilitating quicker job evaluation exercises. Although the trade unions were keen for it to be applied to all authorities, the new notions of ‘flexibility’ underpinning the agreement would not allow the employers to move this far. In addition, they strongly resisted the perpetuation of national grades or any national guidance about grading and pay outcomes. There are now separate job evaluation schemes for Greater London and Scotland, the latter having separate bargaining machinery.

The Joint NJC Technical Working Group which was established to devise the job evaluation scheme has continued to oversee and monitor progress on job evaluation and pay and grading reviews. The trade unions have issued a good deal of advice to members on all aspects of Single Status implementation, but particularly pay and grading reviews and job evaluation³⁹. There have also been joint and separate trade union training sessions on job evaluation. The Technical Working Group has recently issued joint guidance to authorities on means to assist them carry out job evaluation and grading reviews. Joint NJC consultants have been trained to help authorities carry out reviews.

Where are we now?

It is now six years since the agreement was reached. Although a single status ‘culture’ has largely developed, harmonisation of the working week has only been achieved in two thirds of councils and in the majority of them there is disappointing progress on both pay and grading reviews and the training agreement. Less than one in ten councils have implemented a new pay and grading structure, with less than a third having made any significant progress towards doing so. Less than one in ten have made any real progress in relation to the new training provisions. There is a sense in which the project is viewed by both the employers and the trade unions as running in to the sand.

The employers’ approach

Since 1997, the employers’ approach to pay and grading reviews in particular has shifted. This has become more marked recently and may reflect pressure from individual councils, many of whom did not appear to have sufficient ‘buy in’ to the agreement in the first place. This is emblematic of an evident shift away from joint working on a number of key issues by

³⁹ ‘Single Status: Trade Union Side Guide to Local Government Grading and Pay, T&G, UNISON, GMB; ‘Single Status – Achieving Equal Pay, UNISON

the Employers' Side who appear to be under growing pressure from their constituents to act as 'employers' rather than equal participants in a fading 'Whitley' system.

There are four clear elements to the employers' current approach to pay and grading reviews:

- A move away from seeing achievement of equal pay outcomes and compliance with equal pay legislation as aims in themselves
- Questionable commitment to the basic principle of equal pay for work of equal value
- An implied view that pay and grading reviews are necessary in order to avoid litigation, but are not necessarily desirable

Employers' Organisation guidance issued in January 2000 was accompanied by a letter which read:

'Councils should carry out a 'risk assessment' in relation to equal pay legislation, based upon local conditions. Such an assessment will require analysis of existing posts by gender, salary, and a broad assessment of job size and should help the authority define its potential exposure to equal pay claims'.

This suggests that councils need not progress with pay and grading reviews if they consider the risk of litigation to be low. This approach has been accompanied by growing pressure on the Trade Union Side to allow individual councils to modify the NJC job evaluation scheme to suit their own 'needs', a move we have resisted on the grounds that councils could change the scheme in a way which would not guarantee objectivity or equal pay outcomes and could lead to very different outcomes across local government. Pressure to create minimal change at local level, coupled with financial constraints and a lack of awareness of equal pay considerations, is almost certain to lead to major undermining of the Green Book principles should this occur.

Blocks to progress

There is broad consensus between the employers and the trade unions on the current state of progress and the key obstacles to implementation. Recent surveys by the Employers' Organisation, the trade unions and Dr Carole Thornley⁴⁰ all confirm the current position. The EO survey suggests that 14% of the 187 respondent councils have completed the review, 49% have one underway, 26% are 'still considering' and 11% have decided against. This is perhaps an overestimation of the proportion of councils who have completed, given the small sample. There is also broad agreement that the following are the key obstacles:

- Cost, which is the key impediment
- Complexity of the exercise
- Problem with the capacity of councils to deliver

In her study, Thornley finds that 40% of employers have only a zero cost commitment to tackling low and unequal pay, 10% are more interested in local flexibilities. In addition, 40%

⁴⁰ 'Failing to Deliver', Dr Carole Thornley, Keele University, 2003 and 'Report on Single Status Local Pay Reviews', Employers' Organisation, Autumn 2002

of employers in her study feel that the human resource function is insufficiently resourced and are concerned about turbulence and ensuing industrial relations problems. The trade unions perceive lack of will on the part of employers to be an active impediment to progress but that there is no evidence that 'unions are proving a major obstacle to progress'. Best Value and privatisation were also reported as blocks to progress. Privatisation can also look like an alluring option for councils seeking to avoid dealing with the need for pay and grading reviews. This has often forced trade unions to submit equal pay claim prior to any transfer in order to preserve our members' rights. In rarer cases like that of Islington LBC, the unions have been able to get agreement from the council to conduct a pay and grading review prior to transfer. In this case, school catering staff received increases of between 9% and 30%. This example illustrates the scale of underpayment in key jobs which councils have obscured for many years.

