

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

**Submission to the Advisory, Conciliation and Arbitration  
Service (ACAS) over the NJC Pay Award for 2008 - 2009**

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**February 2009**



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## 1. INTRODUCTION

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### 1.1 Our claim - Affordable, Justified and Necessary

The NJC Trade Union Side welcomes the opportunity to submit evidence to the panel of ACAS arbitrators appointed to resolve the 2008-09 NJC pay dispute within local government. We hope that we have reinforced the merits and rationale of our 2008-09 claim in the following pages. The claim is available for examination in Appendix 2. It was for:

***'A one-year increase on all pay points of 6% or 50 pence an hour, whichever is the greater, with a view to making progress to a bottom rate of £6.75 pence'***

We believe the employers' offer of 2.45% has not adequately rewarded or met the financial needs of our members during 2008/09. Indeed, it has further increased the financial hardship they have found themselves in as a result of a series of below-inflation pay awards in recent years.

Two days of all-out industrial action in July demonstrated the high levels of discontent amongst NJC employees. Their recent successful efforts to improve services have not been adequately rewarded and their pay continues to fall relative to other public sector workers, in a year which has forced many into severe financial difficulties. Despite facing job losses, cuts and councils doubling the 'efficiency' savings required by Government, our members continue to deliver better and better services, according to the Audit Commission. While councils talk of having little cash to spare for a decent pay rise, local government revenue and investment 'windfalls' have been put into reserves which have grown for the seventh year in a row.

We believe it would be justified for ACAS to make an additional award, substantially in excess of the employers' award. As argued in our claim, such an addition is necessary to meet the severe financial hardships many of our members face as a direct result of the low 2008 -09 pay award and persistent low pay within the sector. In the following pages we will argue that:

- A fair and justified settlement is affordable
- The 'un-affordability' argument by local government employers does not hold water. The increased level of council reserves, "efficiency" savings beyond those required by Government and huge expenditure on agency staff and consultants instead suggest that willingness – not ability – to make a higher pay award in 2008/09 was the issue
- Local government pay is significantly lower than all comparable groups of public sector workers. So are most conditions of service and expenditure on training. This inequality is unjustifiable, undermines joined-up public service delivery and must be rectified
- The Local Government Employers (LGE) have frequently repeated the desire to be 'employers of choice'. This aim – which the Trade Union Side supports - will remain unattainable while NJC employees have the worst pay and poorest conditions of all public sector workers

- The economic situation over 2008 markedly increased the cost of living for local government workers and left many in debt
- Persistent local government recruitment and retention difficulties could be largely overcome by a fair pay settlement for 2008/09 (and thereafter)
- On top of low pay awards, failure of councils to value our members' work in line with equal pay legislation to achieve gender pay equality accounts for a substantial element of the poverty pay many of our women members receive
- NJC employees have become **the** efficiency saving in local government

Many of the issues highlighted in this submission were also recognised by the Local Government Pay Commission in 2003. The Commission was established following industrial action over the 2002/3 NJC pay offer and conciliation via ACAS. A copy of the Commission's report is attached. Few of its recommendations were pursued by Government or the Local Government Employers. The continued failure to implement many of the recommendations made at that time is reflected in ongoing low pay, poor conditions and the need to seek arbitration in the present dispute.

## 1.2 Crunch Time?

We show in the following pages, through a detailed examination of local government finances, that even after the economic turmoil of the past year, local government employers were – and remain - capable of substantially increasing the pay levels of local government workers over 2008/09. Some of the recent claims made for the fragile state of local government finance following the 'credit crunch' and revelation of investment by some councils in Icelandic banks, have been recently called into question by local government's financial watchdog, the Audit Commission. In its December 2008 report: "Crunch Time? - The Impact of the Economic Downturn on Local Government Finances", the Audit Commission states that "At present, it is not the crisis that has been portrayed by the media" (p.5) and highlights the fact that only 2% of local government expenditure is on inflationary items including food, fuel, gas and electricity (p.20). The report also points out that income from investments and "windfall gains" increased in almost 40% of councils over the last year, but that the pay bill has not increased as a proportion of budgets.

## 1.3 Our Members – the real 'efficiency saving'

Local government employees on NJC pay are uniquely and increasingly 'squeezed' between the imperatives of central and local government, the politicised nature of council employment, the complex funding mechanism for local government and efficiency savings. Last – but certainly not least – our members are penalised by the premium placed by Government, the Local Government Association (LGA) and many councils on cutting or keeping council tax low, irrespective of the impact on council services and the ability to properly reward and train employees.

As public service trade unions we firmly believe that the public is entitled to the highest quality services and efficient use of public money. However, there is a limit to the 'efficiencies' or council tax savings which can continue to be delivered through reductions in our members' standard of living and their goodwill. Many regularly work unpaid hours in order to deliver for the public. They are always the first to be blamed when tragedies such as the dreadful case of Baby P occur. Yet they have become **the**

efficiency saving in local government – a cost item to be constantly trimmed, not a precious asset to be invested in.

#### **1.4 Continuous improvement – continuous low pay**

The Comprehensive Performance Assessment demonstrates that the overall performance of councils continues to improve. For the first time since the implementation of CPA in 2002, there is no longer a single council in the bottom or “no-star” category. In 2006, 79% of single tier and county councils in England achieved three and four-star ratings, an improvement of 9% on 2005 results and 77% of single tier and county councils were improving strongly or improving well compared to 75% in 2005. 2007 was the third year of the ‘harder test’ version of Comprehensive Performance Assessment and results show that most councils are delivering high levels of service, with 83% achieving a 3 or 4-star performance, compared to 80% in 2006. For the second consecutive year, none were in the bottom CPA category. Local government staff are responsible for delivering these improvements, yet they have been accepting real pay cuts since 2004. UNISON’s survey of 10,000 NJC members conducted in September 2008, shows the effects of improved service delivery without comparative reward - **nearly 60% of local government employees believe that ‘morale has become worse over the past year’.**

#### **1.5 Still the ‘poor relations’**

Despite their vital contribution to service improvement recognised by the Audit Commission, our members still find themselves right at the bottom of the public sector pay league – still very much the public sector’s ‘poor relations’. Little wonder then that local government’s desire to be an ‘employer of choice’ has a hollow ring for them. Conditions such as annual leave and access to training also fall behind those available to colleagues they work alongside in the NHS, Police, Higher and Further Education and the civil service. The below inflation offer of 2.45% for 2008/09, with an additional £100 for those on the bottom three pay points, was well below the Retail Price Index of 4.2% and the Consumer Price Index of 3% at 1 April 2008. It was the latest in a line of below-inflation pay awards. We hope for a more harmonious industrial relations climate over future pay settlements, but this will prove elusive if our members’ contribution to ever-improving local services is not recognised through a fair and decent settlement for 2008/09.

#### **1.6 Joined up services – but not joined up pay!**

Inequality in the treatment of public sector workers and the poor hand dealt to NJC staff is brought into sharp relief by the increasing emphasis on joined-up service delivery and partnership working arrangements. The Local Government and Public Involvement in Health Act 2007 has provided a further stimulus to more joined-up working across public services. As trade unions, we support more effective and seamless ways of working to improve service delivery. But public service partnerships highlight the unfavourable treatment of local government workers – and NJC employees in particular. Outside of this submission, we are urging that moves be made to achieve greater parity in pay and conditions across the public sector. An increased offer for 2008/09 would be one step towards greater parity.

## **1.7 Highest paid - highest increases**

While NJC employees have been receiving below-inflation pay increases, senior managers and Chief Executives in local government have been doing well. The historical link between NJC and Chief Officer JNC pay has been broken and the 'pay solidarity' between the higher and lower paid, once viewed as desirable within local government, is no more. Chief Executives' basic salaries have increased by 34% between 2003-4 and 2007-8<sup>1</sup>. The Local Government Employers' (LGE) surveys of chief officers' pay show that average salaries have increased significantly above the agreed cost of living settlements<sup>2</sup>. This should be of concern to the LGE and should be noted carefully by the arbitrators. Men form the overwhelming majority of Chief Executives and Chief Officers, while women constitute almost three quarters of NJC employees. The difference in pay levels contributes to the wide gender pay gap in local government and across the economy, and raises wider questions of gender discrimination in local government.

## **1.8 Women's work undervalued**

The NJC workforce is one in which women predominate. Overall, 72% of employees are women. Over 50% of council staff are part-time workers and over 90% of those too are women. The highly gendered workforce and the nature of many of the jobs found within councils also suggest a further explanation for low pay and the gender pay gap our members face. Caring, cooking, managing households and educating are all skills which women exercise, unpaid, within the home and which many build upon at work within local authorities as teaching assistants, cooks, care workers and administrators. They are skills which have been historically undervalued - and continue to be so.

Only 60% of councils have carried out Single Status pay and grading reviews to deliver equal pay to our members – almost 12 years after the Single Status agreement was struck and 38 years after the Equal Pay Act became enacted. The gender pay gap remains huge, while many councils have funded equal pay through pushing overall pay levels down or cutting unsocial hours payments to already low paid groups of women, such as home care workers. The fact that Agenda for Change in the NHS was (rightly) funded by central Government and Single Status has not been, is symbolic of the 'poor relation' status of the largely female local authority workforce.

## **1.9 NJC pay - not a living wage**

UNISON estimates that there are a quarter of a million part time workers in local government earning less than £6.50 an hour, many not far above the National Minimum Wage, which has been £5.73 an hour since October 2008. By comparison, the amount a worker needs to achieve a 'living wage' without recourse to in-work benefits has been calculated by the Family Budget Unit to be £7.37 pence an hour for a two-earner family with two children. The minimum hourly rate for local government workers at £6.20 an hour from April 2008 clearly falls well below this. Many of our members are dependent on tax credits to maintain the most basic of living standards.

## **1.10 Agency staff and consultants – the big bill**

The task posed by Government of 'continuous improvement' has been made increasingly difficult by serious recruitment and retention problems, unfilled posts and

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<sup>1</sup> 'Tougher at the Top' - Audit Commission

<sup>2</sup> LGE - Chief Executive and Chief Officer Salary Surveys 2006 and 2007

the widespread use of agency staff. The ability to attract and retain staff is particularly acute in demanding and stressful jobs like social work and other social care jobs, many of which are filled by agency staff. Later we highlight the massive levels of expenditure on agency and consultancy workers in local government. As trade unions we believe that the £2 billion spent on them last year would be better invested in decent pay levels, improved conditions and training for directly employed staff. We have also been alarmed to discover agency workers employed on NJC jobs, delivering services alongside directly employed staff on NJC pay rates, who are paid the National Minimum Wage with no access to the Local Government Pension Scheme or other NJC benefits.

### **1.11 NJC employees don't cause inflation**

The Trade Union Side continues to question the Government's requirement in 2008/9 for public sector pay offers consistent with a 2% inflation target. This was reaffirmed in the 2007 Pre-Budget Report and Comprehensive Spending Review. The 2007/08 Pre-Budget report noted: "there remains a risk of second-round effects of higher inflation feeding into inflation expectations and higher average earnings growth. It is therefore important that public sector pay settlements continue to be consistent with the achievement of the government's inflation target of 2%"<sup>3</sup>. The arguments used to justify the Government's policy have clearly proved erroneous. During 2008, inflation was kept at high levels as a consequence of high oil, utility, food and house prices – not our members' pay increase!! It is time for investment in the local government workforce – especially as we enter a period of falling inflation and possible negative growth.

### **1.12 Structure of our submission**

Section 2 of our submission shows the chronology of the 2008 pay negotiations against the background of the 2003 Local Government Pay Commission and NJC negotiations in 2007-08. Section 3 locates our claim for an additional pay award within the financial situation in local government and explores the issue of affordability. Section 4 compares NJC pay and conditions with other groups of public and private sector workers and shows how our members have fallen behind. Section 5 looks at wider issues concerning the NJC workforce, including casualisation, recruitment and retention problems and the lack of development opportunities. Our concluding remarks are found in Section 6.

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<sup>3</sup> <http://www.xperthr.co.uk/article/90457/public-sector-pay-2008.aspx?searchwords=public+sector+pay+settlements+2008#tab3>

## **2. BACKGROUND TO THE 2008/09 NJC PAY DISPUTE**

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### **2.1 Background to the 2008/ 09 dispute: The Local Government Pay Commission 2003 and the 2007/08 pay negotiations**

We hope it will assist the arbitration panel to consider the 2008-09 dispute and surrounding negotiations against the backdrop of the dispute over NJC pay in 2002/03, which led to the establishment of the Local Government Pay Commission, and the 2007/08 pay round.

### **2.2 The Local Government Pay Commission 2003**

The Local Government Pay Commission (LGPC) was established in 2002, following the involvement of ACAS in conciliation to resolve the dispute over the 2002/3 NJC pay award.

The LGPC had agreed terms of reference and was evidence based. It was chaired by Professor Linda Dickens MBE, with four Commissioners, Michael Greenwood, Ian Kessler., Professor Aileen McColgan and Frances O'Grady. Their work began in November 2002.

Submissions were received from the trade unions, the Employers' Organisation (now LGE), individual councils, regional employers, British Association of Social Workers, the Association of Directors of Social Services, the Equal Opportunities Commission, the Commission for Racial Equality, CIPFA, the Improvement and Development Agency (IDeA), Society Of Chief Personnel Officers, Office of the Deputy Prime Minister, the Trades Union Congress, the Welsh Local Government Association, the Local Government Association and the Wales Assembly Government.

The LGPC concluded its work in October 2003 and published a detailed 128- page report into the findings (Appendix 6), with ninety one recommendations. The report highlighted the complexity and diversity of the sector in terms of occupation and the range of services delivered and particularly noted the high proportions of women and part time workers covered by the NJC. It called for joint action by the employers and the trade unions to tackle the gender pay gap, the shortage of career development opportunities for part-time workers in particular and the paucity of workforce and pay data. The Commission made the following preliminary observations:

- Public policy has been focussed on health and education....”but in the process the full range of services delivered by local government has been overlooked, with local government in danger of becoming the ‘poor relation’ of the public sector”.
- “The Commission sees no tension between investing in staff and investing in services. These should not be seen as alternative claims on resources: rather the former is a component of the latter”.
- “Equality in local government is a necessity, not an option” and “is part of improving services”.
- “There are strong grounds for saying that the use of workforce planning is limited and weak”.

The Commission reported the following findings:

- NJC earnings fell behind the whole economy between 1988 and 2002
- NJC pay increases were lower than for police, teachers and the fire service and nurses between 1993 and 2002
- The gender pay gap based on the hourly rate was higher than for nurses, teachers, police, NHS ancillary and ambulance staff
- “Holidays are less generous than for the great majority of employee groups in both the public and private sectors”
- The standard employee contribution rate in the LGPS is “higher than the average for private final salary schemes”
- CCT and Best Value “have placed a downward pressure on the pay and conditions of the lowest paid and most vulnerable workers in local government”
- A “current deficiency” in pay statistics to underpin bargaining

Its key recommendations included the following:

- Above inflation increases could be justified on equality grounds
- The NJC should establish a new mechanism for the collection, analysis and dissemination of comparable pay data across local authorities
- The data should be capable of meeting councils’ obligations under the equality legislation
- London Weighting should be reviewed: “given that the relatively high costs of living and working in London are the same for all public service employees, it seems sensible to us that consideration be given to aligning the different rates of London Weighting across different parts of the public sector with defensible rationales for any remaining variation in rates”
- Every local authority should undertake a pay audit as part of a longer-term strategy plan for addressing the gender pay gap
- There should be a review of part-time workers’ terms and conditions

The LGPC’s findings and recommendations were considered by the NJC and it was agreed to set up joint working groups to take forward the recommendations. These were:

- Pay and Workforce Data Review Group
- Pay Systems Working Group
- Workforce Development Working Group
- Employment Practices Working Group
- Equalities Working Group
- Schools Support Staff Group
- NJC arrangements

The trade unions were disappointed that the employers put few resources into the Working Groups, progress was slow and the employers appeared resistant to some of the Pay Commission's key recommendations.

In December 2004 a meeting was held with the Commissioners to allow them to receive and comment on a joint report on the progress made. Overall the Commissioners were concerned that the NJC had taken a 'mechanistic' approach to the recommendations and felt the NJC should take direct responsibility for implementing and carrying forward a number of the recommendations. While being concerned at the slow progress made, they felt that a 3-year pay settlement might give the necessary space to progress the recommendations.

The working groups continued to meet up until July 2006, but the trade unions continued to be disappointed at the lack of progress. However, Part 4 (optional) guidance for the Green Book was agreed on local workforce development plans, pay and grading reviews, equal pay audits and equality impact assessments, as well as an agreement on necessary data collection for the NJC workforce.

In October 2006 the NJC meeting agreed to close the groups down and refer outstanding issues to the Joint Secretaries for further discussion and action.

The lack of action on the key recommendations arising from the Local Government Pay Commission's report reflects an ongoing view of the NJC workforce as a cost to be reduced, not an asset to be nurtured and invested in. This false dichotomy between the need to invest in "services" and not "staff" expressed by many councils, belies the people-centred nature of local government employment and local services and the commitment of our members to the communities they serve.

### **2.3 The 2007/08 pay negotiations and offer**

In February 2007, the NJC Trade Union Side submitted a pay and conditions claim to the Local Government Employers (LGE). The claim was for 5% or £1,000 whichever was the greater, seeking a £6.30 underpin, improvements to annual leave, a 35-hour standard working week and increases in shift and sleep-in allowances.

At the NJC meeting on 20 March 2007, the employers made an offer of 2%, which was rejected immediately and unanimously by the Trade Union Side.

Although meetings did take place during the ensuing months and the employers had indicated they may be in a position to increase the offer to 2.5%, no final offer was received from the employers until 24 August 2007, almost five months after the 1 April pay anniversary date. The final offer was for 2.475% on all pay points, except for an increase of 3.4% on the bottom scale point 4, bringing the bottom rate to £6 per hour for the first time. The offer also sought a review of the national agreement – the Green Book-on a "nothing ruled in, nothing ruled out" basis.

