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# Public Sector Pay

Presented by

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## 3 ways to participate

- **Ask questions** and vote for your favourite – links below this presentation
- **Answer the polls** – link below this presentation
- **Comment and chat** – click on 'Say something nice' (bottom-right)

A photograph of Theresa May and David Cameron in the House of Commons. Theresa May is in the foreground, wearing a dark blue suit and a patterned scarf, looking towards the camera with a slight smile. David Cameron is seated to her right, wearing a dark blue suit and a blue tie, looking forward with a neutral expression. Other people in suits are visible in the background.

## The politics of public sector pay

## Pay restraint as a tool of austerity

"I know there are many dedicated public sector workers who work very hard and did not cause this recession - but they must share the burden as we pay to clean it up ... if we don't tackle pay and pensions, more jobs will be lost."

Chancellor George Osborne, June 2010



# The public v private narrative

“When you take into account the very generous contributions that public-sector employers have to pay in for their workers’ very generous pensions, they are still about 10% ahead”

Chancellor Philip Hammond, July 2017



# A country that works for everyone?

“Our economy should work for everyone, but if your pay has stagnated for several years in a row and fixed items of spending keep going up, it doesn’t feel like it’s working for you.”

Prime Minister Theresa May, October 2016

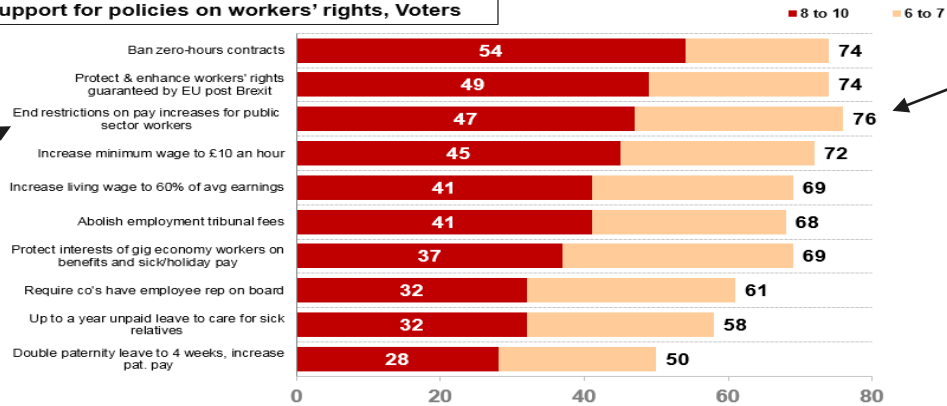


# And then the General Election ...

## Most popular policies for workers are an end to zero hours, protecting EU-derived rights and a public sector pay increase

Here are some policies that have been discussed in the election. Please indicate whether you support or oppose the policy, using a scale from 0 to 10. 10 means you strongly support the policy, 0 means you strongly oppose the policy, and 5 means you neither support nor oppose the policy.

### Support for policies on workers' rights, Voters

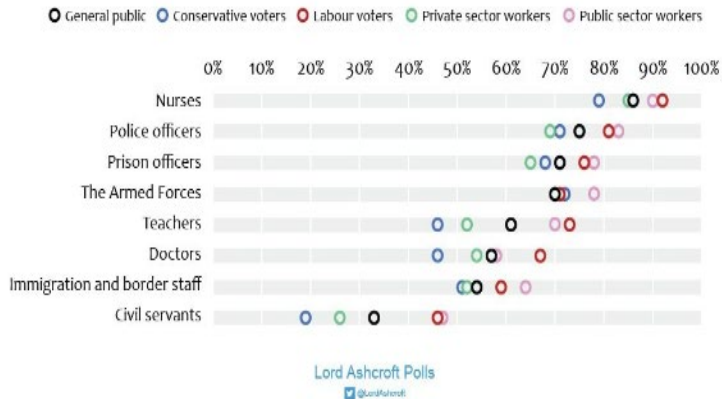


Voters n=2134

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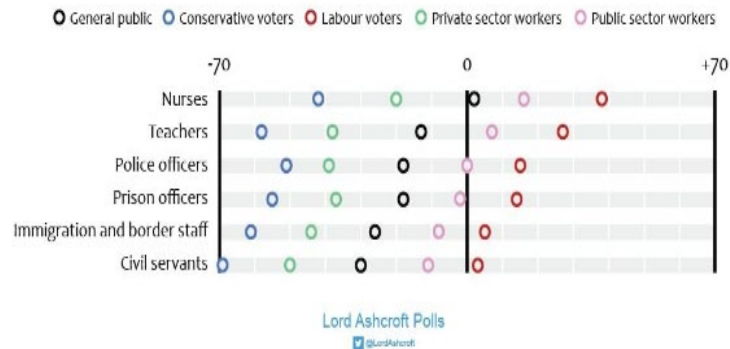
# Yeah but what do people *really* think?

