

# Trade Union Craft JNC Pay and Conditions Submission 2010

## **Joint Negotiating Committee for Local Authority Craft and Associated Employees**

### **Trade Union Side: UCATT, Unite, GMB, CSEU**

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## **JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CRAFT AND ASSOCIATED EMPLOYEES**

### **TRADE UNION SIDE PAY AND CONDITIONS CLAIM 2010**

#### **1. INTRODUCTION**

The Trade Union Side regrets the statement by the Local Government national employers issued on 20 January 2010, which pre-empted this year's pay and conditions negotiations saying it would "be unable to offer any increase to the trade unions in the JNCs" including Craft and Associated Employees for 2010/11.

The Trade Union Side believes that this is not an appropriate way to approach this year's negotiations and that such action is yet another attempt by the Employers to undermine the existence and operation of the Joint Negotiating Committee for Local Authority Craft and Associated Employees (Red Book).

The Trade Union Side is determined to proceed with this year's negotiations in the same way as previous years, and submits this pay and conditions' claim in good faith; expecting a proper response from the Employers' Side.

Recent pay settlements for employees covered by the Red Book have seen increases well below the rate of inflation, which has been compounded by the ongoing inequality with pay rates in the wider construction industry. These facts, along with a number of contemporary issues specific to the Red Book underline the importance of this year's negotiations.

The Trade Union Side recognises that the construction industry has been through a very difficult period over the last year as a consequence of one of the harshest recessions experienced by the British economy.

However, there now appear to be some positive signs of recovery with the total volume of construction output in the third quarter of 2009 rising by 2 per cent compared with the second quarter of 2009 (according to the Office for National Statistics).

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In particular the public sector side of the industry is beginning to show signs of an upturn, an example of which is housing repair and maintenance, (including improvement work) which was 9 per cent higher in the third quarter of 2009 compared with the previous quarter.

Local authorities must therefore make the necessary preparations to ensure they are able to adequately respond to the anticipated upturn.

The other key factor in this year's pay claim is the rising cost of living with December 2009 figures showing the Retail Prices Index (RPI) rising to 2.4 per cent; the RPIX at 3.8 per cent and the Consumer Prices Index (CPI) rising from 1.9 per cent in November to 2.9 per cent – the largest ever increase in the annual rate between two months.

The Joint Negotiating Committee for Local Authority Craft and Associated Employees pay and conditions negotiations offer an opportunity to address the above factors – a recovering construction industry and an increase in the cost of living for craft and associated employees.

### **2. THE FUTURE OF THE JNC 'RED BOOK'**

Since its establishment from the consolidation of a number of local authority craft agreements nearly twelve years ago the Red Book has provided a positive framework for the negotiation of pay and conditions for Local Authority Craft and Associated Employees.

Support for the Red Book has come from both sides of the JNC and only as recently as 17 September 2008 the Employers' Side issued a statement recognising the effectiveness of the national craft agreement:

“The national employers recognise that employment issues specific to local authority Craft and Associated employees have been effectively addressed within the existing national negotiating machinery for many years and we therefore remain committed to reaching future settlements through national collective bargaining for this group of valued employees”.

The Trade Union Side was therefore surprised by the Employers' statement of the 22 July 2009, which stated that it wanted to “enter into a process of agreeing the transfer of all remaining Craftworkers (who are directly employed by local authorities) onto ‘Green Book’ pay and terms and conditions and the dissolution of the Craft JNC”.

The Trade Union Side believes that maintaining the Red Book remains the only way to effectively guarantee that the vast number, of employment issues, specific to local authority craft workers, such as tool allowances; working at heights; payment for work in discomfort and inconvenience; abnormal working time and extra payments for continuous extra skill or responsibility and provisions for apprentices and young trainees are addressed.

