

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

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

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

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

**Secretary: Alan Ritchie**

**Chair: John Allott**

**UCATT**

**Unite the Union**

**UCATT House**

**Sovereign Court**

**177 Abbeville Road**

**300 Barrow Road**

**London SW4 9RL**

**Sheffield S9 1JQ**

**Tel: 020 7622 2442**

**Tel: 0845 604 1399**

**Fax: 020 7720 4081**

**Fax: 0114 256 0935**

---

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

### **TRADE UNION SIDE PAY AND CONDITIONS CLAIM 2009**

#### **Introduction**

The Joint Negotiating Committee for Local Authority Craft and Associated Employees National Agreement (JNC Red Book) pay and conditions negotiations offer an opportunity to provide a strong direction to public sector construction at a time when it is playing a role of increased importance in construction as a whole.

The recent history of settlements has shown that local government craft workers have been left with increases well below the rate of inflation and that the ongoing inequality with rates in the wider construction industry has failed to be addressed.

The Trade Union Side fully expect that the additional 0.3% awarded to non-craft local authority workers in 2008 should now be awarded to craft workers. Given the refusal of the Employers Side to award this into the 2008 rise for local authority craft workers, the Trade Union Side now expects that this additional amount should be given to craft workers on top of the 2009 settlement.

It is totally unacceptable for the Employers Side to suggest that the only way this increase could be given is if the Craft JNC is dissolved. This is in contradiction to previous statements by the Employers Side indicating that “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.”

Maintaining the JNC Red Book is essential as this is the only way to guarantee that the vast number of issues specific only to local authority craft workers are addressed. This does not, however, mean that local authority craft workers should not be entitled to rises keeping pace with other local authority workers and taking account of the full rises in the cost of living.

It is clear from what was said in the Employers' letter of 1 April 2009 that there is no issue of affordability in awarding the additional 0.3% to craft workers, as it can be afforded if craft workers agree to the "dissolution of the craft JNC", but rather the denial is based on a political motivation to end independent collective bargaining for craft workers.

It is important to note again (as was stated in last year's Trade Union Side submission) that the unsatisfactory nature of the last settlement where numerous issues were ignored or left un-addressed by the employers must not be repeated, it undermines the collective bargaining process and signals disrespect to the value of local authority craft workers.

The following background points are important to note:

- Pay rates continue to fall significantly behind other industry agreements in both the public and private sector. Last year's pay settlement meant that local authority craft workers fell even further behind the private sector comparative industry pay rates, with the increase in rates low compared to private sector agreements.
- Local government craft workers fully expect to receive the additional 0.3% increase given to other local government workers in last year's award.
- There is strong evidence that local economic recovery will be boosted by a significant uplift in local authority craft workers' take home pay.
- The designated grade of 'Building Labourer' continues to qualify as 'low paid'. This situation is unacceptable and must be addressed.
- Again, the trade union side recommend the consolidation of the Guaranteed Minimum Bonus (GMB) into basic pay; this issue has been repeatedly ignored by the employers and must be addressed this year.
- We repeat our call that there should be progress via a working party, to evaluate a structured move towards a common craft rate.
- The government has made more positive announcements on increasing provision of apprenticeships. The LGA has also pledged to create an additional 7,500 apprenticeship places. It is crucial that a large proportion of these should go to craft apprentices and that everything possible is done to encourage more entrants into local authority craft employ.
- Travel and associated allowances have not kept pace with rising costs.
- The agreement does not address work/life balance and the long hours culture.

This is not an exhaustive list, but it indicates that there are important priority areas that both sides can progress during these negotiations.

The trade union side claim highlights our issues of concern. We hope the employers, this year, pay due respect to the Joint Negotiating Committee for Local Authority Craft and Associated Employees agreement and its status as an independent bargaining machine.

## **2009 Red Book Pay Claim - Key facts**

Last year's pay rise was significantly below inflation and constituted a real terms cut in pay levels. With this in mind it is important that this year's deal should address the real terms cuts made in previous years.

### **Backdating**

As has happened in previous years, despite last year's rise being backdated, many members waited several months for their back pay and so once again lost out on the interest they would have earned on the money.

The 0.3% additional rise awarded to non-craft local authority workers should be given in addition to this year's craft workers pay increase. It should be noted that even this would leave local authority craft workers disadvantage as they will not have the benefit of the compounding of the two rises.

### **Economic Outlook**

Low paid workers, a class which many local government craft workers fall into, continue to suffer from high rates of inflation, meaning headline inflation rates bear poor relation to the reality of rising prices faced by low paid workers.

