



**PAY CLAIM FOR 2017/18**  
**SUBMITTED BY UNISON & UNITE THE UNION TO THE CANAL & RIVER TRUST**

**1. INTRODUCTION**

This pay claim is submitted by UNISON and Unite the Union on behalf of staff working for the Canal and Rivers Trust.

The claim is set at a level that we believe recognises the following key points:

- Major increases in the cost of living over recent years have significantly reduced the value of staff wages;
- UNISON & Unite have worked closely with the Trust over the last 18 months to ensure its stability and have been mindful of the restrictions this puts on the Trust in terms of its increase on spend to the pay bill, particularly with the reduction in DEFRA funding after 2027. That said, to ensure the ongoing stability and future prosperity of the Trust, union members have had to make difficult decisions over the last two years including detrimental changes to their pension scheme, cuts in their terms and conditions and a review of paid allowances which is currently on-going. Our members have significantly reduced the ongoing burden of potential pension contributions for the Canal and River Trust, and that it would be equitable for the Trust to recognise this by maintaining our members pay in real terms (taking into account that pensions are deferred pay, and that therefore the value of the employment package as a whole has fallen for staff).
- Our members accepted a basic 1 per cent pay offer last year due to record low inflation rates; but the current economic view of low inflation rates has now changed and going forward our members expectations are that any pay award will need to reflect the impact cost of living costs will have on their take home pay.
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services;
- Appropriate reward is needed for the increased workload and stress placed on staff against a background of major budget cuts;
- Average pay settlements across the economy have been running ahead of those received by the Canal and River Trust staff over recent years, increasing the likelihood of recruitment and retention problems in the long term (especially in high cost areas);
- Increased vacancy rates across the economy make a competitive wage rate ever more crucial;

- Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies.
- Appropriate reward is needed to enable some closing of the increasing pay gap between members and the chief executive, whose pay increase over the past 3 years has been 3 to 4 times higher than that received by staff.

## 2. SUMMARY OF CLAIM

In recognition of the difficult decisions union members have made in the last 12 months, we are seeking:

1. An RPI linked (using the 12 month RPI aggregated figure to June 2017) + 1% increase on all salary points and allowances based on the range of independent forecasts for average RPI rates in 2017 (published by the Treasury);
2. a consolidated lump sum underpin of £750 to those earning below £21,000pa (basic salary – not to include consolidated overtime and expenses paid within the annualised hours contracts);
3. a one-off cash payment (unconsolidated) of £1000 to all staff earning below £60,000 in recognition for their hard work at the Trust over the last 3 years and to help boost the morale of the workforce which is currently at an all time low\*;
4. an urgent review with the trade unions of the existing pay structure to recognise employees concerns about being 'stuck' within a band on a spot salary, with no room for progression and lack of incentive or reward – a new structure would need to be jointly agreed with banding and pay progression;
5. as a minimum the Living Wage Foundation rates (UK and London) to ALL staff engaged on Trust business including outsourced workers and a commitment that it is written into future procurement contracts to enable the Trust to move forward with their LW accreditation. The unions are committed to support the Trust with their accreditation and will help any way possible;
6. a review of training and development opportunities at the Trust with a view to increase the uptake in the learning allowance offered to staff and assist employees progressing within the Trust;
7. to support the Trust's endeavours to improve the health and wellbeing of its workforce, we ask the Trust to explore the possibility of introducing a gym membership scheme as part of its payment and rewards package.

**Please note** – UNISON and Unite the union would consider bullet points 1 & 2 as a 3 year pay deal. The unions would need a guarantee from the Trust that they

would make progress on the other bullet points with reviews at the NJC meetings over the next 12 month period

\*Immediate payment of the one off lump sum in July 2017.

### 3. FALLING VALUE OF PAY

The table below demonstrates the major fall in living standards suffered by staff over recent years.