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The existence of a separate national agreement and pay and conditions bargaining arrangement for Craft and Associated employees is due to the widely accepted view that it is the most efficient way to address the distinct employment conditions of these workers. As a consequence of this distinction, the 'comparators' for Craft and Associated employees are similar workers in the private sector construction industry. This remains a major difference from other employees covered by the Local Authority Green Book, whose 'comparators' are workers across the rest of the public sector.

The Trade Union Side firmly believes that this year's negotiations must once again demonstrate the importance of the continuation of the JNC national agreement for Craft and Associated employees, by addressing the distinct concerns of these employees and the ability of local authorities to provide quality services to local people.

## **3. ECONOMIC CONDITIONS**

### **3.1 Cost of living**

This year's pay and conditions settlement must be set against the backdrop of economic recovery alongside increasing living costs. December 2009 figures from the Office for National Statistics show:

- A rise in the Consumer Prices Index (CPI) by 2.9 per cent, up from 1.9 per cent in November and 1.5 per cent in October.
- A rise in the Retail Prices Index (RPI) by 2.4 per cent, up from 0.3 per cent in November, when it moved back into positive territory after eight months of negative inflation.
- Over the same period, the RPIX, the all items RPI excluding mortgage interest payments, rose by 3.8 per cent, up from 2.7 per cent in November and 1.9% in October 2009.

Prior to December the largest upward pressure affecting the change in the CPI rate came from rising transport costs, with smaller upward pressures from clothing and footwear and housing and household services.

The increase in the CPI annual rate of 1.0 per cent from 1.9 per cent in November to 2.9 per cent in December 2009 is the largest ever increase in the annual rate between two months. This record increase is due to a number of exceptional events that took place in December 2008:

- the reduction in the standard rate of Value Added Tax (VAT) to 15 per cent from 17.5 per cent
- sharp falls in the price of oil
- pre-Christmas sales as a result of the economic downturn.

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The table below shows the rising cost of living from July to December 2009.

		<b>CPI</b>	<b>RPI</b>	<b>RPIX</b>
<b>2009</b>		<b>% change over 12 months</b>	<b>% change over 12 months</b>	<b>% change over 12 months</b>
	<b>JULY</b>	<b>1.8</b>	<b>-1.4</b>	<b>1.2</b>
	<b>AUG</b>	<b>1.6</b>	<b>-1.3</b>	<b>1.4</b>
	<b>SEP</b>	<b>1.1</b>	<b>-1.4</b>	<b>1.3</b>
	<b>OCT</b>	<b>1.5</b>	<b>-0.8</b>	<b>1.9</b>
	<b>NOV</b>	<b>1.9</b>	<b>0.3</b>	<b>2.7</b>
	<b>DEC</b>	<b>2.9</b>	<b>2.4</b>	<b>3.8</b>
<b>2010</b>				
	<b>JAN</b>	<b>3.5</b>	<b>3.7</b>	<b>4.6</b>
	<b>FEB</b>	<b>3.0</b>	<b>3.7</b>	<b>4.2</b>

**If the Employers' Side refuses to offer any pay increase for the period 2010/11 this would effectively mean a pay cut for all Craft and Associated employees.**

## **3.2 Pay settlements**

While the recession has clearly impacted on pay settlements across the economy Income Data Services' most recent Pay Report found that of all the settlements monitored in 2009, while almost a third (three fifths of which were in the manufacturing sector) were pay freezes three fifths were worth 2 per cent or more.

Latest figures from the Labour Research Department show:

- an overall mid-point increase of 2.0% on lowest basic rates, in the three months to December 2009.
- a service sector mid-point of 2.0%
- a manufacturing mid-point of 1.5%.
- a median of 1.9% in the private sector, and
- a median of 3.3% in the public sector.

## **4. CONSTRUCTION INDUSTRY PERFORMANCE**

The construction industry has undoubtedly been through a very difficult period over the last year as a consequence of one of the harshest recessions experienced by the British economy.

