

# Trade Union Side of the National Joint Council for Local Government Services: England, Wales and Northern Ireland

## PAY CLAIM 2010 – 2011

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26 October 2009



# **THE NJC TRADE UNION SIDE PAY CLAIM FOR 2010/11**

The NJC Trade Union Side is submitting the following claim for a pay increase in 2010 -2011:

## **A £500 FLAT RATE INCREASE OR 2.5% - WHICHEVER IS THE GREATER**

**The claim is for one year only and distinct from any other negotiations over the Green Book. We would like negotiations to take place in an expeditious manner and for settlement to be reached by 1 April 2010.**

**An additional claim concerning Green Book conditions will be lodged before Christmas 2009.**

### **Glossary**

CIPD	Chartered Institute of Personnel and Development
CLG	(Department for) Communities and Local Government
IRS	Industrial Relations Services
LGA	Local Government Association
LGE	Local Government Employers
LGPS	Local Government Pension Scheme
NJC	National Joint Council for Local Government Services
WTE	Whole Time Equivalent

# 1. THE CONTEXT OF THE 2010-2011 NJC PAY CLAIM

With fewer people in local government as redundancies bite, work intensification is increasing and morale is becoming even worse. Both the LGA and UNISON put the level of redundancies in local government at between 7 – 10,000 over the past 6 – 9 months. This figure does not even include the number of agency staff who have been 'let go' and those who have taken early retirement. The trade unions believe that investment in the workforce through affordable pay and conditions improvements rather than tight financial restriction is vital, if local government is to win the battle for high calibre employees against the backdrop of better pay and conditions in the rest of the public sector. Local economies need local government jobs too. Demand for services is growing as the recession bites and local government spending generates wealth elsewhere in the local economy.

The financial and social costs of cutting public sector jobs has been highlighted by Richard Murphy of taxresearch.org.uk. His detailed calculation of tax loss, benefit costs and reduced support for the economy from redundancies demonstrates that 92% of the cost of making a public service worker redundant will be borne by the state through lost revenue and benefit payments. So, cutting the proposed 500,000 public sector jobs at £21,000 (and most local government workers earn less than that!) might reduce the pay bill by £10.5 billion, but would only save £0.8 billion. That's without the social costs of reduced access to education, social care, youth services and health-promoting leisure facilities. Low pay and the threat of redundancies are leaving the local government workforce feeling undervalued and over stretched.

In UNISON's 2008 'Time For A Change'<sup>1</sup> survey of 10,000 members in local government, 60% of local government workers stated that morale was worse than the previous year. We can expect that the wave of redundancies in local government has made the situation even harder. Unnecessary cuts in services and jobs will hit women the hardest – as three quarters of the workforce and as the members of local communities who will be expected to undertake care of children and the elderly currently provided by councils. This will hit household incomes hard.

Even in 2007 more than 70% of local authorities could not recruit NJC social workers and other social care staff<sup>2</sup>. The crisis in social care is not new. However, it has been made a lot worse by the tragic case of baby Peter. The LGA's own survey of councillors in charge of children's services shows that:

- Over the last six months, 57% say it has got more difficult to recruit child social workers
- Of these, 87% say they are having difficulties recruiting the frontline staff who protect vulnerable children
- Over the last six months, 38 % say that they have been finding it more difficult to retain children's social workers
- Of these, 91% say they are having difficulties keeping frontline workers
- 40% expect the recruitment of children's social workers to get harder over the next six months

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<sup>1</sup> 'Time for a Change' UNISON Local Government Survey (IDS 2008)

<sup>2</sup> Local Government the Place to be, the Place to Work - Delivering through People: The Local Government Workforce Strategy 2007

A recent Press Association survey<sup>3</sup> has also highlighted the extent of the problem with 16% of social work posts nationwide either being left empty or covered by temporary staff. Across England, 8.12% of social work posts are vacant and a further 8.21% are filled by temporary staff, making a total of 16.33%. There are 12 local authorities where more than 30% of positions are either empty or covered by agency workers and at one local authority only 55% of positions are filled by a regular employee. Additional research conducted by the Association of Directors of Adult Social Services (ADASS) in October found 60% of directors reporting extra demand for safeguarding related services since October last year, and 85% of those respondents cited a worsening of the situation since April as demand for social services continues to rocket!

We agree with Cllr Margaret Eaton, Chair of the LGA, when she says that, “being a child social worker is amongst the toughest jobs in Britain but it is vital that the profession is seen as attractive, as well as challenging<sup>4</sup>”. Part of the process of making it more attractive is to improve pay and conditions for social workers and other care staff with whom they work.

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 work alongside other groups of public sector workers but are treated far less favourably. This is not only unjust, but is giving rise to industrial relations problems and making joined-up working more difficult.

The Local Government and Public Involvement in Health Act 2007 was a stimulus to more joined up working across public services. Total Place is taking the concept of joined-up delivery further by examining all public service budgets within local authority areas. The Trade Union Side supports better co-ordination of service delivery – 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. It is time to begin re-aligning the relative worth of local government workers to those who they increasingly work alongside. With the ‘total place’ agenda and the drive for ever greater ‘efficiencies’ in service delivery on the horizon, these issues and the problems they throw up will increase unless action is taken

**We realise we are living in a tough economic climate but the LGA has genuine options as to how it responds to it - alongside the trade unions. One of those options is to promote local economies by better rewarding, promoting and valuing the local government workforce who work for them and sustain them.**

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<sup>3</sup> <http://www.lgcplus.com/5007511.article#>

<sup>4</sup> K:\LocalGov\Pay\Pay 2010\Research\LGA\Councils struggling to recruit social workers in wake of Baby P, survey reveals.htm

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## 2. COMPARING LOCAL GOVERNMENT PAY

### 2.1 NJC pay compared to other public sector workers

#### 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. After the elimination of the lowest scale point for probation staffs this year, those on the lowest scale point now earn nearly £2000 more than the lowest paid in local government. Police staff earn over a £1000 more.

