

GMB

UNION

CEC Special Report Public Sector Pay

Together, we
**MAKE
WORK
BETTER**

GMB Congress

Brighton 2023

Table of Contents

1. Summary of policy positions adopted.....	3
2. Introduction	4
3. Public sector pay since 2010	5
4. Pay cuts – the effect on workers and services	18
5. GMB – Making Work Better	23
6. Conclusion.....	28

List of acronyms

AfC	Agenda for Change
CPI	Consumer Price Index
COSLA	Convention of Scottish Local Authorities
EA	Environment Agency
EOC	Emergency Operations Centre
ILO	International Labour Organisation
NHSPRB	NHS Pay Review Body
NJC	National Joint Council for Local Government Services
ONS	Office for National Statistics
PRBs	Pay Review Bodies
RPI	Retail Prices Index
SCP	Spinal Column Point
STUC	Scottish Trades Union Congress
TNA	The National Archives
TUPE	Transfer of Undertakings (Protection of Employment)

1. Summary of policy positions adopted

1.1 As set out in this report, it is an important and longstanding principle that Congress does not seek to bind the hands of our negotiators. Our industrial negotiations will always be in the hands of our members.

1.2 Public sector pay setting is also a matter of government policy, and it is important that GMB has a clear stance on those central questions. This report commits the union through our policy and political work to campaign for:

- **Restorative pay rises and fully funded settlements.**
- **Fundamental reforms to the Pay Review Body process.**
- **Reform of civil service pay-setting to end the fragmentation and drift since the abolition of central pay bargaining.**
- **The restoration of the School Support Staff Negotiating Body (SSSNB).**
- **Opposing regionalised public sector pay policies.**
- **Funding for settling historic equal pay claims.**
- **Ending the injustice of the two-tier workforce, including by building on the legacy of the Fair Wages Resolution, the Two-Tier Code, and ILO standards (including by learning from policy in Wales).**

2. Introduction

- 2.1 The UK is in the grip of a pay crisis – real average wages are lower than they were fifteen years ago.¹ GMB has set out its campaigns for pay increases across the economy. The ability to change public sector pay levels sits directly in Whitehall, local authorities, and devolved governments. The worst public sector pay squeeze in history has left our essential services crumbling. Public sector pay is a policy as well as an industrial issue.
- 2.2 Public sector workers' pay has been subject to the deepest and most enduring squeeze on record – worse even than during the Great Depression of the 1930s. Long-serving workers' pay has been cut by more than 20 per cent in real terms. These cuts have fallen disproportionately on women workers. The financial crash was not caused by teaching assistants, 999 caller handlers, or refuse workers, but politicians decided that our members would pay the price. The disastrous increase in vacancies and our breaking public services are the result.
- 2.3 Public sector pay doesn't just affect 5.8 million directly employed workers. There are more than 2.4 million children in households that contain at least one public sector worker.² Outsourced public service workers' pay has been progressively devalued and terms and conditions have been slashed. A true progressive public sector pay policy would boost the economy overall and raise the living standards of all public service workers.
- 2.4 It is a longstanding principle that Congress does not dictate the terms of individual pay claims, nor does it seek to bind the hands of our negotiators. Those are decisions that must remain in the hands of our members, branches, and the national committees that have contributed to this report. But after individual settlements are won, wholesale policy change is needed to make work better, and make sure that the attack on public sector workers' standard of living never happens again.
- 2.5 This report sets out GMB's case, and demands, for change.

3. Public sector pay since 2010

Background

3.1 There was no democratic mandate for the attacks on public sector pay that were enforced after 2010. The Conservative Party manifesto of that year proposed only a one year pay freeze on increases 'excluding the one million lowest paid workers.'³ Instead, formal pay freezes and caps have been imposed on most public sector workers for eight out of the twelve years.

Westminster public sector pay policies, 2010 to the present

Period	Policy
2011/12 - 2012/13	Two-year freeze, with an exemption for workers paid £21,000 or less who were allocated an increase of at least £250.
2013/14 - 2017/18	Pay awards capped at an average of 1 per cent across each bargaining group.
2018/19 - 2020/21	Public sector pay cap lifted in response to union campaigning - however 'catch up' or restorative claims are resisted.
2021/22	Pay freeze imposed with limited exceptions for the NHS and workers paid below £24,000. Inflation reaches 11.1 per cent by the end of the year.
2022/23	No formal pay policy. Pay offers are significantly below inflation which reaches 14.2 per cent in October (RPI).
2023/24	Reported unofficial policy of limiting public sector pay increases to 5 per cent. ⁴

3.2 Even in the years when pay has not been formally capped, most pay offers have been at, or below, inflation since 2010. The period of pay austerity started earlier in some parts of the public sector, such as local government employers covered by the National Joint Council (NJC), after the employers failed to make an offer in 2009/10.

3.3 While central Government has imposed pay constraints in the past, the absence of restorative awards since 2010 is unprecedented. As the former NHS Regulator (Monitor) said, historically: 'periods of wage restraint are generally followed by periods of "catch up" with

their trend level in subsequent years.⁵ The real wage cuts of the early 1970s were mostly reversed by the Clegg Commission's recommendations of 1979/1980.⁶ Even the public sector wage cuts during the Great Depression of the early 1930s were reversed within a couple of years.⁷ But – uniquely in British political history – there has been no policy of restoration since the modern round of pay austerity was imposed.

- 3.4 The UK Government has, in part, enforced its central pay policies through its setting of civil service pay and the Pay Review Bodies (which are covered in more detail below). Despite Ministers' claim that 'central government has no role in setting pay awards for Local Authority workers,'⁸ Local Government budgets in fact suffered additional cuts in a deliberate attempt to enforce central government pay policy.⁹
- 3.5 GMB estimated that between £4.6 billion and £5.2 billion was cut from local authority budgets as a consequence of central government pay policy between 2013/14 and 2019/20 alone. Funding was also cut from devolved nations' budgets under the Barnett formula.
- 3.6 Civil service pay has generally remained tightly constrained by its proximity to the UK Treasury. The paradox of civil service pay setting is that it is both highly centralised and fragmented at the same time. Central pay bargaining in the civil service was abolished in the mid-1990s. In theory, the 'delegation' of pay bargaining to individual Departments was supposed to result in pay and grading that was:
- 'More flexible and more closely tailored to the needs of the organisation ... [and] attuned to individual circumstances and relevant labour markets.'*¹⁰
- 3.7 The opposite is now true. The pay and grading for comparable roles varies wildly by Department. Headline pay freezes and caps have been imposed rigidly but inconsistently, and without regard to private sector wage competition for particular roles. Even Michael Gove, as Cabinet Office Minister, admitted that 'trying to tackle some of the balkanisation of the process and pay, reward, recruitment and

so on ... is a very good thing¹¹ – but Ministers have continued to resist a more unified approach.