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However, there now appear to be some positive signs of recovery with the total volume of output construction in the third quarter of 2009 rising by 2 per cent compared with the second quarter of 2009 (according to the Office for National Statistics).

In particular the public sector side of the industry is beginning to show signs of recovery, for example with housing repair and maintenance work (including improvement work) 9 per cent higher in the third quarter of 2009 compared with the previous quarter.

## 4.1 Recent performance

- According to the Office for National Statistics the total volume of construction output in the third quarter of 2009 rose by 2 per cent compared with the second quarter of 2009. The total volume of construction output in the 12 months to the third quarter of 2009 fell by 11 per cent compared with the previous 12 month period.
- The total volume of repair and maintenance work fell by 8 per cent in the 12 months to the third quarter of 2009 compared with the previous 12 months but was 10 per cent higher in the third quarter of 2009 compared with the previous quarter.
- New work in the public housing sector in the 12 months to the third quarter of 2009 was 5 per cent lower (on a small base figure) compared with the previous 12 months but the third quarter of 2009 was 14 per cent higher than the previous quarter.
- New infrastructure output in the 12 months to the third quarter of 2009 was 7 per cent higher compared with the previous 12 months but the third quarter of 2009 was 3 per cent lower compared with the previous quarter.
- New work in the public non-housing sector (excluding infrastructure) in the 12 months to the third quarter of 2009 was 25 per cent higher compared with the previous 12 months and 7 per cent higher in the third quarter of 2009 compared with the previous quarter.
- Housing repair and maintenance work (including improvement work) in the public sector was 3 per cent lower in the 12 months to the third quarter of 2009 compared with the previous 12 months but was 9 per cent higher in the third quarter of 2009 compared with the previous quarter.
- Repair and maintenance work in the public non-housing sector in the 12 months to the third quarter of 2009 was 1 per cent lower compared with the previous 12 months but was 26 per cent higher in the third quarter of 2009 compared with the previous quarter.

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## 4.2. Outlook and forecasts

According to ConstructionSkills the industry ‘should begin its long and slow recovery in 2010’ with employment rising by 93,000 up to 2014.

ConstructionSkills estimates that with the recession (technically) now over and the economy growing by 0.1% in the last three months of 2009, construction output will average 1.7% growth each year between 2010–2014.

Amidst growing anecdotal evidence of the beginnings of a recovery in the housing sector five major housebuilders – Bellway, Barratt, Redrow, Galliford Try and Persimmon – have all indicated that they are looking to make significant increases to their workforces this year. [Source: Construction News January 21, 2010]

Also at the beginning of 2010 the British Bankers’ Association (BBA) reported a rise in mortgage approvals. The BBA said that gross mortgage lending by High Street banks rose from £9.6bn in November 2009 to £10.2bn in December 2009 – 12.5% higher than in December 2008. Meanwhile the Council of Mortgage Lenders claimed that gross mortgage lending had risen by 14% in December 2009 against the previous month reaching an estimated £13.7 billion in the month, up from £12.1 billion in November 2009.

In the public housing sector the Government announced in January 2010 that it was to double the cash available to build new council homes. 73 councils from across England will share an extra £122.6 million in public investment. Councils will match the Government’s grant, bringing total public spending in the housebuilding programme to over £500 million to build more than 4,000 new council homes.

For the first time, all councils receiving Government funds will be required to offer apprenticeship and local job recruitment schemes, which the Government estimates will create 7,500 jobs and 100 new apprenticeship places.

## 5. COMPARISON OF JNC LOCAL AUTHORITY CRAFT AND ASSOCIATED EMPLOYEE PAY RATES WITH PRIVATE SECTOR

Pay rates for Local Authority Craft and Associated employees continue to lag behind comparable workers in the rest of the construction industry (see tables below for comparison).