Following a branch consultation exercise which rejected the offer, UNISON conducted an industrial action ballot of all members. This resulted in a narrow majority in favour of industrial action. The GMB and TGWU (now Unite) conducted branch consultations which led to acceptance. UNISON decided not to move to industrial action, despite the ballot result, and agreed to accept the pay offer on the 29 October.

On 30 October 2007 the employers sent a Joint NJC circular to all local authorities advising them to action the pay settlement.

## **2.4 Negotiations on the 2008/09 pay claim**

The NJC Trade Union Side claim for 2008/09 was submitted to the LGE in January 2008. The claim was for 'a one-year increase on all pay points of 6% or 50 pence an hour, whichever is the greater, with a view to making progress to a bottom rate of £6.75 pence'.

At the NJC Executive held on 19 March 2008, the employers made an opening offer of 2.2% on all pay points. They also sought conclusion of the agreed review of the Green Book and agreement on pay settlements for 1 April 2009 and 1 April 2010 by 31 December 2008. The NJC Trade Union Side rejected the offer and asked them to reconsider their position.

On 2 April the NJC Executive reconvened and the employers made their final offer as follows:

- 2.45% on all scale points on the national pay spine, giving a rate of £6.53 pence per hour on scale point 7, the first point to which the 2.45% applies
- An additional £100 on scale points 4, 5 and 6 giving an increase of 3.3% on those scale points and pay rates of £6.20, £6.28 and £6.37 pence an hour. (Scale point 4 is the lowest point on the pay spine)
- The NJC will seek to conclude the review of the National Agreement (Green Book) agreed as part of 2007 settlement; and
- The NJC will seek to agree by 31 December 2008 the pay settlements effective from 1 April 2009 and 1 April 2010

The employers provided no written response to the unions' claim. There was no attempt to support or justify their offer, nor explain the alleged 'affordability' problem.

The NJC trade unions all have separate internal consultation processes with their branches and members. These were conducted during April and May. UNISON and Unite recommended rejection of the offer, but said that in doing so, members would have to be prepared to take significant and escalating industrial action commencing with two days of continuous all out action. The GMB consulted branches on the basis of the offer being the best achievable by negotiation and decided to accept it.

Following the consultation, UNISON and Unite conducted industrial action ballots and took two days of all out strike action on 16 and 17 July 2008.

Following the two days of industrial action in July, a joint statement was agreed with the employers and issued to councils on 24 July 2008:

*"Local government unions UNISON and Unite, and the National Employers, in the context of the current dispute on the 2008 pay settlement, agree that a new era of employment is needed to reflect properly the contribution of the workforce in purview of the NJC to service improvements and the future needs of local people.*

*Therefore, to secure this new settlement, the partners are committed to immediate serious and meaningful negotiations over a range of issues, including those in the trade union claim this year and a full review of the national conditions of service. These discussions will be on the basis of nothing ruled in or out and will aim to conclude with early proposals that recognise the aspirations of the workforce in the context of the financial position of local government.*

*Both the National Employers and UNISON and Unite will enter into these negotiations constructively with the aim of securing an employment package which is fit for the future with positive industrial relations, high quality and efficient local services and resolves the current dispute”.*

Joint talks were re-entered into on 13 August 2008. There were three Joint Secretaries' meetings during August which included talks on pay and a possible review of the Green Book and the data required to do so. Progress on the pay offer was slow and discussions difficult. The Joint Secretaries agreed the following statement which was sent to councils as a NJC Joint circular on 2 September 2008:

*“The joint statement of 24 July 2008 committed the parties to enter into negotiations “with the aim of securing an employment package which is fit for the future with positive industrial relations, high quality and efficient local services and resolves the current dispute. The following provides a framework for further discussions:*

- *The Joint Secretaries and NJC Executive aim to resolve as soon as possible the current dispute over pay for 2008/09.*
- *The Joint Secretaries and NJC Executive will also conduct a review of the national agreement through intensive negotiations. The objective is that by the end of December 2008 the NJC will endorse a revised national agreement which each side will have consulted on.*
- *The revised national agreement will include core conditions of service that bear comparison with conditions elsewhere in the public sector.*
- *Each element of the revised agreement will be subject to an equality impact assessment to ensure that it does not have a discriminatory impact on any group of employees.*
- *Negotiations on the revised agreement will be informed by data on the pay bill, workforce composition, earnings and conditions of service. The two sides will share whatever relevant data they have available (with due regard to confidentiality and avoiding reference to individual councils). Every effort will be made to ensure that the negotiations are evidence-based.*
- *The two sides will work together to identify ways of using general efficiency savings to improve the pay and conditions of the local government workforce.”*

The NJC Trade Union Side Executive met on 10 September to consider the position. It was unanimously agreed by all three unions to recommend to their respective unions that the matter of the pay dispute 2008 be referred to ACAS under paragraph 17, of the Green Book Principles.

## **2.5 Binding arbitration – payment “on account”**

On 30 September 2008, Heather Wakefield, UNISON Trade Union Side Secretary, wrote on behalf of the NJC trade unions to Peter Harwood (ACAS) referring the 2008 pay dispute to ACAS for arbitration.

At the same time – given rising inflation – the Trade Union Side Secretaries requested that the offer made be paid to NJC employees “on account” pending arbitration. The employers initially refused, but later agreed. The following NJC Joint Circular was then issued to local authorities on 17 October 2008.

*“You will know that the Employers’ Side of the NJC made a final pay offer for 2008/09 of 2.45% (plus an additional £100 per annum on spinal column points 4, 5 & 6). No agreement has been reached and this failure to agree has been referred to arbitration by the Trade Union Side. The Employers have acceded to this request.*

*Given the time that has elapsed since the award was due, and the likelihood of further delays arising from the arbitration process, the two Sides of the NJC have now decided that the Employers’ final offer should be implemented, with effect from 1 April 2008.’*

*The new rates are attached at Annex 1. The new rates for allowances up-rated in line with pay are also set out in the Annex. In accordance with usual practice, Inner and Outer Fringe Allowances are the only London Weighting rates included in the Annex.*

*A further circular will follow once the arbitration process is complete.”*

Some delay occurred in agreeing the Terms Of Reference (TOR’s) for binding arbitration. Despite the Trade Union Side accommodating to the employers’ request for changes to the initial draft TOR’s, the amended version was then rejected by elected members following the ‘credit crunch’ and revelation of investments by some councils in Icelandic banks.

## **2.6 2009/ 2010 NJC pay claim submitted**

The Trade Union Side has now submitted its pay claim for 2009/10 to the employers and is seeking a final offer from them by 31 March 2009.

### **3. THE “AFFORDABILITY” ISSUE**

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#### **3.1 Introduction**

This section of our submission examines recent trends in local government finance. It provides evidence derived from a variety of Government and official sources that supports our contention that local authorities can afford to improve their offer for 2008/09.

The arbitrators are asked to give particular attention to our evidence in this section, which we believe demonstrates that councils have the financial capacity to adequately fund a pay increase above the level paid “on account”, pending the outcome of this arbitration process. It demonstrates that local authority income grew faster than expenditure on pay, that reserves have grown from 8% to 13% of total revenue expenditure and that savings from cashable ‘efficiencies’ have significantly exceeded Government stipulations. Local government appears to lack the willingness to prioritise and reflect in pay levels the efforts made by local government workers to improve levels of service – but not the means to do so. The Audit Commission noted in its 2008 ‘Crunch Time’ report that the local government pay bill did not increase between 2007 and 2008.

#### **3.2 Council income - rising faster than pay**

In England there are four principal sources of income for local authorities. These are:

- \* Aggregate External Finance (AEF) which comprises revenue support grant, police grant, national non-domestic rates, specific and special grants
- \* Council Tax
- \* Fees and Charges
- \* Other Income

Details of the resources made available through Aggregate External Finance are published annually by the Department for Communities and Local Government (CLG).

In determining their budget requirement, local authorities set council tax levels and council tax income data is based on the assumptions made by local authorities about their individual collection rates. In practice, actual collection rates may be higher (or lower) than those assumed by local authorities.

Local authorities are required to provide statistical returns to the Department for Communities and Local Government each year about a) the budget expenditure assumptions and b) actual outturn expenditure. These returns are known as RS and RSX respectively and include details of actual income from fees and charges and other income.

In order to compare income levels in England with 2003/04 an index has been developed, taking 2003/04 as 100.

### 3.3 Aggregate External Finance (AEF)<sup>4</sup>

In the period 2003/04 to 2007/08, Aggregate External Finance grew from £57,388 billion to £68,712 billion<sup>5</sup> - **an increase of 19.73%**.

	2003/04	2004/05	2005/06	2006/07	2007/08
	£bn	£bn	£bn	£bn	£bn
<b>AEF</b>	57.388	60.262	63.842	66.629	68.712
<b>Index</b>	100	105.1	111.25	116.1	<b>119.73</b>

### 3.4 Council Tax

In the period 2003/04 to 2007/08, Council Tax income grew from £18,946 billion to £23.608 billion<sup>6</sup> - **an increase of 24.61%**.

	2003/04	2004/05	2005/06	2006/07	2007/08
	£bn	£bn	£bn	£bn	£bn
<b>Council Tax</b>	18.946	20.299	21.315	22.453	23.608
<b>Index</b>	100	107.14	112.50	118.51	<b>124.61</b>

### 3.5 Fees and Charges

In the period 2003/04 to 2007/08, income from Fees and Charges grew from £9,437 billion to £11,066 billion<sup>7</sup> - **an increase of 17.27%**.

	2003/04	2004/05	2005/06	2006/07	2007/08
	£bn	£bn	£bn	£bn	£bn
<b>Fees and Charges</b>	9.437	9.574	10.690	10.792	11.066
<b>Index</b>	100	101.46	113.28	114.36	117.27

### 3.6 Other Income

In the period 2003/04 to 2007/08, other income grew from £12,244 billion to £17,652 billion<sup>8</sup>, **an increase of 44.17%**.

	2003/04	2004/05	2005/06	2006/07	2007/08
	£bn	£bn	£bn	£bn	£bn
<b>Other Income</b>	12.244	13.919	15.184	16.787	17.652
<b>Index</b>	100	113.69	124.01	137.11	<b>144.17</b>

<sup>4</sup> See Appendix 1 for a detailed breakdown of Aggregate External Finance

<sup>5</sup> National Statistics: Local Government Finance Key Facts: England, November 2007 (page 3)

<sup>6</sup> National Statistics: Local Government Finance Key Facts: England, November 2007 (page 3)

<sup>7</sup> National Statistics: Revenue Outturn Service Expenditure Summary (RSX) 2003/04 to 2007/08 – website address [www.local.communities.gov.uk/finance/stats/natstats.htm#rev](http://www.local.communities.gov.uk/finance/stats/natstats.htm#rev)

<sup>8</sup> National Statistics: Revenue Outturn Service Expenditure Summary (RSX) 2003/04 to 2007/08 – website address [www.local.communities.gov.uk/finance/stats/natstats.htm#rev](http://www.local.communities.gov.uk/finance/stats/natstats.htm#rev)

### 3.7 Income Summary - England

Overall, in the period 2003/04 to 2007/08, **the income streams available to local government grew by 23.49%**, as shown below.

	2003/04	2004/05	2005/06	2006/07	2007/08
	£bn	£bn	£bn	£bn	£bn
<b>AEF</b>	57.388	60.262	63.842	66.629	68.712
<b>Council Tax</b>	18.946	20.299	21.315	22.453	23.608
<b>Fees and Charges</b>	9.437	9.574	10.690	10.792	11.066
<b>Other Income</b>	12.244	13.919	15.184	16.787	17.652
<b>Total</b>	98.015	104.054	111.031	116.661	121.038
<b>Index</b>	100	106.16	113.28	119.02	<b>123.49</b>

### 3.8 Local Government Income - Wales

Data that is available for Wales only covers Revenue Support Grant and Redistributed Non Domestic Rates (In England these are elements of Aggregate External Finance) and Council Tax. Data is not available for Fees and Charges and other income. Nevertheless it is possible to examine the increases in these elements of local authority income for the relevant period and to explore the changes to revenue outturn expenditure.

### 3.9 Revenue Support Grant

In the period 2003/04 to 2007/08, revenue support grant for unitary authorities in Wales **increased by 20.85%**.

Year	£'000	Index
2003-04	2533434	100.00
2004-05	2590999	102.27
2005-06	2751690	108.62
2006-07	2951763	116.51
2007-08	3061566	<b>120.85</b>

### 3.10 Redistributed Non Domestic Rates

In the period 2003/04 to 2007/08, redistributed non-domestic rates to unitary authorities in Wales **increased by 19.85%**.

Year	£'000	Index
2003-04	660000	100.00
2004-05	672000	101.82
2005-06	672000	101.82
2006-07	730000	110.61
2007-08	791000	<b>119.85</b>

### 3.11 Band D Council Tax

In the period 2003/04 to 2007/08, income raised from council tax increased by 22.73%. Between 2003/4 and 2008/9, the increase was **27.03%**.

Year	£'000	Index
2003-04	3792549	100
2004-05	3903580	102.93
2005-06	4137348	109.09
2006-07	4439986	117.07
2007-08	4654669	122.73
2008-09	4817644	<b>127.03</b>

### 3.12 Revenue Outturn Expenditure – Unitary Authorities 2003/04 - 2006/07<sup>9</sup>

In the period 2003/04 to 2007/08, revenue expenditure by unitary authorities in Wales grew by **29.62%**.

Year	£'000	Index
2003-04	4603176	100.00
2004-05	5107283	110.95
2005-06	5417377	117.69
2006-07	5713073	124.11
2007-08 (e)	5966600	<b>129.62</b>

### 3.13 Local Government Employee Expenditure: Employee Numbers and Subjective Analysis Returns England

While data on income is available for the period 2003/04 to 2007/08, the data for employee numbers and expenditure on employee pay is only available for the period 2003/04 to 2006/07.

Communities and Local Government annually publish Local Government Financial Statistics<sup>10, 11</sup> for England that include data on employee numbers. NJC employees are included in the “Other” category, alongside craft workers, youth and community workers, Chief Executives and Chief Officers and Senior Managers.

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<sup>9</sup> StatsWales

<sup>10</sup> Local Government Financial Statistics No 17 Chapter 6

<sup>11</sup> Local Government Financial Statistics No 18 Chapter 6

LOCAL GOVERNMENT : EMPLOYEE NUMBERS - 1000'S				
OCCUPATIONAL GROUP	2003/04	2004/05	2005/06	2006/07
Teachers (a)	442	447	450	449
Police (b)	130	130	132	135
Police Support Staff (d)	65	68	70	71
Fire-fighters (c)	45	45	45	44
Other (includes NJC, craft, youth and community, Soulbury) (e)	984	1000	998	991
<b>Total</b>	<b>1,666</b>	<b>1,690</b>	<b>1,695</b>	<b>1,690</b>

(a) Source: DfES SFR37.  
(b) Source: Specialist Crime and Police Resources, Home Office. These are full-time equivalent figures excluding those on career breaks or maternity/paternity leave.  
(c) Source: CLG  
(d) Source: Specialist Crime and Police Resources, Home Office. Figures exclude: Traffic Wardens, Police Community Support Officers and Designated Officers under S.38, Police Reform Act, 2002.  
(e) Source: Local Government Analysis & Research (LGAR).

This data set also includes overall total expenditure in England on employee pay<sup>12</sup>, as shown in the table below.

LOCAL GOVERNMENT : EXPENDITURE ON EMPLOYEES				
OCCUPATIONAL GROUP	2003/04 £bn	2004/05 £bn	2005/06 £bn	2006/07 £bn
Teachers	14.2	14.9	15.7	16.0
Police	4.5	4.7	5.0	5.3
Police Support Staff	1.4	1.5	1.6	1.7
Fire-fighters	1.0	1.0	1.1	1.1
Other (includes NJC, craft, youth and community, Soulbury))	17.6	18.9	20.3	21.8
<b>Total</b>	<b>38.7</b>	<b>41.0</b>	<b>43.7</b>	<b>45.9</b>
<b>Index</b>	<b>100.0</b>	<b>105.9</b>	<b>112.9</b>	<b>118.6</b>

Source: Revenue Outturn - Subjective Analysis Return (SAR)  
(a) Includes bonuses, golden handshakes, etc.

**While local authority income rose by 19.02% between 2003/04 and 2006/07, total expenditure on employee pay rose by 18.6%. This difference of 0.42 % is equivalent to £432 million.**

Local authorities are also required to provide subjective analysis returns that provide more detailed expenditure analysis. Again these figures cover all local government employees including teachers, police and chief officers but are only available for the period 2003/04 to 2006/07. **After adjusting for growth in employee numbers, average pay rose by 16.92<sup>13</sup> % while local government income grew by 19.02 %.**

<b>Average Pay</b>	23,229.29	24,260.36	25,781.71	27,159.76
<b>Index</b>	100	104.44	110.99	<b>116.92</b>
	<b>2003/04 £bn</b>	<b>2004/05 £bn</b>	<b>2005/06 £bn</b>	<b>2006/07 £bn</b>

<sup>12</sup> Does not include employers NI and pension contributions, travel allowances and other employee costs such as recruitment, retention and training

<sup>13</sup> Includes cost of increments

### 3.14 NJC Pay Awards

During the same period from 2003/4 to 2006/7, **the index for NJC awards is only 108.90, compared to 116.92 for all local government employees.** The table below details the cumulative percentage pay increases agreed since 2003/04.