<b>Table 1. Lowest NJC Pay Points Compared to Equivalent Police, HE and Probation Employees</b>			
<b>Local Government (Apr 09)</b>	<b>Police Staff (Sept 09)</b>	<b>Higher Education (Oct 09)</b> <i>(Rates based on 0.5% increase agreed by UNISON but not implemented due to ongoing discussions with other HE unions)</i>	<b>Probation (Oct 09)</b>
12,145	13,236	12,837	14,049
12,312	13,695	13,177	14,182
12,488	14,163	13,526	14,325
12,786	14,538	13,833	14,464
13,189	14,958	14,204	14,604

Since 1998, basic pay settlements in the NHS have outstripped those in local government. As will be seen later in Table 3, the uplifts needed to achieve equal pay for work of equal value through Agenda for Change have compounded these differences in basic pay. Although use of capitalisation has helped ease the pressure on councils, additional funding has not been made available for local authorities, a marked difference to the approach in the NHS. Those doing the same or equal work in close proximity are being rewarded increasingly unequal pay and conditions.

## 2.2 NHS: Same Work – Higher Pay

Agenda for Change was implemented across the UK in the NHS on 1 December 2004, with pay terms 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>5</sup>. As a result of government investment in Agenda for Change, the value of women's work in the NHS has been properly recognised and women's pay has seen a significant uplift to achieve equality. This is not the case in local government, where women make up almost three quarters of the workforce. Table 2 also shows, over the past ten years, the superior basic pay settlements for NHS staff. The NHS increase this year will be 2.54% and 2.5% in 2010-11, widening the earnings differential even further.

<b>Table 2. Local Government and NHS Pay Awards 1998 – 2008</b> <i>(without additional Agenda for Change uplifts)</i>												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<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	2.75	1.02
Index	100.00	103.00	106.09	109.80	114.20	118.19	121.44	124.78	128.46	131.64	135.26	136.64
<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>	<b>35.26</b>	<b>36.64</b>
<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	2.4	2.54
Index	100.00	104.7	108.26	112.27	116.31	120.06	123.93	127.93	131.12	133.79	137.47	140.91
<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>	<b>37.47</b>	<b>40.91</b>

<sup>5</sup> [http://www.rcn.org.uk/support/pay\\_and\\_conditions/agendaforchange](http://www.rcn.org.uk/support/pay_and_conditions/agendaforchange)  
C:\Documents and Settings\unisonuser\Desktop\NJCclaim2010-11.doc

Table 3 shows the differential in pay between comparable jobs in local government and the NHS. The near 23% pay differential between nursery nurses and the near 15% difference between a NHS Home/Residential Carer Team Leader and a Senior Care Worker 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 2009, the NHS bottom rate is £6.77 pence an hour compared to the bottom rate for local government workers at £6.30. However, the bottom pay points in the NHS are hardly used since most NHS cleaners and catering staff are on the top of scale point 4, earning £7.34 pence an hour, because of Agenda for Change increments.

<b>Table 3. NJC and NHS pay compared: £</b>					
<b>NHS</b>	<b>NJC</b>	<b>NJC</b>	<b>NHS</b>	<b>NHS</b>	<b>% NHS Pay Exceeds NJC Pay</b>
<b>Job Title</b>	<b>Job Title</b>	<b>Median Maximum Salary (IDS 2009 Survey)</b>	<b>37 ½ Hour Week Maximum Pay (1.4.2009)</b>	<b>37 Hour Week Equivalent (1.4.09)</b>	
Domestic Support Worker	Cleaner	<b>12,618</b>	13,944	<b>13,758</b>	9.0%
Catering Assistant	Catering Assistant	<b>12,849</b>	13,944	<b>13,758</b>	7.1%
Care Assistant	Home Care Assistant	<b>16,669</b>	16,333	<b>16,115</b>	-3.3%
Residential Carer	Residential Care Assistant	<b>16,495</b>	18,157	<b>17,915</b>	8.6%
Home/Residential Carer Team Leader	Senior Care Worker	<b>23,904</b>	27,844	<b>27,473</b>	14.9%
Social Worker	Social Worker in Children and Families	<b>31,439</b>	34,410	<b>33,951</b>	8.0%
Social Worker Specialist	Senior Social Worker	<b>34,592</b>	40,853	<b>40,308</b>	16.5%
Nursery Nurse	Nursery Nurse	<b>17,827</b>	22,152	<b>21,857</b>	22.6%

### **2.3 NJC pay compared to the rest of the public sector**

Table 4, overleaf, shows how those in local government have fallen well behind most other public sector workers, with NJC pay being only 89% of average public sector pay. Local government workers continue to be the poor relations in the public sector. This situation has been exacerbated by a public sector median pay increase of 2.3% over the 12 months to the end of August 2009, in stark contrast to NJC settlements<sup>6</sup>.