Thornley makes another important observation. She states that, even where there is progress, 'outcomes are far from transparent or agreed' and there are significant problems. The trade unions share this view in some authorities, where there have been no attempts to disguise manipulation of job evaluation results and new grading structures to meet cost constraints or 'felt fair' notions of job weight. There are examples of job evaluation scores having been translated into lower grades than scores would suggest, particularly for home care jobs. Furthermore, job evaluation scores and consequently grades vary enormously between councils.

Thornley's research also points to 'a number of lower-order impediments', including:

- a lack of strategy and commitment on the part of many authorities
- a lack of commitment to a fully-negotiated and partnership approach
- lack of clarity within and between the sides on who will be the main beneficiaries of change
- lack of adequate support and information
- lack of adequate facilities time and resources for union representatives
- concerns from union respondents that employers are focusing on local 'flexibilities' and cost savings rather than addressing inequalities
- lack of transparency in outcomes and significant implementation problems where new systems are developed

Thornley also found that only a minority of respondents expected improvements in the near future, and the lack of progress was already seen to be causing problems with increased likelihood of equal pay cases, poor staff morale and motivation, recruitment and retention and industrial relations.

Training overlooked

A key provision in Part 3, section 3 of the Green Book is training and development. The provisions were consciously formulated during Single Status negotiations to give equality of access and opportunity to training, including for part time workers. Authorities are required to draw up policy statements and action plans for all employees. It is an aspect of the agreement which has been neglected. The current state of play with workforce training and development is not auspicious and is an indication of the narrow approach taken to the implementation of the Single Status agreement by the employers.

The People's Skills Scoreboard 2001/02, the annual Employers' Organisation survey which provides benchmarks for different aspects of investment in Local Government workforce training and development indicates that:

- Only 0.9% of the payroll budget is spent on training, each employee has on average £159 spent on them and 1.5 days training per year. There has been a decrease in investment in local government workforce development and training since 2000/01 where 1.1% of the payroll budget was spent on training, each employee had an average £181 spent on them and 1.8 days training per year.
- Only 16% of local authorities have a system for measuring on-the-job training provision and in those an average of only 50% of employees are covered
- There is a significant variation between authorities on the amount spent on training. Whilst 0.9% of the payroll budget is spent overall, the Welsh unitaries spend only 0.6% on training, whereas in Northern Ireland the amount is 1.5%.
- 41% of gross training expenditure is spent on professional qualifications, continuing professional development and management development. Expenditure on this group has increased by 4% since 2000/01 where expenditure stood at 37%. However, in 2001/02 only 9% was spent on NVQ/SVQ's, representing a decrease of 1% since 2000/01 where expenditure was 10%. This is despite government targets for improving NVQs or equivalent take up amongst adults in and not in work. (LSC)
- This is recognised in government policy around Lifelong Learning, Union Learning Representatives and the Learning and Skills Council national plan which highlights that improved adult skills are needed for improved productivity. It is recognised by the NHS in the 'Learning Together Working Together' vision which sets out entitlements for all staff to learn focussing on Skills for Life, Individual Learning Accounts and NVQ's. It is recognised by the unions in UNISON's Open College provision such as return to learn and promoting NVQ's for Local Government front line workers.

However, it is not recognised by the employers. The recent position taken by the Employers' Organisation to delete references to partnership working with unions, giving consideration to plan, develop and monitor training on basis of equality of access to all and agreeing targets for nationally recognised qualifications for example, from the workforce training and development agreement, suggests lack of commitment to developing needs of frontline workers.

What is to be done?

'Failing to Deliver' concludes that real progress is only likely to be effected by pump-priming of the pay and grading review exercise and clear direction from central government. Ambiguities over private financing and provision of public services also need to be addressed as these are clearly undermining the pay 'modernisation' and 'equalities' agenda. Failure to address pay inequalities in local government is likely to incur substantial costs in the form of litigation, staff shortages, and deteriorations in productivity and industrial relations. The potential for successful litigation spans most local authorities and is examined in Sue Hastings' submission (op cit).