	2003/04	2004/05	2005/06	2006/07	2007/08
<b>NJC Pay Award</b>		2.75	2.95	2.95	2.475
<b>Index</b>	100	102.75	105.78	<b>108.90</b>	111.60

### 3.15 Local authority reserves - school, earmarked and 'other' reserves

Local authority reserves are usually classified as either a) school reserves; b) earmarked reserves or c) unallocated reserves. Earmarked and unallocated reserves are referred to as non-school reserves. School reserves reflect sums accumulated by schools which cannot be re-directed elsewhere. Earmarked reserves are reserves that are established for a specific purpose. However these reserves should be regularly reviewed as the level of 'earmarking' may no longer be appropriate or the circumstances that resulted in 'earmarking' may have changed.

Local authorities are required to provide statistical returns to the Department of Communities and Local Government each year. These returns provide details of a) budgeted expenditure and b) outturn expenditure. They show that throughout the period 2003/04 to 2007/08 local authorities increased their reserves significantly.

The local government employers argue that reserves cannot be used for pay, but local authorities have always financed the costs of pay awards that exceed the assumptions built into individual local authority budgets from their reserves. Unallocated general fund reserves (or balances) are used by local authorities to **manage their cashflow**. This enables the local authority to address outcomes that exceed the financial assumptions made in setting their original budgets, whether they relate to energy costs, interest rates or pay awards.

### 3.16 School Reserves

In the period 1 April 2003 to 1 April 2007, school reserves increased from £1,132 billion at 1 April 2003 to £1,996 billion at 1 April 2008<sup>14</sup> - **an increase of 76.33%**. Since a large proportion of NJC employees are school support staff such as teaching assistants, nursery nurses and admin and clerical staff, this increase in reserves represents money that could have been partially used to fund decent pay increases and conditions for many of our members.

<b>School Reserves (at 01 April for each Year)</b>						
	2003 £m	2004 £m	2005 £m	2006 £m	2007 £m	2008 £m
<b>Schools Reserves</b>	1,132	1,315	1,498	1,596	1,747	1,996
<b>Index</b>	100	116.17	132.33	140.99	154.33	<b>176.33</b>

<sup>14</sup> Provisional Revenue Outturn Summary (RS) 2007/08

### 3.17 Non- School Reserves

In the period 2003/04 to 2007/08, non-school reserves held by local authorities increased from £6.422 billion at 1 April 2003 to £12,576 billion<sup>15</sup> at 1 April 2008 - an increase of 95.83%.

NON- SCHOOL REVENUE RESERVES AT 1 APRIL (£ MILLION)			
Year	Other earmarked	Unallocated	Non-schools total
2003	4,198	2,224	6,422
2004	5,484	2,678	8,162
2005	6,831	2,774	9,605
2006	8,104	2,939	11,044
2007	8,500	3,105	11,605
2008 (p)	9,135	3,421	12,576

Source: Revenue Outturn (RO) returns  
(p) Provisional Outturn

NON SCHOOL RESERVES INDEX (£ MILLION)						
	2003	2004	2005	2006	2007	2008
Non School Reserves	6422	8162	9605	11044	11587	12576
Index	100	127.09	149.56	171.97	180.43	195.83

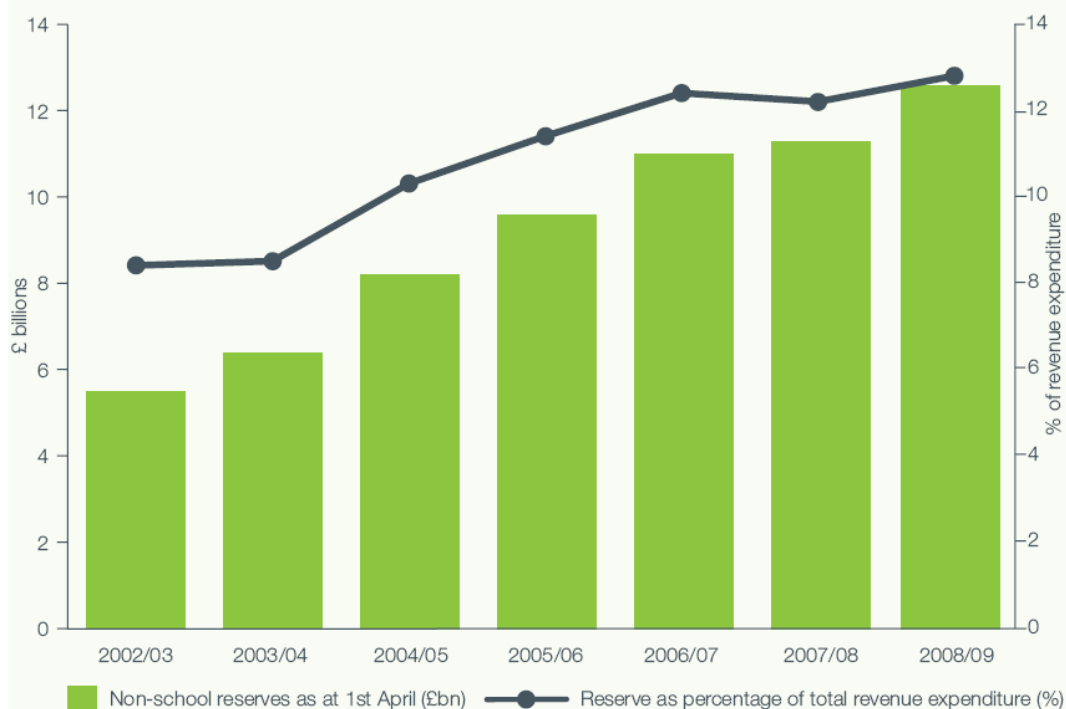
This is confirmed by the December 2008 study undertaken by the Audit Commission, “Crunch Time”, that highlighted that **local authority reserves had grown from 8% of total revenue expenditure in 2002/03 to 13% of total revenue expenditure in 2008/09.**

<sup>15</sup> Provisional Revenue Outturn Summary (RS) 2007/08

**Figure 10**

**Local authority reserves 2002/03 to 2008/09<sup>ii</sup>**

Reserves have been increasing and now stand at 13 per cent of revenue spending.



Source: *Local Government Finance Key Facts: England 2008, Communities and Local Government*

### 3.18 Budgets and Actual Outturn

The Local Government Financial Statistics (CLG website) also provide comparative data on the budget estimates made by local authorities each year. This enables comparison to be made between the budget assumptions and the actual outturn.

Looking at the period between 2003/04 and 2006/07, local authorities **budgeted** to utilise £2,785 billion in non-school reserves, of which £1,432 billion was unallocated (see Table below.)

Local Authorities in England: Budget assumptions for movement in reserves 2003/04 to 2007/08 (£m)				
Year	Schools	Other earmarked	Unallocated	Budgeted Non-schools total
2003/04	-4	-119	-131	-250
2004/05	1	-341	-232	-573
2005/06	2	-128	-384	-512
2006/07	-12	-236	-324	-560
2007/08	-16	-513	-361	-890
<b>Total</b>	<b>-29</b>	<b>-1337</b>	<b>-1432</b>	<b>-2785</b>

Source: Local Government Financial Statistics (CLG)

However, an analysis of the outturn figures reveals that instead of **utilising £2.785 billion** of reserves, English local authorities alone **added £6.424 billion** to their

reserves over the period 2003/04 – 2007/08 (see Table B below) and of that, **£1.121 billion** was added to unallocated reserves – representing over 5% of the NJC pay bill.

<b>Table B. Local Authorities in England: Actual Movement in reserves 2003-04 to 2007-08<sup>16</sup> (£m)</b>				
<b>Year</b>	<b>Schools</b>	<b>Other earmarked</b>	<b>Unallocated</b>	<b>Actual Non-schools total</b>
<b>2003/04</b>	183	1,286	454	1,740
<b>2004/05</b>	183	1,347	96	1,443
<b>2005/06</b>	98	1,273	165	1,439
<b>2006/07</b>	151	356	188	543
<b>2007/08</b>	240	1041	218	1259
<b>Total</b>	855	5,303	1121	6,424

### 3.19 Wales

The data for Wales is only available for the period 2005/ 2007 and shows only modest changes.

<b>Reserves held by local authorities in Wales (at 01 April each year)</b>				
<b>Year</b>	<b>HRA £'000</b>	<b>Schools £'000</b>	<b>Earmarked £'000</b>	<b>Unallocated £'000</b>
<b>2005</b>	54100	69033	278189	133535
<b>2006</b>	61100	68176	349606	141257
<b>2007</b>	64731	64877	372866	143113

**Sources:**  
Local Authority Statement of Accounts 2005/06 and Statement of Accounts 2006/07

**Notes**  
Bridgend transferred its housing stock  
Ceredigion Schools Balances @1 April 2005 not available  
Pembrokeshire Statement of Accounts not available on the website.  
Vale of Glamorgan Statement of Accounts 2004/05 and 2005/06 unavailable

### 3.20 The Use of Reserves

Earlier we reported that the Audit Commission had identified growth in reserves from 8% of total revenue expenditure in 2002/03 to 13% of total revenue expenditure in 2008/09. Total revenue expenditure is now some £108 billion. This 5% growth in the level of reserves represents over £5 billion – the equivalent of over 20% of the NJC pay bill.

Of course, reserves exist to enable a local authority to meet fluctuations and additions to cost. They enable the authority to deal with financial changes in the short term and future budgets then reflect future long term costs. As this submission has demonstrated, in each of the last five years, local authorities **have** budgeted to utilise reserves in order to balance their budgets and at outturn have actually put money into

<sup>16</sup> Source: Local Government Financial Statistics (CLG)

their reserves each year. This would suggest that money has been – and is – available to improve our members’ pay and conditions.

As shown in the following paragraph 3.23, the cost of an award made by ACAS ranges from £123.5 million (at 0.5%) to £864 million (at 3.5%). Any additional cost would affect the base budget for the following financial year, but this would then be incorporated into the medium term financial planning that all authorities undertake.

### 3.21 Efficiency savings

The 2004 Comprehensive Spending Review (CSR04) set local authorities a target of £3 billion to be achieved in efficiency savings. These are sometimes known as Gershon efficiencies.

The Government defines efficiencies as ‘achieving the same outputs for less resource or additional outputs for the same resource. Consequently, an action that fully or partially alleviates a cost pressure is countable as a cash-releasing efficiency, but an action that frees up cash at the expense of the overall effectiveness of service delivery is not an efficiency gain.’

According to the Audit Commission,<sup>17</sup> local authorities exceeded the £3 billion target set as part of CSR04 by almost 50%. Local authorities reported efficiencies totalling £4.34 billion in the period 2004/05 to 2007/08.

Year	Cumulative efficiency target (£bn)	Efficiencies reported (£bn)	Excess over target (£bn)
2004/05	Nil	0.76	0.76
2005/06	1.00	1.93	0.93
2006/07	2.01	3.06	1.05
2007/08	3.01	4.34	1.33

Source: Audit Commission/Communities and Local Government

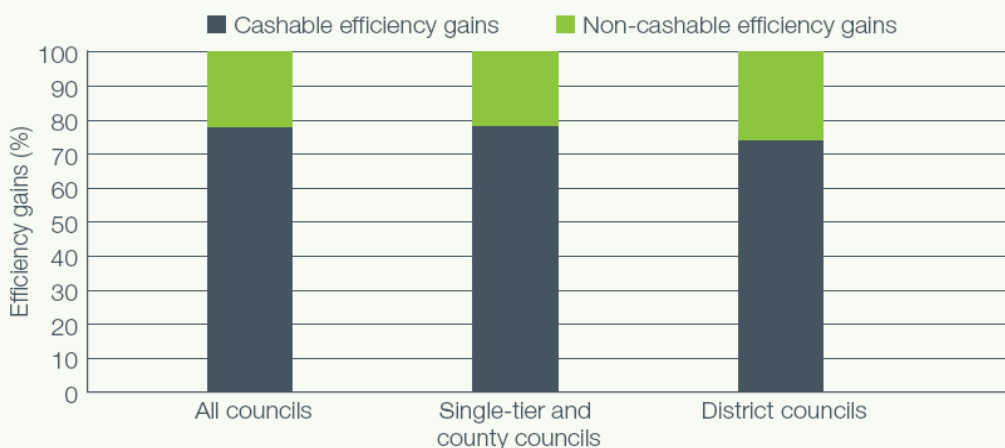
Overall 79% (equivalent to £3.429 billion) of these ‘efficiencies’ were ‘cashable’. This implies that during that period, local authorities identified £3.429 billion of **cash releasing efficiencies**. While the proportion of ‘cashable’ savings in district councils was lower, it was still greater than 70%.<sup>18</sup>

These savings have largely been secured as a result of the efforts made by NJC employees but none of them have been invested in their pay, conditions or training.

<sup>17</sup> Audit Commission: Back to Front, October 2008, pg 11

<sup>18</sup> Audit Commission: Back to Front, October 2008, pg 13

**Figure 2**  
**Most SR04 efficiency gains were cashable**



Source: Audit Commission

### 3.22 Efficiency targets 2008/11

The Terms of Reference for the arbitration process identify “*the context of the 2008-2011 CSR period*”. That context includes the assumptions made about efficiency savings.

The Comprehensive Spending Review 2007 incorporated assumptions about a further cumulative total of £4.9 billion cashable savings by the end of 2010/11. The Government envisages that these will be secured through:

- Business process improvements and collaboration initiatives, which could deliver up to £1.8 billion annual net cash releasing savings by 2010/11
- Smarter procurement, which could deliver up to £2.8 billion annual net cash releasing savings by 2010/11. There will be significant investment in order to support this activity, and
- Better asset management which could deliver up to £300 million net cash releasing savings per annum by 2010/11

For the period covered by CSR07, the Government set overall efficiency targets of 3% for local government. In doing so, it argued that those efficiency savings could be used to enable local authorities to meet their ‘priorities’ (see extract below) and this submission argues that one of those priorities should have been the proper remuneration of NJC employees:

*“Consider this, if you haven’t done it this way already. The yield from 3 per cent cashable efficiency gains will give you in effect not 1 per cent real terms increase, but a 4 per cent increase for your priorities.”*

Source: Extract from speech by John Healey MP, Local Government Minister, 1 November 2007 to LGA Conference on the Comprehensive Spending Review 2007.

The flexibility to utilise ‘efficiency savings’ within the public sector pay review arrangements was authorised by the Chief Secretary to the Treasury and by

Sir Gus O'Donnell, Head of the Home Civil Service, in a letter dated 1 December 2008 to the trade union, Prospect.

### 3.23 Cost of an ACAS award

According to the Local Government Earnings Survey 2007, the total basic pay bill in England and Wales is £24.698 billion. The additional pay bill<sup>19</sup> in England and Wales is a further £1.548 billion.

The offer made by the employers was equal to 2.5% of the pay bill, while the claim was for 6%. The gap between the claim and the offer is therefore 3.5%. The estimated potential additional costs arising from this application to ACAS are illustrated in the table below which uses the total basic pay bill for England and Wales.

Award %	Additional Cost £m
0.5	123.49
1.0	246.98
1.5	370.47
2.0	493.96
2.5	617.45
3.0	740.94
3.5	864.43

### 3.24 2008/09 Budgets and local pay awards

The table below provides examples of local authorities opted out of the NJC that agreed percentage pay increases above that offered under the NJC scheme by the national employers for 2007/2008.

Council	%
South Oxfordshire	4.1
Reigate and Banstead	4.0
West Sussex	3.5
Aylesbury Vale	3.2
Cherwell	3.0
Dartford	3.0
East Hampshire	3.0
Elmbridge	3.0
Epsom and Ewell	3.0
Mole Valley	3.0
Rother	3.0
Runnymede	3.0
Waverly	3.0
Woking	3.0
Ashford	2.8
Thanet	2.8

<sup>19</sup> Note: Additional Pay includes: pay before deductions for PAYE, National Insurance, pension schemes and voluntary deductions. All basic pay relating to the pay period. London and other area or fringe allowances. Any overtime, shift premium, bonus or incentive pay and any other pay relating to the pay period. Excludes: any payments for travel or subsistence expenses and all pay that relates to a different pay period.

In addition, a number of local authorities that are part of the NJC included within their agreed budgets for 2008/09 assumptions about pay increases that exceeded the national offer, for example South Somerset and Stoke City Council.

### 3.25 Spending on Agency Staff and Consultants

In July 2008 UNISON served a Freedom of Information request on all 436 local authorities in England, Wales and Northern Ireland asking how much was spent on agency staff and consultants in the financial years 2005/06, 2006/07 and 2007/08.

Analysis of the results shows that huge sums of money - **a projected £2.088 billion between 2007-8 alone** - are being paid to agency and consultancy staff – (See Tables below). Returns from 63% of councils give a clear indication of the money which could be saved or more wisely spent if adequate workforce planning and development mechanisms were in place. In its 2008 publication, 'Tomorrow's People: Building a Local Government Workforce for the Future', the Audit Commission states that "Councils without a systematic approach to recruitment and retention, which includes most councils, waste money on unnecessary temporary and agency staff".<sup>20</sup>

We are also aware that while basic pay rates for agency workers in some occupations such as building control and social work are often higher than NJC rates, many other agency workers in NJC as well as non-NJC councils are being paid at National Minimum Wage rates and certainly less than NJC rates. Agency workers do not receive agreed Green Book enhancements for unsocial hours working and are also ineligible to join the Local Government Pension Scheme. Such casualisation is not compatible with local government's desire to become an 'employer of choice' or the requirement for 'sustained improvement'. Neither is the projected £664,444,000 spent on consultants between 2007 /2008 good use of public money. While the trade unions accept that there will always be a role for specialist consultants, evidence suggests that they are often used in more routine functions - at great cost – and often to identify efficiency savings! While our members are being asked to accept below-inflation pay awards, this level of expenditure – equivalent to over 10% of the pay bill - is entirely unacceptable.