<sup>6</sup> <http://www.xperthr.co.uk/article/97298/annual-review-of-pay-trends-2008-09--pay-freezes-dominate.aspx?searchwords=pay+freeze#pf>  
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**Table 4. NJC Minimum Annual Pay 2008-09 compared to other public sector groups**

Department for Transport	16,169
Land Registry	15,677
Environment Agency	15,002
Defra	14,083
Probation	14,049
Scottish Government	14,000
Driver and Vehicle Licensing Agency	13,713
Driving Standards Agency	13,647
Home Office	13,417
Charity Commission	13,375
DfBERR (Now BIS)	13,353
FE Colleges	13,290
Companies House	13,196
HM Revenue & Customs	13,116
Foreign & Commonwealth Office	13,048
Forestry Commission	13,048
Department for Work and Pensions	12,850
Prison Service (England and Wales)	12,626
NHS	12,517
Universities	12,461
Police Staff	12,453
Ministry of Justice	12,050
<b>NJC</b>	<b>11,995</b>
<b>Average</b>	<b>13,481</b>
<b>NJC Pay as % of Average Public Sector Pay</b>	<b>89</b>

## 2.4 The Gender Pay Gap

Not only are local government employees the 'poor relations' of the public sector, but the gender pay gap within local government has narrowed very little. Restricting 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. UNISON's 2008 'Time for a Change' survey showed that the full-time male gross average salary of £2,170, per month, is nearly a fifth higher than the corresponding figure for women standing at £1,826. Put in other terms, the latter figure represented just 84.1% of the male average figure. The gender pay gap between part time women workers and full time men doing work of equal value is even higher.

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. Over ten years on from completion of the Single Status agreement, only 60% of councils have completed pay and grading reviews and implemented Single Status. Many women workers in local government have yet to achieve their statutory right to equal pay for work of equal value.

## 2.5 Public Sector Pay Settlements 2009 – 10

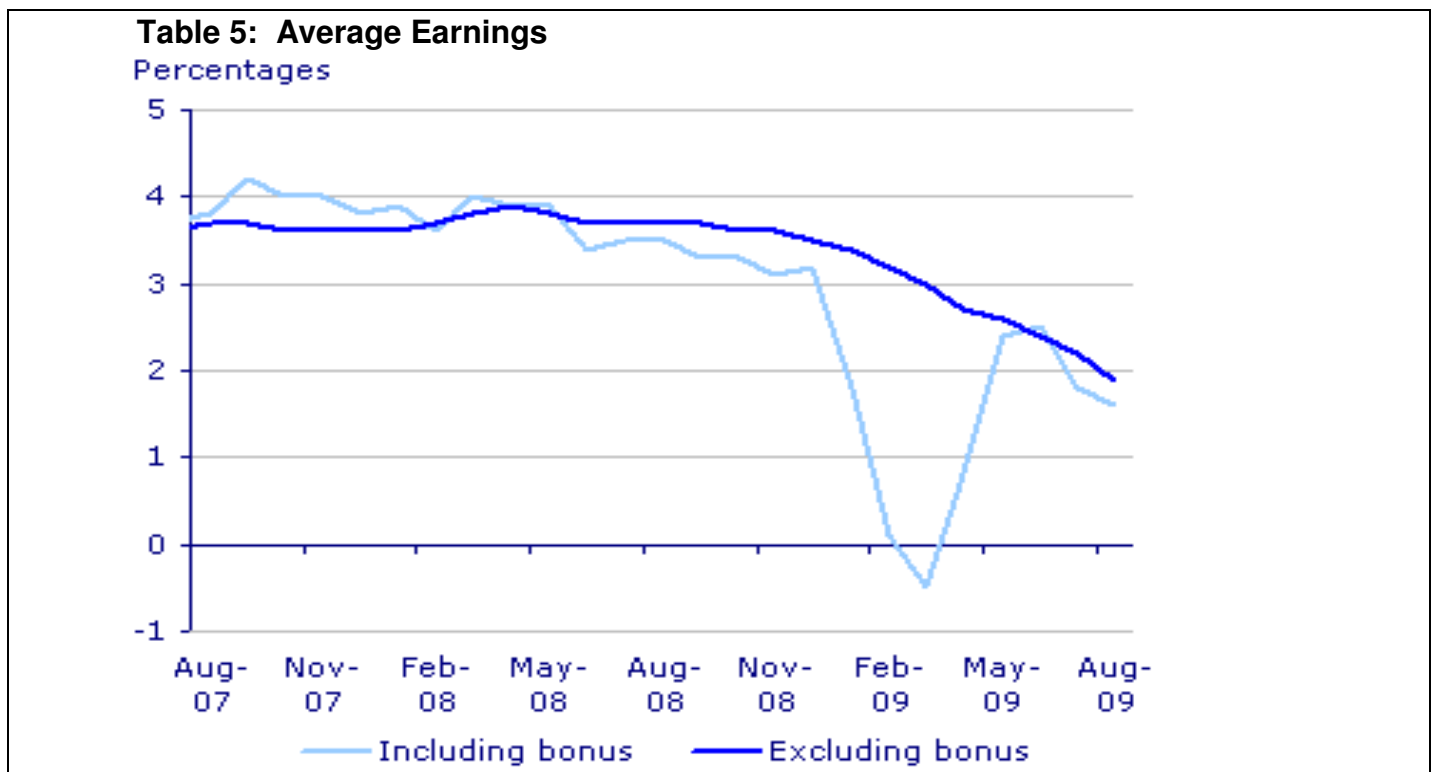
The following public sector settlements have been reached for 2009 - 10. The lowest increase in basic pay is 2.3% for Probation support staff, who also receive an increase in London weighting to £3,800 a year:

- In further education, agreement has been reached to increase pay by **1.5%** on all salaries and allowances from 1 August 2009
- In the NHS, the 2009 – 10 element of a three - year pay deal is a 2.4% basic pay increase and removal of the bottom point of Band 1, giving a new minimum rate of **£13, 233** a year. There will also be the removal of an incremental point in Band 5 and upward adjustments to several other pay points, making the total value of the pay uplift 2.54%
- Police staff received a 2.6% increase on all pay points and standby allowance, backdated to 1 September 2008. There was a 2.6% increase on all pay points and on standby allowance from 1 September 2009 and the deletion of the lowest pay point 1 on the national pay scale. This will give a new minimum wage from September 2009, of **£13, 236** a year
- Probation support staff will receive a pay increase on all pay points of **2.3% and an increase in London allowance to £3,800 a year**
- School teachers in England and Wales entered the second year of a three-year deal at **2.45% for each year from 1 September 2009.**

- 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**. A 0.5% pay offer for 2010 was accepted by UNISON but rejected by other HE unions. Discussions are continuing on the Trade Union Side.