Which public sector workers should be given larger pay increases than the current 1% pay rise cap?



Would you support or oppose the following occupations going on strike to try and get an increase in pay?

Net support for strikes





## Ministers now wobbling

"I have a great deal of sympathy for the case that nurses amongst others have made on the issue of pay. I think they do an absolutely brilliant job."

Secretary of State for Health, Jeremy Hunt, June 2017



What has happened to public sector pay?



# Public sector pay policy since 2010

**Budget 2010:** two year pay freeze covering 2011/12 and 2012/13 + £250 uplift for those earning <£21k

**Autumn Statement 2011:** set public sector pay awards at an average of 1 per cent for each of the two years following the end of the pay freeze covering 2013/14 and 2014/15

**Summer Budget 2015:** fund public sector workforces for a pay award of 1% for 4 years from 2016-17 onwards

**In addition:** removal of pay progression for civil servants and school teachers plus changes to public sector pensions (including higher employee contributions)

# What does this mean for public service workers' pay?

*Real terms pay cuts by public sector worker, 2010 - 2016*

<b>Occupation</b>	<b>Pay in 2016 (£)</b>	<b>Pay in 2010 at CPI in 2016 prices (£)</b>	<b>Nominal real terms pay cut at CPI (£)</b>	<b>Pay in 2010 at RPI in 2016 prices (£)</b>	<b>Nominal real terms pay cut at RPI (£)</b>
NHS Paramedic	35,577	39,435	3,858	41,717	6,140
Teacher	33,160	35,574	2,414	37,633	4,473
Prison Officer	29,219	33,038	3,819	34,930	5,731
Lifeguard	22,658	24,821	2163	26257	3,599
NHS Specialist Dietician	35,577	39,435	3,858	41,717	6,140
Firefighter	29,638	32,526	2,888	34,408	4,770
Nuclear Maintenance Engineer	33,633	36,224	2,591	38,320	4,687
Crown Prosecutor	58,679	63,083	4,404	66,735	8,056

## There's a human cost behind these numbers

	<b>Public sector workers (%)</b>
<b>Skipping meals</b>	15
<b>Worried about expenses</b>	50
<b>Think expenses getting worse</b>	39
<b>Left heating off</b>	21
<b>Pawned something</b>	21
<b>Unexpected £500 bill – can't pay</b>	24
<b>Unexpected £500 bill – could pay, but requires debt</b>	23

