

Joint Negotiating Committee for Local Authority Craft and Associated Employees

Trade Union Side: UCATT, Unite, GMB, CSEU

Secretary: Alan Ritchie

Chair: John Allott

**UCATT
UCATT House
177 Abbeville Road
London SW4 9RL**

**Unite the Union
Transport House
204 Meadowhall Road
Sheffield S9 1BN**

**Tel: 020 7622 2442
Fax: 020 7720 4081**

**Tel: 0114 243 5672
Fax: 0114 256 0935**

JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CRAFT AND ASSOCIATED EMPLOYEES

TRADE UNION SIDE PAY AND CONDITIONS CLAIM 2008

Introduction

The Joint Negotiating Committee for Local Authority Craft and Associated Employees National Agreement (JNC Red Book) pay and conditions negotiations offer another chance to review the agreement and provide a direction to the public sector arm of the construction industry.

Recent settlements have failed to deliver pay rates above the rate of inflation, or indeed pay rates that reflected rates paid in comparative outside industry.

The last settlement neither matched the aspirations of the workforce nor acknowledged the buoyant state of the construction industry, something that impacts daily on the recruitment and retention of local authority craft workers.

Local Authority employers have to recognise the prospects for the comparative construction industry remain positive and as such a clear craft related settlement is required that addresses the low rates of basic pay, inequitable craft differentials, skill shortages and decent apprenticeship provision.

The unsatisfactory nature of the last settlement where numerous issues were ignored or left un-addressed by the employer must not be repeated, it undermines the collective bargaining process and signals disrespect to the value of local authority craft workers.

Against this background it is important to note the following points:

- Pay rates still lag significantly behind other industry agreements in the public and private sector, and in the last year local authority craft workers have lost further ground on the private sector comparative industry pay rates
- There is a strong business case to significantly uplift local authority craft workers take home pay.
- The designated grade of 'Building Labourer' qualifies as 'low paid' 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 employer and must be addressed this year.
- There should be progress via a working party, to evaluate a structured move towards a common craft rate.
- Following government announcements on new apprenticeship provision, the structure of the apprentice scheme needs to be modified to encourage new 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.

2008 Red Book Pay Claim - Key facts

By any measure of inflation, last year's pay rise was also considerably less than inflation – in effect this means a pay cut. The Employers' indicated that its award was made with consideration of the Government's 2% pay rise cap for public services, which throws into question the legitimacy of the pay negotiations if the Employers' Side is unable to make an independent contribution.

Backdating

Although the pay "rise" was backdated to April 2007, many members will have waited up to 9 months to receive their "increase", which means that as well as

losing out with a below-inflation pay award, they also lose out on 9 months of interest on that pay increase.

Economic Outlook

Our members are facing increasing living costs as inflation forecasts continue to show a steady increase in the RPI. RPI is a closer reflection on the real cost of living that our members face.

The all-items retail prices index rose to 4.1 per cent in the year to January 2008, up from 4.0 per cent in December.

In the year to January 2008 the Consumer Price Index (CPI) rose by 2.2 per cent, up from 2.1 per cent in December the retail prices index excluding mortgage interest payments (the underlying rate or RPIX) rose to 3.4 per cent in the year to January 2008, up from 3.1 per cent in December.

RPI	2007/2008	
Month	% inc	% inc
January	4.2	4.1
February	4.6	
March	4.8	
April	4.5	
May	4.3	
June	4.4	
July	3.8	
August	4.1	
September	3.9	
October	4.2	
November	4.3	
December	4.0	

In January 2008 the UK's largest mortgage lender, Halifax, published its latest House Price Index, providing an overview of house prices across the UK.

Halifax found the average annual rate of increase stood at 4.5%. Halifax chief economist Martin Ellis said that the Halifax "expect sound economic fundamentals and lower interest rates to support house prices". In addition, the Halifax report that house prices nearly tripled (2.81 times higher) over 10 years from January 98 to January 08, rising from 70,296 to 197,244 over the period.

Council tax had risen by an average of 4.5% from 2005-2006 to 2006-2007. In 2007-2008 council tax rose by a further 4.2%.¹ There are predictions that although the local government minister has stressed that council tax increases in 2008 should not exceed 5% many in local government foresee increases of up to 9%. Therefore there are many increases that are above the rate of inflation that have had, and will continue to have a big impact on the cost of living for our members.