## 2.6 NJC Pay Compared to Average Earnings

As shown in table 5 below, average earnings across the economy including bonuses rose by 1.6% in the year to August 2009, down from the July rate of 1.8%. Average earnings excluding bonuses rose by 1.9% in the year to August 2009, down from the July rate of 2.2%. As we will see later in graph 2 on Page 13, average earnings are set to climb considerably over the course of 2010.



In the year to August, pay growth, including bonuses, in the private sector stood at 1.2%, compared with 3.2% for the public sector. Excluding bonus payments, growth in the private sector stood at 1.5%, compared with 3.4% for the public sector (ONS<sup>7</sup>).

Average earnings in the public sector remain healthy largely because of advantageous pay increases outside of local government and, importantly, increases via Agenda for Change in the NHS. Even though the economy has been in recession for over a year, pay settlements across both the public and private sectors have outstripped inflation. In addition, pay freezes have been largely limited to the private sector and account for around 30% of settlements<sup>8</sup>. In the public sector, pay freezes make up just 5% of awards over the

<sup>7</sup> <http://www.statistics.gov.uk/cci/nugget.asp?id=10>

<sup>8</sup> <http://www.xperthr.co.uk/article/95716/pay-awards-fall-further-to-1percent.aspx>

year to the end of August 2009<sup>9</sup>. It is also clear from our own examination of individual council accounts, that affordability is not a universal problem. Much of the pressure on some council budgets is the consequence of councils choosing to freeze or reduce Council Tax – not the consequence of the recession.

## 2.7 Local Government Pay Compared to the National Minimum Wage (NMW)

The Low Pay Commission stated that “the 2009, 1.2% increase in the NMW (from £5.73 to £5.80) will be the tenth increase since it was introduced in April 1998”. From inception up to 2008, the NMW increased by 59.2%, compared to a 44.2% growth in average earnings. As we have seen in Table 2, the cumulative increase in local government pay settlements only amounts to a 35.26% increase over a similar period. Whilst we welcome the Government’s commitment to the NMW, the increased alignment between the low pay outside of local government and the low pay within it is a cause for concern. The 0.05% additional increase in local government pay for the lowest paid in 2009-10 was hardly cause for jubilation. Many employers link their pay increases to increases in the NMW in order to maintain the differential. We would expect the local government employers to follow a similar practice or face the prospect, if trends towards convergence continue, of being forced to increase pay for the lowest paid within local government on the basis of decisions made by the Low Pay Commission.

## 2.8 The need for a Living Wage

In addition, the hourly wage a worker needs to achieve a genuine ‘living wage’ has been calculated by the Minimum Income Standard Project to be £7.15 for a two-earner family with two children, even if they take up their full benefit entitlement. Many NJC employees are far below that modest rate. UNISON estimates that there are more than a quarter of a million workers in local government earning less than £6.50 an hour (251,947 WTE on 2008 workforce returns on 2009 scale point 6 or below). The minimum hourly rate for local government workers at £6.30 an hour from April 2009, falls well below this.

***According to the LGE’s 2008 figures, 59% (836,193 WTE) of workers in local government earned below £16,991 per year – that is £8,132 less than the median average, full time salary across the economy of £25,123 (Office for National Statistics’ Annual Survey of Hours and Earnings (ASHE) 2008).***