<b>AGENCY STAFF EXPENDITURE IN LOCAL GOVERNMENT - ENGLAND, WALES AND NORTHERN IRELAND</b>		
<b>Local Authority Type:</b>	<b>2007/08 (63% LA's)</b>	<b>Full Spend Projection 2007/08</b>
	<b>£'000's</b>	<b>£'000's</b>
Districts	89,828	137,929
Counties	163,263	264,330
Mets	99,754	189,008
London	355,712	558,976
Wales	31,852	50,053
Unitaries	138,591	210,122
NI	7,337	12,717
<b>Total</b>	<b>886,337</b>	<b>1,423,136</b>

<sup>20</sup> Audit Commission. 2008. 'Tomorrow's people: Building a local government workforce for the future'

<b>CONSULTANCY STAFF EXPENDITURE IN LOCAL GOVERNMENT: ENGLAND, WALES AND NORTHERN IRELAND</b>		
<b>Local Authority Type:</b>	<b>2007/08 (63% LA's)</b>	<b>Full Spend Projection 2007/08</b>
	<b>£'000's</b>	<b>£'000's</b>
Districts	71,195	109,318
Counties	125,491	203,176
Mets	45,997	87,152
London	72,418	113,800
Wales	16,947	26,631
Unitaries	72,827	110,415
NI	8,049	13,952
<b>Total</b>	<b>412,924</b>	<b>664,444</b>

We strongly urge the arbitration panel to give due regard to the Audit Commission's conclusions. Promoting 'a local government brand as a powerful recruitment and retention tool' – an aim the employers claim as theirs - is not possible without a fair and equitable NJC pay settlement for 2008/9.

An internet search of local authority scrutiny reports for this submission showed that councils are able to secure significant savings by use of agency staff. Just two examples are given below:

#### **Guildford Council - Review of use of Consultants, 10 November 2005**

*"Some savings have already been achieved. For example, a number of agency staff used for street cleansing on a long-term basis were brought in-house earlier this year. The estimated annual saving was in the region of £30,000 (para 3.3)*

*In 2003/04, Surrey County Council piloted a contract with a central supplier to act as a clearing house for agency staff. The contract allowed Officers to obtain all their agency staff through one supplier, which sourced them from different agencies. The pilot was conducted in Children's Services, a particularly demanding area with special requirements (para 3.4)*

*The pilot was successful and savings of 11% were achieved against a predicted 8%. (para 3.5)*

*If the same level of performance is achieved for Guildford, the savings would be in the region of £100,000 - £150,000 per annum (para 3.8)."*

#### **Basingstoke – Cabinet, 30 March 2004**

*"However, it is the Project Commission's view that there should be a target of reducing revenue consultancy costs by 10% which would equate to £114,000 per annum based on budgeted expenditure in 2003/04."*

### **3.26 Council Tax decisions - England**

Local authorities have some discretion to raise income through decisions that they make in relation to council tax levels. The Government's expectation is that in England, increases will be lower than 5 per cent. In 2008/09 the average council tax percentage increase (3.9 per cent) was lower than in previous years. The trade unions are aware

of local authorities that have announced council tax freezes and reductions. Local newspapers will carry front page stories where the local authority is welcoming a decision to 'freeze council tax levels' while later in the paper the same council is claiming 'lack of finance' as the cause of cutbacks or budget reductions.

<b>BAND D COUNCIL TAX INCREASES 2003/4-2008/9</b>		
<b>Year</b>	<b>£</b>	<b>% increase</b>
<b>2003-04</b>	1,102	12.9
<b>2004-05</b>	1,167	5.9
<b>2005-06</b>	1,214	4.1
<b>2006-07</b>	1,268	4.5
<b>2007-08</b>	1,321	4.2
<b>2008-09</b>	1,373	3.9

Average Council Tax increases of 4.0%, 4.2% and 4.5% respectively generate £24 million, £71 million and £143 million.

### **3.27 Council Tax decisions - Wales**

The table below provides details of the average percentage increase in Band D Council Tax in Wales for each year from 2003/04 to 2008/09.

<b>Year</b>	<b>£</b>	<b>% increase</b>
<b>2003-04</b>	837.23	
<b>2004-05</b>	887.42	5.99
<b>2005-06</b>	921.00	3.78
<b>2006-07</b>	962.05	4.46
<b>2007-08</b>	1004.79	4.44
<b>2008-09</b>	1044.03	3.91

Average Council Tax increases of 4.0%, 4.2% and 4.5% respectively generate £4 million, £13 million and £27 million.

### **3.28 Comprehensive Spending Review and Changing Economic Circumstances**

The Terms of Reference for this arbitration process include the following:

*“The arbitration board shall take into account annual levels of affordability for all local authorities within the context of the 2008-2011 CSR period settlements and the impact of the changing economic circumstances since April 2008.”*

The Government announced the outcome of the 2007 Comprehensive Spending Review on 9 October 2007. According to the Local Government Association, the settlement contained the following headline messages for local government:

- An increase in local government’s Aggregate External Finance of 4.2% in 2008/09, 3.5% in 2009/10 and 3.4 per cent in 2010/11. These figures represent **real terms increases of 1.5%, 0.8% and 0.7%** respectively
- £5 billion of former specific grant and former Local Area Agreement ring-fenced grants will be delivered in the form of non ring-fenced grants

- On economic development, the government is consulting on the detail of a power to implement a Supplementary Business Rate (SBR) with effect from April 2010. The power would be available to the highest-tier authority in any area and subject to a 2p in the pound limit
- Funding for the Local Authority Business Growth Incentive scheme will be £150 million over the next three years
- Local government will be expected to achieve 3% (£4.9 billion) cashable efficiency savings over CSR07

(Source: Flyer for The Comprehensive Spending Review LGA conference – 23 October 2007. Note: the reference drawn from the LGA flyer refers to Aggregate External Finance while the Ministerial statement refers to all Government funding).

In the CSR report accompanying the Chancellor’s statement, the Treasury stated:

*“The 2007 CSR grows resource DEL (Departmental Expenditure Limit) for local government at an average 1 per cent per year in real terms over the next three years (as shown in the table below). In addition, provision has been made in Department for Transport budgets of over £200 million a year from 2008-09 to support delivery of a national scheme for concessionary bus fares through local government.”*

**Table 1.3: Comprehensive Spending Review total DEL settlements**

	£ billion				Per cent Average annual real growth <sup>2</sup>
	Baseline <sup>1</sup> 2007-08	2008-09	Plans 2009-10	2010-11	
<b>Resource and net capital DEL</b>					
Children, Schools and Families	50.1	52.9	55.6	59.5	3.1
Health	91.8	97.9	104.4	111.4	3.9
of which: NHS England	90.4	96.4	102.9	109.8	4.0
Transport	12.6	13.4	13.8	14.5	2.1
Innovation, Universities and Skills	18.0	18.7	19.7	20.8	2.2
CLG Communities	10.3	11.3	11.8	12.1	2.9
CLG Local Government <sup>3</sup>	23.9	24.8	25.7	26.5	0.9

Source: *Comprehensive Spending Review 2007, Treasury*

### 3.29 Local government settlements

On 6 December 2007, John Healey MP, the Local Government Minister, announced the provisional local government finance settlements for 2008/09, 2009/10 and 2010/11.

*“In total, Government revenue funding for local authority services will be, in the years 2008-09, 2009-10 and 2010-11, £70.4 billion, £73.5 billion and £76.7 billion. These are increases of 4 per cent., 4.4 per cent and 4.3 per cent respectively. This continues the sustained, real-terms increases for local government under this Government. By the end of this comprehensive spending*

*review period, local government will have received a real-terms grant increase of 45 per cent since 1997.”*

**Source: Hansard, 6 December 2007, column 981**

On 26 November 2008, John Healey MP, the Local Government Minister, announced the provisional local government finance settlement for 2009/10 and 2010/11. CLG’s press release stated:

*“Local Government Minister John Healey today confirmed a 4.2 per cent funding increase for English councils next year - describing this £2.96bn rise as a fair and affordable settlement for councils to continue to support their communities in these tough economic times.”*

The Minister announced that local authorities will receive £73.1 billion in 2009/10 and £76.4 billion in 2010/11 - increases of 4.2% and 4.4%. These increases will be significantly higher than predicted inflation, as highlighted in the Audit Commission’s ‘Crunch Time?’ report cited elsewhere.

### **3.30 The Impact of changing economic circumstances**

The Terms of Reference for this arbitration process include:

*“the impact of the changing economic circumstances since April 2008.”*

In December 2008, the Audit Commission published “Crunch Time”, a report that looked at the impact of the economic downturn on local government finances. It concluded that:

- *“2008/09 has been a difficult year, but most local authorities are coping*
- *Nine out of ten councils are concerned about inflation and falling property prices.*
- *Some authorities have had to take steps to keep costs under control, but most are confident they can cope.*
- *At present, it is not the crisis that has been portrayed in the media”.*

There is no doubt that during 2008, local authorities were faced with increased energy and fuel costs and that income from fees associated with land property (searches, planning applications etc) declined. However, as the Audit Commission point out:

*“The expenditure that has seen the highest levels of inflation – gas, electricity fuel and food – make up less than 2 per cent of total local authority spending.”,*

And,

*“Inflation is now reducing, easing some of the in-year pressures; fuel prices are now lower than they were in April 2008.”*

And it has not all been one way traffic. As the gap between the bank rates and LIBOR (the London Inter-bank Offered Rate) widened, local authorities secured better than expected returns on their short term investments, as the Audit Commission also points out in “Crunch Time?”:

*“Four out of ten councils have gained from investing cash in the money markets”.*

*“One positive effect of the economic downturn on local authorities has been the increase in the interest rates they can get on their deposits. Councils generate significant sums through investing surplus cash in the money markets. Chief finance officers confirmed in the survey that this income has increased in almost 40 per cent of authorities” (Para 73).*

*“Comments such as, ‘short-term interest rates have benefited the council, worth approximately £400,000’ and, ‘the current economic climate has resulted in interest rates being higher than budgeted’ were reported. One local authority in the South West has stated that, ‘we assumed 5 per cent earned in 2008/09. Outturn is likely to be at least 0.5 per cent above this. So an extra £750,000 interest has been earned’. Another authority in the North stated that, ‘we had budgeted for interest at 5 per cent, and it is currently 6 per cent. This is a difference in income of £1 million” (Para 74).*

Gains at this level will not continue under current economic circumstances, however councils have benefited from the higher levels of interest receipts on their investments due to the ongoing differential between bank rates and the London Interbank Offered Rate (LIBOR). We would suggest to the arbitration panel that some of the windfall gains made could and should be invested in NJC employees’ pay through an additional award for 2008/9.

Local authorities are also benefiting from the current reduction in interest rates, particularly those offered by the Public Works Loan Board. As ‘Crunch Time’ points out:

*“PWLB interest rates have fallen sharply. For example, the variable short-term lending rate has fallen from over 5.5 per cent in January 2008 to less than 2 per cent in December 2008. Fixed rates have also fallen markedly. Local authorities will now have access to much cheaper funds than have been available for some considerable time” (Para 21).*

In 2006/07, local authorities paid £2.75 billion on borrowing, and earned £1.48 billion interest on investments (CLG data). (Source: Crunch Time; Audit Commission, December 2008)

In the summary of its report, the Audit Commission says that:

- *“The picture for 2009/10 is less certain, but there is some positive news.*
- *The economy has moved into recession and the outlook for 2009/10 is poor; much depends on the length and severity of the economic downturn.*
- *About 75 per cent of local government income comes from central government grant; this will increase by 4.2 per cent in 2009/10, leading to more councils receiving a real-terms increase.*
- *If inflation reduces, this will ease the pressure on budgets. Interest rates have fallen, so the cost of borrowing should reduce”.*

Paragraph 34 highlights the fact that the inflation assumptions on which the local government settlement was arrived at in the Comprehensive Spending Review are likely to be higher than the inflation levels that will apply during the period 2009 to 2011.

***“The predicted lower level of inflation for those years means that over the whole settlement period the real value of the grant may prove to be higher than expected.”***

### **3.31 Summary - NJC pay and local government finance**

The Trade Union Side believes that the claim for a 6% pay increase was within the margins of affordability at the time of submission and there is financial scope for an improvement through an additional award by ACAS, even after the economic downturn. This assertion is based solely on an analysis of figures presented in this section, drawn from official Government data. The arbitrators are asked to take particular note of the following:

- Local authority income has risen faster than expenditure on employees’ pay
- Authority reserves - school, earmarked and ‘other’ - have increased significantly
- Local authorities have significantly exceeded their efficiency savings targets, whilst the local government workforce has not derived the benefit assumed by Sir Peter Gershon in his review
- The potential cost of an ACAS award is not prohibitive within the savings made above and is outlined again below.

<b>Award %</b>	<b>Additional Cost £ million</b>
0.5	123.49
1.0	246.98
1.5	370.47
2.0	493.96
2.5	617.45
3.0	740.94
3.5	864.43

- A large number of authorities outside of the NJC have made settlements well in excess of 2.5%
- Local government finance following the economic downturn is healthier than media speculation surmises and can support an increased award
- According to the Government there are real terms increases in funding for local authorities in England throughout the CSR07 period (2008/09 – 2010/11) (See Paragraph 3.29)

## 4. NJC PAY COMPARED

### 4.1 Local government pay compared to other public sector workers

The following tables show that the lowest pay points in local government fall well below those for equivalent employees in police, probation, higher education – and all other comparable groups of public sector workers. This has been the case for some years, but is increasingly significant, given the Government and the Local Government Association's emphasis on joined up service delivery and the thrust of the Local Government and Public Involvement in Health (LGPIH) Act 2007. The LGPIH Act requires non-local authority bodies to co-operate with councils' strategic plans and work with them through Local Strategic Partnerships to deliver jointly agreed priorities for the area. Effectively then, the employees of the lead body for the provision of local public services are the worst paid and have the worst conditions of employment.

<b>Local Government (Apr 08) (subject to arbitration)</b>	<b>Police Staff (Sept 08)</b>	<b>Higher Education (Oct 08) (Increased by RPI if higher than 2.5%)</b>	<b>Probation (Oct 08)</b>
11,961	12,453	12,773	13,604
12,125	12,900	13,111	13,733
12,299	13,347	13,459	13,863
12,592	13,803	13,764	14,003
12,989	14,169	14,133	14,139

### 4.2 NJC Pay – the lowest of all

Table 2 on the following page shows the disparity between the lowest annual NJC pay rate and the equivalent for a wide variety of other public sector workers in 2007/ 8. NJC workers earned a lower amount than any other group – except those in 6<sup>th</sup> Form Colleges and the Driving Standards Agency. The lowest NJC rate of £11,577 fell well below the average of £13,026. The difference is likely to have been further exacerbated by higher pay increases in 2008/09 for other public sector groups.

<b>TABLE 2: NJC MINIMUM ANNUAL PAY 2007/08 COMPARED TO OTHER PUBLIC SECTOR GROUPS</b>	
<b>Organisation</b>	<b>Minimum Pay (£ pa)</b>
Cabinet Office	14861
Civil Aviation Authority	15179
Crown Prosecution Service	12872
Defence Aviation Repair Agency	15400
DfBERR	13017
Department for Children, Schools & Families	13226
Department for Culture, Media & Sport	16796
Defra	14083
Department for Transport	13970
Department for Work and Pensions	12590
Driver and Vehicle Licensing Agency	12528
Driving Standards Agency	10850
Environment Agency	12247
Foreign & Commonwealth Office	14732
Forestry Commission	12428
Health & Safety Executive	13929
Home Office	12950
HM Revenue & Customs	12734
Met Office	12200
Ministry of Defence	12694
Ministry of Justice	11726
National Assembly for Wales	14000
Northern Ireland Civil Service	12520
Scottish Government	12300
Scottish Prison Service	12090
Tate Gallery	14800
UKAEA	12653
Vehicle Certification Agency	13110
Prison Service (England and Wales)	12008
Police Staff	12138
NHS	12182
Sixth Form Colleges	11575
Old Universities	12041
New Universities	12041
Universities Manual	12041
FE Colleges	12237
British Library	13198
<b>Average</b>	<b>13026</b>
<b>NJC</b>	<b>11577</b>
<b>NJC Pay as % of Average Public Sector Pay</b>	<b>88.88</b>

### 4.3 NHS: Same Work – Higher Pay

Table 3 shows the differential between comparable jobs in local government and the NHS. Appendix 3 shows the higher pay settlements reached in the NHS over several years. These increases are on basic pay only. Implementation of Agenda for Change in the NHS has enhanced these basic rates substantially for many comparable NHS workers since 2004. Many NHS employees have therefore received substantially higher increases than shown in Appendix 3 for this period.

The near 27% pay differential between NJC and NHS nursery nurses and the near 15% difference between a NHS domestic support worker and a cleaner in local government should be a cause of great concern. Local government is in direct competition with the NHS in many local labour markets and will increasingly find it hard to recruit as the gap between NHS and NJC pay widens. In the NHS the bottom rate is now £6.40 pence an hour. However, most NHS cleaners and catering staff are now on the top of scale point 4, earning £6.96 pence an hour, because of Agenda for Change increments.

