Fair Pay for Key Workers – Briefing for Rishi Sunak MP for Richmond (Yorkshire)

September 2021

TUC recommendations

In order to deliver fair pay and justice to key workers and support economic recovery, the TUC has five key asks on rewards for key workers:

* **End the public sector pay pause**, ensuring spending allocations in the October 2021 comprehensive spending review reverse a decade of lost pay and fully restore the value of public sector workers pay to 2010 levels
* **Give all public service workers a fair pay rise** through fully independent Pay Review Bodies or collective bargaining, without restrictions being set by Treasury pay policy
* **Fund the public sector** so that all outsourced workers get a pay rise to at least the real Living Wage and pay parity with directly employed staff
* **Raise the national minimum wage** to £10 per hour
* **Stop the cut** to Universal Credit

Introduction

This briefing sets out some of the TUC’s key findings around key workers’ pay in Richmond (Yorkshire) and across Yorkshire and the Humber.

In his spending review of November 2020, the chancellor announced a pay freeze impacting almost half of the public sector workforce for 2021/22 including teachers, police and civil servants. Pay rises offered to workers in the NHS, local government and those paid below £24k remain below headline inflation of 3.2%. And many still earn less in real terms than they did in 2010, following a decade of government-imposed pay restraint.

Many key workers in the public sector are excluded from these awards, including outsourced NHS staff such as cleaners and porters.

The forthcoming comprehensive spending review is the chancellor’s opportunity to put this right and give key workers the pay rise they need.

Key workers in Yorkshire and the Humber

Many key workers in sectors such as retail, logistics and social care that were in the frontline of the pandemic remain at the National Living Wage of £8.91/hour. TUC research shows that raising the National Living Wage to £10 per hour would benefit one in three adult social care workers, 580,000 workers in total.

TUC analysis shows that 3 in 10 key workers – an estimated 3.1 million people – are paid less than £10 an hour.

In Yorkshire and the Humber, 272,111 key workers earn below £10, representing 33% of all key workers.

Key workers in the public sector in Yorkshire and the Humber

In June 2021 there were 5.7 million public sector workers in the UK, representing nearly 18% of all people in employment.

In June 2021, there were 482,000 public sector workers in Yorkshire and the Humber. This represents 19% of all employees in the region.

10,635 public sector employees were working in Richmond (Yorkshire).

Pay trends in the public sector since 2010

TUC analysis shows that public sector pay still hasn’t recovered from a decade of sustained falls in real earnings.

In the NHS, even after factoring in the recent pay award for NHS staff, pay for nurses, community nurses, medical secretaries, speech therapists, physiotherapists, paramedics and radiographers is still below 2010 levels after taking inflation into account.

Real terms pay loss since 2010 in the NHS

* Porters pay is down by £770 (-3.7%)
* Medical secretaries pay is down by £1,170 (-5.1%)
* Maternity care assistants and nursery nurses pay is down by £2,000 (-7.6%)
* Nurses and community nurses pay is down by up to £2,500 (-7.3%)
* Radiographer specialist and paramedic pay is down by £3,200 (-7.6%)

Real terms pay loss for teachers

A recent analysis by the [IFS](https://ifs.org.uk/publications/15552) shows that in 2021, teacher pay levels remain about 8% lower in real terms than in 2007, just before the financial crisis. And they are still about 4-5% lower for less experienced teachers.

Giving public sector workers a fair pay rise will boost regional economies and keep the pay circle moving.

Recent research by the TUC shows how the economic recovery can be sped up by reversing cuts to key workers’ pay. If the chancellor restored public sector workers pay to 2010 levels, raising pay in line with CPI inflation, it would boost England’s economy by £3.3 billion.

If the Chancellor restored public sector workers pay to 2010 levels using RPI it would boost England’s economy by £10.5 billion.

In Yorkshire and the Humber, restoring public sector workers pay to 2010 levels in line with CPI inflation would boost regional economy by £322 million.

At constituency level, it would mean an economic boost of £7,6 millionfor Richmond (Yorkshire).

The net cost to government of raising public sector workers pay for 2020/21 is £2.56 billion, if restored in line with CPI.

The government should keep the pay circle moving. Investing in public sector workers and giving them a fair pay rise helps everyone. When a worker spends their wages, money goes straight into the local economy, and comes back into other people’s pay packets.

Child poverty in key worker families

[Research](https://www.tuc.org.uk/news/one-million-children-key-worker-households-live-poverty) published by the TUC found that just over a million children in key worker families are living below the poverty line, representing 21% of children in key worker households.

100,214 children of key workers in Yorkshire and the Humber are living in poverty, representing 25% of children in key workers households.

The main reasons for key worker family poverty are low pay and insecure hours – factors that often coincide in key worker occupations such as care workers, delivery drivers or supermarket staff.

High housing costs further reduce keyworker family budgets for essentials like groceries and utility bills. And support through Universal Credit is not enough to guarantee families avoid poverty.

Universal Credit

Current government policies are likely to increase child poverty rates. Many key worker households will be worse off as a result of the chancellor’s planned cut to Universal Credit for low-income families by £20 per week in October.

In Yorkshire and the Humber, 194,344 workers are receiving universal credit. They will all be hit by the £20pw cut.

Outsourced public service workers

Many key workers in the private sector are engaged in delivering core public services, including social care workers and those providing auxiliary services in the NHS, schools and public transport.

A large proportion of these workers will not benefit from the pay rise offers that only extends to directly employed staff.

The TUC believes that the NHS, local authorities and other government departments should be provided with the funding to ensure that outsourced workers providing work under contract to public services are able to benefit from pay rises that provide parity with directly employed staff or, at the very least, pay the real living wage.