

# LIFT THE CAP

*A fair deal for public  
service workers*

*“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**

Conservative Party Conference, October 2016

# INTRODUCTION

**It is 2017 and public sector workers are over half-way through a decade of government-imposed pay restraint.**

The five million people delivering our public services, from job centres to hospitals, schools to local councils, have seen six years of pay freezes and pay caps that means many public sector workers will have seen their pay cut by over £2,000 in real terms.

The average public sector wage has been cut in real terms by three per cent between 2010 and 2016 using the government's preferred CPI measure of inflation, or seven per cent if we use the RPI measure that includes housing costs. However, for many public sector workers this will be significantly higher. And if the current public pay policy continues, most public sector workers will be earning over £1,000 less in real terms by the end of this parliament.

As a result, morale is plummeting and recruitment and retention of workers in many of our most in-demand services is becoming increasingly difficult. Public service staff have worked hard to maintain the quality of services. But it is an uphill struggle and many of those working in those services believe they are suffering as a result.

This short report takes a snap shot of the current situation by listening to the voices of workers employed in our schools, our NHS and our local council and emergency services.

For the sake of those services and those of us who rely on them, we hope that the prime minister and the chancellor listen to these voices and others – the employers, the providers, the independent experts – and take a new look at how we are treating the workers who are the lifeblood of the essential services at the heart of our communities.

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## SUMMARY OF KEY POINTS

- ▶ Six years of public sector pay restraint has had a significant impact on the living standards of five million public sector workers, with many public sector workers earning over £2K less in real terms than in 2010.
- ▶ Public sector pay is set to decline further as the government adheres to a one per cent pay cap on the public sector pay bill till the end of this parliament, resulting in cumulative real terms losses of pay of over £4k for nurses, midwives, civil servants, firefighters and a range of other public service occupations.
- ▶ Public sector pay is set to decline further in relation to private sector pay. As private sector pay awards outpace those in the public sector, public sector employers are facing an increasing recruitment and retention crisis.
- ▶ Pay stagnation is affecting the living standards of public sector workers, with increasing numbers failing to keep pace with cost of living and relying on other forms of income either through increased borrowing, seeking agency work or employment outside of the sector.
- ▶ Increasing numbers of public servants, particularly in local government and health, are working at or marginally above the national minimum wage.
- ▶ Pay restraint is reducing disposable income in local economies, exacerbated by large public sector job losses, particularly in regions in the North, Midlands and South West with higher reliance on public sector employment, weak local labour markets and higher unemployment.
- ▶ The TUC believes that the government should work with public service employers and unions to:
  - › lift the public sector pay cap and allow public service wages to be determined according to the needs of each sector through collective bargaining between employers and unions or through genuinely autonomous and independent Pay Review Bodies where appropriate
  - › reform Pay Review Bodies (PRBs) to ensure that relevant trade unions and employer voices are included within board membership and that PRBs are able to look at a wider range of issues than affordability – focusing on recruitment, retention, market comparisons, staff morale and the impact on services
  - › place more value on all employees delivering public services by adopting the widely supported voluntary Living Wage, which is currently £9.40 per hour in London and £8.25 in the rest of the UK
  - › increase the national minimum wage as quickly and strongly as can be sustained – the TUC’s medium-term goal is that all UK wage rates should reach at least £10 per hour
  - › develop fair and sustainable pay structures that are easy to explain, understand and operate, with shorter pay bands and that guarantee progression based on transparent and objective appraisal systems, agreed in partnership between employers and unions.

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# PUBLIC SECTOR PAY SINCE 2010

## Pay policy within the public sector has been an integral part of the government's wider public sector reform since 2010.

Given that the public sector pay bill constitutes around half of current public spending, pay restraint has been an integral part of a deficit reduction programme primarily based on cuts to public expenditure.

In 2011/12, the government imposed a two-year pay freeze, which was followed by a one per cent pay cap on the public sector pay bill until 2015/16. All public sector employers have been required to adhere to this, either through conditions placed on negotiations between employers and unions, such as in the civil service, or through conditions placed on independent PRBs that determine pay awards in areas like health, education and the prison service.

In the Summer Budget 2015, the government announced that it will "fund public sector workforces for a pay award of one per cent for four years from 2016/17". In March 2017, CPI inflation is currently running at 1.8 per cent and RPI at 2.6 per cent and the OBR forecasts inflation growth to remain upwards of two per cent from 2017, suggesting an intensification of real terms pay cuts over the next five years.

In a letter from August 2015 to PRBs, the then Treasury Minister Greg Hands MP stated "the government expects pay awards to be applied in a targeted manner to support the delivery of public services, and to address recruitment and retention pressures. This may mean that some workers could receive more than one per cent while others could receive less; there should not be an expectation that every worker will receive a one per cent award".

At the same time, increases to the national minimum wage from April 2016 will put pressure on public sector employers that are subject to the pay cap and who have large numbers of low paid staff. This is particularly the case in local government where over 46,000 employees in local government will be covered by the government's "national living wage" as we progress towards to the 60 per cent of median earnings target in 2020. Increasing numbers of NHS staff will also require significant uplift from next year.

With the existing cap on the total pay bill, there is the real potential of thousands of public sector workers facing zero wage growth over the lifetime of this parliament.

