

# BRANCH CONSULTATION ON 2020/21 NJC PAY CLAIM

## ECONOMIC BACKGROUND INFORMATION

### 1. Pay Comparisons

If you compare pay for specific jobs in local government with similar roles in the NHS, you can see that NJC workers are poorer relatives to those with equivalent roles under Agenda for Change.

With transfers within the public sector becoming more common, NJC workers face the scenario of working alongside someone doing the same job for more money. This is no way to motivate staff and has real implications for recruitment and retention in local government.

<b>Table 1: Minimum pay rates across the public sector</b>			
<b>UNISON bargaining groups</b>	<b>From</b>	<b>Rate (£)</b>	<b>Hourly (£)</b>
Local government (England, Wales & Northern Ireland)	01/04/2019	17364	9.00
Local government (Scotland)	01/04/2017	17497	9.07
NHS Agenda for Change (England and Wales)	01/04/2019	17652	9.03
NHS Agenda for Change (Scotland)	01/04/2019	17949	9.18
NHS Agenda for Change (Northern Ireland)	01/04/2018	16943	8.67
Higher education	01/08/2018	15842	8.21
Further education (England)	01/08/2018	15796	8.21
Sixth Form College support staff (England & Wales)	01/09/2018	16000	8.29
Police staff (England & Wales)	01/09/2018	17262	8.95
Probation Service	01/04/2019	17764	9.21
Youth and Community Workers	01/09/2018	18117	9.39
<b>Central government</b>			
Department for Business, Energy and Industrial Strategy	01/08/2018	20000	10.37
Department for Culture, Media & Transport	01/08/2018	21467	11.13
Department for Education	01/04/2018	19130	9.92
Department for Works and Pensions	01/07/2018	18745	9.72
Environment Agency	01/07/2018	16518	8.56
HM Revenue and Customs	01/06/2018	16600	8.60
Home Office	01/07/2018	17211	8.92
Scottish Parliament	01/04/2018	17699	9.17

The hourly rate is based on a 37-hour week, with the exception of the NHS, which has a standard 37.5-hour week

The top of the NJC pay spine compares badly with the rest of the public sector too. It is £44,697. Compare this with £100,431 for the NHS and £60,410 for Higher Education. This has led to nearly two thirds of authorities extending their pay spine locally. At the top, NHS and local government jobs are very similar. UNISON has demonstrated this by doing 'dummy' job evaluations using the NJC JE scheme.

## 2. Terms and conditions

In an attempt to save costs, for the last nine years councils across the board have been shredding conditions. Slashing terms and conditions has a real impact on our members' pay packets. Many are dependent on these additional payments to make ends meet.

Fewer jobs and worse terms and conditions also mean there's less money in the local economy, which is bad for local businesses. For every £1 spent, 64p is put back into the local economy.

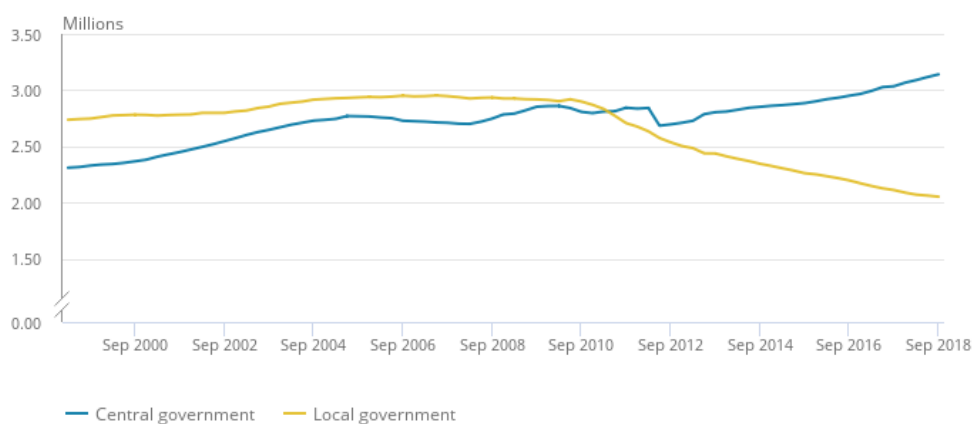
## 3. Job losses

With considerably fewer workers to provide local services, members deserve a pay rise that reflects the massive increase in their productivity as those workers left behind attempt to pick up the workloads of former colleagues.

Local government workers face job insecurity and frequent reviews and reorganisations.