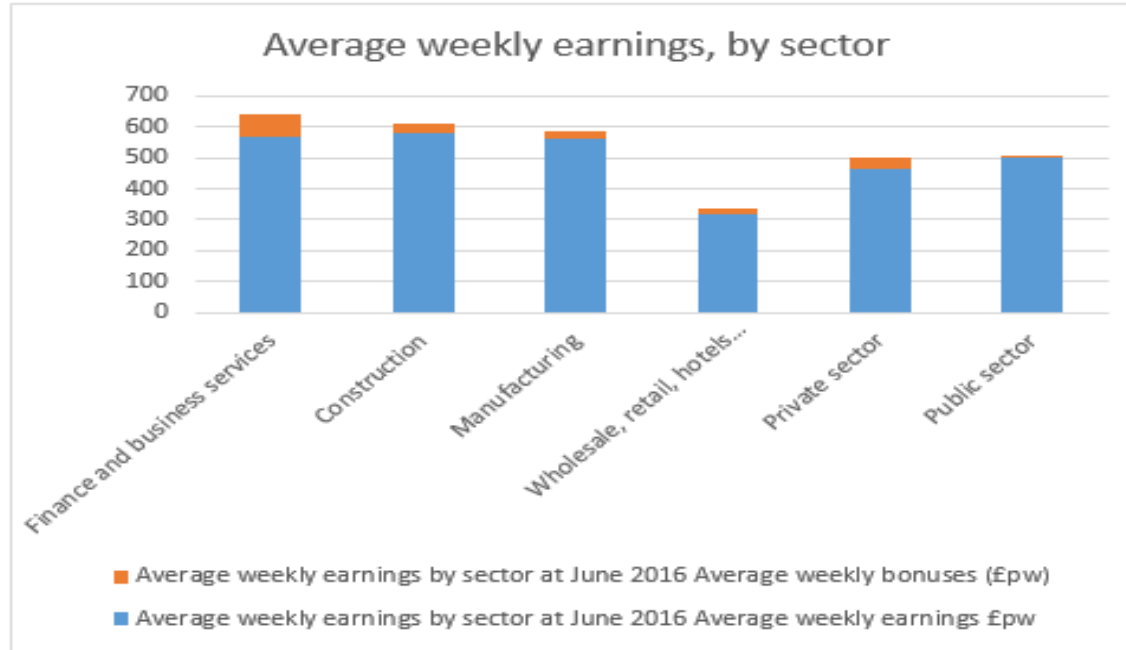
*Source: GQR Research*

# Public v private sector pay

*Public sector v whole economy real earnings growth 2007 – 2021*



# And it depends what you're comparing



# It's not good news for the economy either

*Total loss of disposable income in regional economies 2010 – 2016 through public sector pay restraint*

<b>Region</b>	<b>Real terms pay gap in 2016 per worker (£)</b>	<b>Cumulative loss of real terms earnings 2010 – 2016 per worker (£)</b>	<b>Total public sector FTE jobs in 2016 (000s)</b>	<b>Total loss of disposable income 2010 – 2016 (£bn)</b>
North East	689	7,666	243	1.8
North West	584	5,740	643	3.7
Yorkshire and Humber	819	6,101	489	3.0
East Midlands	1,805	9,974	303	3.0
West Midlands	828	6,825	441	3.0
East	1,140	4,533	461	2.1
London	2,202	11,997	756	9.1
South East	680	5,109	617	3.1
South West	1,220	7,464	420	3.1





Where do we  
go from here?

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# A change of direction?

## Public sector pay cap to be lifted for police and prison officers

11 September 2017 | UK Politics | 

     Share



The government is to lift the 1% public sector pay cap for the first time for both police and prison officers, the BBC understands.

## Our five key tests:

- Remove the pay cap for all public service workers.
- Provide the freedom for employers and unions to determine appropriate pay awards for each sector either through collective bargaining or genuinely independent pay review bodies.
- Use the autumn budget to provide the new money to fund pay awards, without adding pressure to existing over-stretched budgets.
- Ensure new pay awards provide an element of catch up, recognising the loss of earnings over the last seven years.
- Eradicate poverty pay by ensuring that no public service worker earns less than the real Living Wage.

# Can we afford it?

**Table 1. Estimated increase in funding needed for central and local governments to increase public sector pay under Labour and Liberal Democrat plans compared to current Conservative government policy**

	Increase in required funding per year for central and local government in:	
	2019-20	2021-22
Labour	6.3bn	9.2bn
<i>Of which: NHS</i>	<i>2.0bn</i>	<i>2.9bn</i>
Liberal Democrat	4.1bn	5.3bn
<i>Of which: NHS</i>	<i>1.3bn</i>	<i>1.6bn</i>

Source: Author's calculations using ONS series NMKS (Total Compensation of general government employees), Office for Budget Responsibility Economic and Fiscal Outlook March 2017 and Labour and Liberal Democrat party manifestos.

2019/20	Cash increase	Total Managed Expenditure (TME)	Resource Departmental Expenditure Limits (RDEL)
		<b>810.4bn</b>	<b>340.3bn</b>
In line with private sector wage growth	6.3bn	0.8%	1.9%
In line with CPI inflation	4.1bn	0.5%	1.2%

The TUC logo is positioned in the top right corner. It consists of the letters 'TUC' in a bold, white, sans-serif font. The 'T' and 'C' are connected at the top. The background of the entire poster is a photograph of a person's midsection, wearing a dark grey t-shirt and blue denim jeans, with their right hand held out palm-up.

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**£££**

**BRITAIN  
STILL  
NEEDS A  
PAY RISE**

[tuc.org.uk/payrise](http://tuc.org.uk/payrise) #PayRise

**Tue 17 Oct 2017**

**18:30 to 20:00**

**Parliament Square, SW1P**

**All public sector workers deserve fair pay**

The logo for TUC (Transporters' Union of Canada) features the letters 'TUC' in a bold, sans-serif font. Each letter is rendered with a 3D effect, appearing to be made of a translucent material with a white-to-purple gradient. The letters are slightly offset from each other, creating a sense of depth and movement.

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