	Canal and River Trust pay increases	Rise in cost of living <sup>1</sup> (as measured by Retail Prices Index)
2010	1.5% (an increase of 1.5% or £250 whichever is the greater) – consolidated	4.6%
2011	A consolidated increase of £200 pa paid to all employees earning £21,000 pa or less (assessed on basic pay only). A 1.73% increase on lowest basic. A one off, non-pensionable, non-consolidated payment of £100 to be made to employees earning in excess of £21,000pa	5.2%
2012	3% consolidated	3.2%
2013	2.25%	3.0%
2014	2% consolidated	2.4%
2015	1%	1.0%
2016	1%	1.0%

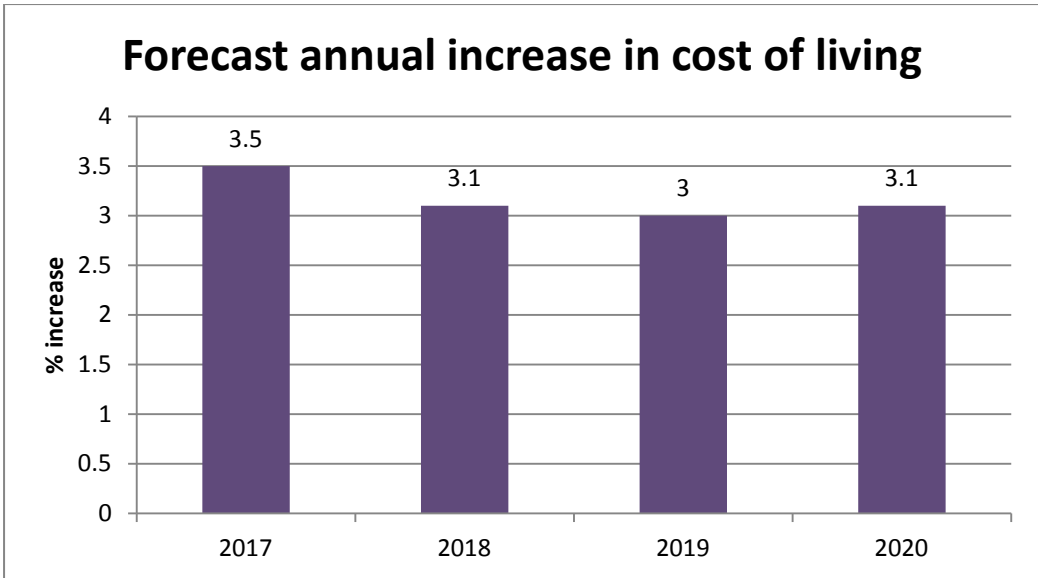
This means that, while the cost of living has risen by close to **20.5%** over the last five years, pay has risen by just **12.48%**, which means that thousands of pounds have been cut out of the value of staff wages.

Studies have also shown that the low-paid have tended to suffer even higher rates of inflation than the average employee. A 2014 report by the Institute of Fiscal Studies found that, between 2008 and 2013, the lowest income fifth of households had faced average annual inflation that was 1% higher than the highest income fifth.<sup>2</sup>

Inflation is currently running at 2.5% and Treasury forecasts indicate that the cost of living is set to accelerate sharply to 3.5% in 2017, then remain at 3% or over every year between 2018 and 2020, following the pattern shown in the graph below:

<sup>1</sup> Office for National Statistics, Consumer Price Inflation Reference Tables, January 2016

<sup>2</sup> Institute of Fiscal Studies, IFS Green Budget 2014



Source: HM Treasury, Forecasts for the UK Economy, November 2016

#### 4. FALLING BEHIND AVERAGE PAY RATES

The ability of The Canal and River’s Trust to attract and retain support staff in the long term will be damaged if the pay of its staff falls behind the going rate in the labour market.

The Trust has already shared their concerns with the unions around some of the recruitment issues they are experiencing including attracting staff in high costs areas like London and by taking the decision last year to extend the area which the London allowance is payable.