- 3.8 The civil service has abandoned the old principle that pay rates should be competitive with comparable roles in the private sector.¹² In 2022 just 22 per cent of Ministry of Defence civil servants and 19 per cent of Legal Aid Agency workers said that their pay was ‘reasonable’ compared to people in comparable jobs in other organisations.¹³ This loss of comparable pay rates is leading to acute recruitment and retention pressures. The Legal Aid Agency has admitted that:

‘We continue to have a number of outstanding vacancies as a result of external factors making recruitment and retention increasingly challenging ... we are unable to recruit, train, and retain sufficient levels of staff to meet an increasing demand to our services.’¹⁴

- 3.9 The Environment Agency’s (EA) own Chief Executive said last year that his organisation’s pay rates were ‘unjust, unwise, and unfair,’ and warned that ‘in line with government policy, EA employees have taken a series of real terms pay cuts, while working harder and harder we are now losing many of our critical people and are currently running a 10% vacancy rate across the organisation, with much higher vacancy levels in some of our most critical functions.’¹⁵

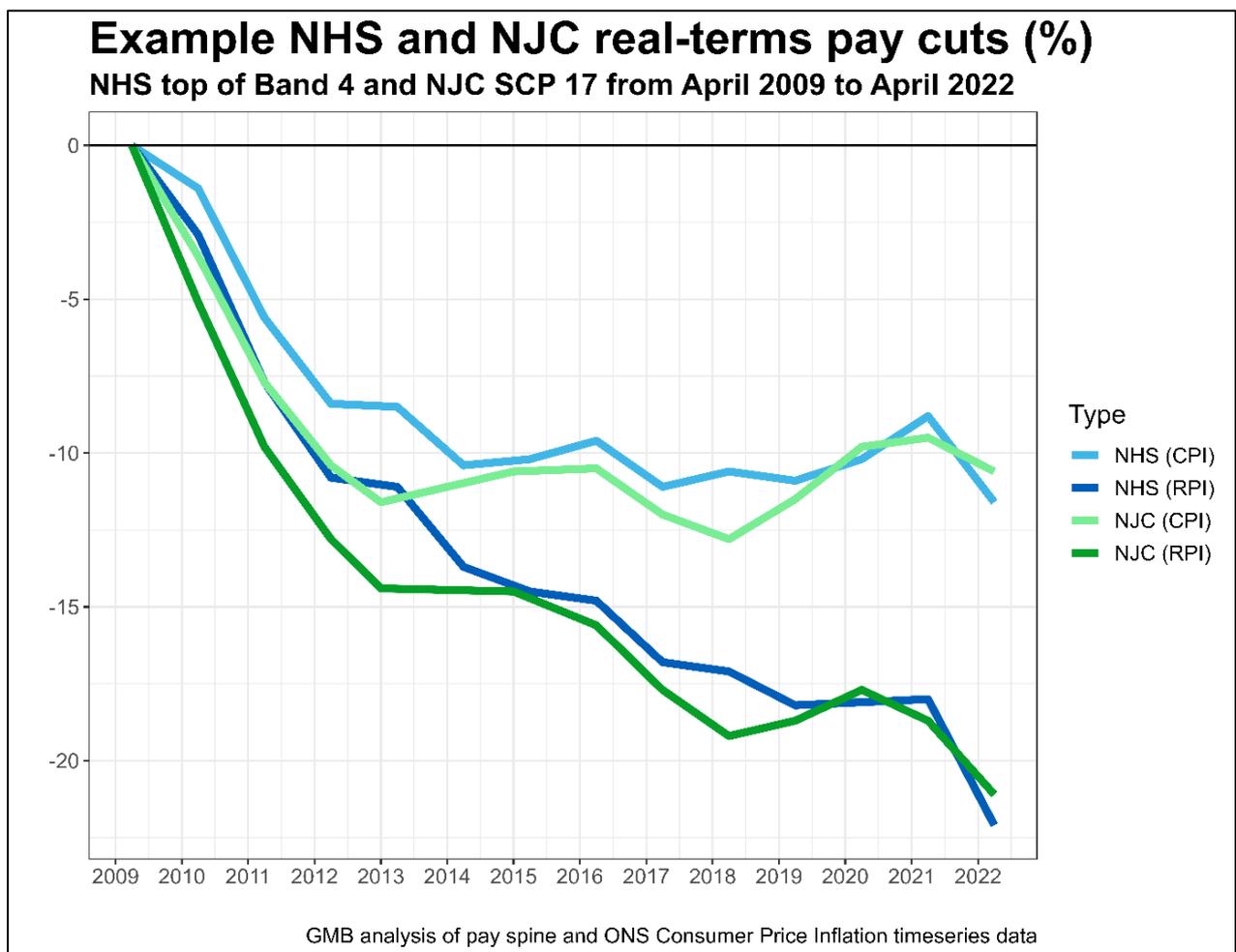
Congress notes that the GMB pay objectives for the 2023/24 civil service pay round, which covers the Ministry of Defence and other employers, state that:

‘The fracturing of civil service pay bargaining has also led to a merry go round of staff moving from one Department to another in the same evaluated grade for increases in pay without the need to seek a promotion and take on additional responsibility. Those Departments not paying the perceived “rate for the job” suffer significant problems with recruitment and retention.’

- 3.10 The extent of the devaluation of public sector pay varies by employer and bargaining group, but a broad picture is clear. Almost all grades have been devalued over time. The only exceptions were

in some of the lowest paid roles, which have been the focus of 'bottom-loaded' pay settlements. Even these roles had only kept parity with inflation, and this was before the dramatic increase in living costs in 2022/23.

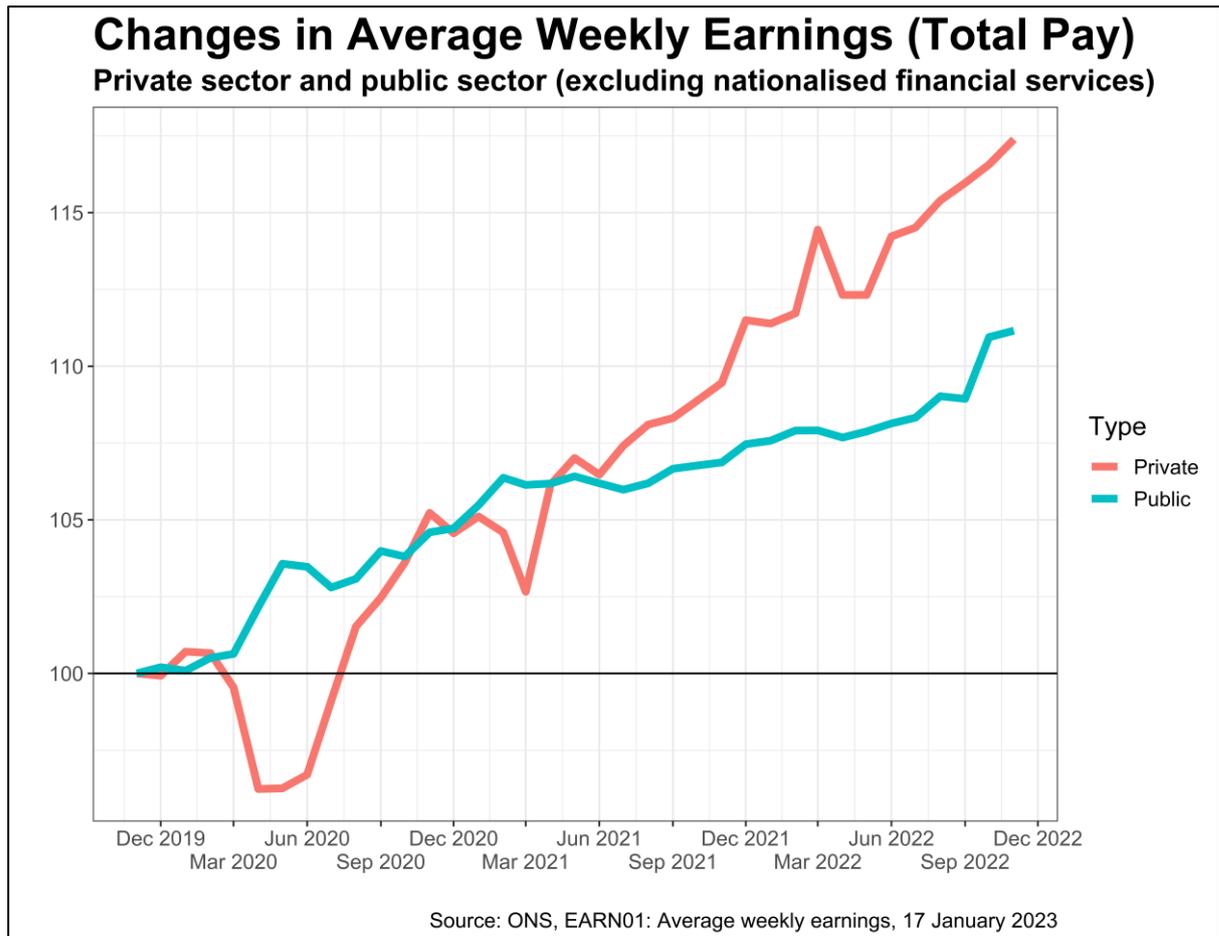
- 3.11 The below graph shows two comparable examples: a long-serving Band 4 NHS worker in England (such as an assistant practitioner), and a worker on the NJC local government spinal column point 17 (such as some grades of teaching assistant).
- 3.12 These workers' pay was devalued by **21 per cent to 22 per cent** between 2009/10 and 2022/23 when measured against the RPI, the trade union preferred measure of inflation. Even when measured against the Government's preferred inflation measure – the CPI – the real-terms losses were between **11 per cent and 12 per cent**.



