

LG/54/2013

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To: Secretaries of Local Government Branches in England,
Wales and Northern Ireland
(Scotland – for information only)
Regional Heads of Local Government
Registered Sectional/Professional Bodies – for information

20 August 2013

2014 - 15 NJC Pay Claim: Branch consultation

This circular asks branches to consult as widely as possible on the contents of the 2014/15 NJC pay claim. It sets out background analysis and two alternative options proposed by the UNISON NJC Committee. Branches are asked to consult members on the proposed claim and submit responses to their Regional Head of Local Government by noon on Friday 4 October 2013.

The UNISON NJC Committee met on Thursday, 1 August to discuss the contents of the NJC pay claim for 2014/15. The Committee felt our core objectives should be to restore pay levels and ensure that the Living Wage becomes the basic rate of pay in local government.

The UNISON NJC Committee agreed to consult branches on the following two alternative options for the proposed 2014/15 NJC pay claim:

OPTION 1

- **The Living Wage (LW) hourly rate to be the minimum pay rate, with an equivalent percentage increase on all other spinal column points**

Or

OPTION 2

- **A flat rate increase of £1 an hour on all pay points, which would achieve the current Living Wage as the bottom NJC spinal column point**

A table is attached to this circular setting out current NJC pay rates and the impact of increases on all scale points under options 1 and 2.

OPTION 1 - A claim based on the Living Wage

The Living Wage (LW) hourly rate to be the minimum pay rate, with an equivalent percentage increase on all other spinal column points - from scale points 5 to 49 - to maintain equal pay differentials.

This claim would represent a £1 an hour increase on the new bottom rate of £6.45 at scale point 5 from 1 October to bring it to the level of the current LW of £7.45 outside of London. Further consideration would need to be given to how the claim applies to the position in London, given London's separate pay structure and the higher level of the London Living Wage of £8.55 - separately determined from the Living Wage.

This proposed claim is designed to:

- Address the issue of poverty pay at the bottom of the NJC pay structure, but also real and relative low pay for admin, professional, technical and managerial occupations up to the top of the pay scale – which is the lowest from top to bottom within the public sector
- Ensure the continuation of sector-wide collective bargaining, rather than local bargaining - or no bargaining at all - to achieve the Living Wage
- Ensure the integrity of job evaluation as the means to determining grading and pay and agreed Single Status pay and grading structures and therefore prevent a move away from the principle of equal pay
- Prevent a new rash of equal pay litigation in local government which would divert precious financial resources by applying the increase required to achieve the Living Wage to all points on the pay spine
- Provide a clear focus for a high profile campaign which would have popular resonance within and outside the union

OPTION 2 – A flat rate increase of £1 an hour

This option is based on the fact that £1 an hour on the new bottom rate of £6.45 at scale point 5 from 1 October will bring it to the current level of the LW of £7.45 outside of London.

This option has the attraction of simplicity and will also leave all grading structures intact. However from a pay and grading perspective, it would increase the existing compression in the middle to higher pay grades and would have to be accompanied by agreement for significant extension of the spine to allow for some upward movement in the top half of the structure.

It should be noted that the Living Wage is normally increased in late October/early November and that there is likely to be at a higher rate by the time of the NJC negotiations in 2014, making the required increase more than £1.

The following are some key factors for your consideration and relate to both options as they will deliver the Living Wage:

1. **Where are we at with the Living Wage in local government and in other sectors?**

Information currently available from UNISON intelligence suggests that there are a small – but growing – number of councils which have adopted the Living Wage. At least 34 English and Welsh councils have implemented it, although few have formal accreditation - for which they are required to have a plan to apply it to outsourced staff. 18 of those paying the LW are in London.

It should also be noted that the means by which LW has been adopted vary across councils – with some employers effectively ‘imposing’ it without negotiation. The absence of negotiation is concerning and could set a pattern for other pay and conditions issues in the future. There are also some variations in the rate and different methods of implementation – some of which raise concerns about the on-going integrity of agreed Single Status pay and grading structures. Not all councils are pledged to annual up-rating.

There are a growing number of councils ‘going it alone’ and making awards above the NJC level and including the LW. In the process some are leaving the NJC bargaining machinery, which is looking increasingly ‘creaky’. Composite D agreed at local government conference this year reinforced support for sector-wide collective bargaining and therefore for retaining the NJC.

