

The Unison Side Pay Claim for 2013-2014

Unison Side is submitting the following claim for a pay increase for the lower paid employees of East Herts Council, to take effect from April 1st 2013.

An increase of pay for all employees at the **top** of their grades between grades 1 to grade 5. As an example, an employee at the top of grade 3, SCP21 (mid point of grade 4) should then be allowed to progress to SCP24 (top of grade 4), one SCP per year. The reasoning behind this proposal, is to reduce the ever increasing gap between the higher paid and the lower paid employees and in recognition of the financial hardship being suffered by the lower paid, as a consequence of the pay freeze, inflation and the failure of the local Government Employers to award £250 to those earning below £21,000, as embodied in Government policy.

All EHDC Unison members have seen and read a copy of this campaign/report and asked to vote **for** or **against** pursuing this pay claim, it covered a wide range of employees on various salaries, the outcome was **96.6%** in favour.

Evidence in support of this proposal.

East Herts employees are facing the fastest rise in the cost of living for 20 years. In October 2011 the headline rate of inflation, as measured by the annual change in the all-items retail prices index (RPI) for the year to September 2011, rose to 5.6%. Even the consumer price index (CPI), which does not account for housing costs, rose to 5.2%. The main pressures to the RPI annual rate has come from soaring prices for gas (+22.3%), electricity (+12.9%), fuels and lubricants (+17.8%) and food bills (+6.4%). The governments aim has been to keep inflation to 2%, but a more realistic average annual figure, since the last pay increase in **2009**, has been 3%+.

Come April 2013, four years would have past since employees last had a pay rise, at the moment NJC are negotiating a 1% increase in pay, unfortunately if negotiations are successful a significant amount of employees will **not** see any benefit due to the adjustment of their **Pay Award** (5% down to 2%). In effect, employees receiving the Pay Award and assuming that pay increases could be 1% each year, they will not see any financial gain until 2016 possibly later. Based on these figures, due to inflation, for each £1,000 spent on essentials in 2009, by 2016 to buy the same items, you would need to spend £1,229.87, an increase of just under 23%.

The statutory pay rises before the pay freeze, have increased the gap between the higher paid and the lower paid, simple maths based on a 1% pay increase, £20,000 per annum = £200 and £40,000 per annum = £400 so obviously the gap has increased by a further £200, this has been the case for sometime and adjustments need to be made to balance the gap.

Option 1

Who will benefit from this proposal?

Based on figures submitted by HR on 11th February 2013.

Grade	Number of employees	Employees at the top of the scale
1-2	15	4
3	66	24
4	16	9
5	96	46

East Herts District Council employees 360 people, 193 employees are on grades 1 to 5, (53.63%) and 83 employees (23%) are at the top of their grades, therefore 83 employees would move to the next level of pay. This would continue until they reach the top of the next grade.

Top of grade 1/2 - SCP17, £16,830	SCP18, £17,161
A rise of £331 x4 employees.	Total £1,324

Top of grade 3 – SCP21, £19,126	SCP22, £19,621
A rise of £495 x24 employees.	Total £11,880

Top of grade 4 – SCP24, £20,858	SCP25, £21,519
A rise of £661 x9 employees.	Total £5,949

Top of grade 5 – SCP28, £23,708	SCP29, £24,646
A rise of £938 x46 employees.	Total £43,148

The total cost for this proposal - **£62,301 (per year)**
(Plus National Insurance Contribution and Pension).

Option 2.

East Herts District Council chose to adopt The Hay Pay Scale Scheme, devised by Edward (Ned) Hay back in 1947, sixty six years ago; it could be argued that this scheme has become somewhat antiquated. As mentioned before, now is the time to close the every increasing gap between the lower paid and the higher paid. Most people would assume that the percentage increase into the next SCP after reaching the top of their grade, would be equal, but the figures are surprising.

Top of grade 3 – SCP21, £19,126 SCP22, £19,621 increase of **2.59%**

Top of grade 5 – SCP28, £23,708 SCP29, £24,646 increase of **3.96%**

Another example of preferential treatment for the higher paid.

A possible solution to this would be to give an equal pay rise to the employees reaching the top of grades 1 to 5.

For example, £600 x83 employees. (For the next 4 years).

The total cost of this proposal - **£49,800 (per year)**
(Plus National Insurance contribution and Pension).

What impact does the pay freeze have on pensions?

The following figures are based on an employee with a basic salary of £20,000 and with length of service to be entitled to a full Government Pension of 32/60ths (53.3%) final salary. The last pay increase was April 2009 and due to the freezing out of the Local Award, it is likely some staff will not see a pay increase until 2016. In the event of an employee retiring in 2016 with full Pension entitlement and basing figures of 1% pay increase each year between 2009 to 2016 the sums are:

2009 – £20,000 per annum, by 2016 - £21,442.71 per annum.
An increase of £1,442.71
Extra Pension entitlement @ 53.3% - £768.96 per annum.
A loss of £14.79 per week.

If the calculations are done the same way, but basing the figures on inflation at an average of 3% and wage increases matched inflation between 2009 to 2016 the sums are:

2009 - £20,000 per annum, by 2016 - £24,597.48 per annum.
An increase of £4,597.48
Extra Pension entitlement @ 53.3% - £2,450.46 per annum.
A loss of £47.12 each per week.

This is another example why East Herts District Council need to act now, employees will have no other option but to continue working well past their retirement age to make ends meet and in turn will add pressure on unemployment figures.