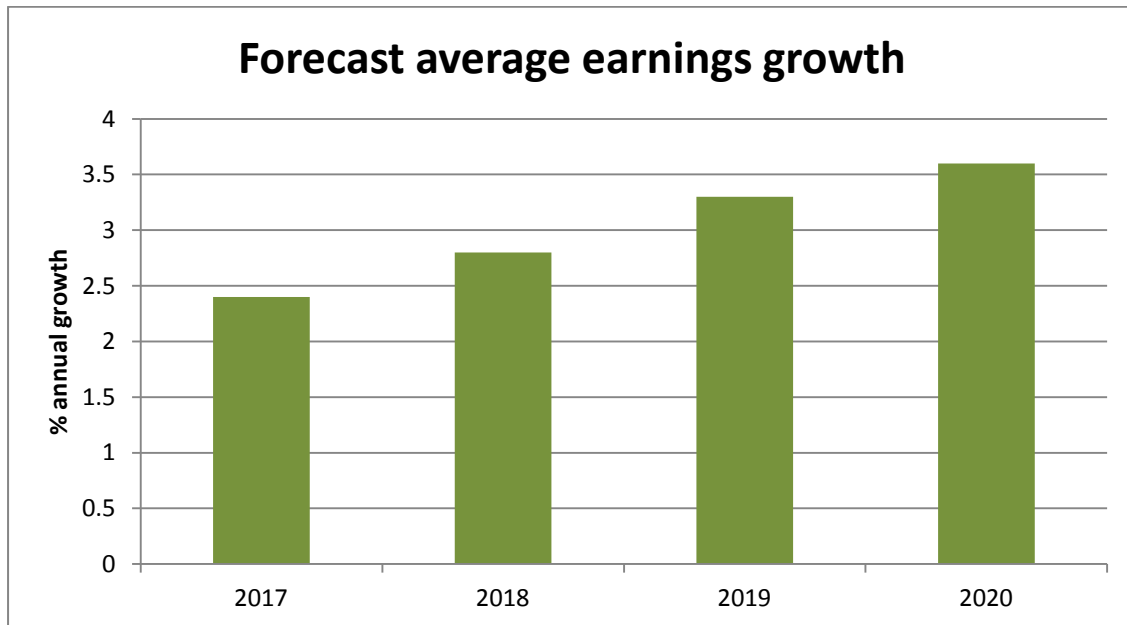
The table below shows that pay settlements over the last year across the economy have been running at 2%, which stands in contrast to the most recent the Canal and River Trust settlement of 1%.

A sample of economic sectors that can provide alternative career options for the Canal and River Trust staff shows that pay settlements are running at the rates shown below.

Sector	Average reported pay settlements
Across economy	2.0%
Private sector	2.0%
Public sector	1.0%
Energy & gas	1.6%
Water & waste management	1.5%
Retail & wholesale	2.4%
Transportation & storage	2.0%
Information & communication	2.0%
Admin & support services	2.0%

Source: Labour Research Department, based on reported settlements in sector over last year

In order to remain competitive with wages across the economy, The Canal and River Trust will need to keep up with average earnings growth predicted to rise across the economy at 2.4% during 2017, before growing every year to reach 3.6% by 2020, following the pattern shown below<sup>3</sup>.



## 5. LIVING WAGE BECOMING STANDARD MINIMUM PAY BENCHMARK

The Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a “basic but acceptable” standard of living.

The Canal and River Trust is now competing in a labour market where the Living Wage of £8.45 an hour outside London and £9.75 an hour in London has become an increasingly common minimum point in the pay scale. UNISON and Unite welcome the steps and commitment that the Canal and River Trust have made to pay the Living Wage Foundation hourly rates to all directly employed staff, and requests that Living Wage rates are paid to outsourced staff and that going forward the Living Wage Foundation rates are written into all future procurement contracts to enable the Trust to go for Living Wage accreditation.

UNISON and Unite are committed to supporting the Trust in its endeavours to receive the LW accreditation.

Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation.

Consequently, there are now almost 3,000 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the largest private sector companies in the UK, such as Barclays, HSBC, IKEA and Lidl.

---

<sup>3</sup> Office for Budgetary Responsibility, Economic and Fiscal Outlook, November 2016

The Scotland Government has established the Living Wage within all its public sector organisations including Scottish Canals which announced their accreditation in January 2017<sup>4</sup>. – They have also mandated minimum rates for NHS staff.

Police staff in England and Wales have been raised to the Living Wage or higher in the most recent pay settlements. Support staff in more than 12,000 schools across the UK are also set to be paid the living wage as a result of a recent agreement.

Furthermore, even where national agreements have not achieved a living wage settlement, a major proportion of individual councils, NHS trusts, schools and academies have taken up the living wage on their own initiative. A UNISON Freedom of Information survey covering local government, the NHS, universities, further education colleges and police authorities that drew over 900 responses found that 51% of employers across these sectors already pay at least the Living Wage to their lowest paid staff.

## **6. RECRUITMENT AND RETENTION PRESSURES BUILDING**

With the unemployment rate on a marked downward trend over the last five years and figures from the UK Commission's Employers Skills Survey estimating that vacancies have grown by 42% over the last two years, competitive wage rates have become ever more crucial.

From the union survey our members have highlighted that the Trust has increased its use of temporary / agency staff in the last 12 months which is not cost effective in the long term. Our survey also flagged staff shortages are placing a burden on existing staff, leading to issues including increases in workload and sickness absence as well as an increase in work related stress (see a breakdown of results below).