There is also further verbal evidence of a growing interest by councils not yet paying the LW in doing so. A high proportion appears to be considering paying the LW. At this year’s Local Government Association (LGA) conference, Local Government section staff carried out a survey of councillors and also asked them for their views and intentions in respect of the LW. Only a small minority were not giving thought to or considering applying the LW in their councils.

There has been considerable success in Further Education and Higher Education in achieving the LW. Around 60% of FE colleges are now paying it and there is a growing impetus in HE.

Talk of the LW is now common currency across local government, not all prompted by the union. It is important that UNISON is not seen to lag behind employers in our quest for a LW for our members and a decent pay increase for all. The difference between the proposed claim and current means of achieving the LW is that we want to achieve it through collective – not local – bargaining or effective ‘imposition’ and maintain the integrity of single status pay structures.

2. **Why a claim for the Living Wage this year?**

Aside from the growing support and action within local government, there are a number of reasons why the LW claim is being suggested this year:

- a) The LW concept and campaigns have maintained a high profile and there is now growing public awareness - and support - for the LW. A public opinion poll carried out for LabourList in February showed that 71% of Labour voters, 66% of Lib Dems and 44% of Tories (60% overall) thought the National Minimum Wage (NMW) should be increased to the level of the LW. This result held true across regions and social classes – although strongest support was in social class D/E – the lowest paid
- b) The TUC is considering making the LW in local government the key plank of its 'Britain Needs a Pay Rise' campaign. The unions need to ensure that the campaign is led by us, with welcome support from the TUC and the LW Commission
- c) The Resolution Foundation, IPPR and other think tanks continue to place a spotlight on the LW through research, alongside Citizens UK, the Living Wage Foundation and the Joseph Rowntree Trust. Compass and IPPR have just established a Living Wage Commission which will place a spotlight on local government.
- d) There has been high-level political support pledged. This needs to be turned into action and used in what will be the run-up year to the 2015 General Election. Ed Miliband had very directly called on councils to implement the LW and has supported the idea of 'Living Wage city deals' in which LW councils get funding for working with local businesses to achieve the LW within the authority's area. Shadow Ministers have been exploring whether/how the Low Pay Commission should be transformed into a LW Commission. David Miliband and Dave Prentis have together called for it and the Coalition has made some supportive noises since Cameron said it was 'an idea whose time has come' in 2010. Boris Johnson has been vocal in his support for the London LW. The Scottish and Welsh governments also support it
- e) A clear macro-economic case has been developing for the LW. In a recent study, the Institute for Fiscal Studies (IFS) found that if all wages were raised to £7.85 in London and £7.60 elsewhere, and assuming no job loss, the total gain to the Treasury in the private sector would be between £5.9 and £6.3 billion through lower spending on benefits and tax credits and increased revenue through tax and national insurance. There would be an additional gain to the Treasury of £0.9 billion if all public sector employees were paid the LW – although the higher wages would be paid from the public purse. Broadly speaking, IFS found that for every £1 spent on raising wages to the LW level, around 50 pence returns to the Treasury. A study by Queen Mary College, University of London also found multiple benefits to employers of the LW including reputational improvement, lower staff turnover, greater loyalty and higher motivation
- f) The local economic benefits are also clear. High proportions of local government workers live in the areas in which they work and spend locally. The LW would lead to higher local spending and therefore contribute to the local and macro economies. APSE and CLES research has shown that for every £1 spent in the local economy, a further 64 pence is generated

- g) There are strong moral arguments for the LW as a means to tackle rising inequality, falling incomes and the particular impact of poverty on children and vulnerable groups. Strong arguments can be made for its positive impact on social cohesion, health and the future wellbeing of our society. In any case, outside of London it is less than the official poverty level of £7.47 – which is the equivalent of two thirds of median male earnings. The LW assumes access to social housing and a car, both increasingly rare for the low paid
- h) Within the public sector, local government is the only sector with large numbers of employees below the LW. Only those on the bottom pay point of Agenda for Change in the NHS are (just) below the LW, alongside relatively small numbers in 6th Form Colleges, Further Education and Higher Education
- i) The NJC pay spine needs ‘cleaning up’ and the LGE has mooted a ‘clean up’ as a way of getting some money into the system in the recent past. This technical operation could absorb some of the cost
- j) An increase across the pay spine would maintain job evaluated differentials and therefore reduce the possibility of future equal pay litigation
- k) The spotlight has been placed on low pay in local government by partnership working and the transfer of public health staff into councils in particular. We need to build on the immediacy of this effect
- l) A campaign for the LW and a pay boost for all in local government through the NJC would provide a clear focus and a morale boost for local government employees, members and activists, many of whom feel that the union’s aspirations are too low
- m) An increase in line with the LW equates to exactly £1 an hour on the bottom scp 5. This would provide a clear ‘sub focus’ for the campaign in relation to the lowest paid
- n) Although very ambitious, a LW claim means that branches, activists and paid officials will have to engage very directly with members and non-members to explain it and our commitment to ending poverty pay. This will have positive benefits in terms of recruitment and raising the profile of the union
- o) The recruitment potential of a high profile Living Wage campaign is clear – as would be the knock-on effect onto UNISON’s income
- p) While there is no doubt that most councils are strapped for cash, the local government pay bill has fallen for the last 3 years in real terms and is now 23.09% lower than in 2010. In the last year alone, the gross pay bill, including additional pay fell by 10%. Many councils also have reserves, which have also grown significantly in recent years
- q) School funding has been protected, although not inflation proofed. However, there is greater ability to pay for the LW in schools