<b>TABLE 3: NJC AND NHS PAY COMPARED - £</b>					
<b>NHS Job Title</b>	<b>NJC Job Title</b>	<b>NJC Median Maximum Salary (IDS 2008 Survey)</b>	<b>NHS 37 ½ Hour Week Maximum Pay (1.4.2008)</b>	<b>NHS 37 Hour Week Equivalent (1.4.08)</b>	<b>% NHS Pay Exceeds NJC Pay</b>
Domestic Support Worker	Cleaner	<b>11,698</b>	13,617	<b>13,435</b>	+14.85
Catering Assistant	Catering Assistant	<b>12,063</b>	13,617	<b>13,435</b>	+11.38
Care Assistant	Home Care Assistant	<b>14,161</b>	15,950	<b>15,737</b>	+11.13
Residential Carer	Residential Care Assistant	<b>16,181</b>	17,732	<b>17,496</b>	+8.12
Home/Residential Carer Team Leader	Senior Care Worker	<b>23,242</b>	26,123	<b>25,775</b>	+10.90
Social Worker	Social Worker in Children and Families	<b>29,324</b>	32,653	<b>32,218</b>	+9.87
Social Worker Specialist	Senior Social Worker	<b>32,436</b>	38,352	<b>37,841</b>	+16.66
Nursery Nurse	Nursery Nurse	<b>16,217</b>	20,818	<b>20,540</b>	+26.66

Agenda for Change in the NHS was initiated across the UK on 1 December 2004, with new pay and conditions backdated to 1 October 2004. It was the biggest overhaul of

NHS-wide pay, terms and conditions in more than 50 years<sup>21</sup>. As a result of Government investment in Agenda for Change, the value of women's work in the NHS is now properly rewarded and has seen a significant uplift to achieve equality. As we can see from the table above, this is not the case in local government, although some councils have now received Government approval to at least 'capitalise' the costs of Single Status.

In addition, when considering the large numbers of women in the local government workforce, it is also important to note the large differential in maternity leave provisions between local government and the NHS. Women in the NHS receive eight weeks leave above the statutory minimum at 100% of salary compared to six weeks in local government at 90% of salary.

#### 4.4 Other public sector pay settlements - 2008/09

The following public sector settlements were awarded in 2008:

- In the NHS, the 2008/09 element of a three - year pay deal is a 2.75% basic pay increase on all pay points
- In further education, agreement was reached to increase pay by 3.2% or £550, whichever is the greater, from 1 October 2008
- The Joint Negotiating Committee for Higher Education Staff - lecturers and support staff - entered into the final stage of three-year pay award, effective from 1 October 2008 of a basic 5% increase up to 30 September 2009

All the above increases in major public sector employers are higher than that so far awarded in local government. (Further examples are given in Appendix 5).

#### 4.5 NJC pay compared to average earnings and inflation

57% of workers in local government earn below £16,614 per year – that is **£8,361 less than the median average, full time salary across the economy of £24, 975<sup>22</sup>**. The latest research from Industrial Relations Services (IRS) reveals that basic pay awards were running at a median of 3.8% in the three months to the end of November 2008, the same as the previous rolling quarter. This was higher than the level in the three months to July 2008 at 3.5% and slightly above the 3.2% level seen in the three months between April and June last year<sup>23</sup>. The increase to 3.8% was reflective of inflation and the increase in the National Minimum Wage, which has caused the median to break away from the 3.5% benchmark level that persisted for much of the last two years. However, public sector pay awards are currently generally below the level seen among private sector organisations, with NJC employees getting the worst deal of all.<sup>24</sup>

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<sup>21</sup> [http://www.rcn.org.uk/support/pay\\_and\\_conditions/agendaforchange](http://www.rcn.org.uk/support/pay_and_conditions/agendaforchange)

<sup>22</sup> Median taken from the 2008 Annual Survey of Hours and Earnings produced by the Office of National Statistics: <http://www.statistics.gov.uk/pdfdir/ashe1108.pdf>

<sup>23</sup> <http://www.xperthr.co.uk/article/16100/pay-awards.aspx>

<sup>24</sup> <http://www.xperthr.co.uk/article/90316/irs-pay-databank--19-december-2008.aspx#pri>

#### 4.6 NJC pay compared to private sector pay

A recent survey<sup>25</sup> of private sector pay prospects, based on responses from 268 private sector companies for 540 different groups of employees, indicates that companies are predicting a median 3.5% pay rise in the year from September 2008 to August 2009. They also expect 80% of employees to have a pay rise in 2008/09 that matches, or exceeds, the pay rise given in 2007/08.

Continued disparity between the public and private sectors can only lead to increased recruitment and retention difficulties in local government in the long term. Table 4 shows some comparisons for some similar jobs within local government and in the private sector. Each of the private sector jobs is better paid than its NJC equivalent.

<b>TABLE 4: LOCAL GOVERNMENT AND PRIVATE SECTOR PAY</b>			
<b>Private Sector Employer and Occupational Groups</b>	<b>Annual Salary<sup>26</sup></b>	<b>Local Government Occupational Groups</b>	<b>Annual Salary<sup>27</sup> 2007</b>
Severn Trent Water <b>Gardener – Grounds Maintenance Worker</b>	£12433 - £16500 (01/07/06)	<b>Gardener and Grounds man/woman</b>	£14671
Community Options <b>Finance Officer</b>	£25489 - £28454 (01/04/06)	<b>Finance Officer</b>	£21926
Imperial Tobacco <b>Accounts Clerk</b>	£21265 - £24459 (01/05/07)	<b>Accounts and Wages Clerk</b>	£20486
BOC <b>Customer Centre Advisor</b>	£18603 - £23743 (01/06/06)	<b>Call Centre Agents</b>	£18753
Tesco <b>Technical Support Analyst</b>	£21449 - £34608	<b>ICT User Support Officer</b>	£22831
BAE Systems (Land Systems – Weapons and Vehicles) <b>H &amp; S Officer</b>	£27880 - £39550	<b>H&amp;S Officer</b>	£26602

#### 4.7 NJC pay compared to the National Minimum Wage (NMW)

The Low Pay Commission has noted that “the 2008, 3.8% increase in the NMW (from £5.52 to £5.73) will be the ninth increase since it was introduced in April 1998”. Over the last nine and a half years, the NMW has increased by 59.2%, compared to a 44.2% growth in average earnings. As we can see in Appendix 3, the cumulative increase in NJC pay settlements only amounts to a 31.64% increase over a similar period. Whilst we welcome the Government’s commitment to the NMW, the narrowing of the gap between the low pay outside of local government and the low pay within it is a cause for concern. Many private sector employers link their pay increases to increases in the NMW in order to maintain the differential. We would have expected the local government employers to have followed a similar practice. If trends towards convergence continue, the local government employers will be forced to increase pay

<sup>25</sup> <http://www.xperthr.co.uk/article/88953/>.aspx>

<sup>26</sup> IDS Pay Benchmarking March 2008

<sup>27</sup> Local Government Earnings Survey England and Wales 2007 (mean)

for the lowest paid within local government on the basis of decisions made by the Low Pay Commission, not by the NJC.

#### **4.8 NJC pay compared to Chief Executives' and Chief Officers' pay**

According to the Audit Commission,<sup>28</sup> Single Tier and County Council chief executives' salaries have grown significantly in recent years – and certainly more than NJC pay. Over the five year period 2003/04 to 2007/08, their salaries increased by 34%. First tier officers have experienced growth of 26% over the same period, while district council chief executives saw a rise of 19%.

Evidence from a Freedom of Information request submitted to local authorities by UNISON in 2008 found that repeated instances of pay awards for Chief Officers greater than the basic pay award of 2.45% or performance related pay in addition to the 2.45% increase.

For example 10 out of 21 responses from London boroughs, 8 out of 26 responses from unitary authorities and 5 out of 22 responses from county councils showed that performance related pay was offered in addition to pay increases of 2.45%. Where performance related pay is not paid, there are examples of pay increases for chief officers of 6%, 4.3%, 5.1%, 5.37%, 7.87% and a local supplement of an additional 5%.

The Audit Commission report, 'Tougher at the Top', looks into the factors leading to salary inflation amongst local authority (single tier and county council) chief executives from 2003. Basic salary increased by 34% between 2003/4 and 2007/8, compared to 16% in the basic pay of private sector chief executives. The report detailed a number of possible causes, but overall it appears there has been increased turnover at this level (increasing to 17% in 2007), job to job moves by existing chief executives between authorities and rising salaries driven by private sector recruitment agencies.

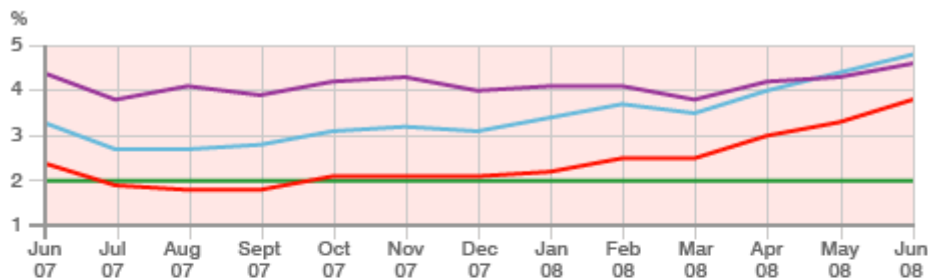
#### **4.9 The 2008/9 NJC pay claim and inflation**

In this section we look at inflation levels at the time the claim was submitted and the causes of subsequent high inflation levels, which have had a very detrimental impact on the NJC workforce. CPI inflation at the fourth quarter of 2007 was rising, was projected to rise further and had been rising for several months beforehand, as the figures below indicate.

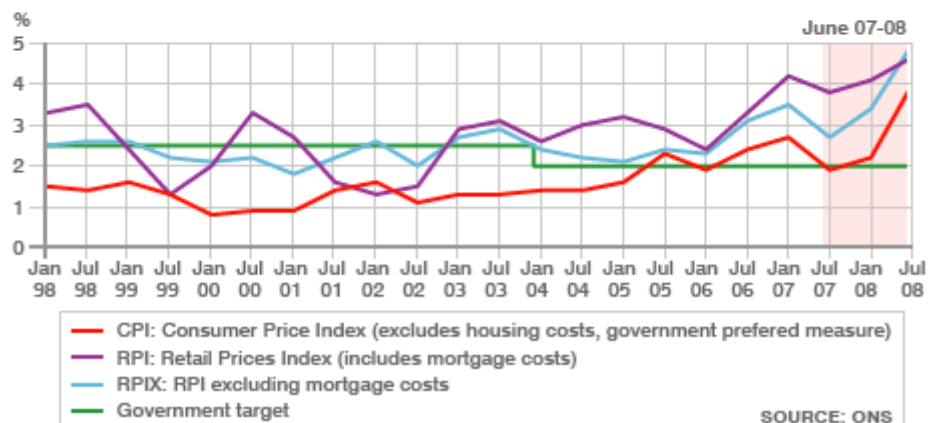
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<sup>28</sup> Audit Commission: Tougher at the Top, July 2008 pp 37 and 38

### INFLATION OVER THE LAST YEAR



### INFLATION OVER THE LAST 10 YEARS



Data published in March 2008 by Croner Reward found that the cost of maintaining a household's standard of living in the UK rose by 9.7% over the previous year<sup>29</sup>. Examining eight different types of standards of living for families of two adults and two children, their required income varied between 6.8% and 11.1%. This pushed the gap between the growth in required income and national average earnings to its highest level since July 1989.

The RPI climbed steadily from 2.4% in January 2006 to 4.1% in January 2008. In the nine months from April 2007, RPI and average earnings continued to increase, further compounding the damaging effects of a trend of below- inflation NJC pay rises. The Trade Union Side reiterates its belief that RPI is 'the best measure of how far the purchasing power of a salary level has been devalued over a 12-month period.'<sup>30</sup> We remain critical of the fact that the CPI, by excluding essential and non-avoidable housing-related costs, does not accurately reflect the continued erosion in the living standards of local government staff. Even the Governor of the Bank of England has been critical of the CPI methodology for failing to include housing costs and thereby failing to detect the true rise in the cost of living.<sup>31</sup> Moreover, CPI is 'rarely, if ever used in pay negotiations in the private sector.'<sup>32</sup> Food, utility, and transport and costs are discussed in the following sections both in reference to the fourth quarter of 2007 and the months leading to arbitration.

Table 5 lays out the increases in CPI and RPI over the 16 months to December 2008. It is clear that the NJC pay increase for 2007/8 of 2.475% did not come close to RPI in the months up to March 2008. We believe that the damage to our members' standard of living and the impact on rising debt since 2007, gives great force to our argument for a higher increase than that offered in 2008/9.

<sup>29</sup> Cost of Living Regional Comparisons, Croner Reward, March 2008

<sup>30</sup> Source: Pay in the public services 2007, IDS, March 2007.

<sup>31</sup> Source: [www.telegraph.co.uk](http://www.telegraph.co.uk), 1 November 2006

<sup>32</sup> Source: Pay in the public services 2008, IDS, March 2007

For those at the lower end of the pay spine, it is widely recognised that a higher proportion of salary has to be spent on basics such as housing, fuel, food and utility costs. The last time the equivalent CPI rate was higher than at September 2008 of this constructed series, was in March 1992, when it was 7.1%. Croner Reward estimates that the average level of income required for a family to maintain its current standard of living in the UK has increased by 9.7% over the past 12 months. The pay ‘increase’ our members have received compares poorly with that figure.

TABLE 5. KEY DATA - INFLATION 2007/08			
Date		Headline RPI (% increase on year ago)	Consumer Price Index (CPI)
Dec	08	0.9	3.1
Nov	08	3.0	4.1
Oct	08	4.2	4.5
Sept	08	5.0	5.2
Aug	08	4.8	4.7
July	08	5.0 (17 year peak)	4.4
June	08	4.6	3.8
May	08	4.3	3.3
April	08	4.2	3.0
Mar	08	3.8	2.5
Feb	08	4.1	2.5
Jan	08	4.1	2.2
Dec	07	4.0	2.1
Nov	07	4.3	2.1
Oct	07	4.2	2.1
Sep	07	3.9	1.8
Aug	07	4.1	1.8

#### 4.10 Public sector pay – an inflationary pressure?

Retail Prices Index (RPI) inflation rose from 4.1% at the beginning of 2008 to stand at 5% in September. The CPI rose from 2.2% to 5.2% over the same period, reflecting the fall in house prices, but sustained inflation resulting from rising food, utility and fuel increases. While Government and the Local Government Employers have continued to assert the necessity of low pay increases consistent with the Government’s (clearly unachieved) 2% inflation target for 2008/09, most economists contend that the pay of workers like NJC employees, who do not produce goods for sale and whose services are not generally traded in a market, has little bearing on inflation.

***The facts of the present economic environment provide conclusive proof that public sector pay increases in particular are not the causal factor in inflation growth.*** Wage spirals have not materialised, as stated by Dr John Philpott<sup>33</sup>, CIPD Chief Economist, who said that “the prospect of a ‘pay – price spiral’ is clearly exaggerated”. Throughout the last decade, public sector wage settlements and average earnings have been higher than 2% per annum and have not been inflationary. As stated by Professor Oswald from Warwick University, in a letter to the Financial

<sup>33</sup> [http://www.cipd.co.uk/pressoffice/\\_articles/\\_jobsfigures170908.htm](http://www.cipd.co.uk/pressoffice/_articles/_jobsfigures170908.htm)

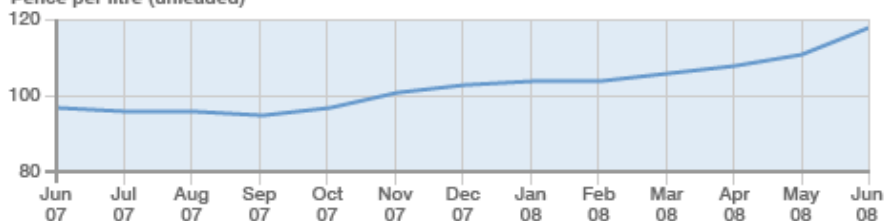
Times in early 2008, “an undergraduate who wrote in an essay that inflation was caused by public sector wage rises would receive a fail”.

#### 4.11 Transport costs

Even with the downward trend in fuel costs of 1.5% reported in September 2008, there was a large, 19.6% increase over the year to that point (see charts below)<sup>34</sup>. At the start of January 2008, the price of petrol soared to a staggering 102.8 pence per litre, with diesel costing 107.84 pence.<sup>35</sup> This has had a hugely detrimental effect on NJC employees, especially the large number required to use their car for work purposes. For them, fuel allowances did not keep up with inflation. However, even with recent fuel price falls<sup>36</sup>, the cost of rail and other forms of public transport has not followed a parallel trend, with rail prices increasing significantly, between 4% and 35% for some passengers in the South East<sup>37</sup>. Bus fares have also increased – by 10% in London, with above inflation rises in other parts of the country too<sup>38</sup>.

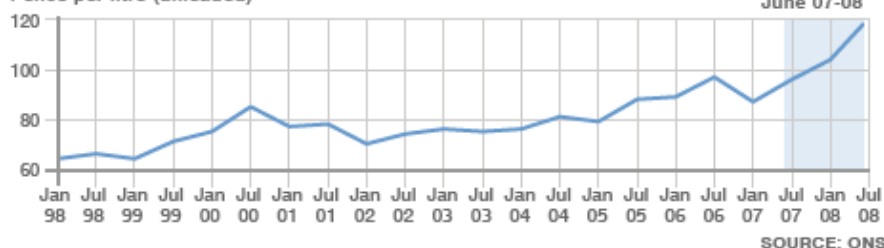
**PETROL PRICE OVER THE LAST YEAR**

Pence per litre (unleaded)



**PETROL PRICE OVER THE LAST 10 YEARS**

Pence per litre (unleaded)



SOURCE: ONS

#### 4.12 Food costs

The price of basic food stuffs has risen sharply over the last two years. The cost of food and non alcoholic beverages has risen by 16.5% since August 2006 (Appendix 4). Meat prices, especially bacon, have continued to rise and reached 19.1% in September 2008, compared to a year ago<sup>39</sup>. Prices of staple items at the big supermarkets are rising by an average of 19% a year, adding up to £750 to an average family’s food bill. Bread and milk cost 22% and butter 40% more than it did a year ago.<sup>40</sup>

In November 2008, ‘the largest upward pressure on the CPI annual rate came from food and non-alcoholic beverages, which rose from 10.1 per cent in October to 10.6 per cent in November. This was mainly due to the increased price of fruit and vegetables, with contributions from across a range of fresh and processed products. Fruit inflation doubled from 5.4 per cent in October to 10.8 per cent in November, while vegetables

<sup>34</sup> <http://www.statistics.gov.uk/CCI/nugget.asp?ID=19>

<sup>35</sup> <http://www.statistics.gov.uk/pdfdir/cpi1008.pdf>

<sup>36</sup> [http://www.theaa.com/motoring\\_advice/fuel/](http://www.theaa.com/motoring_advice/fuel/)

<sup>37</sup> <http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/4076479/Commuters-face-huge-fare-rises-to-fund-high-speed-train-they-will-never-use.html>

<sup>38</sup> [http://www.london.gov.uk/view\\_press\\_release.jsp?releaseid=18677](http://www.london.gov.uk/view_press_release.jsp?releaseid=18677)

<sup>39</sup> <http://www.statistics.gov.uk/pdfdir/cpinr1008.pdf>

<sup>40</sup> ONS, *Consumer price indices First Release*, August 2008

rose from 9.9 per cent to 13.9 per cent<sup>41</sup>. The large rises in food costs over the past year have been a significant factor in keeping inflation high and constitute an ever growing part of our members' weekly budget. This is particularly the case for the low paid. Large numbers of NJC employees have reported having to make choices between buying certain foodstuffs and heating their homes or buying items such as school uniforms for their children.