Although RPI has slowed in the last quarter, CPI (3.2%) and RPIX (2.5%) continue to rise and show signs of increasing in the coming months.

The effect of interest rate falls has temporarily suppressed RPI but with rates approaching 0% it is clear that this effect will necessarily be short lived, as further cuts are not possible. In addition all measures of inflation are likely to increase in the next few months as the devalued pound starts to make the price of imported goods more expensive and as the effects of the Bank of England's quantitative easing policies start to show their effect in stimulating price rises.

<b>RPI</b>	<b>2008/2009</b>	
<b>Month</b>	<b>% inc</b>	<b>% inc</b>
<b>January</b>	4.1	0.1
<b>February</b>	4.1	0.0
<b>March</b>	3.8	
<b>April</b>	4.2	
<b>May</b>	4.3	
<b>June</b>	4.6	

<b>July</b>	5.0	
<b>August</b>	4.8	
<b>September</b>	5.0	
<b>October</b>	4.2	
<b>November</b>	3.0	
<b>December</b>	0.9	

The chief factor that has temporarily slowed RPI when compared to the other measures is the fall in interest rates creating the impression of falling housing costs, when in actual fact housing costs are rising for most low paid workers.

Most local government craft workers, along with other low paid workers, are not owner-occupiers, but are in fact renters, from both the social and private rental sectors. ONS figures show that rent inflation is running at 3.1%<sup>1</sup>. All other areas of housing cost not related to home ownership are also rising, increasing costs for all households that rent and eliminating the supposed reduction in overall inflation.

Council tax inflation is listed by the ONS at 3.6% and DCLG has indicated that average rises from 1<sup>st</sup> April 2009 will come to 3%.

Other costs that disproportionately effect low paid workers are also rising rapidly.

Fuel and lighting costs are increasing by 22.3%, with gas in particular increasing by 33.8%. Travel costs are increasing by 8.4%. Food inflation is now running at 11.3%, with many staples increasing by significantly more.

A report by the Institute for Fiscal Studies indicates that overall inflation rates continue to run high for low-income households. The poorest two deciles are estimated to have an overall average inflation rate of 5.3%. Householders in the private rented sectors are estimated to have an average inflation rate of 4.7%, with local authority renters experiencing average overall inflation of 6.1%. All households except those in the top three income deciles are estimated to have average inflation rates in excess of the headline inflation figures.

All this amounts to significant increases in the cost of living for local authority craft workers and requires a significant rise in pay levels to ensure that these workers are do not suffer detriment to their standard of living.

A great deal has been written about problems in the private sector construction industry. However it is important to realise that the chief area of change in conditions has been in private sector housebuilding. Other sectors of the construction industry have not been affected in this way, with non-housing new builds, housing repair and maintenance, and non-housing repair and maintenance all continuing to increase output over the past year.<sup>2</sup>

New orders in infrastructure, for example, were up 46% year on year in the last quarter for which figures are available.

<sup>1</sup> ONS Consumer Price Indices First Release 24 March 2009

<sup>2</sup> ONS Output in the construction industry First Release 6 March 2009

The key points to consider in the construction sector are:

- Continued growth expected over the next four years and beyond meaning a need for an average of 37,030 additional construction workers new entrants each year up until 2013.
- Average weekly earnings in the construction industry now stand at £30,830<sup>3</sup>.
- Increase in use agency labour.
- Many of the migrant labourers who had previously filled skills shortages are now returning to their home countries.

The prospects for many parts of the construction industry remain buoyant. Demand in the industry will be bolstered over the next five to ten years as a result of Government aspirations for health, education, housing, transport and other major infrastructure.

Many long-term government projects look to be having a significant effect on the construction industry. Building Schools for the Future, the continued hospitals building programme, the further education college rebuilding programme, major road and rail infrastructure projects, investments in energy and renewables, Heathrow and other airport expansion, major defence and shipbuilding projects, other continuing infrastructure works, the target of 3 million new homes by 2020 (an increasing number of which are due to be delivered by local authorities) and the huge set of projects involved in the Olympics will all drive buoyancy in the next few years in the construction industry.

### **Skills Shortages**

The Government and the Local Government Association have made welcome statements on the expansion of apprenticeships. It is absolutely essential that local authority craft apprenticeships should make up a large proportion of the additional 7,500 apprenticeships announced by the LGA, so as to address the chronic skills shortages in craft trades.

The number of Local Authorities that offer apprenticeships has dramatically fallen. The Local Government Craft and Associated Employees Survey Report from June – July 2007 got a response from 196 Local Authorities. This is a 47.8% response. In 2002 157 authorities responded and had 906 apprentices. This is an average of 5.8 apprenticeships per local authority.