3. Is a Living Wage claim realistic?

- a) It could be said almost anything is 'unrealistic' at the moment. Yet despite being 'cash strapped', many councils have implemented the LW – some more than the LW – and many are considering it. Councils and employers can't have it both ways – local implementation of the LW, but no – or low – NJC increases
- b) We know that pay freezes, local cuts to pay and conditions and below inflation rises have not prevented redundancies. Councils want our members to do more and more for less, so they need to boost morale and productivity. The LW would be a good way to do that
- c) We are not aware of any council paying the LW which has also increased earnings throughout the entire pay structure. However, we DO know that many councils feel that middle and higher earners are suffering too and want to do something about their pay. Our claim would give them the opportunity!
- d) We would not want the annual LW increase to become a formula by which pay was increased and thereby do away with the need for collective bargaining. The Living Wage is not pegged to a particular index such as inflation or average earnings. We would always want to try and achieve at least an inflation-proofed increase for our members and also want to widen the bargaining agenda to include the 'gender agenda' and other issues such as skills and career development and maintain a watching brief over pay and grading issues
- e) In Option 1 we are proposing the same increase throughout the pay spine to avoid undermining job evaluation outcomes, upsetting agreed pay and grading structures and re-creating a 'felt fair' approach to grading and pay. It is very important to maintain the commitment to equal pay, which some councils think can be ignored in a climate of cuts
- f) Councils are leaving – or threatening to leave - the NJC in order to do better deals with their staff. There is discontent with the NJC machinery and we need to establish it as a 'leader' within the public sector, NOT the poor relation
- g) No-one generally knows what they are going to be offered when entering negotiations. The employers could offer less for those above scp11. It is important to make clear that our proposed claim is based on the clear belief that the lowest paid deserve at least the LW and that everyone in the NJC is low paid for what they do compared to other parts of the public sector. Many technical and 'professional' jobs are worse paid than their private sector equivalents. This is unique in the public sector and is no good for local government workers or local government
- h) Those above SCP 11 have had the same pay freezes and low increases as everyone else. They deserve the same increase. No-one on NJC pay earns enough for the job they do.
- i) School funding has been relatively protected compared to council funding. There is no reason why they shouldn't agree to an increase for all based on the LW.

4. **How would the claim be paid for and implemented?**

The Employers are very likely to say that either option is unaffordable – particularly if it includes an increase across the pay structure. The Local Government section is examining possible models of implementation, which would achieve the LW as the bottom rate, maintain equal pay differentials and give an increase to all.

5. **Branch Consultation Process**

Branches are asked to carry out as wide a consultation as possible on the contents of the proposed claim and return their results to your Regional Head of Local Government by **noon on Friday 4 October 2013**. A pro forma is attached.

Regions are being asked to return the results to the Local Government section by **5pm on Tuesday 8 October 2013** and the results will be considered by the UNISON NJC Committee on 11 October.

Briefing materials and a PowerPoint presentation for branches and Regional Organisers will be available to use for briefing members and non-members.