## **7. MORALE UNDER THREAT**

Working against a background of budget cuts, Trust staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to The Canal and River Trust's ability to provide a consistent quality of service. The recognised unions at the beginning of the year carried out a detailed consultation to understand the issues clearly.

During January 2017 UNISON surveyed their members at the Canal and River Trust on cost of living issues, pay and conditions and working conditions using an on-line and postal survey. A list of questions is attached in appendix 1.

Unite consulted with their members over this period with workplace meetings held across the country for reps and members and the results of the pay survey below clearly echoed the same concerns of Unite members.

The results of our survey showed:

---

<sup>4</sup> <http://www.expressandstar.com/business/uk-money/2017/01/11/scottish-canals-named-as-700th-firm-to-get-living-wage-accreditation/>

- Nearly half (48%) of all UNISON members responded to the survey – This is strong response rate for a postal survey, showing the engagement of staff with this set of issues;
- Increasing demands on the Trust due to staff shortages;
- An increase in workload for existing staff, 56% of respondents indicated that they work up to 5 hours extra a week unpaid;
- Staff feeling greater stress; Of those that responded to this question 25% said they had suffered from work related stress in the last 12 months and from this group of staff 10% required time off with work to recover and receive treatment;
- Staff suffering falling morale, with a significant number of respondents considering leaving the Trust;
- The impact of these pressures showing themselves in rising sickness absence and higher staff turnover;
- Staff feeling the impact of inflation on their take home pay;
- Staff feeling like they are ‘stuck’ on a pay point with nowhere to go due to lack of pay progression;
- Staff heavily reliant on call-out allowances to make up for the falling level in the value of their take home pay and lack of incremental pay progression;
- The survey highlighted a dedicated workforce who will go the extra mile to deliver a quality service and showed that staff felt that the Trust is a flexible employer in terms of flexible working policies with good policies in place to support employees with caring or child-care responsibilities.

### Survey Summary - Cost of Living

1. 2/3 of respondents felt that they were worse off in terms of their pay keeping up with the cost of living
2. In nearly all categories respondents identified increases in their household expenditure over the last 12 months:

Household Expenditure	Better off	Worse off	Same
Fuel and Energy	0%	<b>78%</b>	22%
Transport	0%	<b>82%</b>	18%
Mortgage / Rent	5%	19%	76%
Council Tax	0%	<b>63%</b>	37%
Childcare	0%	20%	80%
Food	0%	<b>75%</b>	25%
Clothing	0%	<b>60%</b>	40%
Water	0%	<b>51%</b>	49%

3. The survey asked if respondents would be impacted by any ‘in-work’ benefit changes. The bedroom tax and changes to council tax benefit rates were identified as two changes that would impact some staff at the Trust.



4. Respondents identified that they were heavily reliant on allowances including on-call (33%) and other allowances including London and car allowances (58%).
5. Respondents identified they were cutting back on spending on everyday items to make ends meet including food (53%), fuel (30%), energy (18%), water (9%) along with cutting back on social events (84%) and holidays (84%).

### **2017/18 Pay Deal**

6. We asked members to identify areas other than pay which they considered needed improvement, 27% identified an increase in call-out allowance, 32% said annual leave, 15% asked for a duvet day, and 42% said they would like gym membership to be included as part of the pay deal.
7. 2/3 of respondents said they would be willing to accept a 3 year pay deal if it had some protections built into it to protect against cost of living increases (measured using RPI).
8. We asked our members to what extent does pay impact on areas of their work. Areas where levels of pay impacted on employees included their motivation levels at work, morale at work, dedication to their employer, willingness to go the extra mile at work and wellbeing at work. Staff did identify that pay did not impact on the quality of their work and their part in team working.

### **Working Conditions**

9. 3 in 4 respondents identified an increase in workload over the last 12 months
10. Over two thirds of respondents identified an increase in experiencing work related stress in the last 12 months
11. Nearly half of all respondents identified that the number of staff in their workplace had decreased in the last 12 months
12. Over a third of respondents identified an increase in the use of temporary staff over the last 12 months.
13. We asked respondents the reasons why their workload had increased – 2 in 3 respondents said they has been given additional duties and responsibilities, 1 in 4 identified recruitment problems, nearly a half of respondents said they were under pressure to meet targets from their line manager.
14. We also surveyed our members on what motivates them in the workplace – the highest results (in the upper quartile indicating motivation) included work / life balance, being treated with respect, being valued, being able to make a difference to people, opportunities for promotion, varied and challenging work, having pride in my organization and being treated equally and fairly.
15. We asked members if they had suffered from any work related injuries or illnesses. Over a quarter of respondents said they had suffered from work related stress in the last 12 months and from these respondents 10% required time off work in order to recover.
16. We surveyed our members on morale in the workplace – nearly half said they would describe morale as being 'low' and 67% of respondents said morale had worsened in the last 12 months.