Overall, UK employment in local government has fallen from 2.84 million in 2010 to 2.05 million as of September 2018:

Figure 2: UK public sector employment in local and central government, seasonally adjusted  
March 1999 to September 2018



Source: Quarterly Public Sector Employment Survey, Office for National Statistics

## 4 Recruitment and retention

With pay in local government comparing badly with the rest of the public sector and the private sector, recruitment and retention is fast becoming an issue. If pay is not addressed, this situation can only worsen with widespread use of agency workers coming at a hefty cost to the public purse. Many councils have become heavily dependent on temporary workers.

According to the LGA's Local Government Workforce Survey 2016/17, nearly three quarters of respondents (74 per cent) said their council was currently experiencing recruitment and retention difficulties. This was higher in single and upper tier councils group, where more than eight out of 10 (83 per cent) reported recruitment and retention difficulties:

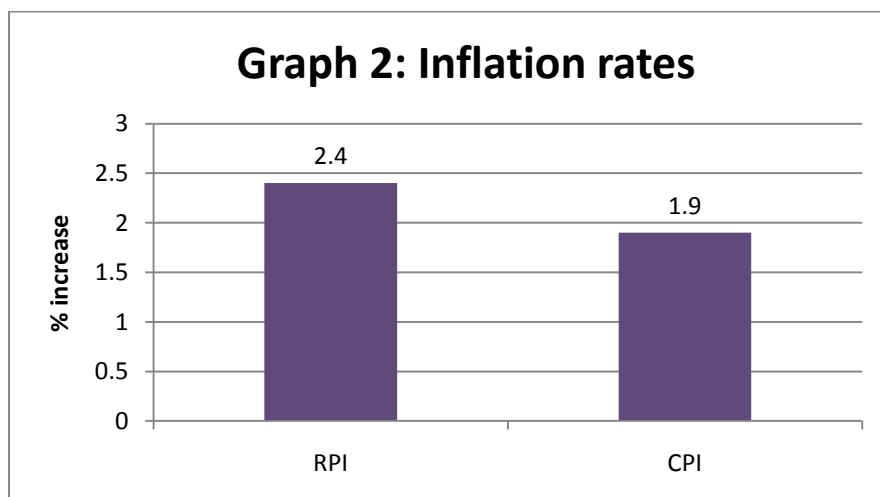
Is your authority currently experiencing any recruitment or retention difficulties?			
Response	Shire district	Single / upper tier	England
Yes (%)	63	83	74
No (%)	33	14	23
Don't know (%)	3	3	3
Total (%)	100	100	74
Base	63	71	134

## 5. Economic background

### 5.1 Current inflation rates

Between the start of 2010 and the end of 2018, the cost of living, as measured by the Retail Prices Index (RPI) has risen by a total of 31.1%.

Inflation rose markedly over 2016 and 2017, pushing the RPI rate to over 4%. During 2018 and into 2019, rates have been in decline, with the the latest figures for March 2019 putting RPI at 2.4% and CPI at 1.9%.



\*Inflation rates to March 2019

## 5.2 Main factors affecting inflation

Price changes to commodities that make up the RPI over the year to March 2019 are shown in Table 4 below.

Item	Average % increase
Alcohol and tobacco	3.9
Travel and leisure	3.0
Personal expenditure	2.8
Consumer durables	2.6
Housing and household expenditure	2.1
Food and catering	1.8
All goods	2.3
All services	2.7
All items	2.4

Source: Office for National Statistics, Consumer Price Inflation Reference Tables, March 2019

Within these figures, some costs are rising significantly faster, such as mortgage interest payments at 4.5%, council tax and rates at 4.9%, electricity at 3.8%, telephone services at 4.5% and rail fares at 4.1%.

The price of housing also remains one of the biggest issues facing employees and their families, with house prices hitting an average of £303,073<sup>1</sup> in England and Wales in March 2019. Similarly, the average monthly rent for new tenancies in the UK picked up 3.3% over the last year to reach £942<sup>2</sup>.

Though not specifically assessed by CPI or RPI figures, childcare costs represent a key area of expenditure for many staff (UNISON surveys have consistently found that around a third of staff have child caring responsibilities). Therefore, it is also worth noting that the annual Family & Childcare Trust survey<sup>3</sup> for 2019 found that the cost of a nursery place for a two year old has risen by 4% since last year, with the annual cost of 25 hours care per week hitting £6,465.

Current inflation rates can mask longer term changes in the cost of living that have taken place since 2010. The examples below show major increases in core costs that have surpassed average prices increases over the period.

