

Austerity myths

This briefing looks at five of the most common myths about local government pay, and gives the real story. It also outlines UNISON's real alternative to cuts in pay, jobs and services.

MYTH 1

The global financial crash means that there's no money for pay rises. Everyone has to tighten their belts.

The facts:

- The UK is the 7th richest nation on earth and the 4th richest when it comes to wealth per person.
- This government has reduced taxes for high earners – dropping the 50 pence tax rate to 45 pence. That handed a £677.5million windfall over to some of highest earners.
- Every year since it came into power, the government has cut corporation tax for big business. They now pay £5 billion a year less than they did in 2010.
- The cost of renewing the Trident nuclear weapons systems would be £100 billion. Each day £6.6 million is spent on its upkeep.
- Tax evaders cost this country £8.8billion in unpaid tax in 2011/12 alone.

There's money to pay for tax breaks, nuclear weapons and tax evasion, so there could be money to pay a decent wage to local government workers.

Myth 2

Public service workers have been cushioned from the recession

The facts:

- The real value of local government workers' wages has fallen by 18% since 2010.
- Pay rises have been below inflation in eight of the last 17 years.
- Many have seen terms and conditions cut at local level.
- Frozen pay doesn't just affect you today – it will cut the value of your pension too.

Myth 3

It's a choice between a pay rise and saving jobs, isn't it?

The facts:

- Over 450,000 jobs have been axed in local government since 2010. Councils may say they only cut pay to save jobs, but years of pay restraint have not saved nearly half a million jobs.



Valuing public services and the people who provide them

Myth 4

Councils can't afford to pay an increase.

The facts:

- Paying our members an extra £1.20 an hour would get our economy working again. For every pound you earn, 50p is spent in your local economy.
- Extra taxes and national insurance to the Treasury would fund over half of our pay claim.

* Since 2010, councils have saved a quarter of their staffing costs by cutting jobs and pay. They've used the savings to boost council reserves which have risen by £2.6billion to £19billion.

Myth 5

There is no alternative.

We believe there is.

UNISON wants an increase of £1.20 an hour for every worker in local government and local authority schools. That would give the Living Wage to the lowest paid and help restore everyone's lost pay.

We believe the councils and government can afford it.

The economy is growing and pay increases in the private sector are between 2.5 and 3 per cent. You've already paid the price for the recession; it's time to feel the benefit of the recovery.

Don't be fooled - there is an alternative

There would be no 'crisis' if the bankers, hedge funds and the rich paid their fair share:

- Introducing a Robin Hood tax would mean that banks paid a small financial tax, like the VAT we all pay, but on financial products they trade – like stocks, bonds, commodities and exotic derivatives. It would cost them between 0.005% and 0.5% of the value of their trade. It's a tiny tax on them, but it can raise £23 billion each year. France, Germany and nine other European countries are about to introduce it. But not the UK.
- Taxing bankers' bonuses – introducing a permanent tax of 50% on bonuses' over £25,000 – After all, RBS bankers got £950 million in bonuses while making a £1.1bn loss this year...hardly performance related pay! ... And Barclays paid £2.4 billion in bonuses last year.
- Collecting the £130 billion owed in taxes by tax avoiders, tax evaders and off-shore companies – not punishing essential low paid workers.

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