National approaches elsewhere

Earlier in our submission we highlighted the fact that local government staff and trade unions are both the 'champions' and 'victims' of local democracy. Our position as victims is nowhere clearer than in relation to implementation of the Single Status agreement. Underfunding and central/local funding imbalance are both serving to undermine progress with Single Status. The Trade Union Side has made several approaches to Government for an additional funding 'pot' to facilitate pay and grading reviews. These have been rejected on the grounds that councils have their funding allocation and must choose how they spend it.

However, the approach to pay modernisation in the NHS, Civil Service, the Probation Service and elsewhere in the public sector is taking quite a different form, and is based on national pay and grading reviews, funded centrally by Government. There is a move towards centralised systems to ensure compliance with equal pay legislation, to enhance transparency and minimise local demands on employers surrounding implementation. All Civil Service agencies and departments have to have carried out equal pay audits and formulated action plans to address inequality by 2003. Meanwhile, the Welsh Assembly has initiated a major drive for equal pay, starting with Assembly staff. It has expressed an intention to address problems in local government too.

But Agenda for Change in the NHS is most illustrative of the difference. A national job evaluation exercise is grading all key jobs and there will be national grades and a national pay and grading system. This will obviate the need for trusts to carry out local reviews and will mean that individual NHS trusts do not have to fund the exercise locally. In addition to central funding of the new pay structure, massive funds have been injected in to the NHS University and other workforce development initiatives.

Conclusions

Lack of progress with implementation of the Single Status agreement, particularly pay and grading reviews, has a significant impact on pay levels for core occupational groups within local government. These are largely made up of women, many doing jobs which have changed significantly as a result of 'modernisation' and new approaches to service delivery. Others do not receive equal pay for work of equal value because of discrimination in bonus systems or are on discriminatory term time contracts.

The Trade Union Side would strongly suggest that there are very few local authorities which are not vulnerable to highly costly and successful equal pay litigation, the costs of which far

exceed the costs of rationally planned and funded implementation of pay and grading reviews.

RECOMMENDATIONS

- **The Government and the LGA should identify funds required to carry out pay and grading reviews across all local authorities who have yet to implement them**
- **Additional funds should also be allocated to ensure that the training elements of the Green Book are also implemented, in line with current service delivery and workforce development objectives**
- **A national strategy is required to ensure that national agreements are implemented locally in a way that ensures consistency and equity**
- **Councils should receive more support with implementation**
- **Trade unions at local level should receive adequate facility time to enable them to fully participate in the pay and grading review process**

CHAPTER 8 : THE QUEST FOR EQUAL PAY

The gender pay gap in local government

The gender pay gap within local government narrowed only slightly between 1992 and 2000 when women manual workers earned a mere 47% of male non-manual workers' pay and 78% male manual workers' earnings. Female non-manual staff earned only 80% of their male counterparts. This was lamentable enough, particularly since women in full-time jobs throughout the public sector as a whole earned an average of 82.5% of male average gross weekly earnings in 2000.

But between 1992 and 2000 the external pay gap actually widened. Full-time women manual workers' pay in local government *declined* against the economy-wide male manual worker average, from just over 44% in 1992 to 40% in 2000. The same was true for women in non-manual jobs, who saw relative earnings decline from 75% to 68%.

And it's getting worse

New Earnings Survey and Employers Organisation data for 2002 show that, far from improving, equal pay problems in local government are getting worse. The internal gender pay gap remains wide, with full time women workers earning just 82% of men's gross average pay. Part time workers achieved only 57% pro rata, compared to 58% in 2000.

Overall, women NJC staff earn only 65% of average gross pay of their male counterparts, down from 66% in 2000. The external gender pay has widened since 2000. In 2002, full time NJC women workers earned just 63% of economy-wide male gross annual pay. **For part time workers the equivalent figure is a shocking 46% pro rata.**

The indisputable fact is that there has been just the slightest of improvements in the internal gender differentials in gross pay following the SSA for both full-time and part-time women workers. The 35% gender pay gap compares lamentably with the recognised gap across the economy as a whole. This growing gap has occurred at a time when the gender pay gap in the economy narrowed. It calls for urgent action if the Government's desire to achieve equal pay for women and the underlying principles of the Single Status Agreement are to be met.

In addition to basic pay inequality, women fare worse when it comes to pay related additions and pensions. It is common for home care workers to have to provide their own cars for work for instance, yet they frequently are denied access to car allowances enjoyed by some men in white collar jobs who are not so reliant on cars to carry out their jobs. Market supplements as allocated at present often discriminate against women are not objectively justifiable.