Table 1. Construction Industry Joint Council Working Rule Agreement, June 2006 – 2009						
Role	Wage Rates					
	2006		2007		2008/2009	
	Per Week	Per Annum	Per Week	Per Annum	Per Week	Per Annum
General Operative	£273.39	£14,216	£285.09	£14,825	£302.25	£15,717
Skill Rate 4	£294.45	£15,311	£306.93	£15,960	£325.65	£16,934
Skill Rate 3	£312.00	£16,224	£325.65	£16,934	£345.15	£17,948
Skill Rate 2	£333.45	£17,339	£347.88	£18,090	£368.94	£19,185
Skill Rate 1	£346.32	£18,009	£361.53	£18,800	£382.98	£19,915
Craft Rate	£363.48	£18,901	£379.08	£19,712	£401.70	£20,888

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Role	Wage Rates					
	2008 Hourly Rates		2009 Hourly Rates		2010 Hourly Rates	
	National	London	National	London	National	London
Technician	£14.73	£16.50	£15.39	£17.24	£16.16	£18.10
Approved Electrician	£13.08	£14.65	£13.67	£15.31	£14.35	£16.07
Electrician	£12.06	£13.51	£12.60	£14.11	£13.23	£14.83

Role	Wage Rates		
	2007 Hourly Rate	2008 Hourly Rate	2009 Hourly Rate
Technical Plumber	£12.88	£13.46	£14.07
Advanced Plumber	£11.60	£12.12	£12.67
Trained Plumber	£9.94	£10.39	£10.86

As the construction industry as a whole moves out of recession and pay rates increase local authorities will find it increasingly difficult to recruit and retain Craft and Associated employees.

### 6. SKILLS SHORTAGES

According to ConstructionSkills' 'Blueprint for UK Construction Skills 2010 – 2014', from its peak in 2007, employment is projected to contract by over 400,000 by 2011, a 15 per cent decline. Equipping the UK with a well trained, productive construction workforce has therefore never been so important as the skills lost to the industry during the recession must be replaced.

ConstructionSkills forecasts that for 'employment in the UK construction industry to match the level of output growth forecast between 2010 – 2014, on average, nearly 48,000 new entrants will be needed each year'.

'Blueprint for UK Construction 2010 – 2014' Annual Recruitment Requirement (ARR) by occupation 2010 - 2014

<b>Occupation</b>	<b>Annual Recruitment requirement (ARR) *2010-2014</b>
Wood trades & interior fit-out	4,530
Bricklayers	2,070
Painters & Decorators	3,720
Surveyors	830
Plasterers & Dry liners	860
Scaffolders	1,080
Plant operatives	3,010
Labourers (not elsewhere classified)	6,900
Plumbing & HVAC Trades	1,080
Electrical trades	1,150

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\* The ARR provides an indication of the number of new employees that would need to be recruited into construction each year in order to realise forecast output.

### 7. APPRENTICESHIPS

In July 2008 the Local Government Association (LGA) conducted the LGA Workforce Survey, which informed the setting of an aspiration to increase the number of apprenticeships offered by local authorities from 7,500 to 15,000 by 2011.

In November 2009 the LGA published the 'Apprenticeship and Trainees Survey'. From a response rate of 39% of English local authorities, the survey showed that responding authorities were employing a total of 3,022 apprentices. The LGA then used this figures to estimate that in total authorities were employing 7,100 apprentices (a projected figure).

The survey also asked authorities the numbers of apprentices they were intending to employ by December 2010. Responding authorities said that they were planning to offer a total of 3,685 apprenticeships. Using this figure, the LGA estimates that, in total, authorities in England intend to provide 9,800 apprenticeships by December 2010.

Assuming that the LGAs projection figures are correct, and do not in fact, underestimate the number of apprentices that will be employed at the end of 2010, this will mean a shortfall of 5,200 apprenticeship places on the LGA target of 15,000 apprentices by 2011.