Item	% price rise 2010 - 2018	Item	% price rise 2010 - 2018	Item	% price rise 2010 - 2018
House prices	37%	Bus and coach fares	51%	Electricity	48%

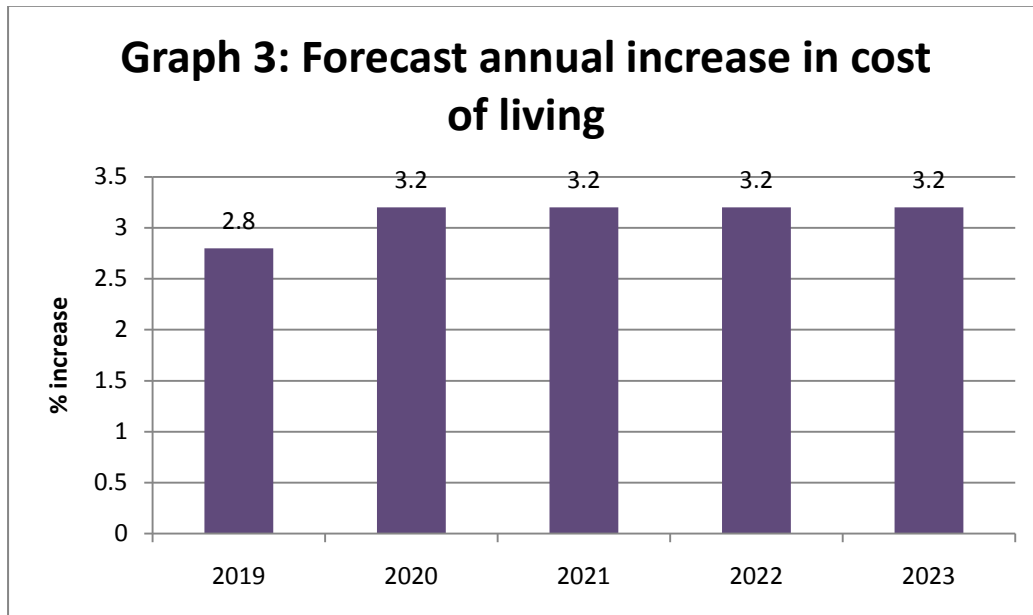
<sup>1</sup> LSL Property Services, House Price Index, March 2019

<sup>2</sup> HomeLet Rental Index, March 2019

<sup>3</sup> Family & Childcare Trust, Childcare Survey 2019

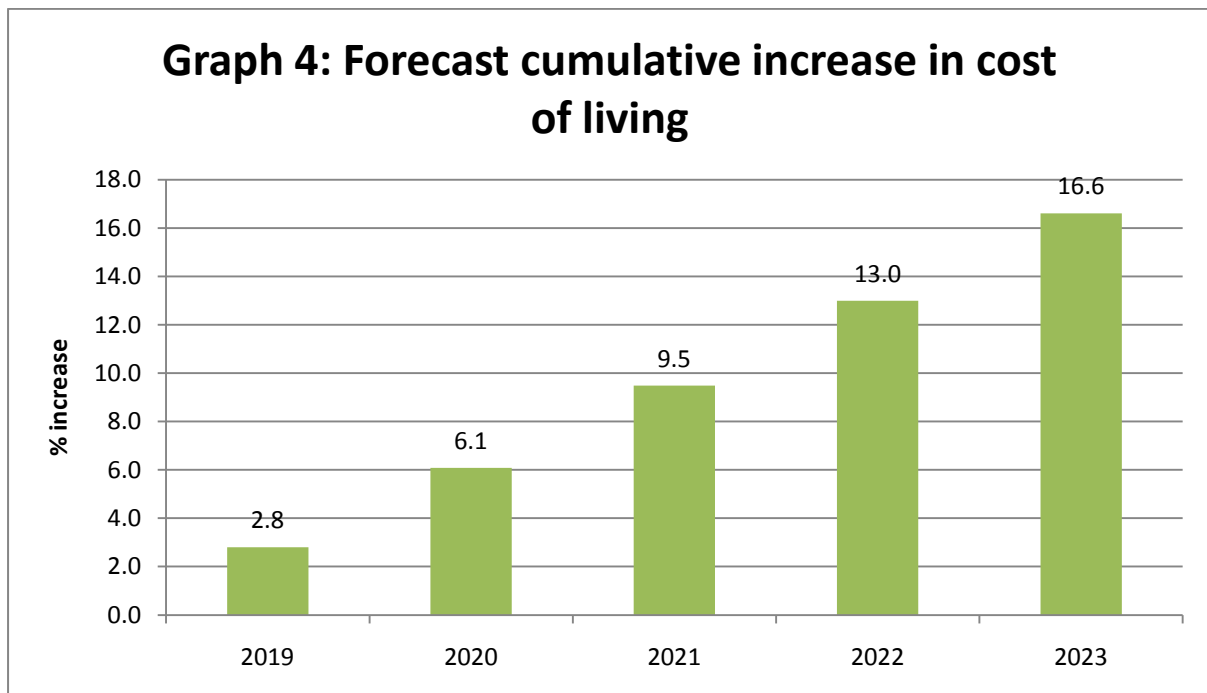
### 5.3 Forecast inflation rates

The Treasury average of independent forecasts states that RPI inflation will average 2.8% over 2019. It will then remain at 3.2% every year until 2022, following the pattern shown in the graph below. These annual rates show the rate at which pay rises would be needed for wages just to maintain their current value.