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# THE IMPACT ON PUBLIC SECTOR WAGES

**Treasury pay policy has led to significant cuts to real wages across the public sector.**

**Table 1: Real terms pay cuts by public sector worker, 2010–16**

Type of worker	Pay in 2016 (£)	Pay in 2010 at CPI in 2016 prices (£)	Nominal real-terms pay cut at CPI (£)	Percentage real-terms pay cut at CPI (%)	Pay in 2010 at RPI in 2016 prices (£)	Nominal real-terms pay cut at RPI (£)	Percentage real-terms pay cut at RPI (%)
Midwife (Band 6)	35,225	38,405	3,150	8.2	40,112	4,857	12.1
Nurse (Band 5)	28,462	30,929	2,467	8	32,304	3,842	11.9
School teacher (outside London)	33,160	35,443	2,283	6.4	37,018	3,858	10.4
Firefighter (competent)	29,638	31,676	2,038	6.4	33,018	3,446	10.4
Ambulance driver (Band 3)	19,655	20,868	1,213	5.8	21,795	2,140	9.8

**Note:** Pay figures are for individual occupations at the top of the relevant pay scale

As Table 1 shows, six years of pay restraint has left public sector workers earning between £2K and £3K less per year in real terms compared to 2010 – when comparing public sector wage growth for different types of public service worker (as above) with the government’s preferred measure of CPI inflation.

As pay starts to recover in the private sector, increasing numbers of public sector employers are facing recruitment and retention issues, particularly in skilled and specialist roles.

Pay restraint, combined with excessive workloads, restructuring and job losses, has led to a crisis in staff morale across every part of the public sector, with pay cited among the primary reasons in most surveys of workers in health, education, local government and the civil service.

Other effects on public sector workers' income include:

- ▶ significant increases in pension contributions for public sector workers arising from changes to public sector pension schemes and increased NI contributions as a result of the ending of contracting out and the move to a single-tier state pension
- ▶ changes to in-work benefits through ongoing freezes in the value of tax credits and, towards the end of the parliament, changes to the Universal Credit – these will substantially reduce the incomes of families at the bottom end of the income distribution, with a worse impact on working families than out of work families, even when increases to NMW and income tax personal allowances are taken into account
- ▶ substantial increases in regulatory body registration fees that are mandatory for some public sector workers.

The pattern of real terms cuts in pay for public sector workers is set to intensify over the next four years under existing government pay policy, as public sector wage growth held at one per cent fails to keep track with inflation forecasted by the OBR to reach two to three per cent by 2017.

Table 2 shows the impact in terms of the real terms pay cut for a range of public sector workers, mapping their pay growth at one per cent from 2015/16 to 2020/21 against the OBR's inflation forecasts released at the time of the November 2016 Autumn Statement.

**Table 2: Real terms cuts in wages by public sector occupation, 2015/16 to 2020/21**

Occupation	Pay in 2015/16 (£)	Pay in 2020/21 at CPI in 2016 prices (£)	Nominal real-terms cut at CPI (£)	Pay in 2020/21 at RPI in 2016 prices (£)	Nominal real-terms cut at RPI (£)
Midwife	35,255	33,534	1,691	31,937	3,288
Teacher	32,831	31,255	1,576	29,767	3,064
Nurse	28,462	27,096	1,366	25,806	2,656
Firefighter	29,638	28,215	1,423	26,827	2,766
Jobcentre Plus supervisor	24,727	23,540	1,187	22,419	2,308
Social worker	37,858	36,041	1,817	34,325	3,533
UK Border Force officer	27,000	25,704	1,296	24,480	2,520
Ambulance driver	19,655	18,712	943	17,821	1,834

# THE IMPACT ON PUBLIC SECTOR WORKERS

## Pay restraint is having a negative impact on the living standards of public sector workers and is contributing to growing problems of morale, recruitment and retention.

A significant majority of respondents to union member surveys are feeling the pinch. In the NHS, 63 per cent of UNISON members and 79 per cent of Unite members responding to surveys said they felt worse off than they did 12 months ago.

Many of the 21,000 health service members responding to the UNISON pay survey of October 2016 stated that increased food, transport, utility and housing costs were having a serious impact on their cost of living.

Alarming, two-thirds of staff had used financial products or made a major change to their standards of living over the last year. Of that group:

- ▶ 73 per cent asked for financial support from family or friends
- ▶ 20 per cent used a debt advice service
- ▶ 17 per cent had pawned possessions
- ▶ 16 per cent used a payday loan company
- ▶ 23 per cent moved to a less expensive home or re-mortgaged their house
- ▶ Just over 200 respondents said that they had used a food bank in the last year.

In the same survey, over half of members stated that morale was low or very low in their workplace and 65 per cent claimed that it had worsened in the last 12 months. Over half had seriously considered leaving the NHS over the last year. The top factors were for staff considering leaving were:

- ▶ increased workload – 67 per cent
- ▶ stress at work – 67 per cent
- ▶ feeling undervalued by management – 59 per cent
- ▶ feeling undervalued due to low levels of pay – 58 per cent.

The largely low-paid and female workforce in local government has been particularly badly affected by pay restraint.

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*“70 per cent of respondents report that living costs have increased over the last 12 months, while just 26 per cent report an increase in their personal income.”*

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This is apparent in Incomes Data Research's survey for UNISON of over 2,000 local government members. In the survey, some 70 per cent of respondents report that living costs have increased over the last 12 months, while just 26 per cent report an increase in their personal income. Forty-two per cent of respondents have personal debt and a worrying proportion of those (24 per cent) owe £10,000 or more.

Respondents were asked how difficult it was to meet a range of living costs. A majority of respondents found it "more difficult" or "much more difficult" to cover food, general living costs, utility bills and travel costs. Between two-fifths and half of respondents found costs relating to housing, healthcare and credit cards or loans hard to pay.