## 2.9 The Local Government Pension Scheme

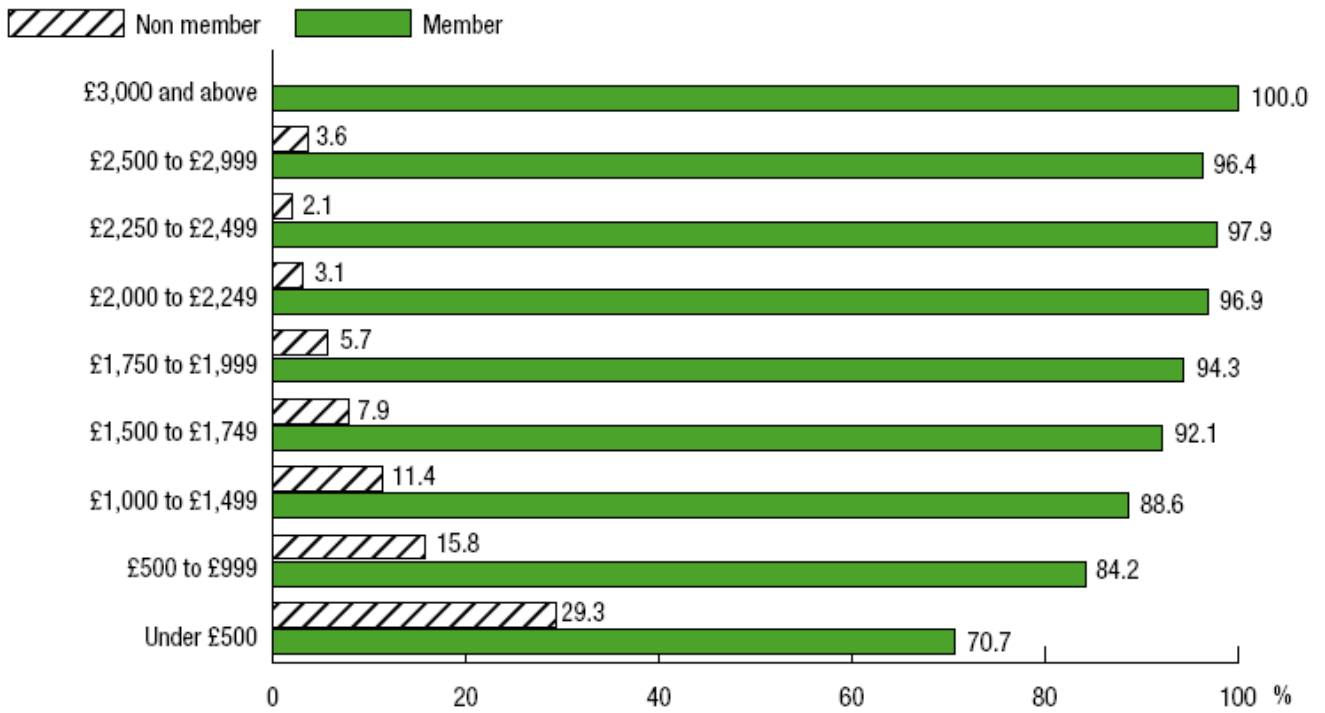
Low pay, especially prevalent amongst part-time workers, also prevents many NJC staff from joining the Local Government Pension Scheme. Graph 10 below, taken from the UNISON ‘Time For a Change’ survey 2008, shows that those on the bottom pay scales are least likely to be part of the scheme. As minimum contributions will increase by 5% in April 2010 this situation is unlikely to improve. In addition, it is also worth noting that income from **employees’** contributions to the Local Government Pension Scheme in 2008-09 **increased by 15%** on 2007-08 figures, whereas income from employers’ contributions rose by only 8% in the same period<sup>10</sup>.

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<sup>9</sup> <http://www.xperthr.co.uk/article/97298/annual-review-of-pay-trends-2008-09--pay-freezes-dominate.aspx?searchwords=pay+freeze#pf>