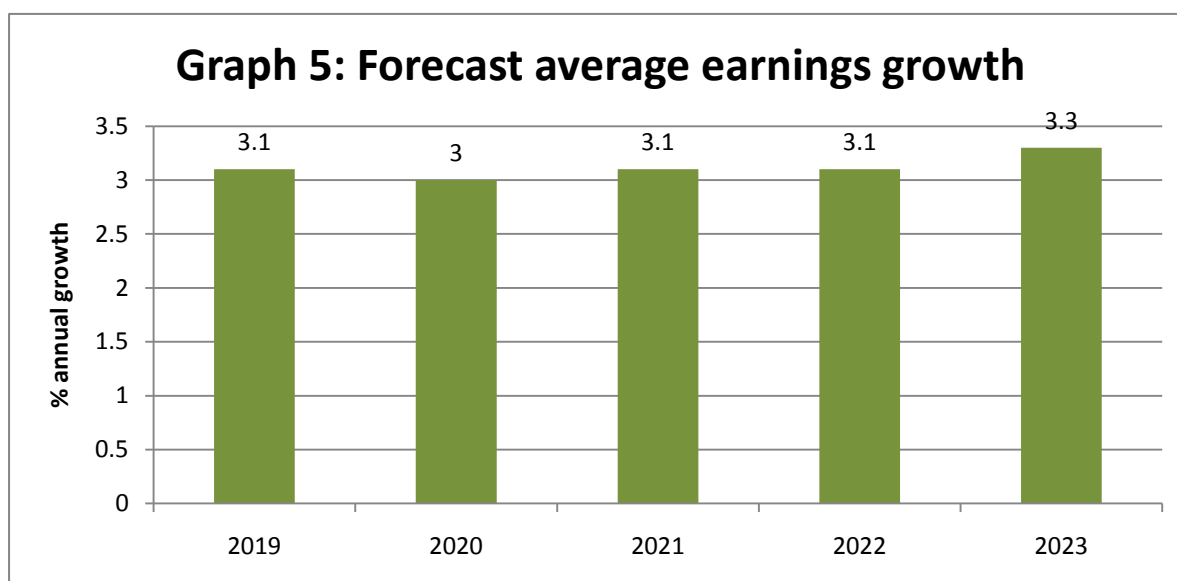
Source: HM Treasury Forecasts for the UK Economy, February 2019

If these rates turn out to be correct, the cost of living employees face will have grown by almost 17% between 2019 and 2023, following the pattern set out in graph 4 below.



## 5.4 Average earnings growth

Forecasts of average earnings predict that growth will average 3.1% in 2019 and then remain at or above 3% over the following four years, as per the pattern below<sup>4</sup>.



## 5.5 Average pay settlements:

Pay settlements in the private sector have been running far in advance of the public sector since 2010. While the pay freeze was in place across the public sector, the private sector was seeing average rises around 2.5%, and the private sector continued to outpace the public sector by at least double the public sector rate during the ensuing period of the 1% pay cap. Since 2018, the gap has been closing.

Table 6 below shows average settlements for other sectors where UNISON represents members or sectors that compete for similar types of worker as public services.

Sector	Average pay settlements
Across economy	2.5%
Private sector	2.7%
Public sector	2.0%
Not for profit	2.5%
Wholesale & retail	3.3%
Transport & storage	2.8%
Information & communication	2.5%
Admin & support	2.4%

*Source: Labour Research Department, settlements year to May 2019*

<sup>4</sup> Office for Budgetary Responsibility, Economic and Fiscal Outlook, March 2019

Average pay settlements across the economy since 2010 are shown by the table below. Therefore, the average worker has seen a 22.7% rise in their pay over the period

<b>Year</b>	<b>Average pay settlements</b>
<b>2010</b>	2.0%
<b>2011</b>	2.5%
<b>2012</b>	2.5%
<b>2013</b>	2.5%
<b>2014</b>	2.5%
<b>2015</b>	2.2%
<b>2016</b>	2.0%
<b>2017</b>	2.0%
<b>2018</b>	2.5%