In addition to the cap on public sector pay, additional costs have also intensified the squeeze on public sector workers' income. An obvious example of that is increased pension and National Insurance contributions.

In evidence to the STRB, the NASUWT points out that, from 2012 to 2014, teachers saw an average 3.2 per cent increase in pension contributions, which translated into an employee contribution structure of 9.6 per cent from 2014 onwards. This means that, in addition to a real-terms pay cut, in 2017/18 a teacher at the top of the main pay band will expect to pay an additional pension contribution of £589 when compared with their 2012 pension contribution.

Midwives have also seen their pension contributions rise substantially, with the majority of midwives seeing their contribution rise from 6.5 per cent to 9.3 per cent from 2012 to 2015. Additionally, the changes to the second state pension resulted in increases to National Insurance contributions for members of the NHS pension scheme by 1.4 per cent from 2016. Midwives have seen increases of over 30 per cent to their Nursing and Midwifery Council (NMC) registration fees (midwives must pay their fees to legally work as a midwife).

The following section features case studies of public sector workers from across different parts of England who told us about the impact that cuts to real terms pay cuts are having on their lives, their workplaces and the services they provide.

## Case study

# ASHLEY CLERICAL OFFICER

Ashley is a 28-year-old clerical officer in the health service. She says she enjoys her job because "I'm still making a difference through my work, even if I'm not on the frontline."

Her role involves general office work including administrative tasks such as sorting outpatient notes for doctors to use in their clinics.

She describes how "morale is at a lower ebb than it used to be" at work. One of the reasons for this is low pay as "colleagues will comment on how much of their wages go on bills and how their pay isn't going far enough". Short staffing is also an issue as there is no money to cover staff absence. Ashley describes her workplace as being run on "skeletal staff teams".

The biggest financial challenge she faces is paying her mortgage. She has also experienced the cost of food and petrol going up. She and her partner don't take holidays and organise Christmas on a budget. She isn't currently able to save any money. "I currently need my overdraft in order to be able to manage. I'm usually back into my overdraft two weeks after I've been paid." Ashley's take-home pay has effectively gone down due to a 50 per cent rise in her pension contributions. She is aware that

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people working in comparable roles in the private sector are being paid considerably more.

Ashley wants the government to give health sector staff fair pay, saying, "We work hard for little money and we're really dedicated to our roles." She warns against increasing staff shortages saying, "Don't expect us to provide the same service with fewer and fewer staff. It just can't be done."

## Case study

# ELEANOR HILL

## BEHAVIOUR SUPPORT MENTOR

Eleanor has been a senior mentor for the Behaviour Support Service at Bolton Metropolitan Borough Council for the last eight years. Her job is interesting and she enjoys getting to know children and their families well.

Her work is mainly in schools with individual children. She supports children in class and takes them out of class for individual support. She focuses on helping children stay in a mainstream school setting and visits up to four schools per day. She also carries out home visits, generally while the children are out so their parents can talk openly. She says, "Parents value our role as we bridge a gap and can signpost other support services to them."

Morale in Eleanor's workplace is fairly low due to the unrelenting pressure. She says, "We see more deprivation and resulting pressure on families. Benefit cuts have impacted on a lot of families we work with. In the past parents would've given more time to their children, whereas now they're busy chasing work. The demand for our service is greater but with less resources. Alongside this, the threshold for social services involvement is going up – they won't now intervene unless a case is critical."

Eleanor continues, "There are always more cases to tackle when I get back to the office and the changes in schools are putting additional pressure on teachers and children. The children we work with can't deal well with things like SATS testing. It's not good for them at all. In addition, trying to find school places for excluded children is really hard as all schools are now under additional pressure."

Eleanor spends half if not more of her wages on childcare. University costs for her eldest son are an additional burden this year for the family finances. Eleanor says, "The lack of pay rises in line with inflation means that in effect, every year I'm being paid less. Everyone at work is very disgruntled about pay and pensions." Eleanor also says the difference between salaries for comparatively skilled jobs in the public and private sector is becoming increasingly stark.

Eleanor's message to government concerns valuing the importance of preventative measures in a healthy society. She says, "Make sure that people who are working so hard to help others are fairly rewarded. We help keep vulnerable children in school and ultimately help them to become functioning citizens. In the end we prevent more expensive outcomes."

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## Case study

# JANE LEICESTER PHYSIOTHERAPIST

Jane has worked for a healthcare trust in Bolton for nearly twenty years. She finds her role as an advanced neurological physiotherapist rewarding and enjoys feeling she can make a difference.

She says, "I had a patient with multiple sclerosis who was really struggling to walk. Working with her led to a dramatic difference as it enabled her to go further and reach her kitchen. Another patient had back surgery and as a result couldn't leave the house. We practised walking outside with her until she could get all the way to the local shops unaided."

Jane's role includes initially assessing patient needs and identifying what equipment or other care they need. Sometimes she devises exercise programmes to help patients get stronger. In other cases patients just need advice and equipment. Jane says, "Patients who are disabled or unable to walk can become stiff if they sit down for too long, which can lead to residual problems. We might invite relevant company representatives out to show them different seating equipment – this can help patients sit without support and make a huge difference to their quality of life."