<sup>10</sup> CLG Statistical Release October 2009

# GRAPH 10 | Local Government Pension Scheme membership by net pay

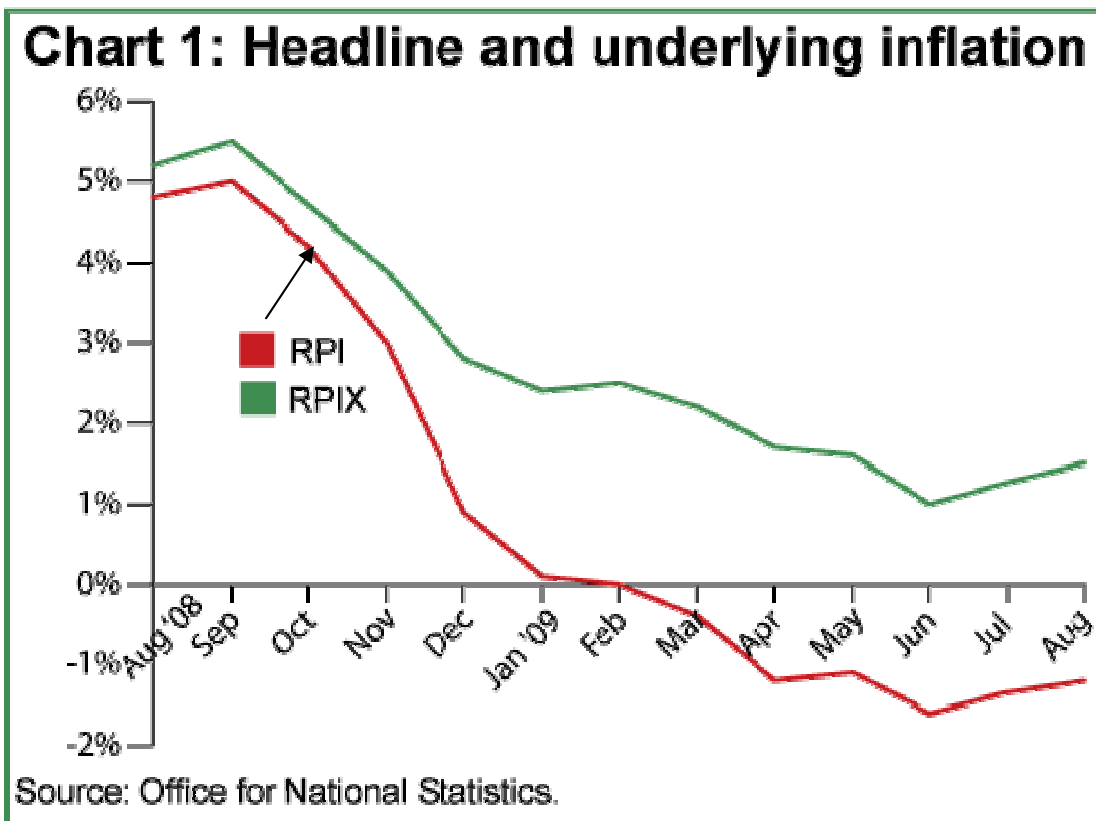


### 3. THE ECONOMIC ENVIRONMENT

#### 3.1 Inflation – The hidden costs for those on low incomes

Even though inflation has continued to fall over the past year, it averaged 3% (RPI) over the pay year 2008-9 (Table 8). Food price inflation continues to be high and is much higher for those on lower earnings - many in local government - as a percentage of their normal household budget. In addition, “neither of these indices (RPI or CPI) gives an accurate description of what has happened to the cost of a *minimum* household budget (see Table 9). This includes a different collection of goods and services from that used for inflation indices, which are based on general spending patterns. Since the prices of different types of goods and services are rising or falling at different rates, an overall household budget may rise by different amounts depending on its composition” (A Minimum Income Standard for Britain, Joseph Rowntree Foundation, 2009). The Rowntree report also showed that minimum living standard costs rose by about 5% in the year to April 2009, giving a minimum income calculation for a single person of £13,900 a year (based on assumptions about minimum housing costs). These figures are far higher than recent pay increases and minimum salary levels for NJC staff. Our members are feeling the cumulative effect of under-payment over a number of years. Chart 1 overleaf also shows that the underlying rate of inflation, the Retail Prices Index Excluding mortgage interest payments (RPIX), stood at 1.3% in September and has remained well above 1% for the past year.

Date		Headline RPI (% increase on year ago)	Consumer Price Index (CPI) (% increase on year ago)
Sept	09	-1.4	1.1
Aug	09	-1.3	1.6
July	09	-1.4	1.8
June	09	-1.6	1.8
May	09	-1.1	2.2
April	09	-1.2	2.3
Mar	09	-0.4	2.9
Feb	09	0	3.2
Jan	09	0.1	3.0
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



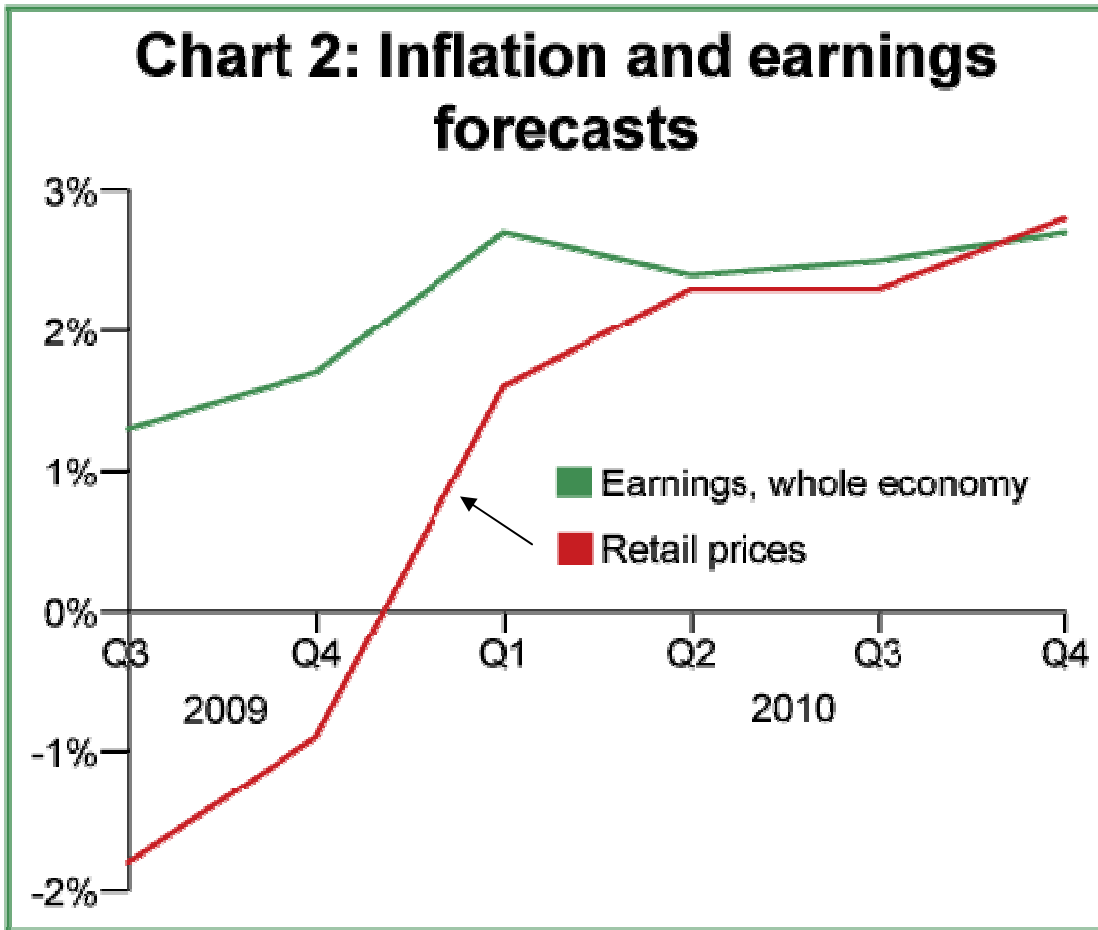
### 3.2 Inflation Forecasts

Given that the NJC pay claim is made several months in advance of its implementation, inflation forecasts are important indicators of cost-of-living increases. However, IRS states that there is a high degree of uncertainty over the inflation outlook for the next year and the Bank of England's August Inflation Report<sup>11</sup> states that inflation is likely to be "unusually volatile in the coming months". However, as Chart 2 indicates<sup>12</sup>, IRS forecast considerable earnings and inflation growth in 2010<sup>13</sup>, with inflation (RPI) averaging 2.1% for the year and earnings growth of 2.6%. Within this analysis, the re-imposition of VAT in January 2010 is likely to have a significant inflationary effect.