Of the 196 local authorities that responded, there were 445 placements. This is just 2.3 places per authority. This is a fall of about 60%

Below is a breakdown of the craft occupations that are employed by Local Authorities as well as the breakdown of apprentices in those occupations.

<b>Craft Occupation</b>	<b>Employees</b>		<b>Apprentices</b>	
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>
Bricklayers, masons	373	6.7	25	5.6
Carpenters and joiners	865	15.6	64	14.4
Electricians, electrical fitters	688	12.4	99	22.2
Plumbers, heating and ventilating engineers	767	13.8	126	28.3
Painters	345	6.2	3	0.7

<sup>3</sup> ONS Monthly Digest of Statistics March 2009

Plasterers	213	3.8	20	4.5
Road construction operatives	547	9.9	18	4.0
Labourers in building and woodwork trades	317	5.7	2	0.4
Other skilled trades & construction occupations	884	15.9	66	14.8
Not known/not available	550	9.9	22	4.9
Total staff	5449	100	445	100

Despite the fact that 5.7% of those employed are labourers in building and woodwork trades, this only represents 0.4% of apprentices.

There are also large inconsistencies between the numbers employed and those in apprenticeships in road construction, bricklayers, painters and carpenters and joiners

The trade union side believes the social partnership model that exists between employee and employer in local authorities is also vital to success.

The positive growth construction industry output combined with shortages of skilled trades people will continue to be an important factor across the public sector over the next decade. According to the *Blueprint for UK Construction Skills 2009-13*, produced by the Sector Skills Council ConstructionSkills, the most likely scenario will be that an additional 37,030 new skilled entrants to the construction workforce will be required on average each year up to 2013 to meet the industry's skills needs.

New apprenticeship places have been well below 10,000 in each of the last 4 years. Indications are that many employers are cutting the number of apprenticeship places they provide, despite the government's efforts to increase provision. The industry therefore has a skills shortage making the market for qualified and skilled labour highly competitive.

The employers should use these negotiations to strengthen the agreement, make local authority craft attractive to new entrants and offer a benefits package that will encourage workers to stay in the employ of local government. The trade union side proposes the introduction of a ratio system of apprentice employment where local authorities employ as a minimum one apprentice for every ten craft workers.

**CSCS:** To include in the national agreement the requirement for all craft operatives to be registered with the Construction Skills Certification Scheme (CSCS) in order to demonstrate a qualified and registered workforce. The full cost of registration to be met by each local authority employer.

### Single Year Deal – with a significant increase to pay rates

The JNC Red Book agreement has failed to keep pace with settlements reached in comparative industry over the last 3 years (see tables). There is a need to address the trend of low settlements and the tables below demonstrates the need to reverse the current trend in low pay settlements.

Comparing the Red Book Craft rate with the Construction Industry Building Craft Operative rate shows that on 2006 rates, the Red Book rate was 72.14% of the Construction rate, and in 2008 this had fallen to 68.33%

Comparing the Red Book Plumber rate with the JIB PMES Trained Plumber and Gas Service Fitter rate shows that on 2005 rates, the Red Book rate was 78.37% of the JIB rate, falling to 78% in 2006, and falling further to 77.91% in 2007 and still further to 75.45% in 2008. The introduction of the 2009 rate leaves the current Red Book rate at 71.85% of the JIB rate unless a significant upward adjustment is made to Red Book rates this year.

Comparing the Red Book Engineer and Electrician rate with the JIB ECI Electrician rate, shows that on 2005 rates, the Red Book rate was 81.87% of the JIB rate, falling to 80.68% in 2006, and falling further to 78.73% in 2007 and still further to 69.23% in 2008. The introduction of the 2009 rate will leave the current Red Book rate at 66.11% of the JIB rate unless a significant upward adjustment is made to Red Book rates this year.

These comparisons show that not only do the Red Book rates suffer from differentials of 28-34% of other industry rates, but also these differentials are increasing every year in each industry.

An important statistic to bear in mind when considering local authority craft pay is the private sector CIJC agreement pays its General Operative (Labourer) £15,717 per annum whereas local authority pays a skilled Building Craft Operative just £14,314 per annum – **giving the private sector labourer grade 9.8% more than fully skilled craft workers in the local authority sector.**

If local authority employers continue to undervalue their skilled workforce then they will certainly encounter severe retention and recruitment difficulties.