Unequal pay in local government – an old problem

The gender pay gap in local government has long been recognised and has been the subject of significant successful and highly costly litigation, including cases on bonus inequality, CCT, 'like work' and equal pay for work of equal value. Some cases have elicited

compensation running into millions of pounds and more are in the pipeline. These are detailed in Sue Hastings' submission for the Trade Union Side⁴¹.

Ad hoc approaches to pay and grading, especially for APT and C staff underline other causes such as bonus. Local discretion on grading and pay related enhancements was recognised by the London Equal Value Steering Group in 1987⁴².

They said:

'A tendency to allow bargaining pressure to determine who gets how much and when without a strategy and a clear set of priorities can result in a situation...where earnings between occupational groups vary enormously and do not necessarily have any relation to output and grading.'

This remains largely true in many authorities today who do not have an agreed, job evaluated grading and pay structure.

The Equal Pay Task Force, set up by the EOC, reported in 2001 and said:

- There should be 'A statutory duty on public employers to promote equal pay'
- 'Other public sector employers including those within the NHS and local government should identify potential areas for action, issue guidance and disseminate good practice'
- Public services 'should report the fact of having carried out an equal pay review in their annual reporting processes'

In addition, they remarked on the need for 'fitness of national earnings data for measuring the gender pay gap, both nationally and by industrial sector' and said that there should be 'gender disaggregated analyses of earnings by full time and part time work, occupation, industry, religion and ethnicity. There are major problems with the current paucity of workforce and pay data which need to be rectified, not only to identify equal pay problems, but also to look at race inequality in pay and employment. Where they do exist, they are not adequate to the task of equality monitoring or equal pay auditing.'

Problems with the statistics

It is not easy to analyse pay or the local government labour force using available statistics. The Employers' Organisation produces a range of statistics. However, the primary emphasis of the statistics published in the Local Government Employment Digest produces employee jobs in local government by Region, Male, Female, Full-time, Part-time and by authority type and by function. The function category is defined as Education - teachers, Education -other employees, Services direct to the public, Social Services and Corporate functions. What is lacking is any regular publication by occupational group so that an understanding of occupational trends and developments could be tracked over a period of time.

⁴¹ 'Pay Inequalities in Local Government', Sue Hastings, 2003

⁴² 'A Question of Earnings – A study of the earnings of blue collar employees in London local authorities', LEVEL, 1987

In addition, whilst a Local Government Data file is produced that provides some data by age, gender, ethnicity, job type, type of temporary work, job-related training and long-term health problem, it provides no indication of links to any particular authority or occupational group. So for example, with regard to ethnicity it is not possible to evaluate the London break down in relation to the latest Census figures. There does need to be the capacity to track data from a particular authority or authorities over a period of time to assess change.

It is important to note that the census of employment data for 2002 shows that for 59% of full-time women, 60% of full-time men, 63% of part-time women and 64% of part-time men ethnic origin is unknown. This also makes it very difficult to say anything accurate about ethnicity

As a result of the Local Government Pay Commission, more information has come to light recently. For example, quite detailed data has appeared on pension provision. Statistical data provided by local government should not be addressed in such an ad hoc way, but rather should be defined and be available to a wide constituency – and certainly the trade unions – so that progress on employment issues can be seen by local communities as well as by those who have a particular interest in employment issues.

Given the public accountability involved, statistical data on pay and employment matters in local government should be published in a standard format by all local authorities as a requirement, rather than as a voluntary response to a questionnaire by the Employers' Organisation. This would provide systematic data that could be tracked over time and would enable meaningful monitoring relating to a range of groups by gender, race, disability and by occupation and enable pay to be linked to such groups in a more meaningful way than at present.

Kingsmill Report follows Equal Pay Task Force

Following on from the Equal Pay Task Force report⁴³, the Government set up the Kingsmill enquiry into equal pay. Kingsmill looked in detail at local government and said⁴⁴:

'The public sector faces a high risk of exposure to litigation involving claims of equal pay for work of equal value. The local government sector, for example, has a range of occupations covering almost two thirds of the occupational classifications. It is characterised by job and occupational segregation.'

She also remarked on the effect of privatisation on women's pay:

'The effect on women has been particularly noticeable in the local government sector where the "best value" requirements in the provisions of the 1988 Local Government Act initially deterred authorities from taking 'non commercial' factors into account.... I believe that the bidders for these contracts should be required to demonstrate that they will offer the same terms and conditions prevailing previously where they have been established through a pay review and job evaluation and so recommend.'