*"There's now a lot more paperwork to do and it's easy to forget to do things. The pressures on wards, the size of our caseloads and the level of pressure means we worry about making mistakes."*

Jane is frustrated at the impact of long waiting lists on patient health. She says, "It's stressful as we're always looking at how long the waiting list is and that people's health may be deteriorating in the meantime. It's more difficult now to get relevant social service support as social care is being cut." She feels corners are being cut and getting carers to come in now and do exercises with patients is really difficult.

Jane describes staff morale as 'terrible'. She says, "There's now a lot more paperwork to do and it's easy to forget to do things. The pressures on wards, the size of our caseloads and the level of pressure means we worry about making mistakes." In addition, the health centre rarely gets staff cover in the event of maternity leave or sickness. Jane says the initial freeze and subsequent cap on staff pay,

during which time pension contributions went up, has led in effect to a pay cut. Jane says that even if pay just matched inflation over the year, it would help people feel more valued. The biggest challenge now facing Jane and her husband is funding their three children through university. They are currently paying £4,500 a year towards their eldest daughter's costs.

Jane warns that increased pressure on hospital A&E departments has had a detrimental impact on the economy. She says, "The longer we leave people sitting on waiting lists, the less likely they are to ever get back to work. Properly funded services will have a positive economic benefit in the long term."

## Case study

# MARK WATSON NEIGHBOURHOOD CARE OFFICER

Mark has been a neighbourhood care officer for over 20 years. His job involves making pavements safer and more accessible for the public.

Mark drives a small sweeper which clears pavements. His job also involves cleaning gutters, dealing with spillages and removing dead animals. Mark says his experience at work has deteriorated over the last couple of years, due to service cuts. "We're being asked to do more, but we're not getting any more pay or resources." He adds: "Morale at work really couldn't fall any lower." The team Mark works in used to have 14 small pavement sweepers, but now have to do the same amount of work with eight machines. Their large cleaning equipment has been reduced by half and there has been no staff recruitment for eight years.

Mark says the workload is unmanageable for six months of the year. "Because Bolton is full of trees, we can get piles of dead leaves up to two feet deep in autumn, and then sometimes snow in winter, which is even worse to clear." This has a knock-on impact on Bolton residents, as he says, "The public are complaining that the streets aren't getting swept enough." Mark spends nearly 70 per cent of his wages on basic living expenses. Mark has a health condition that drives-up his

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*"We're being asked to do more, but we're not getting any more pay or resources [and] morale at work really couldn't fall any lower."*

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gas and electric bills. Mark is struggling to make ends meet. He says, "My pay has only increased by one per cent a year, but my rent and council tax have increased considerably more, so in practice it's a pay cut."

Mark has a direct challenge for the government. He says, "Statistics can say many things, but real life experience is what really counts. Come and do my job for a month and see for yourself how frontline service cuts affect the public."

## Case study

# ANNA SZPAKOWSKA TEACHER

Anna Szpakowska is a 29-year-old teacher who lives and works in Harlow. She describes how during her training, she fell in love with teaching.

She says Harlow is a relatively deprived town where there's not a high level of engagement in education. Her school, therefore, focuses on actively engaging with pupils to increase their confidence in learning.

Anna describes how her job is incredibly rewarding but that there's not a day at work when she's not not rushed off her feet. She goes on to say "every year the workload has increased tenfold. It's getting worse, and though I love teaching, I wonder how long I can do this".

Staff recruitment and retention is a challenge which has a huge impact on classes. Maths and science teachers are particularly hard to retain. Students miss out on learning and this puts more pressure on new teachers as they have to pick up classes who've had long-term supply teachers, and there are often resulting gaps in learning.

Even though she is lucky enough to rent her home from a family member and benefit from low rent, she still says that over half of her pay goes on housing, bills and living expenses. It is even harder for other colleagues. Anna believes that teaching is a proud profession but lags far behind the pay of other professional occupations, saying that "the amount we receive in comparison is nothing". She says that teaching is failing to compete for the best talent because of it.

Anna says she's been tempted to leave her job due to working conditions. "Heavy workload, data and grade expectations and generally treating students as numbers are all issues." Anna goes on to say that her workload is unmanageable: "I'm tired when I prepare lessons in the evenings. I've made mistakes which have been pointed out by my pupils. It's hard to manage everything".

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## Case study

# JULIE CHASE EDUCATIONAL PSYCHOLOGIST

Julie Chase has worked as an educational psychologist for eleven years. Her work focuses on children with special needs and mental health issues. She says, "From the beginning, I knew I wanted to do something worthwhile and change people's lives".

She describes the focus of her work as mainly providing support to teaching staff. "I work as a 'critical friend', identifying where things are going well and providing constructive feedback to help create better systems in schools, which give children a quality school life". Julie spends about a third of her time working in schools where an average work day includes reviewing a child's progress and joint working with other educational professionals to ensure child progress keeps improving.

However, Julie says her work experience has radically declined over the last two years, with additional work relating to a new code of practise but no extra staff provision to cover it. The overall amount of time educational psychologists offer to individual schools in Harlow has gone down, resulting in a shift from preventative work and early interventions to work in crisis situations. Julie says, "Before, we'd plan ahead and work in an integrated way across whole areas of need in a

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*"We don't have time to deliver a proper quality service, instead we find ourselves 'firefighting' situations".*

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school. Now unfortunately, it's likely to be crisis work focussing on an individual child when things go wrong".

She says colleagues are disgruntled about pay, but they're more concerned about workload. "We're not paid for the amount of work we're expected to do. Fitting it all in is the hardest thing and has a negative impact on staff health". She highlights how there simply aren't enough educational psychologists employed in Essex to meet the demand. As a result she says, "We don't have time to deliver a proper quality service, instead we find ourselves 'firefighting' situations".