It is an inescapable fact that recruitment and retention of good quality craft workers is affected by the construction industry private sector. It is historically correct that local authorities used to successfully recruit from the private sector.

The advantage of paid holidays, sick pay and pension provision was a major incentive for workers seeking financial stability and job security. This is no longer the case.

The private sector now actively recruits from public sector; the reverse has been achieved by a series of low pay settlements within local government, and a private sector where the working time directive gives statutory holidays, a well-administered industry pension scheme and predominately, significantly higher rates of basic pay.

So, when assessing the economic outlook, whilst it is correct to take into account cost pressures within local authorities it is also correct to take cognisance of the economic outlook across the whole construction industry.

The key points to consider in the construction sector are:

- Strong growth expected over the next four years and beyond meaning a need for 241,000 more construction workers by 2011.
- 87,600 new recruits a year needed
- Average wage for a skilled construction worker is now £22,940
- Tight labour market for construction operatives
- Increase in agency labour

The prospects for the construction industry remain buoyant. The industry will continue to have strong demand over the next five to ten years as a result of Government aspirations for health, education, housing, transport and other major infrastructure.

The construction boom looks to continue way beyond 2010 with a total of 10.8% increase in output by 2011. By 2011 there will be over 2.8 million people working in the construction industry. Many long-term government projects look to be having a significant effect on the construction industry.

There is set to be huge spending on education through the Building Schools for the Future programme that looks to renew or rebuild every secondary

¹ <http://www.communities.gov.uk/index>.

school in the country. This is expected to start by 2011 and will eclipse the budget for the Olympics. This combined with the Government's plans to build 3 million new affordable homes by 2020 show the long-term buoyancy that the industry will enjoy.

The boom in construction will therefore have an enormous impact on the retention and recruitment of Local Government Workers.

The stability of the economy underpinned by steady growth will allow construction companies to plan ahead with a degree of certainty. Unless local authorities react to the above they will find it increasingly difficult to meet service requirements.

Skills Shortages

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.

This year 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.

Craft Occupation	Employees		Apprentices	
	No.	%	No.	%
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
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 of the construction industry 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 2007-11*, produced by the Sector Skills Council ConstructionSkills, the most likely scenario will be:

- In 2005 2.41 million people were employed in construction and that figure is expected to rise to more than 2.8 million by 2011
- To deliver this growth and replace those who will leave the industry, an average of 87,600 new workers will be needed to be recruited per year, a 7% increase in workers.

Last year there were only 7000 apprenticeship places. This is down by 26% on the previous year. 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.

7.5% - Single Year Deal

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 2007 this had fallen to 70.88%

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.

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.

These comparisons show that not only do the Red Book rates suffer from differentials of 18-29% of other industry rates, but also these differentials are increasing every year in each industry.

With the private sector CIJC agreement due to increase pay by 6% this year the joint unions believe this should be the starting point for any increase. The joint unions also propose an additional 1.5% on basic pay as a first step to close the gap between the comparative public/private sector agreements. 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 £13,972 per annum - **12% less than the private sector labourer grade.**

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

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

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	£14.07	£27,437
Advanced Plumber and Gas Service Engineer	£11.60	£22,620	£12.12	£23,634	£12.67	£24,707
Trained Plumber and Gas Service Fitter	£9.94	£19,383	£10.39	£20,261	£10.86	£21,177

Table 3. Joint Industry Board for Electrical Contracting Industry, Wage Rates 2008/2009/2010						
Grade	Wage Rates					
	2008		2009		2010	
	Per hour	Annual equivalent		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 (2009) pay review.

Consolidation of Building Labourer and Heating Ventilation Mate Grades

The Building Labourer Grade is now paid just 27 pence above the newly announced NMW rate of £5.73; 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 2008 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 by 100% for all trades (an example using the current rate of £6.12 per week for a Carpenters tool allowance, would give a new rate of approximately £12.24 per week). 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) £6.12 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 100% increase to 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, where traditionally a Roofers range of tools cost (at current prices) £835.00

- 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 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 pay.

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 or 2004/2005/2006 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.

Hand Held Technology

There has been an advance in the use of hand held new technology such as Personal Digital Assistants (PDA's), the joint unions want to enter in dialogue on the use of such technology and remuneration for use.

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 £1,267 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
- 7.5% 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 1