



PAY CLAIM 2016

INTRODUCTION

This pay claim is submitted by UNISON on behalf of Test Valley Borough Council.

UNISON's claim seeks to achieve the following:

- appropriate reward for the major change our members have experienced for example, cuts in services and public sector, constant targeting of public services and restructures with increased workload resulting from reduced staff levels. Members of staff have demonstrated a level of determination, innovation and stoicism which should be recognised and rewarded.
- reward for the increasing stress faced by front line workers arising from increased workload following cuts in staff both within and outside of Test Valley, increase in our customer numbers.
- a pay rise to help restore and/or maintain living standards of staff to include the proposed increase in National Insurance for those saving responsibly for their retirement.
- reward to address the fall in living standards and ensure that the workforce shares in the economic recovery and benefits the local economy.

UNISON is therefore submitting the following claim for 2016 which seeks to improve and enhance the morale and productivity of these staff. Meeting our claim will give the the opportunity to demonstrate its commitment to creating a workforce which is well-paid and high in morale and productivity. The claim is straightforward and realistic.

SUMMARY CLAIM

We are seeking:

- A 4% across the board increase on all salary points and allowances.
- A continuing commitment to pay at least the living wage to its lowest paid employees.

1. BACKGROUND TO THE CLAIM

An increase will help restore and maintain living standards of the staff who have seen their real pay eroded over almost a decade. Members were consulted at our annual AGM and came out in unanimous support for the 4%

The greatest asset of Test Valley Borough Council is its employees. Staff are looking to this pay round for evidence of the value which Test Valley Borough Council places upon them and that they will share in the economic recovery.

This claim is both realistic and fair. The following gives full justification for the claim. UNISON hopes that Test Valley Borough Council will give this claim the full consideration and response which the staff expect and justly deserve.

2. FALLING VALUE OF PAY

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

	Test Valley pay increases	Rise in cost of living ¹ (as measured by Retail Prices Index)
2010	0%	4.6%
2011	0%	5.2%
2012	1%	3.2%
2013	1%	3.0%
2014	2.5%	2.4%
2015	2.5%	1.0%

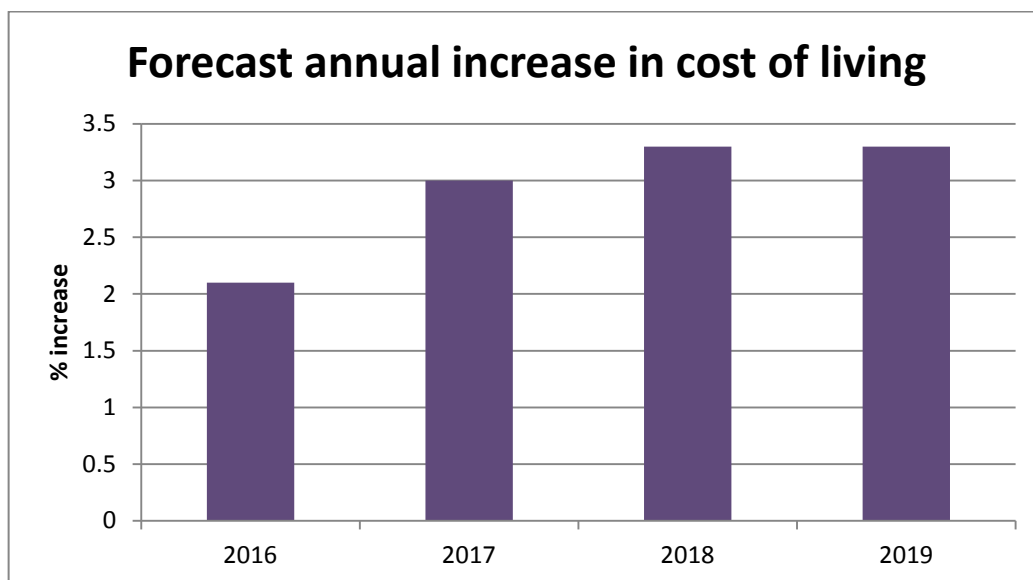
This means that, while the cost of living has risen by close to 19.5% over the last five years, pay has risen by just 7%, which means that thousands of pounds have been cut out of the value of staff wages.