- 3.13 As described in previous Congress reports and debates, the cuts in pay have been compounded by the devaluation of pensions (particularly following the Hutton Review), cuts in resources, the experience of working during the pandemic, and a huge growth in demand. Public services are at breaking point. **We call on the Government to commit to a policy of fully-funded, restorative pay increases.**
- 3.14 Public sector pay constraints are a transparent attempt to balance the national accounts off the back of public service workers. A number of additional arguments have been put forward in support of the policy. GMB believes that these arguments have no merit – but they must be addressed as the claims continue to be repeated by some politicians and media outlets.

A 'pay premium'

- 3.15 It was often claimed in the early 2010s that there was a 'public sector pay premium.' This argument is still repeated in a watered-down form by the Government and right-wing opponents of investment in public services.¹⁶
- 3.16 The alleged 'premium' fails to take into account the differences between jobs in the public and private sectors, which has been further distorted over recent decades by the outsourcing of lower-paid jobs.
- 3.17 The ONS estimated that when workers were assessed on a comparable basis in 2019, average public sector wages were 3 per cent lower than equivalent private sector rates when bonuses were included.¹⁷ The analysis has not been repeated since 2020, but the gap will only have widened as private sector settlements have outstripped the public sector in 2020 – 2022.



Impact on inflation

- 3.18 It has also been claimed that higher public sector pay settlements would lead to higher inflation. The evidence to support this claim is threadbare¹⁸ and the argument has been dismissed in the past.¹⁹ The argument does not stand up to scrutiny. Inflation increased rapidly when public sector settlements were low. The main causes of higher inflation are international in their origin – supply chain disruption and trade friction, higher European energy prices, and Russia’s war against Ukraine.
- 3.19 As a recent Incomes Data Research report for our sister union the FDA noted:
- 3.20 *‘Inflation cannot be caused directly by public sector wage rises but neither is there any evidence that this can occur indirectly, for instance by the public sector influencing private sector outcomes.’²⁰*

- 3.21 Holding down public sector pay does nothing to remedy the main reasons for high inflation but it does mean that 5.8 million workers are spending less in their communities. This lost spending denies local economies a wider multiplier effect that supports private sector jobs. IPPR analysis for GMB has found that for every pound spent on public sector pay, more than 40p is returned to the Treasury in wages tax and lower social security payments.²¹

*'Public sector workers don't cause inflation: their wages lag the private sector's. The problem for HMG [His Majesty's Government] and its workers is that its public finance strategy rests on imposing the biggest real wage cuts in living memory.'*²²

Nick Macpherson, former Permanent Secretary to the Treasury (2005 to 2016), 11 December 2022

The independence of the Pay Review Bodies

- 3.22 39 per cent of public sector workers' pay is set under the Pay Review Body process. By far the largest Pay Review Body (PRB) remit is for the NHS, which covers some 1.4 million workers across the UK and an annual paybill of £56 billion.²³ The NHS PRB is the review body that most directly affects our members.
- 3.23 In theory, the Pay Review Bodies provide independent advice and recommendations to Ministers on the basis of the needs of the service and an objective review of the evidence. In practice, the PRB process has been critically undermined since 2010.
- 3.24 Every NHS PRB recommendation since has been in line with central pay policy and below RPI inflation - with devastating consequences for our members. Ministers have hidden behind the Pay Review Body, which has been abused and discredited.²⁴ That is why GMB's national NHS and ambulance committees decided in December 2022 to suspend our participation in the PRB process until they are reformed.

- 3.25 There are fundamental problems with the Pay Review Body process. Government Ministers:
- Set the Review Bodies' annual remits – including the financial limits within which they are expected to work;²⁵ and
 - Appoint and remunerate the Pay Review Body's chairs and members – unions have no role in this process, and appointments have increasingly been dominated by people from employer backgrounds.
- 3.26 The effective control of the Government over the Pay Review Body process is confirmed by an internal Office of Manpower Economics (OME) document. The OME provides the secretariat to the pay Review Bodies. A 2022 OME efficiency review stated that: 'The work of the PRBs is demand led and essentially non-negotiable – departments set remits and timetables.'²⁶
- 3.27 The Treasury has told the Pay Review Bodies in the past that it would not fund pay increases above set limits – which were between 0% and 1% from 2010 to 2018. The Pay Review Bodies showed limited willingness to challenge wider Government pay policy even as workers' real-terms losses mounted. Every single one of the NHS Pay Review Body's post-2010 recommendations was below RPI inflation.
- 3.28 Nor is it true that Ministers themselves have 'respected' the Pay Review Bodies recommendations. When Jeremy Hunt was Health Secretary, he rejected a recommendation for a 1% increase, on the grounds that it was 'unaffordable.'²⁷ In recent years, Ministers have been consistently late in their submission of remit letters and evidence, leading to delays in payments as recommendations were not delivered by April. And Michael Gove abolished the School Support Staff Negotiating Body – which is of critical importance to GMB – in 2010.
- 3.29 It was not always this way. The Pay Review Body process once generally delivered pay increases above inflation. Higher pay increases were secured in the NHS for workers covered by the Pay

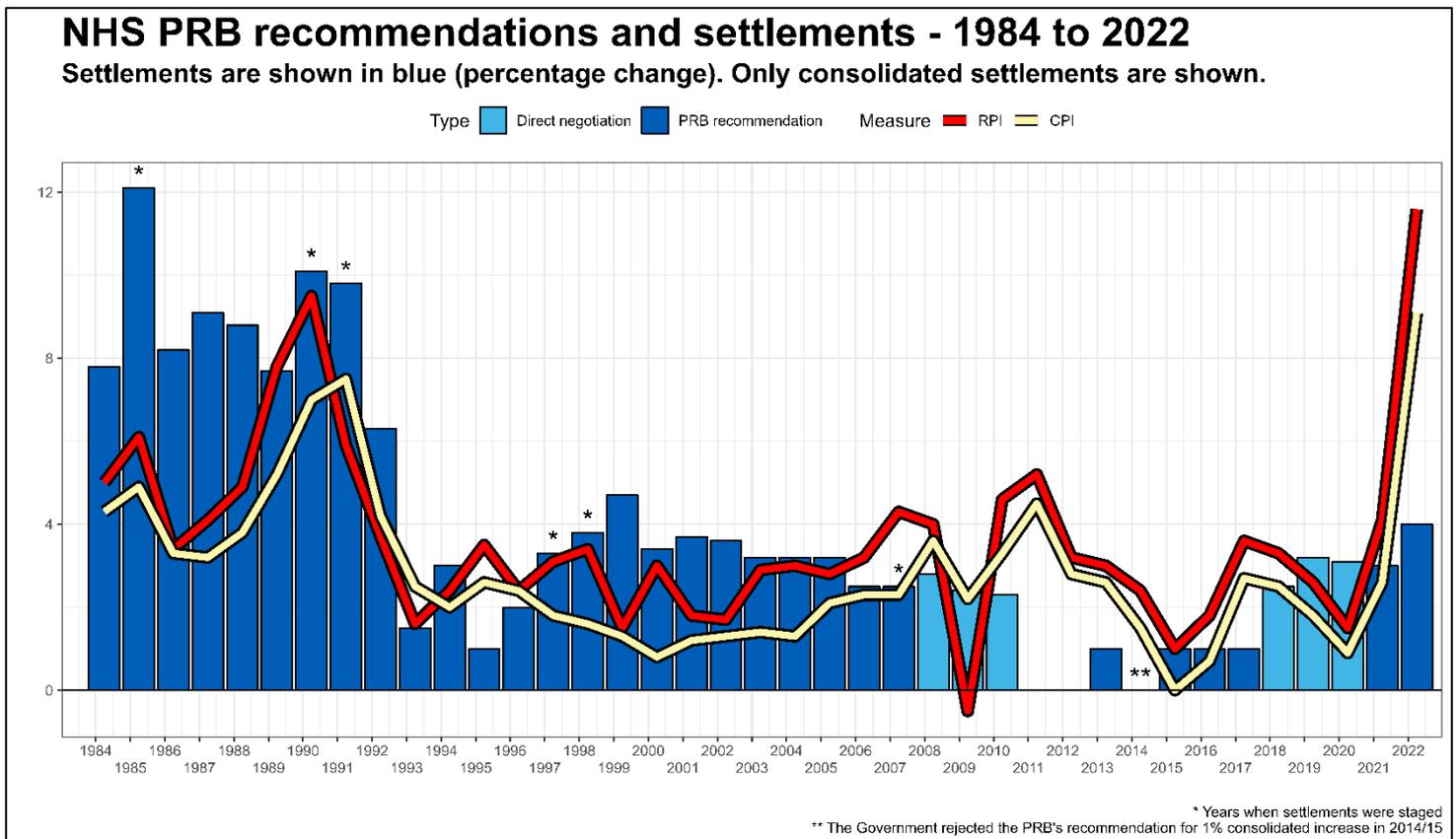
Review Body during the 1980s than those whose pay fell under the old Whitley Council System. The ambulance unions had come to support the idea of a Pay Review Body process by the time of the 1989–1990 national ambulance strike, after years of real-terms cuts outside of it. The main complaint during these years was the periodic ‘staging’ of settlements: when implementation of the full recommendation was delayed until later in the year.