17. Over half of respondents said they worked up to 5 hours a week unpaid.

### **Training and Development**

- 18. 54% of respondents said they had taken part in mandatory training in the last 12 months
- 19. 42% of respondents said they had not taken part in any non-mandatory training in the last 12 months.
- 20. 96% of respondents said they had received a development review in the last 12 months.

### **Workplace Policies**

- 21. Over half of those we surveyed said the Trust had adequate policies in place for flexible working and that there were adequate policies in place to support staff with caring or childcare responsibilities.
- 22. Nearly 2/3 felt that the Trust could do more in terms of policies around supporting a healthier workplace
- 23. Half of all respondents felt that training and development policies at the trust could be improved.

## **8. AFFORDABILITY**

The affordability of this claim is clear from the latest Canal and River Trust accounts, which show strong income growth year-on-year since 2014, with income of £162m in 2013/14 and £189m in 2015/16. The asset base of the Group has also grown strongly, from £595m in 2013/14, to £734m in 2016. The pensions cost, now that the much-valued defined benefit scheme has closed, has fallen from an employer cash contribution of £10.1m in 2014 to £8.7m in 2016. The Trust is very well able to afford to properly recognise the contribution of our members.

Using RPI (2.5%) + 1% and last year's wages and salaries costs we estimate that our claim met in full would cost the Trust approx £3.45m for all staff (not including pension contributions). Of this, £1.85m represents the cost of the consolidated increase we seek, and £1.6m is the non-recurring cost of the £1000 one-off payment to recognise contribution and sacrifice by our members over years of below-inflation pay rises.

UNISON and Unite members have worked hard in the last 18 months to ensure that the stability and prosperity of the Trust continues well after the DEFRA grant period expires. They have worked hard to make sure that canal-side locations are looked after and remain vibrant places for the community to live and work.

The annual report highlighted that commercial and investment income has continued to grow over the last 12 months and that overall asset condition measures continue to improve. The overall pay bill remained stable and only increased by £2.9m in 12 months, including an increase in headcount of 56, reducing pay as a % of total income and spending.

The accounts showed that while our members accepted a 1 per cent pay uplift (which was accepted under the economic backdrop of historically low inflation) for 2015/16, the Chief

Executive of the Trust received a 4.8% uplift to his pay, while the Property Director received an 8.1% uplift in pay. Members notice this disparity of treatment and seek a fair settlement which recognises what they are delivering for their employer.

The unions have jointly raised the issue about the lack of pay progression due to the existing salary structure, hence our decision to write this into the pay claim by asking the Trust to commit to review the current structure to move toward agreed bands and pay progression. Currently all staff are on spot salaries therefore making them **heavily reliant** on any pay award given by the trust to offset the impact of higher cost of living costs.

The unions are aware there are a number of highly paid staff that are earning £60,000 and over. The pay bill for this section of staff, earning £60,000 - £100,000 alone comes to approximately £5.4m and if you include the 15 members of staff that earn over £100,000 the pay bill is approx £7.8m – this is 1/6 of the entire pay bill. The number of these highly paid staff has increased steadily over recent years, while pay at lower levels in the organisation has been held down. It is time for the Trust to recognise properly the contribution of modestly paid staff. The rewards in terms of engagement, contribution, and the public perception of the Trust will be substantial.

## **9. CONCLUSION**

There can be no doubt the Canal and River Trust members we represent have seen the value of their earnings fall considerably over recent years and evidence suggests that they are also falling behind pay settlements for comparable jobs. Staff at Trust have also taken cuts to their workplace pension and their terms and conditions over the last 18 months.

Combined with these developments, the last year has seen intensified pressures placed on staff at the same time as greater job choices are opening up for staff in an improving labour market highlighted by the recruitment issues the Trust is experiencing in areas like London, Oxford and Bristol where the salary on offer from the Trust is non-competitive.

Therefore, this pay claim represents a very reasonable estimate of the reward staff deserve for their dedication, skill and hard work and the minimum improvement in pay needed to maintain workforce morale for delivering consistently high quality services.