

PAY OFFER IS FAIR, REASONABLE AND ALL THAT CAN BE AFFORDED

Standfirst

With the unions threatening the first national strike action for over a decade, Charles Nolda (Executive Director of the Employers' Organisation), explains the collective position taken by local authorities as employers.

Let's be clear at the outset. Local government staff do an excellent job. They are mostly committed people who provide good services to the public. Everything we are trying to achieve in modernising and improving our services depends upon them.

Nationally and locally, council employers know this. We value our workforce and try to provide them with the best possible employment package.

For example, our pension provision, based on final salary, compares very favourably with many private firms, which are busy tearing up their schemes.. Good pensions, cost money. This year many authorities had to find large sums to keep the pension fund topped up. For every pound our employees get in pay, councils pay another 15p into their pension funds

Local government workers also benefit from family friendly policies, flexibility at work, and excellent training and development opportunities. Our sickness benefit scheme, hours of work and holiday entitlements, are often far superior to those of other employers.

Overall local government is a good place to work. Over the years councils have invested in the workforce, and worked closely with the trade unions, to make it so. This is why people want to come to work for us. Across most of the country, (and excluding some specialised jobs) we are able to fill our job vacancies fairly easily.

But all this costs money and councils have to balance money for the workforce, with that for service provision. We are in business to provide services to the public. That is the reason we employ people at all..

We also have to live within our means. Budgets are real. Local government cannot conjure cash from thin air. If we spend too much on wages, then services will have to be cut or workers made redundant. That is economic reality.

This year we found that the government ring-fenced more of its grant to local authorities, which meant we had less choice over how to spend the available cash.. Over a quarter of councils found that they had 2.3%, or less, to pay for an increase in wages this year. The Employers had to squeeze the last drop from their resources to offer 3%.

Let me make it absolutely clear that this is the most authorities can afford. It is not a negotiating position. A vote for strike action will not magically free up more resources and make us increase our offer. There is no more money.

Anyone voting for a strike should be equally clear. It will be futile. However 'successful' a strike is, it will not add one penny to the Employers' resources. It will only mean that those

who strike will lose money – one fifth of a week's wages for every day on strike. It will not bring the Employers back to negotiations with extra money to offer.

I hope very much that our employees will take the 3% on offer now and reject the prospect of divisive and pointless strike action.

3% is a fair, and realistic offer.

- It is double the level of inflation (1.5%), so it represents a real increase in wages
- It means local government will be better paid and work shorter hours than many other public workers, such as those in the NHS
- It is enough to ensure that. The lowest paid will be 20% above the national minimum wage
- It is better than the current rate of settlements in the private sector (2.6%)

Over the last decade local government earnings have risen faster than inflation. Earnings rose 46% and price inflation 29%. Our staff deserve that, and they also deserve a decent rise this year. What we cannot do is destroy services and jobs to fund an increase in pay that is beyond our means.

The contrast between our offer and the claim could not be more stark. The union leadership put in a claim that would add 11.8% to the pay bill (£1,750 or 6%, whichever was the greater). No Council could afford the union claim. It is fantasy finance. An increase of 11.8% would result in many workers being laid off, others losing out in competition to cheaper private firms or every household in the country being asked to pay an extra £80 in Council tax.

I hope that in the next few weeks, as the ballot takes place, councillors and managers will make these same points to their local workforces. A strike is in no one's interest. It will not create any extra money. It will cause problems for those dependent on our services, damage public confidence in our sector, and result in lots of decent hard-working employees losing money to no purpose..

COUNTDOWN TO THE DISPUTE

October/ November 2001 Employers brief all local authorities on forthcoming pay issues with meetings held in all regions

December 2001	Unions submit pay claim
December – January 2002	Employers consult every local authority with detailed questionnaire and regional meetings
6 February 2002	Employers make initial offer of 2.5%. Unions reject. All authorities briefed on developments.
28 February	Employers make final offer of 3%. Unions reject and decide to consult. All authorities briefed on developments
March	Union consultation on 3%. Not an individual ballot of members. Employers brief councils with suggested publicity.
April	Union consultation rejects 3%. Unions announce will hold strike ballot. All authorities briefed on developments.
May	Unions finalise membership list.
10 June	Ballot for strike action begins
5 July	Ballot for strike action closes
15 July	If ballot in favour, industrial action will start around this time.

How national negotiations take place : background

Over 90% of local authorities in England and Wales are affected by national pay negotiations. They are represented by 24 councillors nominated by the LGA, who negotiate with their union counterparts in the National Joint Council. The chair of the employers side is Councillor Brian Baldwin CBE. Negotiations cover 1.2 million workers. Every year employers and unions negotiate on pay and conditions.