<sup>11</sup> <http://www.bankofengland.co.uk/publications/inflationreport/irlatest.htm>

<sup>12</sup> <http://www.xperthr.co.uk/article/16098/inflation.aspx>

<sup>13</sup> Many other commentators predict a similar upsurge, including the British Chambers of Commerce (BCC) in its September UK Economic Forecast: [http://www.britishchambers.org.uk/zones/policy/press-releases\\_1/recovery-has-started-but-economy-still-faces-huge-risks.html](http://www.britishchambers.org.uk/zones/policy/press-releases_1/recovery-has-started-but-economy-still-faces-huge-risks.html)



**Table 9: Inflation rates of spending categories and their importance in the RPI and Minimum Income Standard, April 2009**

Category	Annual inflation rate	% of RPI	% of MIS budget (single working age)
Food	8.6%	11.8%	19.9%
Alcohol	2.6%	6.3%	2.0%
Tobacco	0.0%	2.7%	0.0%
Clothing	-5.2%	3.9%	3.3%
Water rates	4.7%	1.4%	2.2%
Council Tax	2.7%	4.0%	6.2%
Household insurances	2.8%	0.8%	0.8%
Fuel	11.7%	4.9%	4.6%
Other housing costs	3.5%	2.1%	1.1%
Household goods	5.6%	7.0%	4.6%
Household services	2.5%	6.1%	4.6%
Personal goods and services	2.8%	4.1%	3.9%
Motoring	-5.1%	12.1%	0.0%
Other travel costs	6.8%	2.0%	8.3%
Social and cultural participation	4.1%	10.5%	14.0%
Rent*	3.0%	6.2%	24.4%
Mortgage	-46.9%	4.1%	0.0%

*(A Minimum Income Standard for Britain, Joseph Rowntree Foundation, 2009 p. 11)*

### 3.3 The Economy and the Local Government Response

Personal misery for our members and service users will be accompanied by crisis for many of our major towns and cities. 'Public Sector Cities – Trouble Ahead' published in July by the Centre for Cities, showed not only that 27% of all jobs are public sector ones, but that 45 of 64 UK cities are dependent on councils and other public bodies for a much higher proportion of employment than that. Newcastle, Liverpool, Swansea, Ipswich, Barnsley and Hastings are all 'highly vulnerable' economies without their public sector jobs.

The Centre for Cities' conclusion that the Government should avoid cuts 'while job destruction is outstripping job creation' is echoed by other noteworthy commentators. David Blanchflower - once of the Monetary Policy Committee and the only member to predict the recession - calls for increased Government spending now to avoid a 'semi-slump'. As he points out, the Government can borrow at low long-run rates of interest and investment in infrastructure and public services 'are smart investments for all our futures'. His message to

the three party leaders is: “If you want to transform a recession into a depression, go ahead and cut public spending”.

It is time for investment in local communities through investment in the pay and purchasing power of the NJC workforce. Those on lower incomes tend to spend a higher proportion of their salary locally than higher income groups. Paying a decent wage, investing in and supporting local communities are all necessary to combat the recession. The alternative path emerging - cuts in services, privatisation and redundancies will only undermine local morale, local government improvement and community leadership at a time when central Government is investing councils with important powers and responsibilities.

Polling this year by IPSOS MORI suggests that there is no great public appetite for generalised cuts. Far more people would prefer to see services made ‘more efficient’. When asked in April this year whether they preferred reduced spending on services or increased taxes, 53% of those polled opted for increased taxes, compared to 35% wanting reduced spending on public services. More recently, in June, only 29% of those polled wanted reduced Government borrowing and cuts to services, compared to 69% who wanted to see them left as they are or increased through extra income tax if necessary.

### 3.4 Public Sector Pay Settlements – the Myth of Inflationary Pressures?

***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- and certainly not the cause of the current financial crisis!*** Wage spirals have not materialised, as stated by Dr John Philpott<sup>14</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 Times in early 2008, “*an undergraduate who wrote in an essay that inflation was caused by public sector wage rises would receive a fail*”.

### 3.5 Workers in Debt

The relatively low levels of NJC pay, compounded by years of inflation and recent economic difficulties, are forcing an increasing number of our members into financial hardship and debt. *According to UNISON’s 2008 ‘Time For A Change’ survey, 41% of members have personal debt and of these 23.3% have debts totalling over £10,000. A low paid occupational group within local government, school caretakers, recorded significant levels of debt, with 34% of those in debt owing £10,000 or more. The personal and social consequences of high debt levels are numerous, but we can certainly correlate these findings with increasing levels of stress and low morale within the workforce.*

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<sup>14</sup> [http://www.cipd.co.uk/pressoffice/\\_articles/\\_jobsfigures170908.htm](http://www.cipd.co.uk/pressoffice/_articles/_jobsfigures170908.htm)  
C:\Documents and Settings\unisonuser\Desktop\NJCclaim2010-11.doc

### 3.6 The Housing Market

The latest UK house price index statistics produced by Communities and Local Government were released on Tuesday 13 October 2009. The key points from the release are:

- UK house prices were 5.6% lower than in August 2008 but 0.5% higher than in July 2009 (seasonally adjusted).
- The mix-adjusted average house price in the UK stood at £196,510 in August 2009 (not seasonally adjusted).
- UK house prices rose by 2.6% in the quarter ending August 2009. This compares with a fall of 1.7% for the quarter ending May 2009 (seasonally adjusted).

There are also wide variations in the housing market. A first-time buyer needs a staggering £93,000 salary to buy an average priced house in London, according to research published (Wednesday 14 October) by the National Housing Federation. The average house price in the capital is £362,810, requiring a gross annual income of £93,294 to get a 90% mortgage at 3.5 x salary<sup>15</sup>. Even outside of London, home ownership is well beyond the reach of many NJC workers struggling on low pay. This situation is made even worse by tighter borrowing restrictions imposed by the banks following the 'Credit Crunch'. Offsetting these challenges by helping to meet the requirements for basic essentials is fundamental to our claim for fairness in the 2010 – 2011 pay award.