Clearly there is a long way to go before the LGA even meets it's own target. Such a shortfall coupled with the number of skilled employees lost to the construction industry since the start of the recession, places a significant responsibility on local authorities to take urgent steps to address the issue of the under-employment of apprentices and a declining construction skills base.

#### LGA 'Apprenticeship and Trainees Survey 2009'

November 2009	No of apprentices based on responding authorities	3,022
November 2009	No of total apprentices based on LGA projection *	7,100
December 2010	No of apprentices based on intentions of responding authorities	3,685
December 2010	No of total apprentices based on LGA projection *	9,800

The 'Apprenticeship and Trainees Survey 2009' was conducted on-line during October 2009. It looked at the number of apprentices and trainees as at October 2009, and the number of apprentices and trainees that local authorities planned to employ by December 2011.

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(\* A mean average for respondents by authority type, was used as an indication of the likely figure for non-respondents.)

## **8. HEALTH, SAFETY and WELFARE of the WORKFORCE**

**(the sentences below should be added within Part 4.4: Management of health & safety)**

### **Trade union Safety Representatives**

(Add in 1.4, as second sentence)

*There is plenty of evidence about the advantages and benefits safety representatives bring to workplaces in terms of improved health, safety and welfare as well as for worker consultation. This is particularly important for workers in construction trades, which due to the nature of their work are often exposed to higher risks to their health and safety.*

(Add in 2.2, into second sentence)

This will include the provision of facilities (office, photocopier, telephone etc), information, opportunities...

### **Inductions**

(add as fourth last bullet point)

All local government craft workers must go through a health and safety induction process before they are allowed to commence working. This induction will concentrate on specific health and safety issues and where possible should be given by a trade union Safety Representative or Convenor.

### **A competent workforce**

(add as third last bullet point of section 3)

All management and supervisory staff will have a demonstrable competence in both appropriate management or supervisory skills and health and safety matters. All *workers* will have a demonstrable skill level incorporating health and safety training. Before starting employment all craft workers need to be in possession of the Construction Skills Certification Scheme (CSCS) card, or obtain it within a short specified timescale, in which case the employer should bear the costs of the card. Management must ensure that the CSCS card is renewed at least within the prescribed timescale.

### **Personal Protective Equipment**

(add as second last bullet point of section 3)

All manual craft workers shall be provided with the necessary Personal Protective Equipment (PPE).

The PPE must be provided free of charge, and no deductions from pay shall be made for this. The PPE must be both appropriate for the job and fit the worker. Particular attention needs to be paid to female craft workers being provided with fitting equipment.

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Management shall make clear (e.g. in inductions, training etc) that PPE has to be worn/used at all times when performing a job for which this is recommended. Workers shall comply with this requirement.

### **Occupational health**

(add as last sentence in bullet point 7 of section 3)

Particular attention should be paid to occupational health problems, which often arise from construction/maintenance work when the right precautions are not taken. This includes risks of manual handling, dermatitis, hand-arm vibration, musculo-skeletal disorders, noise and respiratory problems.

### **Asbestos**

(Add as new bullet 8 of section 3)

Local government craft workers doing maintenance and repair work often face the risk of hitting on an asbestos-containing materials, which represents a significant risk to their health. The underlying approach for all workers must be to ***Think asbestos! Stop Work if you are not sure whether you are working on asbestos.***

In order to be able to take the decision to stop work all workers must be trained to recognise asbestos material. Local authorities should follow an approach where all work on asbestos, i.e. both licensed and non-licensed work, should be carried out by professional licensed asbestos removal companies.

## **9. THE TRADE UNION SIDE CLAIM**

### **a) Increase in Basic Pay**

A significant increase in basic pay which takes into account, the rising cost of living, and disparity with wages in the private sector construction industry.

### **b) Common Craft rate**

There should be an update on the establishment of a working party on the subject of a common craft rate.

### **c) Guaranteed Minimum Bonus**

Consolidation of the Guaranteed Minimum Bonus on agreed 2010 pay rates.