Almost all Julie's earnings go on bills and basic living expenses and she's being forced into debt. Her profession has endured pay freezes and even when she has pay increases, they are not in line with inflation so Julie has suffered a cut to her wages in real terms. Alongside this, her pension has deteriorated.

Julie worries about mistakes being made. "In my team we peer review reports on individual children. We don't have time to do the role properly and yet we are professionally accountable for delivering good practise". In addition, her profession is concerned about the impact of testing and school league tables on the mental health of the school community and the equality of provision under the academy system. Julie says, "I'm really unhappy about the privatisation of the public sector and the shrinking of local authorities. I believe it is the wrong model for serving people's needs."

## Case study

# ROBERTA PHIPPIN MIDWIFE

Roberta Phippin is a 46-year-old hospital-based midwife. Her eldest daughter was born premature which prompted her to join the profession.

Roberta has worked in the community unit in the same hospital in Essex for nine years. She says, "My favourite part of my job is supporting women in the community. As a midwife, you build up a relationship with them and they often remember you afterwards. I had a phone call recently from a mum whose first child I'd delivered to see if I was still working, as she's expecting again. That's priceless, that's what you go into this job for."

She normally starts her working day with an antenatal clinic which can last up to three hours. Then she usually visits women in the community and ends the day in the office doing follow-up calls. Two or three times a month she's on call through the night either overseeing a home birth or in urgent cases, she might be in hospital supporting core staff.

Roberta says morale has been low for quite some time amongst colleagues at work, as the job has become more stressful. "We feel like the forgotten profession," she says. "A lot of the older midwives are coming up to retirement and we have trouble filling posts.

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*"Newly qualified midwives are burning out quickly and unfortunately I've seen people walk away from the profession because they can't take it anymore."*

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In addition, newly qualified midwives are burning out quickly and unfortunately I've seen people walk away from the profession because they can't take it anymore. It all affects the continuity of care for the women in our care," she concludes.

Roberta says her workload is unmanageable and she routinely does more than her agreed work hours. This means that important 'wraparound' parts of her work, like writing social care reports and personal updates, often have to be done in her own time.

In addition Roberta says midwives are dealing with more related social issues. "We have so many unofficial roles including signposting women to other support services from help with breastfeeding to mental health. In the wider community we've also been

affected by the huge issue of children's centres closing. Women are losing support and as midwives, we can only do so much. As extra support services are being cut, we increase the risk of women just being left with a skeletal service".

Married with two daughters, Roberta earns £24,000 per annum. She says most of her pay goes on basic living expenses so she can't routinely afford things like evenings out and gifts for friends and family. She is worse off than a few years ago and says "I know it's generally tighter for everyone in the profession".

Roberta is a member of the Royal College of Midwives. She calls on policy makers to "please appreciate the work we do and acknowledge the increased work we are having to take on. As Harlow redevelops, the population is increasing. We want to build the town up, but we also want to build up local support services alongside".



## Case study

# ANNA MILTON MATERNITY SUPPORT WORKER

Anna is a 28-year-old maternity support worker for Northumbria Healthcare Trust who says, "I love the job I do. The hands-on involvement with women and babies is amazing".

Anna's role involves directly caring for mothers and babies. She makes sure both of them are well fed and clean and also supports the mothers with breastfeeding. Anna also does some administrative tasks and is trained in venal puncture, enabling her to take bloods and assist midwives with delivering babies. She says "we see mothers regularly from their early ante-natal appointments until their babies are 10 days old, so that means we have really close relationships with both mothers and babies".

Anna works on a small maternity ward which has been struggling with both staffing issues and funding cuts in the last year. It has meant that the team struggle to cover wards and shifts. Due to the specialist nature of the work, it's not appropriate for newly qualified staff to work on the ward and it has proved difficult to attract experienced and qualified staff. Anna says, "we're all overworked so end up tired. We're constantly covering extra shifts and are doing more than we should". Staff are not being paid for extra hours under the new system, so now they can only accrue extra time off. Morale on the ward is quite low.

Anna earns £15,500 per annum. She lived independently for some years before recently moving back to live with her parents. She explains "when I lived on my own, over £900 a month was going on bills and rent, running a car and food. I only went out about once a month. I really struggled and would be in debt now if I hadn't moved back to live with my parents. I'm doing this so I have a chance to save to buy my own place".

Even so, Anna has been affected by the recent increase in fuel prices as living outside Hexham; she needs to use her car to get to work. She has also noticed that food prices are getting higher. She believes she should be paid more for the caring role she plays, saying, "some of us support workers are paid the same as cleaners. We don't feel this is right when we are directly responsible for the care of mothers and babies. We should get paid a bit more to acknowledge the caring role we play".

To give her a small amount of disposable income, Anna has a second job running a crèche for a few hours a week. Due to her sense of job insecurity, she has also just finished a qualification in nursery nursing.

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*"Some of us support workers are paid the same as cleaners. We don't feel this is right when we are directly responsible for the care of mothers and babies. We should get paid a bit more to acknowledge the caring role we play."*

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Anna doesn't feel her workload is manageable. She fears mistakes are going to be made because of staff overtiredness. She says, "we just want to have an adequately staffed ward so no one is forced to overwork and the unit can run smoothly and safely".

