Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees

PAY CLAIM 2023-2024

This JNC pay claim for 2023/24 is made by the Joint Trade Union Side (GMB and UNITE) to the Local Government Association.

Our claim is for:

- **An increase in all pay rates and allowances of RPI (13.4%)+2%**
- **A substantial additional increase to tool allowances, and tool insurance cover**

Also:

- **A recruitment and retention payment**
- **Reduction in the basic working week to 35 hours with no loss of earnings**
- **An increase of two annual leave days**
- **A payment for increasing use of technology (PDAs) and home energy systems around tools and vehicles.**

February 2023

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CONTEXT OF OUR CLAIM

The trade union side recognises the difficult climate in which pay negotiations are taking place. Rapid inflation means that local government staff continue to face real terms pay cuts with an average of 25% lost from the value of local government pay since 2010.

This has made local authority pay uncompetitive with pay in the wider construction and associated industries and worsened an already serious recruitment and retention crisis in local government.

With a continued severe strain on our members' cost of living, increased bills for energy, food and housing costs, we believe that an above inflation settlement is critical if services are to be delivered.

Over the last year, the cost of living crisis has pushed gas prices up by 132%, electricity by 66% and mortgage interest payments by 26%. Meanwhile other previously rising costs have continued to grow (petrol and oil costs by 22%, house prices and rents by approx. 10%). As these household costs continue to rise, the value of staff pay keeps falling.

The government states that it cannot afford higher pay for public sector workers. Yet the rules of supply and demand remain: to maintain service levels for the public, local authorities need staff to deliver these services. Historic low pay and rising inflation does not alter that demand for services – and yet low pay in local government means councils and schools are struggling to recruit/retain staff and provide expected levels of service. 81% of local authorities now say they are concerned about their capacity to deliver services due to their ability to recruit and retain staff.

If this trend continues, local government will become an unattractive employer for the workforce at large. Despite rampant inflation and the cost of living crisis, unemployment in the UK remains at an historic low. If local government workers feel underpaid and undervalued, it’s now easier than ever for them to find better paid, less stressful work elsewhere.

If JNC pay falls further behind rates in the wider labour market, local government will be unable to attract new applicants – who are likely to seek better paid work in less demanding and better paying private sector settings (many of whom have caught up with or overtaken local government wages).

With rapid inflation and stagnant pay growth pushing people into poverty, the TUC and JNC unions are calling on the government to set a £15 per hour minimum wage target as soon as possible.

Local government building workers have endured austerity, a pandemic, during which our members continued to deliver improvements to housing, rebuilt public buildings, and went to work; they were on the front line, and have received a real terms pay cut with no recognition as a reward.

All this during a cost of living crisis against a backdrop of year-on-year cuts to the value of their pay. In a sector that is now deeply reliant on an aging workforce, agency workers it is unlikely to withstand another crisis.

We are calling for a one-year settlement on the basis of negotiation to enhance Red Book terms and conditions (with no reductions in those terms and conditions).

Our claim for RPI (currently 13.4%)+2% is a fair one, that would go some way to reversing the 25% average lost across local government workforce pay since 2010 - and stop the recruitment and retention crisis from getting even worse. It would also send a clear signal to local government building workers that they are valued and respected for the crucial local services they deliver.

COST OF LIVING CRISIS

Inflation rates and RPI

The trade union side believes that the Retail Prices Index (RPI) remains the most accurate measure of inflation faced by employees. The RPI, which includes housing costs, is a more accurate cost of living index than the CPI, which is always lower as it does not include housing and related costs. Employers favour the CPI as it creates a lower base rate for inflation as an element in possible wage claims. In that respect, the CPI is a hidden tax on workers' wages if it is used as a base for cost calculations.

Real term pay cuts

Moreover, real pay has fallen during 2022, with inflation outstripping wages and workers suffering pay cuts, and find their wages worth less, which increases financial pressure across workers and their families.[1]

Despite recent government announcements on the energy price cap the reality is that families with normal energy use will be paying at least twice as much for energy as they were this time last year, **with a further increase in the energy cap to £3000 for average consumer use from April 2023. Incomes are now threatened more than at any other period in the last 40 years**.

Combined, the imminent jump in energy costs, colliding with cold winter and spring meaning energy use increasing, could have devastating impacts on households across the country.

Nearly 80 per cent of domestic gas use happens in the winter months meaning higher bills or direct debit payments. These are pressures that cannot be avoided and wages need to rise to reflect the situation workers find themselves in.