### **d) Consolidation of Building Labourer and Heating and Ventilation Mate Grades**

Merging of the Building Labourer and Heating and Ventilation Mate grades with pay set at the current rate of the Heating and Ventilation Mate grade plus any increase agreed in this year's pay negotiations, with the title of the new grade to be agreed by both sides of the JNC.

The Building Labourer Grade is now paid just £6.59 per hour (£243.83 weekly rate / 37 hour week (outside London) – just £0.79p more than the National Minimum Wage. The Trade Union Side believes that such levels of low pay is an indictment on local authorities as good employers and clearly unacceptable.

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## **e) Extra Payments and Allowances**

The Car Allowance should be increased to take into account the rising cost of fuel.

## **f) Working Hours**

A reduction in the working week to 35 hours per week in London and 36 hours per week outside London

## **g) Holiday entitlement**

- An increase in the basic annual leave entitlement from 21 days to 25 days.
- A review of the current 5-year qualifying period for an additional 5 days leave with the aim of reducing the qualifying period to 3 years.
- An increase of a further 5 days after twenty years' service.

## **h) Bereavement Leave**

- A thorough review and clarification of entitlement to Bereavement Leave.
- In particular, the removal of the discretionary element on the granting of Bereavement Leave.
- Exact clarification on the scope of the definition of 'immediate family'.

## **i) Paternity Leave**

Two weeks paid Paternity Leave.

## **j) Sick Pay**

A move from 6 months full pay to 9 months full pay and 3 months half pay.

## **k) Agency Labour**

The Trade Union Side has been extremely concerned about the increasing use of agency labour and the failure of the Employers' Side to recognise its impact on direct employment levels. The Trade Union Side therefore proposes Joint Secretaries' Guidance on agency labour, which recognises the impact:

- On direct labour numbers
- On apprentice numbers
- On the recruitment and retention of local authority craft and associated employees
- On directly employed staff who are frequently paid less than agency labour staff.

And finally agreement, that agency labour should only be used as an absolute last resort.

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## **l) Stand by Allowances**

A minimum standard rate for stand by payments. This rate should not impact on local agreements where the payment is in excess of any nationally agreed minimum rate.

## **m) Storage of Tools and Clothing**

- A 5% increase to tool allowances.
- A 5% increase to storage of tools and clothing allowances.

## **n) London and Fringe Area Allowances**

An increase in London and Fringe Area allowances to reflect the rise in public transport costs.

In January 2010 tube fares rose by 3.9% and bus fares rose by 12.7% an increase described by the Financial Times as the biggest real-terms fare increase in London's history.

## **9. SUMMARY**

- The Trade Union Side regrets the Employers' statement of the 20 January 2010 which pre-empted this year's JNC pay and conditions' claim for Local Authority Craft and Associated Employees.
- The Trade Union Side remains committed to the continuation of the JNC 'Red Book'.
- The Trade Union Side recognises that the construction industry has been through one of the worst recessions in history but is encouraged to see signs of recovery.
- This year's pay settlement must be set against the backdrop of economic recovery alongside increasing living costs.
- If the Employers' Side refuses to offer any pay increase for the period 2010-2011 this would effectively mean a pay cut for all Craft and Associated Employees.
- Pay rates for Local Authority Craft and Associated Employees continue to lag behind comparable workers in the rest of the construction industry. Today the 'Red Book' Building Craft rate is 69% of the Construction Industry Building Craft Operative rate.
- According to ConstructionSkills nearly 48,000 new entrants will be needed each year to match forecast construction output growth between 2010 – 2014. Skills shortages will increasingly impact on the ability of local authorities to recruit and retain quality employees.

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- According to the Local Government Association's own figures there will be a shortfall of 5,200 apprenticeships set against the LGA target of 15,000 apprentices by 2011. Local authorities must take urgent steps to address this deficit.
- Additions to Section 4.4 of National Agreement.