## Case study

# CAROLINE WATSON RURAL DEVELOPMENT MANAGER

Caroline has worked as a civil servant for over 30 years. As a rural development manager, she sees the direct impact of her role in rural communities, saying “all of our grants go to small business and the idea is that they go on to create new jobs”. The focus of Caroline’s work is to appraise proposals for small businesses. She analyses their business accounts, looks at the viability of their proposals and visits each business.

Caroline really enjoys complex case work, but in the last few years her role has become more streamlined and delivery-orientated. She says promotional opportunities are ‘non-existent’ and describes how the working environment has noticeably worsened, saying “sites are being closed and there’s penny pinching through measures like home working. Buildings are overcrowded, the loos are dirty, and offices are poorly heated and unventilated. These things affect morale”. In addition, she describes how Brexit – the June 2016 referendum whereby British citizens voted to exit the European Union (EU) – has had a huge impact on her workplace, as most of the department’s funding comes from the EU. Caroline describes how the resulting uncertainty has led to numerous staff leaving.

Caroline says “I never really feel that the money I earn is mine”, as most of her salary goes on her mortgage. As a result of having to contribute more to her pension and national insurance contributions, Caroline hasn’t noticed any increase in her income in the last few years. She doesn’t take holidays and drives an old car. She says “any savings have to go on fixing the car or on a future car lease and then I will have less to save. My big worry is paying off my mortgage and having enough money when I retire”. She highlights the worry for older civil servants who are facing a lower pension than expected due to the government’s policy of pay restraint. Caroline is currently undertaking training in singing and vocal coaching to give her a retirement income.

Caroline wants the government to understand the impact of cuts and pay restraint on public sector workers like her who are struggling to get by.

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*“Sites are being closed and there’s penny pinching through measures like home working. Buildings are overcrowded, the loos are dirty, and offices are poorly heated and unventilated. These things affect morale”.*

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## Case study

# DAVID FLAVELL AMBULANCE SERVICE CALL OPERATOR

David works as call operator for the North East Ambulance Service. He enjoys that his job as part of a professional caring service and says it keeps him on his toes.

David does shift work and spends his time on the phone, receiving up to 50 calls from the public in one shift. Most of the calls he takes are from people who want to identify whether they have a serious condition. David says "in effect we act as a gatekeeper for doctors, saving unnecessary appointments. We also rule out ambulance teams being sent out in many cases. We're trained to be instantly professional and completely focussed on the calls we take".

There are usually about 12 call operators on a daytime shift but this rises during the evening and reaches a peak of up to 60 at weekends. The number of call operators on duty has a direct impact on staff morale, as people become exhausted after an understaffed shift. There is a considerable pressure to get the caller diagnosis right and getting it wrong is a serious issue. Hours can be unsocial as it is a 365-day-a-year service. There is a 10 per cent absence rate across the service which is considerably higher than the national average.

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*"The skills we have as call operators and the quality of work we do is definitely of a higher quality than we are paid for. We're effectively being paid on the cheap."*

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David highlights how the quality of response to the public has been affected by service cuts. If a call from the public comes in out of hours, the caller can only be sent to a healthcare centre where a GP is available. The shortage of GPs and subsequent need to 'hunt around' for them slows down the response.

David works part-time and is paid 9p more an hour than a cleaner at the local hospital. He doesn't get paid for lunch breaks. He says 'money is a struggle. We prioritise things for the children and are helped out by other people including my parents. Without them we couldn't afford to run a car'. Without the car David would struggle to get to work as he sometimes does unsociable shifts. The family have also been affected by changes in tax credits, leaving them £200 per month worse off. David

continues "we have no chance of saving or putting money towards a house. We manage to keep the show on the road and just hope nothing breaks down". David doesn't believe the professional skills of call operators are adequately rewarded. He says "the skills we have as call operators and the quality of work we do is definitely of a higher quality than we are paid for. We're effectively being paid on the cheap".

David wants the government to recognise the current shortage of GPs and paramedics as an urgent issue. He recommends urgent public sector investment including into the emergency call service as it will save money later on. He warns that there will be future recruitment and retention problems if staff continue to be underpaid.

## Case study

# MARK DOWTHWAITE FIREFIGHTER

Mark has been a firefighter for nearly 20 years. He joined the fire service because he wanted to help people and has worked his way up to become a crew manager.

Aside from responding to emergency situations and routine regular checks of firefighting equipment, Mark spends a lot of time doing community work. This can vary from a visit to a vulnerable adult to make sure their smoke alarm works to inspecting the salvage plan for a historical building in the event of a fire, or a school visit to talk to children about fire safety.

Mark enjoys the operational side of his job but is concerned that the fire service has fewer and fewer staff to attend emergency situations. He says starkly, "Everything is being cut. The fire service is so lean, there is simply no fat to cut off operational crews." The official guidance firefighters adhere to is to have a minimum of nine crew operating breathing apparatus during the first 10 minutes of an incident, but Mark's crew manages with a maximum of five performing the role.

Mark works a 48-hour shift pattern and finds his mortgage and travel costs the biggest burden, the latter due to his 27-mile daily commute to work at the nearest full-time fire station. He says, "We have to watch what we spend and holidays are difficult to afford. We recently moved house which swallows up all the spare cash." Mark says his pay is effectively going down. His pension and national insurance contributions are increasing and he's taking a hit because of the current one per cent cap. He isn't able to save and is aware of people in other manual trades earning more money without the same hazards.

Mark would like the government to acknowledge the dedication of firefighters and the risks they face, end the pay cap and give fair pay for public service workers

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*"Everything is being cut. The fire service is so lean, there is simply no fat to cut off operational crews."*

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## Case study

# KAREN SMITH DENTAL NURSE

Karen is a special care dental nurse who joined the profession when she first left school.