- 3.30 The evidence shows that the Pay Review Bodies were once seen within Government as being independent enough to make above-inflation recommendations against Ministers’ wishes.²⁸ The trade union side did secure an important recommendation against the introduction of regionalised public sector pay, in 2012.²⁹ In line with long established Congress policy, GMB continues to oppose regional public sector pay policies.
- 3.31 But the figures are stark – a whole generation of NHS workers have been denied above-inflation pay rises under the Pay Review Body.¹ The NHS PRB’s recommendations have been even more constricted than during past recessions and periods of central government pay restrictions.

¹ The figures shown in the graph below are for the Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine (1984 to 2007), which became the NHS Pay Review Body.

Data sources are: PRB annual reports; Parliamentary Answer to Written Question 125276 (23 April 2007); Parliamentary Answer to Written Question 165781 (17 July 2013); Parliamentary Answer to Written Question 175756 (13 April 2023); ONS Consumer Price Inflation timeseries data; Bank of England Millennium of Macroeconomic Data.

CPI rates from before 1996 are estimated retrospectively.



3.32 The start of the path that led to the loss of Pay Review Body independence can be traced to the late 1990s, when fundamental changes were made to their terms of reference. Before this point, the Review Body remit in the NHS was simple: 'to advise the Prime Minister on the remuneration of' staff covered by the body.³⁰

3.33 Official papers reveal that by the late 1990s:

*'The Treasury want[ed] to toughen up the remits of the PRBS. They see these as too flabby at the moment, and insufficiently referenced to the wider objectives of departmental policy. This is much more controversial – because of the independence of the PRBS, and because of the signals it sends about the way we want to 'rig' pay awards.'*³¹

3.34 The terms of reference for the Review Body were then amended to require it to take account of 'the funds available to the Health Departments as set out in the Government's Departmental

Expenditure Limits [and] the Government's inflation target.³² Unions warned at the time that the changes threatened the independence of the review body process.³³

- 3.35 One specific concern was raised: that Ministers could impose a hard ceiling on future pay awards (and instruct the Review Bodies not to make recommendations above a fixed percentage). However, the Government gave an assurance that this would not happen.³⁴ Pay settlements were then generally above inflation in subsequent years. But the changes to the system made the future assault on public sector wages easier to achieve.
- 3.36 Policy analysis sometimes identifies a 'lethal mutation' – an idea or change that becomes so extensively modified through later circumstances and its implementation that it actively harms its original purpose. In the case of public sector pay, the toxic combination of post 2010 ideological-driven austerity and the tighter terms of reference produced a lethal mutation.
- 3.37 Public sector pay cuts are ultimately politically determined. But the Pay Review Bodies have not displayed the genuine independence that once existed. Serious reform is urgently needed. The decision on whether to participate in the Pay Review Body process will always be a matter for our NHS lay democratic structures. Ultimately, it will be for those structures to determine whether any reforms are substantial enough to resume our participation.
- 3.38 **But as we approach the next general election, our political demands for reform could include:**
- **A reformed appointments structure with a formal role for unions during the appointments process;**
 - **Reform of the Pay Review Body's Terms of Reference to give them real independence and the authority to make recommendations on the basis of the needs of the NHS and its workforce, and to not be constrained by central Government pay policy;**

- **Binding timetables so that Ministers cannot simply delay the process by being late to submit evidence. If evidence is late then the Review Body should simply attach less weight to the Government's arguments. This could be underpinned by legislation.**

Outsourced workers

- 3.39 The pace of outsourcing has increased significantly since 2010, and many of these workers have been removed from national bargaining. The Coalition Government even amended the TUPE regulations to exclude outsourced workers from benefits that were achieved through the national negotiations that they were previously covered by.
- 3.40 As discussed in previous Congress reports and statements, it is well-established that outsourcing reduces costs by squeezing pay, and terms and conditions. Jobs performed by women, and Black, Asian and Ethnic Minority workers, are all more likely to be outsourced. There are no reliable estimates of how many outsourced public service workers there are in the UK.³⁵ Outsourcing also critically undermines the integrity of national agreements such as Agenda for Change.
- 3.41 Unions once had a powerful tool to prevent wage exploitation through the Fair Wages Resolution, which provided that when a Government contract was awarded:
- 'The contractor shall pay rates of wages and observe hours and conditions of labour not less favourable than those established for the trade or industry'[as determined in the first instance through collective bargaining]*³⁶
- 3.42 The Fair Wages Resolution gave a clear incentive to employers to enter into collective bargaining arrangements. Unions could enforce the rule by taking cases to the Central Arbitration Committee. Although the rule applied to central Government contracts, 'in practice most nationalised industries and public corporations

include some form of fair wages clause in their contracts.’³⁷

- 3.43 The Attlee Government’s version of the Fair Wages Resolution formed the basis for the International Labour Organisation’s Convention 94 on Labour Clauses (Public Contracts). More than sixty nations now subscribe to the principle that contracted out services should not pay lower wages, nor offer inferior terms and conditions – including in comparable European nations such as France, Italy, and Spain. But the UK, the state that created the principle as long ago as the 1890s, is the only nation that has walked away from the Convention (under Margaret Thatcher).
- 3.44 A modern form of the Fair Wages principle was contained in the Two-Tier Code, which was established under the last UK Labour Government and was in force between 2005 and 2010. The code provided that outsourced workers’ pay should remain ‘no less favourable’³⁸ than those directly employed, including for workers employed by the contractor after the transfer date. The Code also contained a disputes procedure.
- 3.45 The Two-Tier Code was not perfect – it was only ever a voluntary measure, and it was not in force for long enough to make the difference that had been hoped.
- 3.46 However, we welcome the fact that the Welsh Labour Government has carried forward the Two-Tier Code in Wales,³⁹ and also its plans to strengthen the Code through the Social Partnership and Public Procurement (Wales) Bill. We welcome also the UK Labour Party’s commitment to ‘reinstate and strengthen the Two-Tier Code, created by the last Labour Government and scrapped by the Tories, to end the scandal of outsourced workers getting second class pay and conditions.’⁴⁰
- 3.47 **Congress calls on the next UK Labour Government to implement its commitment to restore the Two-Tier Code. Its commitment to strengthening the code should include a modern version of the Fair Wages Resolution and embracing the international standards**

that are one of the proud accomplishments of the UK labour movement.