#### 4.13 Utility costs

The staggeringly high costs of fuel bills mean that many of our members have faced extreme difficulty in covering their energy costs since April 2008. Official figures released during the autumn show that, 'electricity prices rose to 30.3% - year on year in September 2008 - up from 18.0% in August 2008. Gas inflation rose to 49.9%, up from 27.7% in August'<sup>42</sup>. Overall, fuel and light costs rose to 39.6%, up from 24.6% in the year to August 2008 – the largest increase since the Office for National Statistics began to collect such measures in 1948.

A household is said to be in fuel poverty if it needs to spend more than 10% of its household income on fuel to maintain a satisfactory heating regime. The New Policy Institute estimates that the rises in energy prices has roughly doubled the number of households in fuel poverty, from 1.5 million in 2005 to 3.0 million in 2007. A report published by the National Housing Federation, entitled 'Energy Prices and Debt', contends that the average energy bill is set to climb to £1,406 in 2009, from £676 in 2005. The lowest earning full time local government employee earns £11,961. This means that large numbers of local government employees are now living in fuel poverty with all the associated health and social problems. It is completely unacceptable that our members who provide vital public services should be treated in this way.

In its evidence to the Commons Business and Enterprise Committee's enquiry 'to investigate possible anti-competitive behaviour in the UK's energy market', *energywatch*, the consumer watchdog, reported that in the five years since 2003, domestic gas and electricity prices have increased by 109% and 70% respectively.

According to *energywatch*, the 2007 price reductions were only a temporary respite. Since the start of 2008 those price cuts have been reversed with the major utility companies increasing their prices significantly. By March 2008 (see table below) the average annual combined domestic fuel bill (i.e. gas and electricity) had risen to £1,037 up from £671 in 2005, an increase of some 55%.

<b>AVERAGE ANNUAL DOMESTIC FUEL BILLS 2005-2008: STANDARD CREDIT SUPPLY</b>					
Utility	2005 £	2006 £	2007 £	2008 (March) £	Change
Gas	386	473	552	632	<b>64%</b>
Electricity	285	338	383	405	<b>42%</b>
<b>Total</b>	671	811	935	1,037	<b>55%</b>

<sup>41</sup> <http://www.statistics.gov.uk/pdfdir/cpinr1208.pdf>

<sup>42</sup> <http://www.statistics.gov.uk/pdfdir/cpinr1008.pdf>

<sup>43</sup> Source: Energywatch (evidence to Commons Business and Enterprise Committee 'Energy prices, fuel poverty and Ofgem', 2008, HC293-1, ev307)

#### 4.14 The housing market

The Council of Mortgage Lenders has estimated that 45,000 homes in the UK will be repossessed in 2008, up from 27,100 last year. In addition, the number of repossessions in the second quarter (April to June) of the year was 11,054, up 71% compared with a year earlier (Financial services Authority).

Despite the current drop in house prices, the present economic situation and restrictive lending have placed many local government workers even further away from home ownership than they were previously. Many now face a rent or housing crisis, while others would still be unable to purchase homes at today's lower prices as a result of low pay. Most are not regarded as 'key workers' eligible for housing assistance.

The prospect of negative equity and the detrimental effects of the present economic turmoil are leaving many local government employees in severe financial difficulty. Offsetting these challenges by helping to meet the requirements for basic essentials is fundamental.

#### 4.15 Debt

Each of the NJC trade unions has witnessed an increase in the number of members in debt and seeking help – either from us, their unions, or elsewhere. A civilised society should not be complacent about seeing its hard-working public servants living in poverty and debt, many in worse conditions than those they support in their working lives.

According to Credit Action, the national money education charity, Britain's personal debt is increasing by £1m every five minutes. The total UK personal debt now stands at £1,444 billion, as at the end of June 2008, up 7.4% (£98bn) on the previous 12 months. Over the same period, the total secured lending on homes increased by 7.5% to £1,212bn and the total consumer rose by 6.8% to £232bn.

The average UK household debt is now £9,309 excluding mortgages but this rises to £21,650 if the average is based on the number of households who actually have some form of unsecured loan. Including mortgages average household debt is £58,000. The average interest paid by each household on their total debt is approximately £3,800 each year.<sup>44</sup>

The population wide figures quoted above find resonance within the local government workforce, where high levels of personal debt are an unfortunate fact of life for many employees. As evidenced within the UNISON 2008 Local Government survey of 10,000 members, over 30% of those who do have personal debt excluding mortgages owe upwards of £8000:

<b>Q75. Do you have any personal debts (excluding mortgage repayments)</b>	<b>No.</b>	<b>%</b>
Yes	1425	41.9
No	1974	58.1
<b>Total</b>	<b>3399</b>	<b>100.0</b>

<sup>44</sup> Source: [www.creditaction.org.uk](http://www.creditaction.org.uk)

<b>Q76. Approximately how much do you owe?</b>	<b>No.</b>	<b>%</b>
£0 - £1, 999	212	15.0
£2,000 - £3,999	262	18.6
£4,000 - £5,999	185	13.1
£6000 - £7,999	128	9.1
£8,000 – £9,999	103	7.3
£10,000 or more	328	23.3
Prefer not to say	184	13.0
Don't know	8	0.6
<b>Total</b>	<b>1410</b>	<b>100.0</b>

#### 4.16 Childcare Costs

The Annual Daycare Trust childcare costs survey shows that costs continue to rise in England and Wales. This is of critical importance, given that 75% of the local government workforce is female. The survey found that childcare costs in England in 2008 were nearly 5% more than in 2007. It also cited research that showed that, on average, nursery fees had grown by 5% per year for the last six years (see table below)<sup>45</sup>. High levels of debt, low levels of savings and the un-affordability of basic childcare provision are the realities that many local government workers have to live with.

<b>AVERAGE UK WEEKLY CHILDCARE COSTS (£)</b>						
<b>National Average</b>	<b>Nursery</b>	<b>Nursery</b>	<b>Childminder (under 2)</b>	<b>Childminder (over 2)</b>	<b>After school Club</b>	<b>Summer holiday costs</b>
	<b>(under 2)</b>	<b>(over 2)</b>				
<b>2004</b>	134	123	121	120	35	73.71
<b>2007</b>	150	138	141	139	37	83.19
<b>% increase</b>	11.9%	12.2%	16.5%	15.8%	5.7%	12.9%

#### 4.17 The Local Government Pension Scheme (LGPS) – unaffordable to many

‘With 3.5 million members, the Local Government Pension Scheme is one of the largest public sector pension schemes in the UK. The LGPS is a nationwide scheme and is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the Scheme and for some councillors. The Scheme is administered locally for participating employers through 99 regional pension funds. There were more than 1.6 million employees in the Local Government Pension Scheme at the end of March 2008, an increase of 1% from March 2007’<sup>46</sup>.

It should also be noted that changes to the employee contribution rates to the LGPS came into effect from 1 April 2008. Prior to that date most employees who chose to join the scheme paid contributions of 6% of their pensionable pay, although a small number of employees who had been continuously employed in manual roles before 1 April 1998 paid a lower 5% contribution.

<sup>45</sup> Source: [www.daycaretrust.org.uk](http://www.daycaretrust.org.uk)

<sup>46</sup> <http://www.local.communities.gov.uk/finance/stats/pensions078.pdf>

From 1 April 2008, new rates (shown below) apply and nationally the average employee contribution has increased as a result of these changes.

<b>If your Whole Time Equivalent pay rate is:</b>	<b>Your new contribution rate is:</b>
Up to £12,000	5.5%
£12,001 to £14,000	5.8%
£14,001 to £18,000	5.9%
£18,001 to £30,000	6.5%
£30,001 to £40,000	6.8%
£40,001 to £75,000	7.2%
More than £75,000	7.5%

The employers often claim that the LGPS is a high value item of remuneration, which compensates for low pay. However, the UNISON member survey showed that a significant proportion of employees are not in the LGPS. The Local Government Pay Commission in 2003 also reported that 34% of part-time NJC employees were not LGPS members. As Q25 below shows, the key reason is because it “costs too much”. Even for those in the scheme, the average pension for a woman is only £1,600 a year and for a man is £3,600 – reflecting our members’ very low pay levels.

<b>Q24. Are you a member of a Local Government Pension Scheme?</b>	<b>No.</b>	<b>%</b>
Yes	3009	86.6
No	465	13.4
<b>Total</b>	<b>3474</b>	<b>100.0</b>

<b>Q25a. Why are you not in the Local Government Pension Scheme?</b>	<b>No.</b>	<b>%</b>
Not eligible to join	27	5.7
Not offered by employer	45	9.5
In another public sector scheme	15	3.2
In a private pension scheme	45	9.5
Costs too much	169	35.7
It's too much trouble	19	4.0
Another employer-provided pension plan	24	5.1
Other	129	27.3
<b>Total</b>	<b>473</b>	<b>100.0</b>

90% of full time respondents to the UNISON survey are LGPS members, compared to 81% of part timers (82% of whom are women) and 84% of those who work term- time only. 71% of all employees who earn under £500 gross per month are members of the LGPS compared to 96% of those who earn £1750 and above. Non-membership constitutes a significant proportion of the workforce and can be directly attributed to a person’s capacity to pay. Low pay discriminates against women both now and in the future.

## 5. THE NJC WORKFORCE

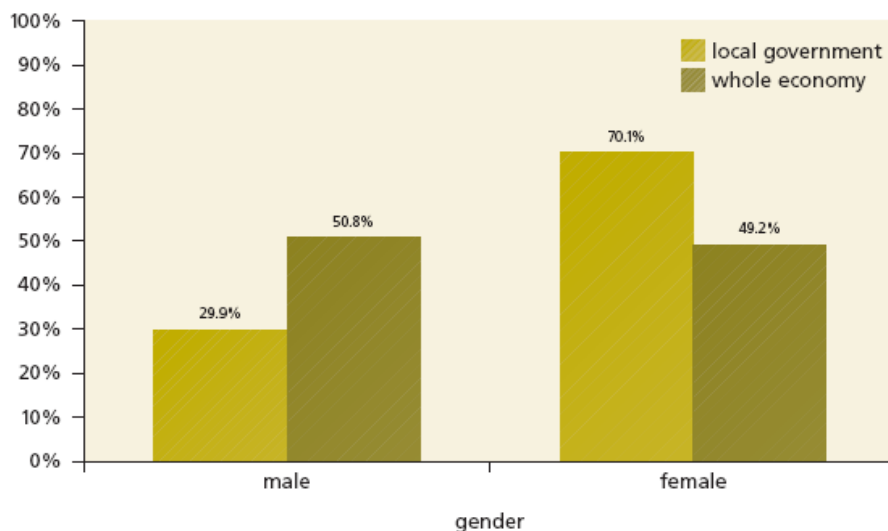
### 5.1 The NJC workforce - Women and part-time workers

In our 2008/9 pay claim, the Trade Union Side stated the following:

*“Three quarters of all local government employees are women. Over half - 57% of the workforce - work part time and over a quarter - 27%, were on the lowest 6 pay points in 2006 – the most recent period for which workforce data is available. That means they were earning less than £12,747 full-time equivalent salary. A further 30% were on scale points 10 – 17, earning up to £15,825 per year – that’s £8,175 less than the median average full time salary across the economy of £24,000”.*

According to Local Government Analysis and Research (LGAR) ‘nearly three quarters (74.5% - a figure broadly comparable to ONS findings given below) of the local government workforce is female and just over half (51.8%) work part-time. On average, just over a third (33.7%) of all local government employees are over 50, compared to just over a quarter (25.4%) in the whole economy’<sup>47</sup>. As local authorities in England and Wales employ over 2.254 million people - nearly 9% of the whole economy labour force - tackling low pay for NJC employees would go far in reducing the gender pay gap.

gender profile of local government workforce, january-march 2007 england<sup>18</sup>



<sup>18</sup> Office for National Statistics, Labour Force Survey, Jan-Mar 2007 England, reported in Local Government the place to be the Place to Work, Delivering through People: The Local Government Workforce Strategy 2007)

### 5.2 Recruitment and retention problems

We can see from the Local Government Employers' (LGE) 2008 Workforce Survey that 64% of local authorities have difficulties recruiting children's social workers and 55% with planning officers. Whilst the employers may point to a recent decline in recruitment difficulties, the average number of occupations subject to recruitment and retention difficulties per authority in 2008 was 7.9 – significantly higher than the 2.5 reported in 1995<sup>48</sup>.

<sup>47</sup> <http://www.lgar.local.gov.uk/lgv/core/page.do?pagelid=10854>

<sup>48</sup> LGE Local Government Workforce Survey 2008 (p.24)

97% of upper and single tier authorities are experiencing recruitment and retention difficulties, significantly higher than the 73% of shire districts, which is a significant cause for concern. One relevant factor could be the higher spend in gross annual training expenditure in shire districts of £245 per employee, compared to the £192 median spend in upper/single tier authorities<sup>49</sup>, making employment in shire districts more attractive.

The Chartered Institute for Personnel Development (CIPD) in its 'Recruitment, Retention and Turnover - Survey Report 2008' pointed out that the median recruitment cost of filling a vacancy per employee is £4,667, increasing to £5,880 when organisations include the cost of associated labour turnover costs. Average recruitment costs ranged between £10,000 for senior managers and directors, down to £553 for manual and craft workers. Labour turnover costs ranged between £20,000 for senior managers and directors, down to £2,750 for manual and craft workers. Developing a well-rewarded, developed and secure NJC workforce to deliver sustained improvement would cut out the recruitment and turnover costs the CIPD highlights and would be an effective efficiency saving.

### **5.3 Lack of workforce planning**

The Audit Commission, in its 2008 publication 'Tomorrow's People: Building a Local Government Workforce for the Future', points out that "a competent and committed local government workforce is a critical element in service improvement, efficiency and transformation". However, the Audit Commission also notes that local authorities rarely plan or manage their workforce recruitment, development and retention strategically<sup>50</sup>. Their conclusion is that "Unplanned and poorly researched approaches to labour markets lead to wasteful and unnecessary competition for scarce resources, pressure on key workers' pay, escalating costs and patched-up solutions".

The 2008 LGE's Local Government Workforce Survey showed that only 46% of authorities have integrated workforce planning in their service planning processes for all in-house services (p.8). This falls sharply to only 7% when considering outsourced services, and to 5% in relation to partnership working. Equally alarming however, is the "13% of authorities that have not identified their critical workforce issues and put a programme of action into place for any of their in-house services and the 16% of authorities who have no integrated workforce planning into service planning for any in-house services" (ibid. p.8). This lack of workforce planning reflects the overall neglect of the NJC workforce.

### **5.4 Workforce under-development**

'Over 27% of local government employees hold no qualification or hold a national Vocational qualification below level 2. 11% of the workforce has basic literacy needs and 40% are not fully numerate. Many local authorities are experiencing acute recruitment and retention difficulties for key technical and managerial posts when they already have employees who, with the appropriate training and development, could successfully fill these posts' (UNISON- *"Lifelong Learning in Local Government"*, 2006).

Agreement was reached on Green Book guidance on workforce development with the local government employers in 2004. It states that:

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<sup>49</sup> LGE Local Government Workforce Survey 2008 (p.31)

<sup>50</sup> Audit Commission. 2008. 'Tomorrow's people: Building a local government workforce for the future'

*‘Authorities will develop local ‘Workforce Development Plans,’ closely linked to their service delivery plans, which will provide the focus for the establishment of training and development priorities. Training and development should be designed to meet the corporate and service needs of authorities both current and in the future, taking into account the individual needs of employees. Local schemes on training and development should enable authorities to attain their strategic objectives through development of their employees. Training and development provisions should be shaped to local requirements and take account of the full range of learning methods. Such an approach should enable access to learning for all employees. The needs of part time employees and shift workers need particular consideration’.* (Green Book Revised Part 2 Annex 3 Para 3 Training and Development).

Little progress has been made and investment in training and development is non-existent for many of our members. The 2008 UNISON Local Government members survey found that over 50% of respondents have no personal development / training plan or agreement with their manager. In addition, a disturbing 31% of the local government workforce has no personal development/training plan at all. This applied to 36% who work part-time, compared to 28% who work full time. 57% of those who earn gross pay less than £500 per month have no development or training plan or agreement, but even those earning £3000 and above only have a one in five chance of having one. When considering these figures it is not surprising to note that only 25% of local authorities conduct skills audits<sup>51</sup>.