Day to day negotiations with the unions are handled on behalf of the LGA by the Employers Organisation for local government. The EO was set up by the LGA in April 1999, to support local authorities in their human resources role. It does this by providing expert advice and information on people management and development in local government, and leading the formulation of policy on some employer issues. Chair of the EO is Councillor Ian Swithenbank CBE. Its Executive Director is Charles Nolda.

For more information about the work of the EO and pay negotiations :
www.lg-employers.gov.uk

or call Lesley Skinner, Head of Local Government Services 020 7296 6754 or
Harry Honnor, Negotiations Officer 020 7296 6826



LOCAL GOVERNMENT PAY DISPUTE 2002

Main messages

1. 3% offer is fair and reasonable
2. There is no more money. It is all councils can afford.
3. Vote no to strike action means can get 3% increase now

Secondary messages

1. Vote for strike action will not result in more money being offered.
2. Strikers will lose money
3. Local government workers have better pay and conditions than many other comparable workers.



FIVE KEY FACTS

1. Good employer

Compared to many other employers in the private and the public sector, local government is a good employer. The overall package of benefits compares very favourably. Wages compare reasonably well. Its holiday entitlements are high. Many councils operate flexibility of hours, to make them more family friendly. There are many opportunities for training and development. And its pension scheme is still a final salary scheme. All this costs councils. Wages are only part of the package.

2. Earnings have kept ahead of inflation

Over the last ten years average earnings in local government have risen by 46%, whereas price inflation has gone up by 29%.

3. This year's pay offer is above inflation

Inflation is still historically low. The current headline figure is 1.5 %. The employers' offer is double that. So it is a real increase in wages.

4. Councils have to balance demands

Councils exist to provide services to the public. They have to balance out improving services with increasing wages and other financial demands. Wages are not the only financial demand.

Councils also have to meet the following demands:

- 0.5% overrun last year for most authorities
- widespread increases in employer pension contributions
- increased numbers employed in local government - last year the paybill grew by 5.8% of which only 3% was attributable to pay
- making good gaps in government grant (eg. social services £1 billion)
- allowing for the cost of increments and of local grading reviews

5. All residents can afford

The grant from government this year was only 2.3% for a quarter of authorities. 3% is the most councils can afford. The union claim would cost the average Council taxpayer an extra £80, with no improvement in service. To date there is no demand from the public volunteering to pay this extra £80.

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SIX REBUTTAL POINTS

1. Health support workers get better deal

Not true. Local government workers work a 37 hour week; blue collar workers in the NHS are on 39 hours. Even after the wage rise NHS workers received this year, the 3% offer in local government would mean that the minimum wage for local government workers would be 7% above that received in the NHS (33p an hour more). Average full time earnings in local government are above those in the NHS.

2. Need to tackle recruitment and retention

Recruitment and retention difficulties are local and should be tackled locally. The system is flexible enough to do this by offering attractive packages for key posts. It would be a waste of money, and counter-productive to deny councils the financial opportunities to do this by taking away money in a massive national increase.

3. Lowest paid need special help

Weighting the pay rise to the lower paid as the unions want is economically wrong. It would make our most vulnerable services, like cleaning and catering, completely uncompetitive. The result would be large-scale outsourcing. Our lowest pay rates are anyhow ahead of the rates paid by competitors in most parts of the country. With the offer the lowest paid will be 20% above the minimum wage rate. Our conditions of service (pensions, hours of work, sick pay) are often better.

4. Local government falling behind rest of economy

Not true. Pay settlements elsewhere are falling. For instance, the Engineering Employers' Federation reports that average settlements in the sector have dropped by 0.1% and are now at 2.3%. Over 60 firms have frozen pay this year. Industrial Relations Services say that the average settlements in the whole economy are around 3%; 2.6% in the private sector.

5. Local government specially bad on equal pay

More work needs to be done to tackle the gender pay gap. This gap is not as wide in local government as elsewhere and it is narrowing. The best way to deal with the equal pay issue is through local grading reviews. The latest survey from the Employers Organisation shows that about two-thirds of authorities have either completed (16%) such reviews or are in the process of conducting them (50%). As the unions point out in their claim, these grading reviews add to local paybill costs - a 3%-5% addition is the usual experience.

6. Councillors over paid

The average annual allowance paid to councillors is just over £4000. No full-time worker earns anything like this. The average paid to councillors in leading positions, in charge of budgets often worth hundreds of millions of pounds is just £12,000.

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