



LOCAL PAY CLAIM 2023

INTRODUCTION

This pay claim is submitted jointly by GMB, UNISON and UNITE on behalf of our members employed by Test Valley Borough Council.

Our claim is for the following:

- An above-inflation increase of RPI plus 2% on all salary points and allowances to help restore and maintain employees' living standards
[The RPI figure used is from the Office for National Statistics which stands at 13.8% for the year to February 2023]
- A commitment to review the Council's other pay and allowances (including those not covered by NJC such as mileage allowance and out of hours working), with a view to introducing suitable increases to recognise the additional pressures being faced by staff in key areas
- A one day increase to the minimum paid annual leave entitlement for all staff who did not receive this increase in 2022
- A review of working hours in order to seek an overall reduction in the working week without loss of pay

GMB, UNISON and UNITE are therefore submitting the following claim for 2023, which seeks to improve and enhance the morale and productivity of our members. As part of this process, we expect the council to engage in some meaningful and transparent discussions this year rather than simply echoing the NJC offer.

Meeting our claim will give TVBC the opportunity to demonstrate its commitment to creating a workforce which is properly rewarded for the efforts they continue to make.

1. BACKGROUND TO THE CLAIM

According to the Office for National Statistics, gas prices rose 129.4% in the year to February 2023, while electricity prices rose 66.7%, food and non-alcoholic beverages increased by 18.2%, UK private rental prices increased by 4.7% and petrol went up by 4.6% during the same period.

In the UK, the price of consumer goods and services rose at the fastest rate in four decades in the year to October 2022 and annual inflation – regardless of which indices is used – continues to increase. The CPI annual rate to February 2023

stands at 10.4% whilst the level of RPI for the same period is 13.8%. No surprise therefore that after adjusting for inflation (the rising cost of goods and services), regular pay fell in real terms over the year by 2.4%.

A recent snapshot survey of our membership continues to show that over 80% feel they are worse off than the year before. Nearly 70% rely on getting On Call payments to increase their take home pay, and over 22% need to claim state benefits to supplement their income.

Nevertheless, the greatest asset of TVBC is its employees. In this pay round, our members are looking for evidence of the value that TVBC places upon them and a recognition of the work they have been doing and the value that they bring to the authority.

A substantial pay increase will therefore not only help restore and maintain living standards of staff who have seen their real pay eroded over the years, but will also address the cost of living crisis that they now face.

2. FALLING VALUE OF PAY

The table below demonstrates how overall, salary increases at TVBC over the last ten years have not kept pace with inflation and the cost of living:

	TVBC pay increases	Rise in cost of living ¹ (as measured by Retail Prices Index)
2013	1% subject a minimum increase of £250	3.0%
2014	2.5%	2.4%
2015	2.5%	1.0%
2016	2.5%	1.8%
2017	2.5%	3.6%
2018	2.5%	3.3%
2019	4% up to Grade 6 and 2.5% for Grade 7 and above	2.4%
2020	2.75%	1.6%
2021	1.75% up to Grade 6 and 1.5% for Grade 7 and above	4.8%
2022	£1925 flat rate payment	8.2%

In March 2023, the Office for Budget Responsibility said real household disposable income per person was on course to fall by a cumulative 5.7% over 2022/23 and 2023/24 - the biggest two-year drop since records began in 1956/57.

¹ Office for National Statistics, Consumer Price Inflation Reference Tables, March 2018 and <https://www.unison.org.uk/content/uploads/2020/07/Pay-claims.pdf>

Living standards are set to fall by 4.3% in 2022-23 and 2.7% in 2023-2024, for a cumulative fall of 7% between 2022 and 2024. This will wipe out the previous eight years of growth in living standards and is the biggest fall on record.

Even with recent changes to the UK tax code so that more of us will now pay additional taxes, and stalling GDP growth, inflation is the main driver of this fall in living standards. But it's important to remember that the expected 7% drop is an average figure. In reality, the fall will be much greater for some households and than others.

The annual inflation rate up to October this year was 11.9% for low-income households and 10.5% for high-income households, compared with an all-households (average) rate of 11.1%. This is because energy and food costs – the major drivers of UK inflation right now – make up a greater proportion of household budgets for the less well off.