- 3.48 Congress has debated many times the importance of standards over pay, terms and conditions in schools.
- 3.49 Unlike teachers' pay, the pay spine for most school support staff in England is set by through the National Joint Council for Local Government Services (NJC). The abolition of the School Support Staff Negotiating Body (SSSNB), and the extension of inadequately resourced term-time only contracts, has had a devastating impact on our members in schools. The average teaching assistant's pay in 2022 was £14,050 a year.⁴¹ **Restoration of the SSSNB remains a top political priority for GMB.**

4. Pay cuts – the effect on workers and services

- 4.1 According to our members, public sector pay cuts are having a devastating impact on workers and everyone who relies on public services.
- 4.2 Public sector pay constraints fall hardest on women. Almost two thirds of public sector workers are women – rising to more than 90 per cent of teaching assistants. Women and people in low-income households are also more likely to rely on essential public services. As the Women's Budget Group has argued, cuts to public sector pay and public services are gendered issues.⁴²

UK public sector workforce gender breakdown⁴³

Type of employer	Percentage women workers
Public sector (other)	75.8
A health authority or NHS Trust	75
Local government or council (including fire services and local	62.4

Type of employer	Percentage women workers
authority-controlled schools/colleges)	
Public sector (overall)	61.9
A university, or other grant funded establishment (including opted-out schools)	56.8
Central government or civil service	49.8
Nationalised industry / state corporation	37.7
The armed forces	31

- 4.3 The underfunding of public services – and the imposition of ceilings on settlements – has helped to freeze discriminatory pay policies in place. The full-time gender pay gap has fallen in the private sector, but – shockingly – it has grown in the public sector.⁴⁴
- 4.4 GMB is fighting back against historic and current injustices. As discussed in the 2022 CEC Special Report on the Women’s Campaign Unit, the systematic underfunding of local government has put pressure on Single Status agreements. Through the National and Region Women’s Campaign Units, GMB has launched major equal pay campaigns and built the union in local authorities that include Birmingham, Glasgow, and Dundee. **GMB is calling for the provision of new central funding to redress historic equal pay claims.**
- 4.5 Public sector pay cuts are denying millions of workers the recognition and dignity that should be an automatic part of public service. According our members:
- According to a 2022 GMB survey of more than a thousand public sector workers, **36 per cent** of members had to borrow money to cover essentials from banks, payday lenders, or family and friends in

the previous six months.

- Under a quarter (**24 per cent**) of public sector members who responded to the same survey said that they could afford necessities for themselves each month.
 - **One in three** school support staff workers in London have considered using a food bank.⁴⁵
- 4.6 One recent survey of employers found that almost half (46 per cent) of NHS trusts have either created a food bank for their own staff, or they are in the process of setting one up.⁴⁶
- 4.7 New GMB analysis reveals that there has been a dramatic increase in the number of public sector workers whose wages are supported by the social security system. The number of public sector workers in receipt of Universal Credit across the UK increased by 155 per cent between 2019 and 2022.

**Public sector workers in receipt of Universal Credit (estimated)⁴⁷
October–December 2019 and October–December 2022**

Nation / English Region	2019	2022	Increase (n)	Increase (%)
North East	7,595	12,032	4,437	58.4
North West	7,654	17,586	9,932	129.8
Yorkshire and Humberside	4,887	15,747	10,860	222.2
East Midlands	4,977	25,838	20,861	419.1
West Midlands	2,655	11,054	8,399	316.3
East of England	11,690	26,252	14,562	124.6
London	6,631	19,159	12,528	188.9
South East	15,667	23,212	7,545	48.2
South West	6,486	17,167	10,681	164.7
Wales	2,162	5,772	3,610	167.0
Scotland	5,295	13,639	8,344	157.6

Nation / English Region	2019	2022	Increase (n)	Increase (%)
Northern Ireland	1,104	8,314	7,210	653.1
United Kingdom	76,803	195,772	118,969	154.9

4.8 The impact of public sector pay cuts is felt beyond the 5.8 million people who are directly employed. The Government's own impact assessment warned that its pay policy would force children into poverty. The Treasury's impact assessment – which was obtained by GMB under the Freedom of Information Act – warned that:

'[Pay constraints] could increase financial pressure on families of public sector workers, which may have a negative impact on family relationships. ... This policy will make it more difficult for low income families with children to access essential goods, and will therefore make it harder for the government to hit the Child Poverty Act targets.'⁴⁸

4.9 Pay cuts, rising demand, and the experience of providing essential services during the pandemic have had a profound and negative effect on many public sector workers' mental health. This is compounded by the comparably higher rates of overtime working in public services.⁴⁹ The mental health charity Mind has warned that 'workplace wellbeing support is worse in the public sector than in the private sector.'⁵⁰

4.10 Years of underfunding and real-terms wage cuts are affecting all those who rely on public services. According to the latest figures:

- There are 124,000 vacancies in the NHS in England alone – up by 24 per cent compared to before the pandemic.⁵¹
- Across the UK, the number of vacancies in education has increased by 43 per cent compared to before the pandemic, and schools are struggling to fill posts.⁵² At one point in 2020, teaching assistants were the highest shortage occupation in the country – second only to HGV drivers.⁵³
- The Local Government Association has warned that 'we have a crisis of recruitment in local government and so, as night follows day, we

have a crisis in capacity.⁵⁴

- The National Police Chief's Council warned in February 2023 that rising police staff vacancy rates were putting the Government's commitment to raise officer numbers at risk.⁵⁵ Some districts have police staff vacancies of 33 per cent.⁵⁶
- The Legal Aid Agency has said that 'we are unable to recruit, train, and retain sufficient levels of staff to meet an increasing demand to our services.'⁵⁷
- The Environment Agency is reportedly unable to carry all its statutory functions at time of unprecedented climate challenges.⁵⁸ The EA's Chief Executive has said that:

*'Because of the growing gap ... [with] private sector salaries, we are now losing many of our critical people and are currently running a 10% vacancy rate across the organisation, with much higher vacancy levels in some of our most critical functions. That is already impacting our ability to deliver.'*⁵⁹

- 4.11 GMB has collected evidence which demonstrates beyond doubt that high turnover and vacancy rates in the NHS are putting patients in harm's way.
- 4.12 According to internal Trust papers, West Midlands Ambulance Service's Board were warned in early 2023 that 'the turnover of front line road staff has nearly doubled over the last year ... [we are] now reaching our limit to recruit new paramedics ... [and] reducing turnover will be of paramount importance if the current clinical model is to be sustained.'⁶⁰
- 4.13 South Central Ambulance Service said in January that the erosion of ambulance workers' real pay is a significant contributing factor to 'a large volume of vacancies across the Trust, including in the EOC [Emergency Operations Centre] and 111 areas ... with the on-going cost of living crisis reducing the value of pay increases and reducing the competitiveness of the roles within the market.' The frontline

attrition rate has more than doubled at the Trust.⁶¹

- 4.14 Cuts to public sector pay are a false economy. The cost of rebuilding our public services is rising exponentially as waiting lists grow, and knowledge and expertise are lost. As the Bank of England's former Head of Monetary Strategy has said:

*'There is a huge macroeconomic case for sorting out the NHS ... If the money can whittle away at that ... the net benefits could be very large indeed.'*⁶²

- 4.15 The same logic applies across our public services. **We call for immediate and substantial investment in public sector pay as part of the wider programme to rebuild our essential public services.**