With best wishes,

Heather Wakefield
National Secretary
Local Government, Police and Justice Section

Table : Current NJC Pay Rates and Options 1 and 2 SCP increases

SCP	01-Apr-13		OPTION 1		OPTION 2	
	per annum	per hour	per annum	per hour	per annum	per hour
5	£12,435	£6.45	£14,372	£7.45	£14,372	£7.45
6	£12,614	£6.54	£14,579	£7.56	£14,546	£7.54
7	£12,915	£6.69	£14,927	£7.74	£14,835	£7.69
8	£13,321	£6.90	£15,396	£7.98	£15,241	£7.90
9	£13,725	£7.11	£15,863	£8.22	£15,646	£8.11
10	£14,013	£7.26	£16,196	£8.40	£15,935	£8.26
11	£14,880	£7.71	£17,198	£8.91	£16,803	£8.71
12	£15,189	£7.87	£17,555	£9.10	£17,112	£8.87
13	£15,598	£8.09	£18,028	£9.34	£17,536	£9.09
14	£15,882	£8.23	£18,356	£9.52	£17,806	£9.23
15	£16,215	£8.40	£18,741	£9.71	£18,134	£9.40
16	£16,604	£8.61	£19,191	£9.95	£18,539	£9.61
17	£16,998	£8.81	£19,646	£10.18	£18,925	£9.81
18	£17,333	£8.98	£20,033	£10.38	£19,253	£9.98
19	£17,980	£9.32	£20,781	£10.77	£19,909	£10.32
20	£18,638	£9.66	£21,542	£11.17	£20,565	£10.66
21	£19,317	£10.01	£22,327	£11.57	£21,240	£11.01
22	£19,817	£10.27	£22,904	£11.87	£21,742	£11.27
23	£20,400	£10.57	£23,578	£12.22	£22,321	£11.57
24	£21,067	£10.92	£24,349	£12.62	£22,996	£11.92
25	£21,734	£11.27	£25,120	£13.02	£23,671	£12.27
26	£22,443	£11.63	£25,940	£13.45	£24,366	£12.63
27	£23,188	£12.02	£26,801	£13.89	£25,118	£13.02
28	£23,945	£12.41	£27,676	£14.35	£25,870	£13.41
29	£24,892	£12.90	£28,770	£14.91	£26,816	£13.90
30	£25,727	£13.33	£29,735	£15.41	£27,645	£14.33
31	£26,539	£13.76	£30,674	£15.90	£28,475	£14.76
32	£27,323	£14.16	£31,580	£16.37	£29,246	£15.16
33	£28,127	£14.58	£32,509	£16.85	£30,057	£15.58
34	£28,922	£14.99	£33,428	£17.33	£30,848	£15.99
35	£29,528	£15.31	£34,128	£17.69	£31,465	£16.31
36	£30,311	£15.71	£35,033	£18.16	£32,237	£16.71
37	£31,160	£16.15	£36,015	£18.67	£33,085	£17.15
38	£32,072	£16.62	£37,069	£19.21	£33,992	£17.62
39	£33,128	£17.17	£38,289	£19.85	£35,053	£18.17
40	£33,998	£17.62	£39,295	£20.37	£35,921	£18.62
41	£34,894	£18.09	£40,330	£20.91	£36,828	£19.09
42	£35,784	£18.55	£41,359	£21.44	£37,715	£19.55
43	£36,676	£19.01	£42,390	£21.97	£38,603	£20.01
44	£37,578	£19.48	£43,433	£22.51	£39,510	£20.48
45	£38,422	£19.92	£44,408	£23.02	£40,358	£20.92
46	£39,351	£20.40	£45,482	£23.58	£41,284	£21.40
47	£40,254	£20.86	£46,526	£24.12	£42,172	£21.86
48	£41,148	£21.33	£47,559	£24.65	£43,079	£22.33
49	£42,032	£21.79	£48,581	£25.18	£43,966	£22.79

LOCAL GOVERNMENT NJC PAY CLAIM 2014 - 15 – BRANCH CONSULTATION

Name of branch:

Local authority:

Branch contact:

Tel no: Fax no:

E-mail:

Method of consultation	Branch Meeting		✓ as appropriate
	Workplace meeting		
	Other (please state)		

Please provide the branch response to the following question:

Which of the following **alternative** options should form the proposed 2014/15 NJC pay claim:

(✓ as appropriate)

OPTION 1 - The Living Wage (LW) hourly rate to be the minimum pay rate, with an equivalent percentage increase on all other spinal column points	Yes	No

OR

OPTION 2 - A flat rate increase of £1 an hour on all pay points, which would achieve the Living Wage as the bottom NJC spinal column point	Yes	No

If you have answered no to both options:

Please state why in the space below and provide any further comments:

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Please return this form to your Regional Head of Local Government by noon on Friday 4 October 2013