Research by the Trussell Trust, Britain's largest food bank network, found one in in five people referred to its 1,300 food bank centres in the summer were from households where someone worked. **It also reported 145,000 families had used its food banks for the first time in recent months, an increase of 40%**.[2] This further identifies the need for pay to keep pace with inflation in order to prevent workers and their families siding into poverty.

It is our view that any offer put forward by the employer representatives at the JNC must realistically consider these pressures and be prepared and ready to submit an offer worthy of our members' skills and understand that it is their work that creates wealth for member companies.

[1] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/latest

[2] https://www.theguardian.com/society/2022/nov/10/nurses-among-rising-numbers-of-workers-using-food-banks-research-shows

ECONOMIC BACKGROUND

The value of our members pay in local government has been systematically devalued due to the failure to keep pace with RPI. And while inflation has begun to fall slightly, the fact remains that the goods our members spend their wages on in order to maintain a decent standard of living for themselves and their families continues to remain perilously high, meaning further prolonged pressure on household budgets. This is highlighted in the table below:

RPI component	annual increase %
Gas	132.2
Electricity	65.4
Oil and other fuels	40.0
Fresh milk	38.0
Mortgage interest payments	37.8
Vehicle tax and insurance	32.9
Coal and solid fuels	32.4
Cheese	30.5
Eggs	30.1
Butter	29.1
Oil and fats	28.3
Dwelling insurance and ground rent	23.0
Processed vegetables	20.8
Pork	20.7
Other travel costs	20.7
Bread	19.3
Poultry	19.3
Fish	19.2
Soft drinks	18.0
Milk products	17.8
Bus and coach fares	16.6
Women’s outerwear	16.5
Men’s outerwear	16.0
Potatoes	15.8
Biscuits and cakes	13.6
Vegetables other than potatoes	13.5
Furniture	13.5
Children’s outerwear	13.5

While commentators speculate on falling inflation, and reduced cost of leisure activities, those relatively low paid workers are concerned with the costs of day to day items needed to maintain health and an acceptable living standard.

Contrary to the political narrative being espoused around falling inflation, and that somehow workers can look ahead with confidence, the reality is that costs are continuing and likely to bring huge pressures upon incomes. For example, the lifting of the EPG from £2,500 to £3,000 in April is likely to mean that energy prices will remain a significant source of inflation in the first half of 2023. In addition, food prices tend not to fall particularly rapidly, since food input costs and output prices are still rising. And recent falls in the pound's relative value will keep import prices elevated. In other words, the potential 'stickiness' of inflation is a major theme of the latest set of forecasts. As for the impact of likely/actual recession, part of the difficulty here is that much of our inflation is imported rather than domestically-generated. To the extent that other central banks have adopted similar measures as ours in respect of interest rate rises aimed at tackling inflation, this may not matter as much, but the UK economy has experienced periods of combined stagnation and inflation before and we may be about to enter another.

COMPARISONS WITH THE CONSTRUCTION SECTOR

The Trade Union side is aware that the key factor in attracting high quality new entrants into the local government building service sector and retaining existing skills is to offer an attractive pay and terms and conditions package.

Construction workers in local government are grossly underpaid for their level of skills and qualifications. In the private sector tradespersons can earn average weekly wages far in excess of the average local government worker. For example, industry pay trends of private sector construction workers establish real time information that joinery, electrical and other trade groups identifies that rates across the industry for those supplying their labour are around £895 per week, with electrical workers able to earn up to £1077 weekly.[3] Furthermore, if you compare the rates of pay in local government with those in the collective bargaining arrangements, and large projects across Scotland and the rest of the UK, our members are worse off than their peers in the trades.

Construction workers are transient and faced with a cost of living crisis are able to ply their trade and work across different sectors of the construction sector anywhere in the UK with transferable skills necessary to work on major industry projects. The majority of JNC Craft agreement rates are inferior all with those in the construction industry. A survey of construction workers undertaken by Unite found that 59% of members working under the construction industry joint council agreement indicated that that they were regularly paid in excess of the minimum rate through either an increased hourly rate, or an hourly or daily bonus payment. When asked about levels of take home pay, excluding overtime, over 33% of workers responded that their regular take home was more than £600 per week.

At a time of rising costs in the basic cost of living then the wage levels to be earned in the private sector become more appealing to our members. It's long overdue that local government employers understood the worth of craft workers. Therefore a settlement that finally respects our members is long overdue.