The following are findings from UNISON’s Local Government member survey :

<b>Q34. Has your manager/personnel manager discussed having a personal development plan etc</b>	<b>No.</b>	<b>%</b>
Yes, I have a written personal development/training plan	1663	48.2
No, I do not have a personal development/training plan but I have agreed my training needs formally with my manager	710	20.6
I have no personal development/training plan or agreement with my manager	1078	31.2
<b>Total</b>	<b>3451</b>	<b>100.0</b>

Where training has been identified in development plans, over a fifth of respondents had received none:

<b>Q35. Have you ever received any training identified in the personal development/training plan?</b>	<b>No.</b>	<b>%</b>
Yes	1209	77.5
No	350	22.5
<b>Total</b>	<b>1559</b>	<b>100.0</b>

Nearly 25% of respondents had received no work related training in the last 12 months.

<sup>51</sup> Local Government Analysis and Research (Apr 2007), Local Government Pay and Workforce Survey 2006 <http://www.idea.gov.uk/idk/core/page.do?pagelid=6310845>

<b>Q27. How many days of work related training or study have you undertaken in the last 12 months</b>	<b>No.</b>	<b>%</b>
None	809	23.4
1-3 days	1232	35.6
4-10 days	1035	29.9
11-20 days	187	5.4
More than 20 days	167	4.8
Don't know	33	1.0
<b>Total</b>	<b>3463</b>	<b>100.0</b>

When training was undertaken, over a quarter of respondents undertook at least part of the work related training in their own time.

<b>Q29. Was any of this training carried out?</b>	<b>No.</b>	<b>%</b>
In your own time	111	4.3
In your employer's time (paid)	1939	74.4
A combination of the two	555	21.3
<b>Total</b>	<b>2605</b>	<b>100.0</b>

## 6. CONCLUSION

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Now more than ever we need high quality, local public services, to carry our economy and local communities through difficult times. Rewarding our members properly should be a key part of local government's approach to service improvement and its economic strategy. In many local authorities - especially the more deprived ones<sup>52</sup> - the council is the largest employer and makes a significant contribution to the functioning of the local economy, not only through procurement of goods and services, but also through employment spend and maintenance of local purchasing power.

The trade unions recognise that some local authorities face new financial pressures arising from the current economic crisis. However, the Audit Commission's December 2008 "Crunch Time?" report states that "fewer than half of councils feel they need to take major steps to deal with the current cost pressures...and two thirds of those who need to act are confident that they can cope"<sup>53</sup>. In addition, less than 2% of local authority expenditure is on fuel, power and food - the areas that have seen significant cost increases (ibid. p.20).

Perhaps most significantly the report refers to the 4.2% settlement for local government for 2009/10 and says:

'Inflation is predicted to reduce significantly in 2009/10 to levels below that assumed when the local government settlement was determined. This will ease the financial pressures arising from cost increases. Many local authorities have enough reserves to cushion the blow of higher costs and give them some flexibility to manage in-year pressures' (ibid. p.38).

The demands upon local public services are demands upon NJC workers. Many services **are** our members, because they are people-centred, with little requirement for capital investment. The need for the services our members provide is likely to grow in an economic downturn. At the same time, redundancies are becoming widespread across councils, due to 'efficiency savings' and the Government and LGA's desire to reduce or limit Council Tax. Put simply, our members continue to do more for less.

All these factors reinforce the arguments made for an equitable pay settlement contained within our original claim. NJC workers have had to endure much of 2008 with inflation at roughly twice the level of the increase so far awarded, while other groups of public sector workers – already higher paid – have received more generous increases.

The Trade Union Side is asking the ACAS arbitration panel to make an additional award to the 2.45% plus £100 for the lowest paid already paid 'on account' by local authorities. We believe that we have demonstrated that such an award would be both justifiable and affordable and would also be in line with other public sector settlements. It is time for the public sector's 'poor relations' to be dealt an even hand.

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<sup>52</sup> APSE: Exploring the Economic Impact of Public Services

<sup>53</sup> Audit Commission. December 2009, "Crunch Time? The Impact of the Economic Downturn on Local Government Finances" (p. 6)

## **APPENDIX 1: TERMS OF REFERENCE**

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“The arbitration board is asked to consider the arguments put forward by both sides and resolve the 2008/9 pay dispute.

The arbitration board shall take into account annual levels of affordability for all local authorities within the context of the 2008-2011 CSR period settlements and the impact of the changing economic circumstances since April 2008.”

# **Local Government Pay Claim 2008/2009**

**England, Wales and Northern Ireland**

**Trade Union Side of the National Joint Council  
for Local Government Services**

**January 2008**

**“We want local government to be ‘the heart of the community, the place to be, the place to work’. We want high performance, citizen centred, skilled and motivated staff, who are proud to be local public service workers.”  
(Local Government Pay and Workforce Strategy, 2007)**



## **THE 2008 CLAIM:**

A one-year increase on all pay points of 6% or 50 pence an hour, whichever is the greater, with a view to making progress to a bottom rate of £6.75 pence

## 1. The Context of the 2008-9 NJC Claim

### 1.1 Introduction

This year's NJC pay claim comes at a time of continuing, radical change in councils, with local government employees facing ever increasing pressure to provide more for less.

Pay for the local government workforce fell below inflation last year and needs to catch up with cost of living increases. It has fallen below average earnings rises across the economy. It also needs to match pay elsewhere in the public sector if the Government's aim for joined up service delivery is to be realised.

In submitting this year's NJC pay claim, it is essential to first consider the make up of the local government workforce. Three quarters of all local government employees are women. Over half - 57% of the workforce - work part time and over a quarter - 27%, were on the lowest 6 pay points in 2006 – the most recent period for which workforce data is available. That means they were earning less than £12,747 full-time equivalent salary. A further 30% were on scale points 10 – 17, earning up to £15,825 per year – that's £8,175 less than the median average full time salary across the economy of £24,000.

We believe that our claim is justified. It will do no more than recoup losses from the below-inflation pay awards received since 2004 and catch up with predicted inflation over the coming year. Our claim for a flat rate of 50 pence an hour for the lowest paid would help bring local government workers at the bottom of the pay scale into line with their counterparts in the NHS, the police, higher education and other parts of the public sector.

NJC workers on the bottom rate earn only £11,577 - lower than any other group of public sector workers – except those in 6<sup>th</sup> Form Colleges. The lowest paid employees in the NHS on scale point 1 of Band 1 currently receive £12,182 before their pay award for 2008. However, most NHS cleaners and catering staff are now on the top scale point 4, earning £13,253 because of new incremental scales arising from Agenda for Change. Many others are on Band 2, earning up to £15,523. Annual leave, London weighting and other conditions are also better in the NHS and other areas of the public sector. Those in higher education will get a minimum of £12,773 from October 2008 while the minimum rate for police support staff is now £12,137. We believe our members deserve to match up to other public service workers.

Table 1 below compares key jobs in the NHS and local government. From the table it can clearly be seen that a cleaner working in local government gets paid almost 12% less than a cleaner in the NHS. A Higher Level Carer/Team Leader working in the health service will receive over 21% higher wages than a Senior Care Worker in local government and NHS Nursery Nurses receive a staggering 24.7% more than their counterparts in local government.

Table 2 highlights the difference in pay between local government workers and those in higher education, the police service and probation. It shows clearly how NJC employees have fallen behind other key groups in the public sector.

**Table 1:** Comparison between pay for key jobs in the NHS and local government (IDS, Pay in the Public Services 2006; Agenda for Change Profile and NHS Maximum Pay point).

Health Job Title	Local Government Job Title	Local Govt median maximum salary (includes 2007 pay award)	Health 37 hour week equivalent salary	% difference in salary
Domestic Support Worker	Cleaner	11712	13076	11.6
Catering Assistant	Catering Assistant	12771	13076	2.4
Care Assistant	Home Care Assistant	14168	15316	8.1
Residential Carer	Residential Care Assistant	15427	17027	10.4
Carer Higher Level/Team Leader	Senior Care Worker	20684	25085	21.3
Social Worker	Social Worker in Children and Families	30170	31355	3.9
Social Worker Specialist	Senior Social Worker	31605	36828	16.5
Nursery Nurse	Nursery Nurse	16029	19991	24.7
Occupational Therapist Specialist	Occupational Therapist	29884	31355	4.9

**Table 2: Pay Comparison for bottom five pay points for Local Government, Higher Education, Police Staff and Probation**

<u>Spine Point</u>	<u>Higher Education (from Oct 2008- increased by RPI if higher than 2.5%)</u>	<u>Police Staff (from 1 Sept 07)</u>	<u>Probation (from 1 Apr 07)</u>	<u>Spine Point</u>	<u>Local Government (from 1 Apr 07)</u>
<b>1</b>	<b>12,773</b>	<b>12,137</b>	<b>13,203</b>	<b>4</b>	<b>11,577</b>
<b>2</b>	<b>13,111</b>	<b>12,574</b>	<b>13,337</b>	<b>5</b>	<b>11,737</b>
<b>3</b>	<b>13,459</b>	<b>13,007</b>	<b>13,464</b>	<b>6</b>	<b>11,907</b>
<b>4</b>	<b>13,764</b>	<b>13,453</b>	<b>13,591</b>	<b>7</b>	<b>12,291</b>
<b>5</b>	<b>14,133</b>	<b>13,810</b>	<b>13,728</b>	<b>8</b>	<b>12,678</b>

## 1.2 Why 50 pence an hour?

NHS, higher education and other groups of public sector workers are paid at the same rate across the UK, so our claim for a higher increase for the lowest paid across the board is justified. It would also be a step towards the £6.75 pence an hour which poverty experts believe is the minimum needed to provide a living wage to ensure a decent standard of living and to avoid falling into poverty. The argument for a living wage applies to all regions of the UK, not just high-earning regions, where the rate would need to be higher. It will make a significant difference to the ability of workers to support their families.

In London, the Living Wage is currently £7.20 an hour and a growing number of public sector organisations have adopted this. These include the Greater London Authority, London Fire Brigade, four East London health trusts, Queen Mary University and the London School of Economics. In the private sector, HSBC, Barclays, Morgan Stanley, Royal Bank of Scotland, KPMG, Lovells and Macqerie have also signed up to the Living Wage. KPMG report that this has resulted in turnover being halved, reduced training costs, staff continuity and a more motivated workforce. Likewise Barclays have seen a dramatic reduction in turnover and rising performance and customer satisfaction levels.

The Joseph Rowntree Foundation, in their report “Monitoring Poverty and Social Exclusion” 2007, have said that far more must be done to help the working poor. Half of all poor children live in working households. Public services are the biggest direct employers of low paid workers aged over 25.

While many of our members are reliant on state benefits to top up their pay packet, councillors’ allowances have risen by as much as 25% in some councils and chief officers’ and senior managers’ earnings increased by over 5% in 2006, an increase likely to be matched in 2007. Evidence from a number of sources suggests that senior officers’ pay is being individually negotiated in many councils, with increases above the average being awarded. Our members are just asking for equal treatment.

Councils are already unable to compete for staff with other public and private sector employers – even in low wage areas. If we fall further behind, local authorities will not have the staff to deliver services – let alone improvement and change.

DCLG’s own Pay and Workforce Strategy, produced in conjunction with the employers, the IDeA and LGA, outlines its vision for this workforce. The aim is for a workforce which can deliver “the sustained transformation that is needed to achieve faster, fitter, more flexible, citizen focused and personalised public services” within “more nimble and responsive” councils. The trade unions unequivocally support the delivery of high quality public services and the provision of the highest possible standards to public service users. But the aims of the Pay and Workforce Strategy cannot be provided on the cheap. We believe our members deserve to be properly rewarded for their contribution to local service delivery and acknowledgment of their expertise is long overdue.

### **1.3. Service Delivery Partnerships**

In local government there is an ever increasing emphasis on joined up service delivery, on shared services, Local Public Service Agreements, Care Trusts and a whole range of partnerships. NJC staff are having to work alongside other groups of public sector workers but are treated far less favourably. This is not only unjust. It is giving rise to industrial relations problems and making joined-up working more difficult.

The Local Government and Public Involvement in Health Act will require more and more joined up working across public services. The Trade Union Side supports this – if designed to improve services. But this move towards more public services partnerships throws differences in pay and conditions across the public sector into sharp relief.

### **1.4 Efficiency Reviews**

The local government workforce faces continuing pressure as a result of the Government's demand for councils to achieve 3% cashable efficiency savings year on year for the 2008-2011 Comprehensive Spending Review. On top of this comes the continuing drive to outsource and privatise local government services, particularly adult social care and back office functions. Yet from 2005 to 2007 local government delivered over £3 billion in efficiency gains and predictions are for a massive £4¼ billion of efficiency savings by March 2008 – almost £1 billion more than the figure required by Government. These savings come at the expense of staff working under immense pressure leading to stress and ill health problems. The NJC pay bill is £18 billion. The extra savings amount to 5.6% of the pay bill and would go some way towards meeting our claim for an increase of 6% or 50 pence an hour.

## **1.5 Local Government Improves**

The Comprehensive Performance Assessment demonstrates that the overall performance of councils continues to improve. For the first time since the implementation of CPA in 2002, there are no longer any councils in the bottom or “no-star” category. In 2006, 79% of single tier and county councils in England achieved three and four-star ratings, an improvement of 9% on 2005 results and 77% of single tier and county councils were improving strongly or improving well compared to 75% in 2005. Local government staff are responsible for delivering these improvements, yet they have been accepting real pay cuts since 2004.

## **1.6 The Gender Pay Gap & Single Status**

Not only are local government employees the ‘poor relations’ of their public sector colleagues, but the gender pay gap within local government and across the economy as a whole has narrowed very little. Restricting pay increases in the public sector, if applied to pay bill costs, can only lead to a widening of the gender pay gap across the economy as a whole. The gap between part-time female workers and full-time male workers in local government remains wide and wholly unacceptable. On basic pay alone it is over 30%. This does not count differences between men and women in relation to bonus, overtime and other additional payments which would increase the gap significantly.

The 2004-7 NJC agreement called for all councils to provide equal pay proofed pay structures by 31 March 2007. It also allowed for 4.5% of the pay bill over the three years to be spent on pay and grading reviews, rather than the basic pay award. In reality, few reviews were carried out in that period, so many of our members forfeited a higher pay increase for no benefit. Ten years on from completion of the Single Status agreement, only 40% of councils have completed pay and grading reviews and implemented Single Status. Central Government and local councils have failed to provide the funding needed to make equal pay a reality. This impacts directly on our members’ take home pay.

## **1.7 Recruitment and Retention**

This year's settlement must take serious steps to turn around the severe staffing crisis faced by local government. The Pay and Workforce Strategy calls for improvement to both performance and efficiency “because it gets the very best from its people and it attracts and retains the very best people”. This vision is simply unrealistic if the pay and conditions of local government employees fail to catch up with the ever increasing costs of living or match those of other public and private sector workers.

The full extent of the recruitment and retention crisis is outlined in Appendix 1. More than 70% of local authorities cannot recruit social workers and other social care staff. But not only is staffing critical in social work, 57.7% of authorities also report problems recruiting in Environmental Health, 55.3% in Planning Development Control and 50% in Building Control. Among metropolitan districts, 70.8% of councils report recruitment and or retention problems for non-managerial/non-professional posts with this figure rising to 87.5% for managerial/professional positions.

The difficulties councils face in attracting staff means that many authorities are spending large amounts of money on agency workers to fill vacancies. Agency workers often cost more to employ than permanent staff and in 2007, over £2 billion was spent on them in local government. The use of temporary workers costs local government dear, not simply in financial terms, but also in terms of a loss of knowledge, expertise and performance. The Trade Union Side believes that temporary staff cannot deliver the sustained improvement to council services that we all want. Money spent on them would be better invested in a well paid, sustainable workforce.

## **2. Outstanding Terms and Conditions**

Since 2004 we have submitted a number of claims for improvements to terms and conditions, which remain outstanding. These are detailed in Appendix 2. The Trade Union Side will be submitting a separate set of proposals for improvements to terms and conditions. Overall, conditions for NJC employees are less favourable than elsewhere in the public sector, exacerbating the impact of poorer pay.

## **3. Evidence to Support our Claim: Economic Indicators**

Our claim this year is for an increase on all pay points of 6% or 50 pence an hour, whichever is the greater, with a view to making progress to a bottom rate of £6.75. It is for one year only.

The Joint Trade Union Side strongly disagrees with the use of CPI to measure inflation and determine pay increases for public sector workers. The CPI excludes housing costs and council tax, which our members have to pay – whether as home owners or tenants. It is not a real measure of inflation. Leading economists and the Bank of England have voiced concern over use of the CPI. It is not used for negotiating pay in the private sector, where recent settlements like those at Barclays Bank and the Ford Motor Company have been RPI ‘plus’ settlements. We believe that the All Items Retail Price Index (RPI) inflation is the more accurate measure of the costs of living.

RPI inflation remains stubbornly high and currently stands at 4%. The main drivers continue to be higher fuel, lighting costs and housing costs but the costs of travel and food have also increased significantly. RPI has averaged 4.3% throughout 2007 (IDS, 2008) and is expected to be around 3% through 2008, though some economists have predicted higher rates, driven by rising domestic fuel costs. Private sector pay settlements for the rest of 2007 and into 2008 are expected to fall between 3% and 4.5% (IDS, 2008). The public sector is bearing the brunt of the Government’s inflation policy with some of the UK’s lowest paid workers being expected to take what is in effect a pay cut. As private sector pay settlements continue to respond to the rise in inflation, so the gap between private and public sector widens ever further.

On 1 April 2007 NJC Pay increased by 2.475%, below RPI inflation. Indeed the NJC workforce has received below inflation pay increases since the three year pay deal of 2004.

Graph 1 compares the increase in local government pay with the increases in average earnings and with RPI inflation between April 2006 and April 2007. RPI increased by 4.5%, compared to a 2.5% overall increase in NJC pay, and during the same period average earnings increased by 3.3%. The graph also breaks down different elements in the RPI. It is clear that there have been substantial increases in the cost of essential items. Food costs rose by 5.6%, the housing element of RPI rose by 9% and fuel and light by a staggering 16.6%. In the nine months from April 2007, RPI and average earnings have continued to increase, further compounding the effects of a trend of below inflation pay rises. For those at the bottom end of the pay spine, it is acknowledged that a higher proportion of pay will be spent on the basics. Predictions are for further increases still in the costs of these essential goods and services in 2008. With current expected average earnings growth for 2007 into 2008 standing at 4.5% in the private sector and 3.5% in the public sector, the wages of our members are falling further behind those in the economy as a whole.