She assists with the treatment of patients at the dental clinic, providing support or equipment that the dentist requires. Karen also assists in providing surgical treatment under sedation. She says, "We assess the patients and go through all the pros and cons of various forms of treatment approaches. I work in oral surgery where we do a large amount of wisdom tooth surgery." Karen also helps out in an evening assessment and assists with an out-of-hours emergency dental service at weekends and holidays.

She describes how her experience at work has worsened, saying, "The surgery service has become figures focussed. It never used to be – it used to be focussed on the patients and giving them that extra bit of time and attention. Now the appointments are shorter and as staff, we don't have time to talk to them about their fears and phobias as we used to. This is due to the constant push to do more with less."

Karen says morale is low and staff don't feel valued. She says, "There aren't enough staff to do all the jobs. We're constantly juggling and there's a lot of stress."

Karen says the vast majority of her wage goes on household bills. She has noticed the rise in the cost of living. She says, "We certainly don't have the money we used to have. Now we need to plan where we're going to spend our money." Karen says, "The 1 per cent pay increase just gets swallowed up." In addition, her national insurance contributions have risen by £28 per month and pension costs have risen by nearly £10 per month over the last four years.

Karen says, "I do fear mistakes are being made with my role because it's a struggle to complete everything in a timely manner." She wants an end to the pay cap and to see fair pay for public service workers.

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*"I do fear mistakes are being made with my role because it's a struggle to complete everything in a timely manner."*

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## Case study

# MARK HUNT FIREFIGHTER

Mark has been a firefighter for over twenty years. He finds his job very rewarding and enjoys serving the public.

Mark does shift work and emergency response call outs always take priority. These can range in seriousness from a small house fire to a fatality with a full investigation. Mark also undertakes security checks on equipment at the fire station and community premises visits. He sometimes visits schools to do fire awareness talks.

Mark says the current service cuts are "the worst I've known in over twenty years". He explains how they have led to a drop in morale across his team. He says his employer hasn't recruited any new firefighters in the last seven years. Mark explains "there used to be annual recruitment drives with thousands of applications. But now posts are being filled with retained (partially trained) firefighters as a cost saving measure. As firefighters, we're angry at the impact of service cuts on our ability to keep the public safe".

Mark says, "Equipment has been cut in three local fire stations and we now have four fire engines for the whole of Plymouth rather than the eight we had before. The engines are also smaller so can carry less equipment." He says staff posts

have reduced by two thirds at Camelford fire station where he works. He highlights how "another local fire station at Plympton and Plymstock is no longer staffed full-time and as a result, estimated response times have increased from 6 to 20 minutes. This is very worrying as seconds count where fires are concerned." He explains, "A hotel in Exeter burnt down last month. Exeter fire service was able to respond with one fire engine, but the next one was 20 minutes away. The loss of premises here could have been avoided."

Mark says the vast majority of his wage goes on basic living costs, including rent utility bills, food, medical expenses and his car. He describes it as "a complete drain". His income has decreased over the last 10 years. He says the one per cent pay increase he has received in the last four years isn't enough to match the steady increase in the price of living. Mark says, "The cost of pensions has gone up radically within the last four years and I've gone from paying 11 to 14 per cent, which is equivalent to an extra £100 per month. There have been massive reductions to firefighter pensions as a result of price indexes going up. In effect our predicted end lump sum has been cut by up to 40 per cent."

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*"Plympton and Plymstock [station] is no longer staffed full-time and as a result, estimated response times have increased from 6 to 20 minutes. This is very worrying as seconds count where fires are concerned."*

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Mark says, "I have no savings and no house... I'm starting again in a new relationship and it's impossible to get a mortgage. Things are very hard." He describes how most firefighters end up taking a second job to help pay for extras like holidays.

Mark would like the government to acknowledge the dedication of firefighters and the risks they face by improving conditions and giving fair pay for public service workers.

## Case study

# ROB DAVIES

## SENIOR PHYSIOTHERAPIST

Rob has worked as a senior physiotherapist in an NHS trust hospital for nearly five years. He went into the profession to help people and to make a difference.

He says, "I treated a man who was anxious after falling. We worked together on simple daily exercises to build up his confidence. I got him walking a few steps, then several metres and then a few weeks later, far enough for him to be able to go home. In that short time he'd got back his quality of life."

Rob oversees a team within the hospital and as a senior physiotherapist most of his day is spent assessing patients' mobility and making a plan for their physiotherapy needs. He has a daily meeting with other hospital professionals including doctors and occupational therapists to talk through individual patients and make a plan of what they want to help the patients achieve.

Rob says his workload is not manageable. "We're literally chasing our tails. Ambulance crews can arrive at short notice to take patients home, resulting in us rushing around to sort out appropriate equipment instead of treating patients. I've resorted to dropping off equipment to discharged patients on the way home to avoid this happening. The danger is that patients go home without the things they need to keep safe and well."

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*"We're literally chasing our tails. Ambulance crews can arrive at short notice to take patients home, resulting in us rushing around to sort out appropriate equipment instead of treating patients."*

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High staff turnover is also an issue at the hospital. A junior vacancy in Rob's team has remained unfilled for several months, which Rob says "makes it trickier if a particular patient needs a second person to help with treatment". He also says, "We do a lot of unpaid work but don't make a fuss about it as we just want to do a good job for our patients."