The JNC craft rates lag behind the wider industrial rates paid in the sector. This is set to worsen with the already widely known sector skills shortage, with CITB recently releasing a skills network report suggesting the industry requires over

[3] https://www.hudsoncontract.co.uk/industry-insight/construction-pay-trends

225,000 extra workers until 2027[4]. This is being influenced by massive infrastructure projects that can offer salaries far in excess of local government rates. As a time of crisis and financial pressures across households the potential of workers to migrate to the private sector should not be underestimated.

The Trade Union side is demanding an RPI (currently 13.4%) +2% increase to all craft workers' pay. The increase needs to recognise that the most recent settlement only scratched the surface of restorative pay after years of financial hardship suffered by craft workers. The offer should also ensure no widening of the differential between Craft, General Operative and Apprentices. Apprentice pay in particular is very low and should be raised substantially in order to address recruitment and retention problems, in line with the wider offer. The offer needs to far exceed recent settlements, catch up with other industrial agreements, and recognise that the housing and construction services provided by local government craft workers depends on attracting highly skilled tradespersons.

WORKING HOURS

The Trade Union side are proposing a reduction of the working week from the current 36 hours in London and 37 hours in the rest of the UK, to 35 hours, without detriment. There has been no change in working hours since 1999 and bringing this group of workers in line with the average working week in the UK of 35 hours, is long overdue. The TUC has outlined that on a broader level, those in the public sector are more likely to be working unpaid overtime than those in the private sector.
A quarter of public sector employees usually work at least an hour of unpaid overtime, compared to 16 per cent of those in the private sector.[5]

Local government workers routinely work unpaid overtime. This is rarely claimed back as TOIL and is too often seen as 'part of the job'. Cuts, staff losses and recruitment freezes have compounded this problem – leading to an unacceptable culture of long hours, burnout and stress.

Working long hours can lead to serious and long term mental and physical ill health, stress, fatigue and increases in workplace accidents[6]. Research also shows the impact that long hours can have in decreasing productivity within organisations, lowering morale and leading to increased staff turnover[7].

TUC analysis[8] shows that public sector employees continue to carry out a disproportionate amount of unpaid overtime in the UK, and point out that in the public sector, overworking and excessive workloads are driven by a recruitment and retention crisis, exacerbated by a decade of government-imposed pay restraint.

Statistics have been disrupted by the pandemic but the Labour Force Survey has consistently shown that disproportionate numbers of local government workers normally work some unpaid overtime - compared to all employees.

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[4] https://www.citb.co.uk/about-citb/construction-industry-research-reports/construction-skills-network-csn/
[5] https://www.tuc.org.uk/blogs/work-your-proper-hours-day-lets-stop-working-free
[6] Working Long Hours Health & Safety Laboratory, 2003
[7] Breaking the long hours culture, The institute for employment studies, 1998
[8] TUC, UK workers and unpaid overtime, Feb 2022

Researchers have shown that more time off makes people happier and improves productivity – making it good for employees, employers and the economy as a whole[9], while benefiting wider society, the environment,[10] and good for gender equality given women shoulder more than 60% of unpaid work[11].

Trade Union Side unions are clear that a meaningful pay rise and improvements to workload and working time must play a central role in tackling this epidemic.

These trends must be seen in the context of an epidemic of stress and anxiety across the UK economy. According to the HSE stress, depression or anxiety accounts for 50% of all work-related ill health cases in 2020/21[12]. While data is no longer available for days lost due to the statistical disruption over the pandemic, in 2019/20 this accounted for 55% (17.9 million) of all working days lost due to work-related ill health[13]. The predominant cause of work-related stress, depression or anxiety from the Labour Force Survey was workload, in particular tight deadlines, too much work or too much pressure or responsibility - the biggest single cause of sick leave by some distance.

Analysis by the Health and Safety Executive (HSE) of Labour Force Survey statistics shows that this is an acute issue within local authority services with human health and social work, public administration and education all accounting for some of the highest levels of average rates of stress, depression or anxiety. The pandemic has had a huge impact on these levels of stress, depression and anxiety and this has had a disproportionate impact on public service workers, who have often been on the frontline of the pandemic[14].

The Trade Union Side believes that now is the time for the working week and holiday entitlement of staff to be improved nationally and is therefore calling for:

- **A reduction of the working week to 35 hours with no loss of pay, and a reduction to 34 hours a week in London.**
- **An increase of two days annual leave days for all employees**

RETENTION PAYMENT

Even prior to Covid-19, recruitment and retention pressures in local authorities were significant – with an LGA survey[15] finding that 78% of councils were experiencing some form of recruitment and retention difficulties.