### **3.1 Fuel and energy costs**

Between April 2006 and April 2007 fuel and light costs increased by 16.6%, compared to the 2.5% increase in our members' pay. Even with energy prices being volatile, the trend is unarguably for ever increasing energy costs with this element of RPI having increased by a massive 21.3% since December 2005. According to Energywatch (The Observer, 20 Jan 2008) one in six people are now living in fuel poverty. EDF Energy - one of the major energy suppliers - announced on 15 January 2008 that gas prices are to increase by a further 12.9% and electricity prices by 7.9% from Friday, 18 January. This will mean that EDF's prices will have risen by 64.7% since 2003 - an increase mirrored by other suppliers. NPower announced at the start of 2008 that gas and electricity prices would rise by 17.2% and 12.7% respectively. These increases mean that the average dual power bill will be over £1,000 a year - almost 9% of the earnings of the lowest paid NJC staff. This means they will be nearing the "fuel poverty" threshold calculated as 10% of earnings. Ofgem, the Regulator, said it has no plans to refer energy firms to the competition authorities.

### **3.2 Housing costs**

Up to the third quarter of 2007, house prices increased by an average of 9% across the UK up to an average of £184,131. All regions have experienced increases in their average price over the last year, the highest being in Northern Ireland where prices have shot up by 43%, Greater London 16%, Scotland 12% and the rest of the South East 10%. Graph 1 shows that the RPI for housing costs rose by 9% between April 2006 and April 2007. Housing costs as measured by the Croner Reward Survey, shows that rent, rates, council tax and maintenance costs have risen by 14.2% since September 2006 (Croner Reward "Cost of Living Regional Comparisons", November 2007).

Even 'key' public sector workers - a definition which does not include most NJC staff - are being priced out of the areas in which they work. This has a knock-on effect, increasing travel costs for those forced to commute long distances to get to their place of work.

### 3.3 Car and Other Travel Costs

RPI fare and travel costs have also increased by 3.4% between April 2006 – April 2007. Private motoring costs too have increased significantly, with the cost of petrol in the UK at a record high of 104.03 p/ltr. At the start of 2007, the UK average cost was 88.32 pence per litre (p/ltr) and diesel stood at 93.68p/ltr. At the start of January 2008, petrol soared to a staggering 102.8p per litre with diesel costing 107.84p/ltr (AA, January 2007). The AA Motoring Association predicts that with the price of oil rising above \$95 a barrel, the potential for continuing high prices remains. A typical 50-litre fuel tank now costs £7.36 more to fill than this time last year.

### 3.4 Childcare and Care Costs

The NJC workforce is predominantly female – over three quarters of staff are women. The increase in childcare costs is therefore a key consideration for our members. The table below highlights that the cost of all forms of day care exceeded our members’ pay increase between 2004-7. Evidence suggests that costs are continuing to rise alongside inflation. Costs for care of the elderly have also risen. Given the age profile of the local government workforce, many of our members will be having to meet new charges for care of elderly relatives too. The strain on our members’ pay is simply too great.

**Increases in weekly cost of child care from 2004 – 2007 (Daycare Trust, 2007):**

Average UK weekly childcare costs (£)						
National Average	Nursery (under 2)	Nursery (over 2)	Childminder (under 2)	Childminder (over 2)	After school Club	Summer holiday costs
2004	134	123	121	120	35	73.71
2007	150	138	141	139	37	83.19
% increase	11.9%	12.2%	16.5%	15.8%	5.7%	12.9%

### 3.5 Pensions

In addition to the rising living costs the NJC workforce are facing, most members of the Local Government Pension Scheme will also be paying higher contributions from 1 April.

## 4. Evidence to Support our Claim: Private Sector Labour Market Comparisons

The gap between pay for those working in local government and those employed in the private sector continues to widen as private pay settlements continue to respond to increasing inflation. The table below captures a snapshot of recent pay settlements in the private sector.

## Private Sector Pay Increases 2006 – 8:

EMPLOYER	STAFF COVERED	INCREASE %	OTHER CHANGES /COMMENTS	EFFECTIVE DATE
<b>PRIVATE SECTOR</b>				
Nationwide Building Society	16,820	5.53% on paybill	Plus corporate bonus of 10.72% of salary in June	01/07/2007
British Airways	18,500	4.6%		01/02/2007
Tesco	251,200 retail staff, 11,500 managers, 650 call centre staff, 6,500 head office staff	4.0%		1 July 2007
Barclays Bank	36,000	4.75%	3 <sup>rd</sup> year of 3-year deal. Formula using RPI for Nov 2006 (3.9%) + 0.85%	1 April 2007
J Sainsbury	150,000	3% +2.5% (staff)	Previous year's award was 3% for retail staff.	3% from 25 March 2007; +2.5% in September 2007
Rolls-Royce	3,200	5.4%	2 <sup>nd</sup> year of 2-year deal	1 April 2007
Ford Motor Company	5,000 (clerks, secretaries, technicians. engineers & supervisors)	4.25%	1st year of 2 year deal in total the deal is worth at least 7.3% over 2 years	1 November 2006
Toyota manufacturing UK	4,400	3.6% average	(previous year's award was average 3.2%)	1 April 2007

With the high turnover and continuing pressures faced by staff in local government, it can come as no surprise that many frontline staff are leaving to find work elsewhere in the private sector. Many employed in councils are depending on in-work benefits and tax credits to secure an adequate living standard. Tax credits are an expensive way to address poverty and ultimately represent a pocket of money not available to fund public services. This is shocking. We believe that publicly funded institutions have a responsibility for the health and well-being of their staff as well as their communities. Meeting our claim could only lead to more motivated and committed staff and a drop in turnover.

## 5. Conclusion

We believe that our claim for 2008 - 2009 is modest and just. It will do no more than recoup losses from the below-inflation pay awards we have received since 2004 and help us keep up with inflation over the coming year. Our claim for a flat rate increase of 50 pence an hour for the lowest paid on £6 an hour would help bring local government workers at the bottom of the pay scale closer into line with their counterparts in the NHS, police, higher education and other parts of the public sector – all of whom are higher paid. It would also be a step towards the £6.75 pence an hour which poverty

experts believe is needed to provide a living wage. We are tired of being the “poor relations” of the public sector.

We believe that it’s time that pay for local government workers, who keep our communities going and provide vital services to children, the elderly and vulnerable people, should be at a level which reflects their skill, knowledge and commitment.

The Trade Union Side expects the Employers to give this claim immediate consideration and we are looking for a prompt response this year. We have agreed to consult our members by 31 March 2008 on the Employers’ position.

## **APPENDIX 1: Recruitment Problems in the Local Government Workforce**

Percentage of authorities reporting recruitment and/or retention problems (Local Government Analysis & Research (April 2007), Local Government Pay & Workforce Survey 2006):

Authority type	Managerial/professional	Non-managerial/non-professional
Districts	82.3%	26%
London boroughs	94.7%	78.9%
Metropolitan districts	87.5%	70.8%
English unitaries	89.7%	67.9%
County councils	100%	77.3%

Percentage of authorities reporting difficulties in recruitment:

Social Worker Children and Families	77%
Social Worker Community Care	60.6%
Environmental Health	57.7%
Planning Development Control	55.3%
Building Control	50%
Approved Social Worker Community Care	50%
Residential Social Worker	50%
Planning Other	49.5%
Trading Standards	45.7%

## **APPENDIX 2: Outstanding Claims for Improvements to NJC Terms and Conditions**

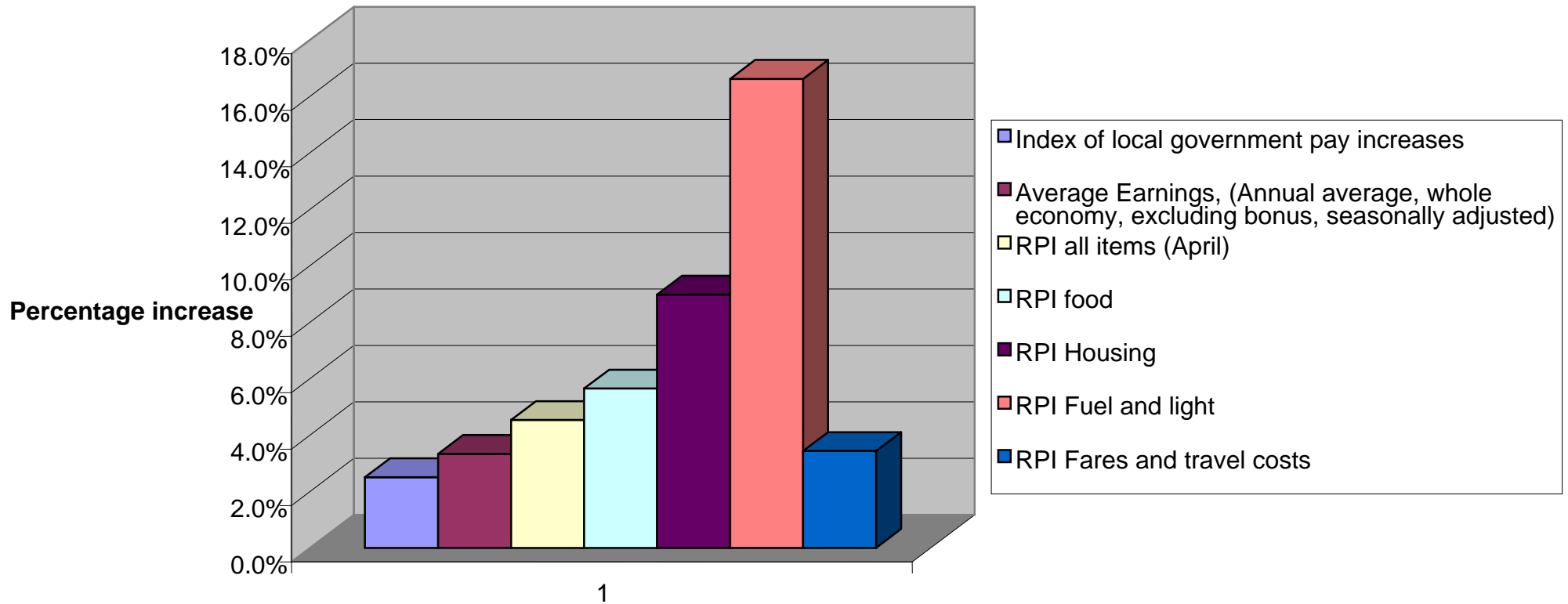
In addition to the headline claim, there remain the following outstanding claims for improvements to terms and conditions:

- The urgent completion of the training and workforce development agreement with targets and deadlines for implementation, and additional ring-fenced funding
- An increase in annual leave of 1 day for all employees
- An increase to the basic annual leave entitlement to 25 days per year as the minimum entitlement for all employees.

- An increase in paid maternity leave and a reduction in the qualifying period from 52 weeks to 26 weeks
- Two weeks paid maternity support leave
- In respect of a premature birth, additional paid maternity leave for a specified number of weeks to be calculated as equivalent to the period dating from the actual date of the child's birth to the due date.
- Paid adoption leave (in line with paid maternity leave) for all adoptions of children under 18
- A reduction in the standard working week to 35 hours, without loss of pay
- To increase the night shift allowance over a 3 year period from a time and a third, to time and a half, to time and three quarters, to double time in the final year.
- An increase in the sleep-in allowance to £60
- Improvements to the continuous service provisions in the Green Book

**APPENDIX 3**

**Local Government Pay vs. Average Earnings and the Retail Price Index 2006 –2007**



### ACAS SUBMISSION - APPENDIX 3

#### Local Government and NHS Pay Awards 1998 – 2007 (*NB - without additional Agenda for Change uplifts*)

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>NJC Pay Awards %</b>	3.00	3.00	3.00	3.50	4.00	3.50	2.75	2.75	2.95	2.48
Index	100.00	103.00	106.09	109.80	114.20	118.19	121.44	124.78	128.46	131.64
<b>% increase from 1998 onwards</b>	0.00	3.00	6.09	9.80	14.20	18.19	21.44	24.78	28.46	<b>31.64</b>
<hr/>										
<b>NHS Pay Awards %</b>	3.80	4.70	3.40	3.70	3.60	3.225	3.225	3.225	2.50	2.40
Index	100.00	104.7	108.26	112.27	116.31	120.06	123.93	127.93	131.12	133.79
<b>% increase from 1998 onwards</b>	0.00	4.7	8.26	11.27	16.31	20.06	23.93	27.93	31.12	<b>33.79</b>

**ACAS SUBMISSION: APPENDIX 4: FOOD, UTILITY AND TRANSPORT COSTS**

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<b>DATE</b>	<b>FOOD AND NON-ALCOHOLIC BEVERAGES</b>	<b>HOUSING<sup>54</sup>, WATER, ELECTRICITY, GAS &amp; OTHER FUELS</b>	<b>TRANSPORT<sup>55</sup></b>
<b>2006</b>			
<b>August</b>	103.0	110.9	105.8
<b>September</b>	103.6	111.5	102.9
<b>October</b>	104.2	112.7	101.5
<b>November</b>	105.1	113.7	101.1
<b>December</b>	105.4	114.5	102.8
<b>2007</b>			
<b>January</b>	104.4	114.9	102.1
<b>February</b>	105.4	115.1	102.8
<b>March</b>	106.0	115.0	103.1
<b>April</b>	106.2	115.7	104.5
<b>May</b>	106.7	115.0	106.1
<b>June</b>	107.3	114.5	106.8
<b>July</b>	105.5	114.3	108.0
<b>August</b>	106.1	114.0	108.6
<b>September</b>	107.4	114.0	105.7
<b>October</b>	109.1	114.3	106.6
<b>November</b>	110.1	114.6	107.0
<b>December</b>	111.1	114.7	108.7
<b>2008</b>			
<b>January</b>	110.8	115.4	108.6
<b>February</b>	111.3	119.1	109.1
<b>March</b>	111.8	119.5	110.3
<b>April</b>	113.2	122.0	110.8
<b>May</b>	115.1	122.3	112.7
<b>June</b>	117.5	122.5	114.6
<b>July</b>	118.4	123.0	116.6
<b>August</b>	120.0	125.6	116.5
<b>Index: increase since Aug 06</b>	17.00	14.70	10.70
<b>% increase since Aug 06</b>	<b>16.50</b>	<b>13.26</b>	<b>10.11</b>

<sup>54</sup> Housing = Housing costs excluding mortgage interest payments, depreciation, council tax & building insurance, but including fuel & light

<sup>55</sup> Transport = Motoring expenditure, fares & other travel costs

**ACAS SUBMISSION : APPENDIX 5: PUBLIC SECTOR PAY SETTLEMENTS 2008**

ORGANISATION/ EMPLOYEE GROUP (NOS. COVERED)	LATEST SETTLEMENT	PREVIOUS SETTLEMENT
Department for Business, Enterprise and Regulatory Reform - all below senior civil service (2,735)	Pay awards from a 3.7% pay bill increase, with individual consolidated awards ranging from nil to 4.88%, from 1.8.08.	Pay awards from a 3.48% pay bill increase, with individual consolidated awards ranging from nil to 5.11%, from 1.8.07.
Department for Children, Schools and Families - all except senior civil service (2,700)	First year of three-year pay award worth 4% of pay bill in each year, plus bonuses from a pot worth 1.3% of pay bill, from 1.4.08. Junior staff (executive officers and below) also get a £200 non-consolidated payment in each year of the deal.	Second year of two-year deal gives an average 3.8% increase for satisfactory performers from 1.4.07.
Department for Culture, Media and Sport - all except senior civil service (450)	4.3% average increase in earnings, from 1.8.08.	3.5% average increase in earnings from 1.8.07.
Department for Environment, Food and Rural Affairs - all except senior civil service (4,700)	Pay bill increase of 3.25% from 1.7.08.	Overall pay bill increase of 2.9% from 1.7.07.
Department for Work and Pensions - all except senior civil service (113,248)	3.6% pay bill increase in second year of three-year deal, plus non-consolidated individual performance bonuses and top-up payments, from 1.7.08.	3.6% pay bill increase in first year of three-year deal, plus 1.4% for non-consolidated individual performance bonuses and top-up payments from 1.7.07.
Home Office - all non-industrial staff below senior civil service (23,311)	Second year of three-year pay award: 3.39% increase to average earnings from 1.7.08.	First year of three-year pay award: 3.41% increase to average earnings from 1.7.07.

Northern Ireland Civil Service - all except some agencies and senior civil service (25,000)	Third year of three-year deal: 4% average earnings growth from 1.8.08.	Second year of three-year deal: increase in earnings growth of 4% from 1.8.07.
Further education (England) - lecturers, managers and support staff (230,000)	The award gives an increase of 3.2% on salaries, or £550, whichever is greater, over a 10-month period, from 1.10.08.	2% pay increase from 1.8.07 and 1% from 1.2.08, with the second instalment rounded up to ensure overall award is at least £500.
Joint Negotiating Committee for Higher Education Staff - lecturers and support staff (300,000)	Final stage of three-year pay award effective from 1.10.08: 5% basic increase (September RPI).	Second year of three-year pay award: 3% basic increase from 1.8.07, plus a further increase of 3% or £420 from 1.5.08.

(Source: <http://www.xperthr.co.uk/article/90457/public-sector-pay-2008.aspx?searchwords=public+sector+pay+settlements+2008#tab3>)

**ACAS SUBMISSION: APPENDIX 6: LOCAL GOVERNMENT PAY COMMISSION  
REPORT 2003**