# SEPA UNISON Pay Claim 2018-19

## Background to the pay claim

Prior to 2011, wage inflation was calculated using the Retail Price Index (RPI). In 2011 the UK Government made a change and they now use the Consumer Price Index (CPI). Given that on average RPI was on average 1.2 points higher than CPI this would have had a severe impact on salaries in the public sector.

Of course, the difference between RPI and CPI has largely been irrelevant due to the introduction of pay restraint. As we are all aware this resulted in a wage freeze in 2011 and 2012 followed by a cap of 1% since then.

Why was the pay freeze implemented? In reality there were two reasons. One was the UK Government’s policy of fiscal restraint to combat the effects of the economic crash in 2008. In effect they decided rather than trying to grow the economy, to shrink public sector spending by amongst other things reducing our wages in real terms.

#### Comparison with private sector

The other side effect of the 2008 crash was that large numbers of private sector jobs were lost and companies tried to reduce wages. This is the normal effects of downturns in the economy. There is a period of pressure on private sector pay which recovers as the economy recovers. This temporary effect made the pay of comparable jobs in the private sector fall below that of the public sector. The Office for National Statistics calculated that there was a 4% difference between salaries in 2010.

## Where are we now?

While the public sector was still under the 1% pay restriction last year the latest Office for National Statistics (ONS) data show an average weekly wage rise for employees in the year to date to be 2.8%.

The Consumer Prices Index (CPI) 12-month rate was 2.7% in February 2018, down from 3.0% in January 2018, RPI was 3.6% in February (source ONS)

#### Comparison with private sector

By April 2016 the ONS were showing that comparable public sector jobs were 2% lower than in the private sector and the graph was showing a downward trend since 2010.

## How has this affected SEPA staff?

In April 2010 the top of Band E was £29,934. If CPI had been applied the top of the band in 2018 would be £35,568. In actual fact, after 8 years of pay restraint it is £32,405, a difference of £3,163. Over these years that is a total loss of £17,673 for somebody at the top of the pay band. While that figure is before tax and national insurance it is clearly a significant sum.

We also have to look at the impact of the change from CPI to RPI on members. If RPI had been applied to the £29,324 at the top if band E since 2011 it would now stand at £40,129. The total loss from the effect of the pay freeze as opposed to RPI is £36,118 before tax and national insurance.

We have also to look at the effect on our pensions. The movement from a final salary pension scheme to a career average scheme means that your pension is calculated each year, rather than when you retire. This mean that when your wages are capped below inflation, so is your pension. The only way to counteract this is to get above inflation increases in future years.

While pay restraint has been in place we have concentrated on getting improvements to terms and conditions and have proposed and achieved improvements amongst other things to the flexi-time scheme, the ability of staff to buy extra annual leave, the option of taking a paid day’s leave for volunteer work etc. Now we have to concentrate on pay.

## The claim

The claim is straightforward, it seeks to start the process of recovery from the years of pay restraint. We have examined the Scottish Government’s pay policy and while we acknowledge that it is a step towards recovery from the pay restraint of the past eight years we have to say that it is not enough.

It is not enough that they continue to use CPI rather than RPI as a basis for increases. It is not enough that enough by the inflation measure that they use that the lowest paid would get a rise of as little as 0.3% above the current rate of inflation. It is not enough that those earning above their cut-off point would continue to have below inflation rises.

Our claim therefore is for a settlement that runs for the period 1 April 2018 to 31 March 2019 which consists of;

* A £1,500 flat rate increase to all spinal column points, or 6.5%, whichever is greater . This includes an above inflation increase plus an element of restoration.
* An increase in all allowances of 6.5%
* A commitment to redress the imbalance in pay, caused by previous pay awards which have been below the rate of inflation, over a period of not more than 5 years.

In addition we expect SEPA to

* Pay all back pay due under our current flexi-time scheme to those who have accrued flexi-time over and above the limit in the scheme whereby they should have been paid overtime and ensure that the scheme is operated in accordance with the joint agreement.
* Urgently review the calculations made to assess the payments made under SEPA’s pay offer of 31 January 2018 whereby they undertook to make back-payments in regard to annual leave and to negotiate how these payments will be made in future years.