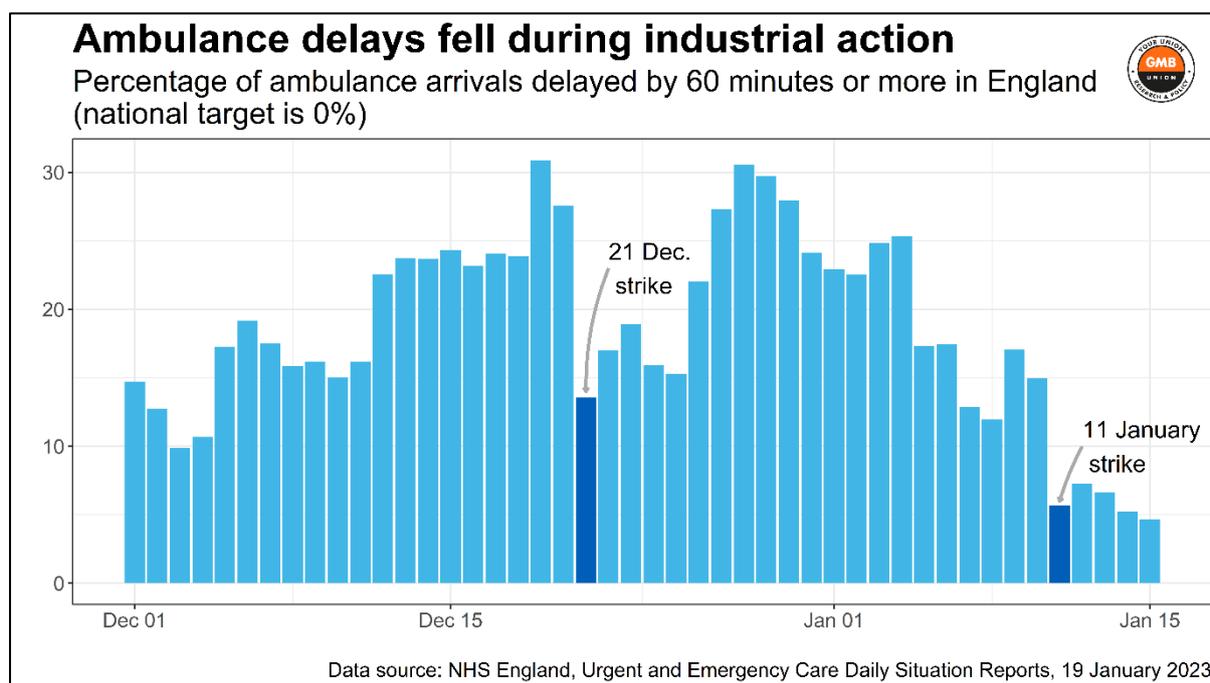
5. GMB – Making Work Better

- 5.1 Pressure on public sector workers has been building for years. The dam burst in 2022/23. The Government's policies proved to be completely unequal to the cost of living crisis, and Ministers refused to recognise the scale of the challenge.
- 5.2 At the time of writing, GMB members are in dispute across large parts of the public sector. We express our solidarity with all our members who have taken industrial action in defence of their pay and jobs. Congress does not determine our members' approach to collective bargaining, but it is important to recognise and stand with our members' actions and claims.
- 5.3 In the NHS, our members joined the first full-scale national ambulance strike in more than thirty years. As GMB told the Parliamentary Select Committee, the strike came against a backdrop of severe real-terms cuts in basic pay, underfunding, overwork, an increase in violence, and cuts to the cash value of unsociable hours payments.⁶³



GMB ambulance members on the picket line, February 2023⁶⁴

- 5.4 Conservative Ministers shamelessly accused ambulance workers of putting patient safety at risk – even though a GMB Freedom of Information request revealed that recorded patient deaths during ambulance transit doubled in 2021/22 when there were no strikes.⁶⁵ Our analysis showed the derogations (emergency cover arrangements) negotiated with trusts were so comprehensive that delays actually fell on strike days.



- 5.5 The Government's pay offer for 2023/24 has been accepted by GMB members and by a majority of health unions. Weeks were wasted while Ministers stubbornly refused GMB's demand that they 'Talk Pay Now.' The fact that Ministers were forced to the negotiating table,

after months of denying that they could intervene, is a testament to our members' bravery and determination.

5.6

Separate to the NHS Agenda for Change negotiations, Ministers gave a commitment to examine the case for a separate pay spine for nursing staff. GMB recognises that NHS pay structures before Agenda for Change were fragmented and subject to widespread pay injustices, and that women and Black, Asian and Ethnic Minority workers were systematically underpaid. We reiterate longstanding GMB policy against Government actions that threaten the integrity of our national agreements.

5.7

Campaigning and organising across the ambulance service resulted in London Region securing recognition at the East of England Ambulance Service. The campaign at Liverpool Royal and Broadgreen Hospital to bring cleaning, hotel and portering services back in house resulted in more than 670 staff transferring back into direct NHS employment and onto Agenda for Change contracts with improvements to conditions of employment and pay. Multiple campaigns very similar to this are being run right across the Southern Region and they are bringing into the union many new activists.

5.8

The latest NJC offer for local government services has been rejected by GMB members and plans for industrial action ballots are now being considered. GMB members in refuse services have secured substantial increases through industrial action in the last year alone, from Sandwell to Ashford and the Isle of Wight and Chesterfield and many other councils.

5.9

Following on from last year's NJC pay award, a dispute was won across London Councils that secured a deletion of spinal column points and led to members receiving increases in pay. In Leeds, a dispute involving members working as Casual Diving and Swimming Coaches resulted in some members securing a £5 per hour increase, secure permanent contracts, access to NJC pay uplifts each year, and access to the local government pension scheme.

- 5.10 GMB's campaigns against school closures, like those proposed at Queensway Primary School in Leeds, resulted in schools staying open and members keeping their jobs. The campaign against cuts to school support staff pay and conditions at Springwood Primary School in the North West resulted in the cuts not happening and also successful regrades for members.
- 5.11 In Cumbria, job evaluation campaigns in local government resulted in significant improvements in pay for certain parts of the workforce and an equal pay campaign is now underway. Equal pay campaigns in Birmingham and Coventry are seeing huge increases in member numbers and engagement. A campaign against fire and rehire in Wiltshire County Council resulted in Civil Service Enforcement Officers keeping their unsocial hours payments, and in Merton & Sutton Council, recognition was secured at ID Verde where it had previously been lost.
- 5.12 Public sector pay setting is a devolved matter, and it is for the relevant Regions in GMB to lead the industrial response. However, we recognise that Westminster budget cuts have had an effect on funding, including (in particular) when pay settlements have been funded within existing budgets, which denies funding increases under the Barnett formula.
- 5.13 As GMB Scotland recently told the STUC, in many public sector pay negotiations – most notably with COSLA in local government and the Scottish Government in the National Health Service and Scottish Ambulance Service – a failure of political leadership has led to pay negotiations lasting longer than they needed to, leaving public sector workers without the much needed pay rises they deserve and placing uncertainty on the ability of workers to pay their bills.
- 5.14 GMB has therefore called on the Scottish Government to develop a national public sector pay strategy in cooperation with 16 trade unions which will ensure pay offers are timely, coherent, address the recruitment and retention crises in health and social care, and value workers across Scotland.⁶⁶

- 5.15 Campaigns across GMB Scotland have seen significant wins for members. The prospect of industrial action across local government secured another £1.4 billion towards a further settlement for equal pay in Glasgow. Over 30 mandates for industrial action were secured across 32 councils by conducting targeted ballots, which secured improvements on pay offers.
- 5.16 Action in waste and street cleansing during Edinburgh's International Festival, supported by waste workers across Scotland, including Glasgow, Aberdeen, West Lothian and the Orkney Islands, brought the First Minister to negotiations with an improved offer that was accepted by members. Industrial action plans across multiple health boards and the Scottish Ambulance Service secured two pay increases between 2022-24, adding more than £1 billion to the pay of NHS workers in Scotland. GMB specifically secured more than £80 million in a one-off payment to prevent industrial action.
- 5.17 In Northern Ireland, important decisions on public sector pay and pensions have been delayed, or imposed without due accountability, due to the lack of a functioning Executive.⁶⁷ GMB represents Northern Ireland Civil Service workers in the Road Service, the Rivers Agency, the Forestry Service Northern Ireland, as well as the Environment. Civil service members voted in March 2023 to take action against the Northern Ireland Civil Service pay offer of just 2 per cent.⁶⁸ Last year, following local rejection of the NJC pay offer, claims were submitted under part three of the Green Book which have secured incremental pay increases, harmonisation of terms and conditions and cost of living payments of at least £500. As a result of these campaigns we saw a significant increase in ballot turnout in the recent NJC pay ballot.
- 5.18 We recognise that the Welsh Government has adopted a social partnership approach to industrial relations, which has been supported by GMB. Our NHS members in the Welsh Ambulance Service took industrial action to secure an improved offer from that in England. An improved offer has been achieved through negotiation, which – at the time of writing – is out to ballot with our members.