3. A NEW STANDARD MINIMUM PAY BENCHMARK - £15 AN HOUR

We acknowledge the council has created a new Grade 3 and abolished Grades 1 and 2 in order to address the issue of pay rates at the lower end of the scale. However, we are also aware that TVBC currently has 336 permanent staff, apprentices and casual staff on less than £15 an hour.

Establishing a minimum hourly rate well above the National Minimum and Living Wage would enable TVBC to build in some headroom now and avoid skirting a new legal minimum wage in the future. However, by abolishing Grades 1 and 2, the council has created further complications around the issue of pay differentials – which will also need to be addressed.

As an authority, there is also good reason to call on the Government to fund an increase in local government pay. Analysis by the IPPR found that 43% of the cost of raising public sector pay would be returned to the Treasury through taxation and lower social security costs.² The macro-economic benefits of moving to two-thirds of average earnings, in terms of generating employment through the multiplier effect and increased government revenue, have been set out in a report commissioned by UNISON as evidence to the Low Pay Commission.³

With the government having now raised the national minimum wage to £10.42 from April 2023, many organisations including our unions are making calls for a new minimum wage target of £15 per hour. This would provide a significant uplift to those on low incomes, especially those who have seen their household costs skyrocket during the cost of living crisis.

The Progressive Economy Forum (PEF) calculated that a £15 minimum wage would save the government £4.2bn on benefits payments that top up the wages of people on low-incomes and raise an extra £30bn in taxes.

² IPPR, Uncapped Potential: The Fiscal and Economic Impact of Lifting the Public Sector Pay Cap, November 2017, <https://www.ippr.org/files/2017-11/uncapped-potential-november2017.pdf>

³ <https://www.unison.org.uk/content/uploads/2019/06/Supplementary-Evidence-2019-Landman-Economics-Report.pdf>

4. RECRUITMENT AND RETENTION PRESSURES BUILDING

The latest analysis from the LGA shows that average vacancy rates appear to have risen in the last year, but there has been little change in turnover. It is possible that vacancy rates reflect the availability of jobs in other sectors, especially as recruitment and retention difficulties remain high for many councils.

TVBC's vacancy rate (the number of vacant posts divided by the total number of posts in the council) currently stands at 17.4% and turnover in the last three quarters (the total number of leavers as a percentage of the number of people employed during a given period) has been rising from 2.16% to 4.09%.

One key areas that local authorities therefore need to consider are the incentives and career opportunities available, as well as flexible working and the quality of job design to support and nurture employees. This has been an important aspect of the recent home working situation brought about by Covid.

However, it remains that pay is one of the crucial determining factors that affect recruitment and retention. Findings from our membership surveys show that 36% of staff have seriously considered leaving the council in the last 12 months, with a further 32% having also considered the option. Even more worrying is that these results include many staff with over 20 years' service. This should therefore be a concern to the council and its elected members.

6. MORALE UNDER THREAT

Working against a background of budget cuts and the Covid pandemic, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to TVBC's ability to provide a consistent quality of service. Our surveys found:

- Over 62% say their workload has increased in the last year compared to pre-Covid levels
- Over 65% say stress levels have increased
- Staff are finding it increasingly difficult to balance their work and domestic commitments

These are serious concerns that TVBC need to address. One of the first steps towards doing this would of course be to introduce a meaningful pay award in 2023.

7. CONCLUSION

Our members are acutely aware of the council's financial challenges, including those which have arisen due to the Covid pandemic. However, they are also aware of the economic realities that they currently face and the importance of maintaining confidence between the council and its staff.

Investment in the workforce is often seen as distinct from investment in better public services. However, there's a clear link between decent pay and conditions and quality services - services that are responsive, reliable, consistent, caring and accessible. Continued improvement depends on decent pay, conditions and staff training and development. In many cases, the service *is* the staff.

The rewards employers will reap in return for investment in the well-being of their employees cannot be underestimated. An employer offering a pay cut in real terms, on top of cuts in the last ten years, will ultimately struggle to retain or attract the existing and new skilled people it needs for the future.

There can be no doubt that all employees working for TVBC have seen a fall in their living standards over time. Yet to deliver a quality service, the authority relies on its workforce, and the retention of a specialist, skilled, experienced and dedicated staff is important to the quality of service delivery.

In this pay round, TVBC can further demonstrate that its workforce is properly and adequately recognised and valued. This is a fair and realistic claim which we are happy to consult over in order to explain how the council can and should meet it in full.