Table 1. Construction Industry Joint Council Working Rule Agreement, June 2006 - 2009						
Role	Wage Rates					
	2006		2007		2008	
	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

Table 2. Joint Industry Board for Plumbing Mechanical Engineering Services, Rates of Pay 2007, 2008 and 2009						
Grade	Wage					
	2007		2008		2009	
	Per hour	Annual Equivalent*	Per hour	Annual Equivalent*	Per hour	Annual Equivalent*
Technical Plumber and Gas Service Technician	£12.88	£25,116	£13.46	£26,247	£14.13	£27,554
Advanced Plumber and Gas Service Engineer	£11.60	£22,620	£12.12	£23,634	£12.73	£24,824
Trained Plumber and Gas Service Fitter	£9.94	£19,383	£10.39	£20,261	£10.91	£21,275

<b>Table 3. Joint Industry Board for Electrical Contracting Industry, Wage Rates 2008/2009/2010</b>						
Grade	Wage Rates					
	2008		2009		2010	
	Per hour	Annual equivalent	Per hour	Annual Equivalent	Per Hour	Annual Equivalent
Technician (or equivalent specialist grade)	£14.68	£28,626	£15.34	£29,913	£16.12	£31,434
Approved Electrician (or approved specialist grade)	£12.86	£25,077	£13.44	£26,208	£14.11	£27,515
Electrician (or equivalent specialist grade)	£11.72	£22,854	£12.24	£23,868	£12.86	£25,077
Labourer	£9.06	£17,667	£9.48	£18,486	£9.93	£19,364

**NOTE: The rates agreed under the Construction Industry Joint Council Working Rule Agreement. It should be noted that these figures are basic minimum rates. IDS Pay Report states, “there is quite a variation between the basic industry rates and the wages actually earned when skills, performance and overtime are added in”.**

The continued strength of the construction industry, the demand for labour and the need to create an attractive package for workers engaged in local authority craft makes a powerful case for a single year deal that delivers a significant increase in the basic rate of pay.

### **Common Craft Rate**

The trade union side again propose a working party be set up to evaluate the feasibility of a structured introduction of a common craft rate. The working party will consider evidence on craft differentials including the government’s ‘Blueprint for Construction 2006 – 2010’ report that highlights the skills shortages in the wood trades and similar evidence regarding other trades. The working party will report in time for its recommendations to be considered as part of the next (2010) pay review.

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

**The Building Labourer Grade is now paid just £6.51 per hour, barely more than National Minimum Wage rates; this is a terrible indictment on local government that a craft grade is paid such a paltry basic rate of pay.**

To address the low pay of the designated grade of Building Labourer, the joint unions propose the merging of the two designated grades listed above. The new grade basic pay rate will be set at the current basic rate for Heating Ventilation Mate plus any increases agreed in this years pay negotiations. The title of the new grade to be agreed.

### **Bonus Payments**

The claim is for the Consolidation of the Guaranteed Minimum Bonus on agreed 2009 rates.

## **Extra Payments and Allowances**

Car Allowance - The last settlement did not address the increased cost of fuel when calculating this allowance. Prices have continued to rise.

To improve the payment an increase of the current level should be agreed that sees a substantial increase in this allowance.

### **The trade union side additionally proposes the following measures to increase the take home pay of craft workers.**

- 1) Increase tool allowance to a flat rate of £12 for all trades. Currently local government craft workers in effect loan their own tools to the local authority for the minimal sum of (in the case of a carpenter) £6.30 per week.

The issue of Tool Allowance has to be put into perspective, if a local authority was made to hire the standard tool kit for all craft grades the cost would be far in excess of the trade union side claim and would in all likelihood be prohibitive. The introduction of a £12 per week standard tool allowance still present's local authorities with excellent value for money.

- 2) The list of trades set out for payment of tool allowance should not be considered complete.

There is a requirement to survey and extend the current list to include trades such as Roofers.

- 3) Extra Payments for Continuous Extra Skill or Responsibility. The extra payment criteria of Part 2 Appendix 3 of the national agreement is one aspect of craft pay that is in urgent need of updating. It is therefore proposed that all designated Code Letters be subject to a 10% increase.
- 4) Extra Payment for Intermittent Responsibility Part, 2, 2.1, and Miscellaneous Extra Payments Part 2, 3.1, 3.2, 3.3, 3.4, be subject to an increase of 10%.
- 5) Additional supplements as specified in Part 2, 1.5 & 1.6 be subject to an increase of 10%
- 6) Due to the increase in Personal Digital Assistants (PDA's) extra payment should be added to the list of extra payments and allowances contained within Part 2 Appendix 3 of the national agreement; This payment should be set at £10 per week.