- 5.19 Congress stands with our Public Services members across the United Kingdom in their fight for the pay and investment in the service that they deserve, and that all those who rely on public services need.

6. Conclusion

- 6.1 The UK could not function without its public services. Our public services are not a drain on the economy – they are the foundation of the economy. The degradation of public service workers' pay and conditions since 2010 are an attack on all of us.
- 6.2 Public sector pay has been eroded over many years. The consequences will be felt for many years to come. But as the challenges facing public services mount, there is no time to waste. The policies that led us to breaking point must be reversed now.
- 6.3 This report sets out GMB's case – and demands – for change.

7. References

¹ GMB analysis of ONS Average Weekly Earnings data.

² Daily Mirror, Working families struggling to make ends meet despite living wage rise and tax cuts, 06 July 2017 <https://www.mirror.co.uk/news/politics/working-families-struggling-make-ends-10743562>

³ The Conservative Party Manifesto, 2010, page 8 <https://general-election-2010.co.uk/2010-general-election-manifestos/Conservative-Party-Manifesto-2010.pdf>

⁴ The Times, Keep public sector pay rises below 5%, says Treasury, 15 February 2023 <https://www.thetimes.co.uk/article/keep-public-sector-pay-rises-below-5-says-treasury-0xjjiv9mw>

⁵ Monitor, Closing the NHS funding gap: how to get better value health care for patients, September 2013, p. 21 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/284044/ClosingTheGap091013.pdf

⁶ Nigel Lawson, *Memoirs of a Tory Radical*, Biteback: London, 2010, p. 57.

⁷ Christopher Hood and Rozana Himaz, *A Century of Fiscal Squeeze Politics: 100 Years of Austerity, Politics, and Bureaucracy in Britain*, Oxford University Press: 2017, pp. 73

⁸ Answer to Written Parliamentary Question 116591, on Public Sector: Pay, 04 December 2017 <https://questions-statements.parliament.uk/written-questions/detail/2017-11-29/116591>

⁹ House of Commons: Official Record (Hansard), RDEL Revisions, Volume 537: debated on Thursday 08 December 2011 <https://hansard.parliament.uk/Commons/2011-12-08/debates/11120856000020/RDELRevisions>

¹⁰ The Cabinet Office, *The Civil Service: Continuity and Change*, Command Paper 2627: July 1994, p. 26.

¹¹ House of Commons Public Administration and Constitutional Affairs Committee, Transcript: Oral evidence: The work of the Cabinet Office, HC 118 Thursday 10 December 2020, p. 14 <https://committees.parliament.uk/oralevidence/1397/default/>

¹² This principle has a long-established history; see, Samuel Brittan, *The Treasury under the Tories, 1951-1964*, Penguin: London, 1964, p. 57.

¹³ Cabinet Office, *Civil Service People Survey 2022: Benchmark Scores*, 30 March 2023 (Table 3, question B37) <https://www.gov.uk/government/publications/civil-service-people-survey-2022-results>

¹⁴ Legal Aid Agency, *Annual Report and Accounts 2021-22*, 15 July 2022, pp. 18, 52 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1091058/LAA_Annual_Report_and_Accounts_2021-22_web.pdf

¹⁵ *Civil Service World*, Pay constraint 'unjust, unwise, and unfair', says Environment Agency chief, 21 July 2022 <https://www.civilserviceworld.com/professions/article/pay-constraint-unjust-unwise-and-unfair-says-environment-agency-chief>

¹⁶ See HM Treasury, *Economic Evidence to Pay Review Bodies: 2023-24 Pay Round*, 05 January 2023, p. 10 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1127720/Economic_Evidence_January_2023_-_final_version_PUBLISHED.pdf; Taxpayers' Alliance, *The public sector pay premium*, 03 July 2022 https://www.taxpayersalliance.com/the_public_sector_pay_premium

¹⁷ ONS, *Public and private sector earnings: 2019*, 23 September 2020 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/publicandprivatesectorearnings/2019>

¹⁸ HM Treasury, *Economic Evidence to Pay Review Bodies: 2023-24 Pay Round*, 05 January 2023, p. 16 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1127720/Economic_Evidence_January_2023_-_final_version_PUBLISHED.pdf

¹⁹ Evan Davies, *Inflation Issue May Be Ruse for Cost Cutting*, *Nursing Standard*, Vol. 22, Iss. 21, (Jan 30-Feb 5, 2008): p. 6.

²⁰ Ken Mulkearn, *Inflation and public sector pay: A report for the FDA*, *Incomes Data Research*, February 2023 <https://www.fda.org.uk/home/Newsandmedia/News/Public-sector-pay-awards-not-inflationary-and-reward-package-is-not-competitive-says-independent-analysis.aspx>

²¹ Joe Dromey and Alfie Stirling, *Lifting the cap: The fiscal and economic impact of lifting the NHS pay cap*, IPPR, 30 November 2017 <https://www.ippr.org/research/publications/lifting-the-cap>
<https://www.ippr.org/research/publications/lifting-the-cap>

²² <https://twitter.com/nickmacpherson2/status/1601866961805545473> [accessed 15 April 2023]

²³ Office of Manpower Economics, Stewardship Report 2021/22, 14 November 2022
<https://www.gov.uk/government/publications/ome-stewardship-report-202122>

²⁴ For example, Health Minister Will Quince said in December 2022 that ‘we have an independent pay review body, and is important that both sides respect that independent body.’ <https://www.theyworkforyou.com/debates/?id=2022-12-12c.731.0#g732.0>

²⁵ For an example of the 2023/24 NHS PRB , see:
<https://www.gov.uk/government/publications/nhs-pay-review-body-remit-letter-2023-to-2024/nhs-pay-review-body-remit-letter-2023-to-2024-pay-round>

²⁶ Office of Manpower Economics, Senior Management Team Update on OME review, 31 January 2022 [obtained by GMB under the Freedom of Information Act]

²⁷ House of Commons: Official Record (Hansard), Statement on Health: Pay Review Bodies, 13 March 2014
<https://publications.parliament.uk/pa/cm201314/cmhansrd/cm140313/wmstext/140313m001.htm#140313m0001>

²⁸ When the 1999/2000 4.7 per cent recommendation was received from the Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine, Tony Blair wrote in the margins: ‘these people are completely irresponsible.’ Paul Britton to Jeremy Heywood, 14 December 1998 – TNA PREM 49/1657.

²⁹ NHS PRB, Market-facing pay: how Agenda for Change pay can be made more appropriate to local labour markets, 05 December 2012
<https://www.gov.uk/government/publications/market-facing-pay-how-agenda-for-change-pay-can-be-made-more-appropriate-to-local-labour-markets>

³⁰ TNA PREM 49/549, draft Treasury briefing note, 02 June 1998.

³¹ TNA PREM 49/549, David Miliband briefing note, 01 July 1998.