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

Treasury forecasts indicate that the cost of living is set to rise significantly once more, with the 2016 rate hitting 2.1% followed by an acceleration to over 3% a year between 2017 and 2019, in line with the pattern below.

¹ Office for National Statistics, Consumer Price Inflation Reference Tables, December 2014

² Institute of Fiscal Studies, IFS Green Budget 2014



Source: HM Treasury, Forecasts for the UK Economy, November 2015

UNISON believes that the Retail Price Index (RPI) measure of inflation represents the best measure of changes in prices faced by employees, as it includes the housing costs that form a significant part of most employee's expenditure, data collection is tied more tightly to working households than the Consumer Price Index (CPI).

In addition CPI utilises a statistical method called the geometric mean, which is based on the idea that consumers switch to cheaper products when faced with price rises. UNISON does not believe that this is an appropriate method for calculating inflation and results in a consistent under-estimation of the real inflation in the cost of living faced by members. Therefore, UNISON supports the use of RPI, which remains the most widely used basis for pay negotiations across the public and private sector.

Pay increases below these forecasts will only lead to a further erosion in the real value of take home pay.

3. OTHER ASPECTS OF HOUSEHOLD INCOME

Earlier sections have already demonstrated that pay has not kept pace with inflation. Other aspects of household income have also seen their real value reduced and will, under current Government plans, continue to do so.

Child Benefit and Tax Credits, for example, have not kept pace with inflation and the operation of tapers has clawed back most of any increases in personal tax allowances. The replacement of Council Tax Benefit with locally determined arrangements for Council Tax Support have resulted in significant additional increases for those on low incomes.

4. RECRUITMENT AND RETENTION ISSUES

High turnover is costly to Test Valley Borough Council and investing in competitive pay will help to retain staff.

5. LOW PAY

It is vital that pay settlements continue to address the ongoing general problem of low pay in Test Valley Borough Council. High inflation levels over the past year have been particularly hard on those at the bottom end of the pay scale because they spend a higher proportion of their salary on basics such as fuel, light and housing. With less disposable income, low paid workers are having increasing difficulty providing an adequate living standard for their children.

The Joseph Rowntree Foundation also calculates a Minimum Income Standard, which is based on what members of the public think people need to achieve a socially acceptable standard of living. In 2015, that standard stood at £17,100 for a single person and at least £20,000 each for a couple with two children, both working full-time³.

6. MINIMUM WAGE

The minimum wage rose in October 2015 to £6.70 an hour. This gives a minimum full time wage of £12,925⁴ a year from October 2015.

7. LIVING WAGE

The 'Living Wage', or 'minimum income standard' is increasingly being used to determine the basic level of income required to avoid poverty and have a 'low cost but acceptable' standard of living.

The Living Wage is currently £8.25/hour (£9.40/hour in London).

£8.25/hour is equivalent to £305.25/week for a 37 hour week or an annual salary of £15,915.74.⁵

A growing number of local authorities are using the Living Wage as the minimum rate of pay for their employees. They are ensuring that all their staff are paid above this minimum level, and that all contracts they are responsible for have staff paid above this rate.

Test Valley should continue its commitment to pay at least the living wage to its lowest paid employees.

8. AFFORDABILITY

Although we are in difficult economic times Test Valley can ill afford to stop investing in its staff and we believe that this claim is well within affordable parameters.

³ Joseph Rowntree Foundation, A Minimum Income Standard for the UK in 2015, July 2015

⁴ £6.70/hour times 37 hours times 52.14

⁵ £8.25 times 37 hours times 52.14

9. CONCLUSION

There can be no doubt that all staff working for Test Valley Borough Council have seen a significant fall in their living standards. Their real earnings have fallen substantially.

To deliver a quality service Test Valley Borough Council relies on its workforce and the retention of a specialist, skilled, experienced and dedicated workforce is important to the quality of service delivery. Competition for that workforce from other sectors is strong.

2016 is the year in which Test Valley Borough Council can continue to demonstrate that its workforce is included in the recovery. This is a fair and realistic claim which we ask the Test Valley Borough Council to meet in full.