## **Working Hours**

The trade union side are concerned that the risks of work related health problems increases with the number of hours worked. Those working the longest hours are most likely to develop such problems, including cardiovascular disorders, mental health problems, stress related disorders, musculoskeletal problems and digestive disorders.

A report produced by the Joseph Rowntree Foundation titled 'How do they find the time?' made some important points about the detrimental effects of long hours working:

- It has a negative impact on families.
- Long hours, for either fathers or mothers are associated with less involvement in children's activities and the frequent disruption of family activities.

- 80% of mothers whose partner works long hours want them to work less.

The view of the Trade Union side is that local authorities would benefit from reducing the hours worked.

A reduction in the working week alongside an increase in the basic hourly rate will help achieve a real reduction in work hours. The trade union side proposes a reduction of 2 hours from 37 hours to 35 hours per week, and from 36 hours to 34 hours in London.

Consideration should also be given to the working week hours being worked over a four-day week.

### **Holiday entitlement**

The current level of annual leave is 21 days with a further 5 days after five years continuous service. The current level has failed to keep pace with increasing in the statutory minimum holidays, eroding the benefit of the holiday entitlement to local authority craft workers.

- The proposal is an increase to the basic entitlement to 25 days.
- In addition, the joint unions would propose the 5-year qualifying period for 5 extra days be reviewed.
- A move to reduce the 5-year qualifying period to 3 years would be the aim of the review.
- An increase of 5 further days for long service after 20 years.

### **Bereavement Leave**

New paragraph to national agreement on bereavement leave. Guidance has to be agreed and explicit. The joint unions propose the complete removal of the discretionary element of bereavement leave.

Bereavement is a respect for people issue. The joint unions believe employees must be treated with dignity.

- Clarity on what constitutes immediate family.
- Increased bereavement leave should a worker suffer more than one bereavement within the same year.

### **Paternity Pay**

The claim is for two weeks paid paternity at full pay rates.

### **Sick Pay**

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

### **Agency Labour**

No progress has been made on this element of the 2002/2003, 2004/2005/2006, 2007 or 2008 settlements. The unions again propose Joint Secretaries guidance on agency labour.

- The guidelines should recognise:
- The impact of agency labour on apprentice numbers.
- That agency labour must only used as a last resort.

- The increased use of agency labour identifies a bigger problem, that of recruitment and retention of craft workers.
- Agency labour is commonly paid in excess of £15.00 per hour.
- This has a negative impact on local authority craft workers who are paid little more than half that amount.

Direct Labour numbers are being driven down by the routine use of agency labour.

### **Stand By Allowances**

The joint unions want to agree a minimum standard rate for stand by payments. This rate would not impact on local agreements where the payment is in excess of any nationally agreed minimum rate.

### **Storage of Tools and Clothing**

The trade union side propose an increase from the current rate of £1,305 to £1,500. Loss of clothing through fire payment to be increased to £150.00.

### **London and Fringe Area Allowances**

London and Fringe Allowances to be increased by 15%. To emphasise the requirement for a significant increase a look at the typical travel costs in London highlights perfectly the increased cost of living and working in London.

**London Tube and Bus Fares** - The CPI and RPI both failed to pick up the significant cash increases in tube and bus fares in London. If the journey includes Zone 1 cash fares on buses and the Tube have risen by 33%. According to London TravelWatch (the official transport watchdog organisation) even at existing fare levels that cash fares were as high as people could reasonably expect to pay. The organisation said many people do not have access to the cheaper fares, and have no alternative but to pay cash. Cash fares for tube tickets are up to 167% higher than Oyster fares, and up to £222% higher for tram and bus fares.

The one-day bus pass is frozen at £3.50. However the cash fare has risen by a third, from £1.50 to £2, even for a one-stop hop within the TfL area.

National Rail prices have also risen at above inflation rates. Indeed, train companies are allowed to increase ticket prices by RPI = 1%, except for London South-eastern, the busiest commuter operator, which has been allowed to increase fares by RPI + 3% for 5 years.

## Summary

- Single Year Deal
- Significant percentage rise in basic pay
- Consolidation of Building Labourer and Heating Ventilation Mate Grades
- Reduction in the working week
- Consolidation of Guaranteed Minimum Bonus
- Substantial increase to 'Extra payments and allowances'
- Working Party on feasibility of a common craft rate
- Increased holiday entitlement
- Remove 'Management' discretionary element from bereavement leave
- Joint guidance on the use of agency labour
- Increase in Tool Allowance and Insurance – Hand Held Technology payment and national minimum rate for Stand by Allowance
- Increase in 'Storage of Tools and Clothing' payments
- London and Fringe Allowances to be increased by 15%