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[9] Are We More Productive When We Have More Time Off, Zenger & Folkman, 2015
[10] Working Hours and Carbon Dioxide Emissions in the United States, Fitzgerald & Schor, 2018
[11] Women shoulder the responsibility of 'unpaid work', ONS, 2016
[12] Health and safety at work, HSE, 2021
[13] HSE Annual Statistics Annual Statistics, November 2020
[14] HSE Health and safety at work, summary statistics, November 2021: https://www.hse.gov.uk/statistics/overall/hssh2021.pdf
[15] LGA Workforce Survey, 2017/18

After two years of working through a pandemic, the situation is even worse. The LGA's COVID-19 Workforce Survey[16] asked councils to consider their ability to continue delivering services. Councils were asked to consider not only the impact of COVID-19 and workforce absences but also the ability to recruit and retain staff with the required levels of skills and experience. Three-fifths said this was now a moderate or large concern.

While recruitment pressures build at local authorities, nationally the unemployment rate has been in decline. Local government already has an ageing workforce and struggles to attract new, young staff. With unemployment at a record low and local government pay stagnating, even some traditionally low-paid retail jobs have quietly caught up and overtaken local government:

Craft and construction skills are in high demand across local authority areas and beyond with large infrastructure projects due to commence and the role of construction in the UK government levelling up priorities. CITB estimates that more than 225,000 extra construction roles require to be filled, further increasing pressure on a stretched skill base. Construction has been named as a sector where labour and skills are in short supply by KPMG and the Recruitment and Employment Confederation – these shortages are felt across both temporary and permanent roles.[17]

Local government workers with craft skills will be in high demand and with a destructive cost of living crisis placing financial pressures on every household the capacity to increase earnings is a huge carrot that workers will be drawn to. Therefore it is expedient for local government employers to recognise the skills set provided by our craft members, as has been done elsewhere in the public sector, such as recruitment and retention payments made across the NHS, and consider retention payments as part of the craft workers' pay settlement.

FALL IN THE VALUE OF TOOL ALLOWANCES

The real terms value of the tool allowances has fallen significantly over time. The value of most allowances has been cut by 31 per cent in real terms since 2008 compared to the RPI (and by 22 per cent compared to the CPI). Meanwhile, the cost of tools has increased significantly. The price of small tools alone has gone up by 40.1 per cent since 2015 alone, according to Central Government's favoured CPIH measure.

Meanwhile, the value of the tool allowances has fallen behind international comparators. We note that the allowance paid to craft workers employed by the Republic of Ireland government was increased to £15.17 a week in the second half of 2022.[18]

The cost of tool insurance is also another significant expense that is incurred in the normal course of duties. Employers' purchasing power could reduce the cost of

[16] LGA COVID-19 Workforce Survey, week ending 14 January 2022
[17] KPMG and REC, UK Report on Jobs: June 2022
[18] https://assets.gov.ie/240282/c33fa0c4-7542-41c6-9116-f9a570c29db3.pdf

premiums, which would mirror common arrangements in the private sector. Consistent tool insurance cover would also reduce the risk of inefficient working in cases when craft workers cannot afford to replace their tools.

We are therefore calling for:

- **A substantial additional increase in the tool allowances to at least make them competitive with the craftworker rate in the Republic of Ireland.**

- **For the Employer Side to negotiate over the introduction of a fair level of tool insurance cover as a Red Book requirement.**

INCREASED USE OF TECHNOLOGY PAYMENT

Our members reiterate in this claim our position that craft workers should receive a use of technology allowance to compensate them for the use of their home and energy for the council. The allowance needs to be at a level that minimises tax implications while also being a meaningful amount to cover the various expenses incurred through working from utilising technology at home.

The Trade Union Side believes that all councils must have a policy in place and that it should include:

- **Introduction of a use of technology allowance for all staff who are required to use home energy**
- **A national agreement on use of technology, setting out a policy that all authorities must use as a minimum**

CONCLUSION

The trade union side are clear that the JNC Red Book pay cannot be allowed to fall further in relation to the market rates being paid across construction trades and other sectors of the economy. Should this trend continues, local government employers will find themselves in a battle just to attract workers.

Paying local government staff a proper wage is an investment – not just in the workforce but also in the local services they provide and the local economies they support.

The TU side recognises that this requires adequate financial resources from central government. Only new targeted funding can solve this problem – not attacks on terms and conditions.

We believe our claim is fair and appropriate – and that it would mark a significant step in compensating local government workers for the loss of value in their pay. It would also provide recognition for a workforce that has remained dedicated, hard-working and resolute - despite the multitude of challenges and crises they have overcome in recent years.