³² For the 1998 changes to the terms of reference, see: HM Treasury, Modern Public Services for Britain: Investing in Reform Comprehensive Spending Review: New Public Spending Plans 1999–2002, July 1998 (Command Paper 4011), p. 30.

For the current terms of reference, as amended in 2007, see:
<https://www.gov.uk/government/organisations/nhs-pay-review-body/about/terms-of-reference>

³³ The Guardian, 'TUC fears pay gap to widen,' 15 July 1998, p. 5.

³⁴ In a meeting with the Prime Minister, Clive Booth, the then Chair of the Review Body for Nursing and Allied Professions, said:

'As for the proposal to change the terms of reference, the only thing that would cause real difficulty would be if the Government intended to give the Review Bodies a specific figure – say, 3 per cent – and then ask them to come up with pay recommendations that fitted within that predetermined envelope.'

Tony Blair 'confirmed that this was not the Government's intention – the idea was simply to set out more explicitly the considerations that the Review Bodies take into account.'

TNA PREM 49/549, note of meeting with the Chairs of Pay Review Bodies 13 July 1998.

³⁵ Tentative comparisons of ONS datasets suggests that the figure could be very approximately 2.5 million.

³⁶ House of Commons Official Record (Hansard), 14 October 1946, vol 427 column 619 <https://api.parliament.uk/historic-hansard/commons/1946/oct/14/fair-wages>

³⁷ TNA PREM19/1278, f96

³⁸ Cabinet Office, Code of Practice on Workforce Matters in Public Sector Service Contracts, March 2005 https://web.archive.org/web/20091111114007/http://www.cabinetoffice.gov.uk/media/122496/code_of_practice.pdf

³⁹ Llywodraeth Cymru / Welsh Government, Workforce (two-tier) code of practice: guidance for the public sector, 24 June 2014 <https://www.gov.wales/workforce-two-tier-code-practice-guidance-public-sector>

⁴⁰ Angela Rayner, Labour Party Conference Speech, 25 September 2023 <https://labour.org.uk/press/angela-rayner-deputy-leader-conference-speech/>

⁴¹ ONS, Annual Survey of Hours and Earnings 2022, Table 14, 26 October 2022.

⁴² Women's Budget Group, The Gendered Impact of the Cost-of-Living Crisis on Public Services, November 2022 <https://wbg.org.uk/wp-content/uploads/2022/11/Gendered-impact-of-cost-of-living-crisis-on-public-services-1.pdf>

⁴³ GMB analysis of quarterly ONS Labour Force Survey data, July to September 2022.

⁴⁴ Between April 2010 and April 2022, the UK full-time median gender pay gap fell from 19.7 per cent to 13.8 per cent in the private sector; and it grew from 9.9 per cent to 11.1 per cent in the public sector. ONS, Gender pay gap estimates (table 13.12).

⁴⁵ GMB London, Cost of living in London: 1 in 3 London Teaching Assistants turning to food banks, 10 June 2022 <https://www.gmblondon.org.uk/news/cost-of-living-in-london-1-in-3-london-teaching-assistants-turning-to-foodbanks>

⁴⁶ NHS Providers, Rising Living Costs: The Impact on NHS, Staff and Patients, September 2022 <https://nhsproviders.org/rising-living-costs-the-impact-on-nhs-staff-and-patients/how-trusts-are-supporting-people>

⁴⁷ GMB analysis of fourth quarter ONS Labour Force Survey data, 2019 and 2022.

⁴⁸ BBC News, George Osborne kept pay cap despite child poverty warning, 27 October 2018 <https://www.bbc.co.uk/news/uk-politics-45994303> [emphasis added]

⁴⁹ See Independent, Public sector staff work £11bn of unpaid overtime a year, says GMB union, 24 July 2017 <https://www.independent.co.uk/news/business/news/public-sector-pay-cap-staff-unpaid-overtime-ps11-billion-cap-civil-servants-a7856796.html>

⁵⁰ Mind, Mind says next government must make mental health in the public sector a top priority, 01 June 2017 <https://www.mind.org.uk/news-campaigns/news/mind-reveals-shocking-differences-in-mental-health-support-for-public-private-sector-workers/>

⁵¹ NHS Digital, NHS Vacancy Statistics, England, April 2015 - December 2022, Experimental Statistics, 02 March 2023 <https://digital.nhs.uk/data-and-information/publications/statistical/nhs-vacancies-survey/april-2015---december-2022-experimental-statistics>

⁵² ONS vacancies data (March 2023); Schools Week, Schools struggle to find the support staff they need, 30 September 2022 <https://schoolsworld.co.uk/schools-struggling-to-find-the-support-staff-they-need/>

⁵³ tes magazine, Job shortages: teaching assistants top the list, 11 November 2020 <https://www.tes.com/magazine/archive/job-shortages-teaching-assistants-top-list>

⁵⁴ LGA, August 2022: Addressing the workforce capacity crisis in local government <https://www.local.gov.uk/our-support/workforce-and-hr-support/workforce-blog/august-2022-addressing-workforce-capacity>

⁵⁵ National Police Chief's Council, Submission to the Police Remuneration Review Body, 14 February 2023

<https://www.npcc.police.uk/SysSiteAssets/media/downloads/publications/publications-log/npcc/2023/npcc-submission-to-the-prrb-2023-24.pdf>

⁵⁶ Kent Police, 2022 Force Management Statement, p. 75

<https://www.kent.police.uk/SysSiteAssets/foi-media/kent/how-we-make-decisions/force-management-statement/fms-2022.pdf>

⁵⁷ Legal Aid Agency, Annual Report and Accounts 2021-22, 15 July 2022, p. 52

<https://www.gov.uk/government/publications/legal-aid-agency-annual-report-and-accounts-2021-to-2022>

⁵⁸ The i, How the Environment Agency hit rock bottom before strike: 'Morale is the lowest I've known in 27 years,' 05 April 2023 <https://inews.co.uk/news/environment/environment-agency-strike-hit-rock-bottom-morale-lowest-ever-known-2256638>

⁵⁹ Civil Service World, Pay constraint 'unjust, unwise, and unfair', says Environment Agency chief, 21 July 2022 <https://www.civilserviceworld.com/professions/article/pay-constraint-unjust-unwise-and-unfair-says-environment-agency-chief>

⁶⁰ WMAS Board meeting papers, 25 January 2023, pages 304 and 308

<https://wmas.nhs.uk/wp-content/uploads/2023/01/Board-of-Directors-Public-January2023.pdf>

⁶¹ SCAS Board meeting papers, 26 January 2023, pages 83 and 104

<https://www.scas.nhs.uk/wp-content/uploads/2023/01/Papers-Board-Meeting-in-Public26-January-2023update.pdf>

⁶² Financial Times, Can the UK government afford to increase public sector pay?, 13

December 2022 <https://www.ft.com/content/7ec81ae1-9a8a-423c-aaea-90402207e752>

⁶³ BBC News, Ambulance workers are exhausted, GMB chief Rachel Harrison tells select committee, 20 December 2022 <https://www.bbc.co.uk/news/av/uk-politics-64040502>

⁶⁴ https://twitter.com/GMB_union/status/1627692436414689280

⁶⁵ GMB, Ambulance admission and transfer deaths more than double, 21 December 2022

<https://www.gmb.org.uk/news/ambulance-admission-and-transfer-deaths-more-double>

⁶⁶ STUC Congress 2023 Final Agenda, Motion 38 Public Sector Pay Strategy and Future Delivery https://stuc.org.uk/files/Congress_2023/Final_Agenda_2023.pdf

⁶⁷ GMB North West & Irish, Disabled workers pay more and get less, 09 December 2022
<https://www.gmb.org.uk/news/disabled-workers-pay-more-and-get-less>

⁶⁸ GMB North West & Irish, Northern Ireland Civil Servants vote to strike, 07 March 2023
<https://www.gmb.org.uk/news/northern-ireland-civil-servants-vote-strike>