⁴³ 'Just Pay: A report to the EOC', 2001

⁴⁴ 'A Review of Women's Employment and Pay', Denise Kingsmill, 2001

The Government's response to the Kingsmill report impacted very little on local government. Pay reviews have not been made mandatory, despite the existence of the Single Status agreement. Repeated calls for Government to address the gender pay gap in local authorities have fallen on stony ground. The Employers' Side appears to consider the risk of inaction worth taking. Meanwhile, many council services are run on the underpaid goodwill of women. The Trade Union Side therefore recommends:

RECOMMENDATIONS

- **Eliminating pay discrimination in local government should be made a Government and LGA priority**
- **The Government should require all councils who have not carried out pay and grading reviews to carry out pay audits by the end of 2004 and publish the results, together with action plans to eliminate pay inequality within the Single Status framework**
- **The LGA and the Employers' Side should draw up an action plan based on the pay audits with a clear deadline for implementation**
- **Audit Commission Best Value Performance Indicators should be drawn up for carrying out equal pay audits, Single Status implementation and narrowing the gender pay gap**
- **There should be annual statistics produced covering workforce and pay issues, by gender and race, working hours, occupation, basic pay, pay additions, pay related benefits**

CHAPTER 9 : BARGAINING ARRANGEMENTS

The NJC bargaining arrangements are outlined in the Annex to the Part 1 Principles of the Green Book. There are a total of 83 representatives and 1 observer from NIPSA. The Employers' Side is composed of elected members from regions of the LGA, the Association of Local Authorities in Northern Ireland, and the Welsh LGA. There are Provincial Councils in each region. Scotland has its own bargaining machinery, the Scottish Joint Council. In effect, the Provincial Councils operate separately, with policy issues and priorities being raised by Trade Union Side or Employer Side representatives. Their priorities would appear to differ significantly and often as a reflection of the background and interests of paid staff. There is no real sense of the NJC and Provincial Councils working together to deliver national priorities and strategies.

The NJC has scope to deal with all Green Book issues and new ones which legitimately fall within its scope. Little is ruled out, although London Weighting is negotiated by the Greater London Provincial Council as part of a separate Single Status package.

The NJC is large and full council meetings have a ritualistic air, with limited scope for dialogue as a consequence of their size. Interim Joint Secretaries meetings are held. There are also short life working parties from time to time. They have dealt with issues such as work-life balance, new maternity arrangements, training and workforce development and health and safety.

There is a general view on both sides of the NJC that progress is often slow when dealing with longer-term issues and the absence of lay representatives at the Joint Secretaries level does not help gain 'buy in' or a view from the front line on the issues to be tackled. Preliminary discussions have been held on creating an NJC 'Executive' with paid officers and lay representation to facilitate more effective working.

Annual pay negotiations have become particularly difficult, with the LGA leadership at 'arms length' from the NJC and the Government playing an increasingly active, though absent role, at the bargaining table. In effect, those present at pay negotiations have found it difficult to negotiate and reach agreement without a 'go ahead' from on high. This has introduced complications to recent negotiations.

A further dimension to the NJC is its gender and race balance. The overwhelming majority of the Employers' Side representatives are men, many of whom have been on the NJC for a long time and some of whom bring with them very traditional attitudes to the value of women's work. The Trade Union Side has a very substantial proportion of female representatives, but neither Side has a significant number of black or ethnic minority representatives.

The trade unions would argue that this has created a culture which operates to minimise the enormity of the gender pay gap and other equality considerations affecting part time workers and others such as term time staff. Those traditional attitudes are manifest in the Employers' Organisation's persistent failure to acknowledge the duty on councils to deal with equal pay and desire to peg pay to private sector rates, a move which would largely be to the detriment of low paid women staff.

In general, the NJC has dealt fairly effectively with pay negotiations, but is often slow to progress other priority areas. It is undoubtedly the case that individual local authorities and trade union branches would not have the capacity, or in some cases, the expertise, to engage in local bargaining. This would almost certainly apply to Provincial Councils too. We have already made our views about the principle and effects of local bargaining known

RECOMMENDATIONS

- **The NJC should remain, but the Pay Commission may wish to explore how it might be made more effective**
- **The gender and race composition should be carefully scrutinised and recommendations made about this matter**
- **The strategic role of the NJC and the Employers' Organisation needs to be enhanced to ensure an effective national 'driver' on pay and NJC issues and to overcome the current fragmented approach to human resource management.**