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<sup>15</sup> <http://www.housing.org.uk/default.aspx?tabid=266&mid=1963&ctl=Details&ArticleID=2490>  
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## 4 THE AFFORDABILITY OF OUR CLAIM

### 4.1 Local Government Continues to Improve

Comprehensive Performance Assessment results have demonstrated that the overall performance of councils continues to improve. For the first time since the implementation of the 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.

2007 was the third year of the ‘harder test’ version of Comprehensive Performance Assessment and results showed that most councils were 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. Recent figures released on the performance of Welsh councils show that more than half of Welsh council services improved over the last 12 months<sup>16</sup>. In addition, local government employees have made a significant contribution in the context of local government efficiency savings, exceeding their target and recording ‘savings’ of £1.76 billion in 2008-09. Local government staff are responsible for delivering these improvements, yet they have been accepting real pay cuts since 2004.

### 4.2 The Financial Context

The financing of local authority services is derived from 3 main sources:

- Aggregate External Finance (comprising)
  - Specific and General Grants
  - Formula Grant (comprising)
    - Revenue Support Grant
    - Police Grant
    - Redistributed Non Domestic Rates
- Council Tax
- Fees and Charges

### 4.3 Outlook for 2010/11

The Government has already announced details of the English provisional local government finance settlement for 2010/11, “*and let me be clear – in line with the Government’s policy on three-year settlements, it is not intended that the 2010/11 formula grant proposals will be changed from those published today*” (Statement on local government finance in England, 2009-10, 26 November 2008, John Healey MP, Local Government Minister). In total, Government revenue funding for local authority services in England will be £73.1bn in 2009/10 and £76.4bn in 2010/11, overall grant increases of 4.2% and 4.4% respectively. This means that councils will have had above inflation increases every year since 1997 and an extra £8.9bn through this current 3-year settlement.

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<sup>16</sup> <http://www.lgcplus.com/5006909.article>  
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Specific and General Grants (excluding PFI) are planned to rise by 4.86% from £48.259bn to £50,605bn. Formula Grant (which comprises RSG and NNDR for receiving authorities and Police Grant) is planned to rise by 2.65% from £28.248bn to £28.996bn. Decisions about the level of Council Tax are made by individual local authorities. Some local authorities are creating budgetary difficulties for themselves, with the resulting pressure on services and jobs, by decisions to freeze or reduce Council Tax. This appears to be at odds with the wellbeing of our members and local communities.

In Wales the provisional settlement represents an increase in revenue support grant and non-domestic rates funding for 2010-2011 over 2009-2010 is 3.2% in cash terms or 2.1% before taking account of transfers.

Standard Council Tax in Wales increases from £836.09 to £887.21 (6.11%)

#### 4.4 Fees and charges

Local authorities have experienced some decrease in income due to the economic downturn. The most significant income reductions have occurred in planning fees, property searches and parking.

The fall in interest rates has reduced the Interest earned on investments. However, the fall in interest rates has reduced the costs of borrowing and has provided some authorities with an opportunity to reschedule debt portfolios. The 2008-09 NJC pay settlement reduced budgeted expenditure on employee costs by almost 1%.

Figures published by the Local Government Association on 11 August 2009 show that, in 2008-09, the loss of interest on balances was not as serious as councils had budgeted for. Extrapolating from the councils surveyed, the figures appeared to show that local authorities were £323m better off than expected. Interest on balances had fallen by £428m, instead of the £751m that councils had budgeted for.

This appears to be confirmed by councils themselves in the data returned to the Government by local authorities in England in their provisional outturn (RO) returns to the CLG.

Each year (2003/04 – 2007/08) local councils in England have budgeted on the basis that they will need to use some of their reserves to balance their budgets. However the outturn figures show that they have added to their reserves. The largest increase was in 2007/08 when councils in England forecast a reduction of £890m in reserves but actually added £1,499m to their reserves.

	Budgeted for Change £m		Actual change £m	
	Non School Reserves	All Reserves	Non School Reserves	All Reserves
2003/04	-242	-246	1117	1265
2004/05	-573	-572	1143	1339
2005/06	-512	-511	767	810
2006/07	-560	-572	543	695
2007/08	-874	-890	1259	1499

Source: RA and RO returns 2003/04 to 2007/08

2008/09 has been a difficult year financially. When councils set their budgets they planned on the basis that:

- School Reserves would fall by £35m
- Earmarked Reserves would fall by £927m
- Unallocated reserves would fall by £231m

In September 2009 the Office of National Statistics published the provisional outturn figures for 2008/09.

- School Reserves did fall - by £142m not just the £35m forecast
- Earmarked Reserves did not fall – they were up £345m
- Unallocated reserves did not fall – they were up £47m
- Change – up £250m

In some of the most difficult economic circumstances in recent times local authorities in England increased their reserves (school, earmarked and unallocated) by £250m.

## 5. **Concluding Remarks**

Our claim seeks to address the ongoing relative decline in NJC workers' earnings, especially when compared to the NHS and almost every other group of public sector workers. Conditions such as annual leave, sick pay and parental rights also need to improve in line with the rest of the public sector through realisation of claims which are long outstanding. Substantial improvement in public services cannot be delivered by a workforce experiencing such high level of redundancies, low pay, low morale and less advantageous conditions than many of the workers they work alongside. Joined- up service delivery – an aim of Government supported by the NJC unions – requires that NJC staff do not continue to see a decline in their pay and conditions relative to other public service workers.

For these reasons, we believe that our claim is a just one, well supported by evidence, and one we hope will be given the very serious consideration it deserves.