Rob is engaged to a part-time teacher. He estimates that his rent and bills accounts for half of my wages. The couple are careful with their money as Rob says, "We're saving for our wedding, so we don't really go out. We don't have money to splurge and really have to think about what we buy. Our holiday last year was a week camping in Dorset."

Despite receiving a recent pay rise due to a promotion, Rob says, "My tax, national insurance and pension contributions went up, so I didn't really see a difference." Rob predicts he and his fiancé will need to pay off their wedding on the credit card. He explains, "It's really hard to pay for even though I'm working as much overtime as I can to meet the costs. It will take us years after that to save for a deposit to buy a house."

Rob urges politicians to treat public sector workers fairly by paying them a fair wage for what they do. He says, "We make a difference to people's lives and our pay and conditions need to reflect this."

## Case study

# BARRY DOWNEY FIREFIGHTER

Barry has been a firefighter for nearly thirty years and finds his job very rewarding.

Barry does shift work and highlights the daily uncertainty of each shift saying, "You never know if you'll get any emergency calls." His role includes doing vital safety checks on protective equipment and fire vehicles. He says, "This is never skipped – we always do the safety checks as it could be a matter of life or death." Barry also does fire awareness community visits to schools, regular visits to high risk buildings in the area and home visits to vulnerable people to discuss fire safety.

Barry says his job has become more stressful in the last five years. He says, "There are significantly less of us doing the same work as before. In Stafford, nearly a hundred firefighter jobs have gone and recruitment is at an all-time low." Barry continues, "Our ability to deliver the best service we can is impacted by low staff numbers."

Barry describes how the cuts have severely reduced capacity at his workplace, saying, "My station used to have fifteen firefighters and two vehicles on each day. Now there are only six firefighters and one frontline vehicle. However the risks haven't changed." He says, "It's getting to the point where

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*"There are significantly less of us doing the same work as before. In Stafford, nearly a hundred firefighter jobs have gone and recruitment is at an all-time low."*

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it could become unmanageable due to the reduced numbers on shifts. If there's a major incident, we're stretched beyond capacity." Barry says there's been a 25 per cent funding cut to the Staffordshire fire service. He highlights the impact of this as "constant station closures, vehicles being removed and a request for us to work ever more flexible hours".

Barry says his pay is "not even close" to rewarding the work he does. In addition, he has a big mortgage and has found the rising cost of basic living and bills a challenge to meet. He and his wife are careful not to go overdrawn and plan well in advance for holidays and Christmas. However, he is also paying higher pension contributions and says, "The pay freeze seems to have gone on forever." Barry describes how far more firefighters are taking second jobs now to make

ends meet. He says this means firefighters are not coming into work rested, and as such could be putting colleagues and the public at risk.

Barry wants the government to recognise the value firefighters provide to their communities, through paying them a fair wage. He urges them to "look away from the headlines about the numbers of fires falling as it's something the fire service has achieved over years". He says, "If you don't start valuing and rewarding firefighters, you'll turn around one day and they simply won't be there."



## Case study

# GAIL CARTWRIGHT MIDWIFE

Gail has been a midwives team leader for the last 13 years, having wanted to go into the profession since she was a teenager. She says, "I have the best job in the world."

Gail works a ten-hour day, starting at 6.30am when she meets her team at their hospital base, before they start visiting expectant mothers. Gail coordinates the team's work and also does the same hands-on job as they do. She says, "We see expectant mums from eight weeks into their pregnancy until they're discharged postnatal. We also deliver babies at home." Gail describes the personal bond between her team and the people they look after, saying, "We have a big impact on their pregnancies and if a pregnancy is lost, it really impacts on us. We're normal human beings after all."

Gail's experience at work has worsened over the last two years. She says, "My job has changed remarkably from being a service for women to being all about paperwork and targets. We used to visit women in their homes but now we have to ask them to come to hospital as a cost-saving measure. The service feels like it's being dumbed down to the detriment of the women we're looking after." Gail describes how midwives are leaving because they can't give the care

they want to give expectant mothers. She says, "We're not well paid for what we do and there's no acknowledgement of how stressful our work is." She describes how "colleagues talk about their pay packets in terms of 'nothing being in it' as it's already accounted for in terms of paying for basic living expenses".

Gail describes recruitment as a big problem, resulting in a national shortage of midwives across the UK. She says, "We can't train enough people as lots of midwives are coming up to retirement." There is also a high rate of dropouts with Gail describing how "lots of people start the three-year training but find the unsocial hours and low pay a challenge". She also says there's a high rate of depression amongst midwives. She says, "When people go off on long-term sick, we don't get bank staff in to cover their absence. It falls on their colleagues to cover their absence."

Gail is concerned about the long hours worked by her colleagues, saying, "I worry about midwives who are doing twelve-hour shifts. This can mean working well into the night, sometimes without a break if they are at a homebirth." She also worries about the implications of cost-saving measures such as relocating services into hospitals, saying, "We only really

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*"My job has changed remarkably from being a service for women to being all about paperwork and targets."*

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identify vulnerable women when we see them at home. We may well miss identifying this when they come into hospitals. We therefore fear the most vulnerable women will go unsupported."

Gail used to earn extra income through working unsociable hours on call and during weekends. Her pay reduced by £300 per month when this extra work was no longer available. In addition, her professional fees have increased to £120 per year. Gail says she has had no proper pay rise since 2010. She describes how "the world is moving on and the midwives profession seems to be stagnating – yet we have mums and babies' lives in our hands every minute of the day".

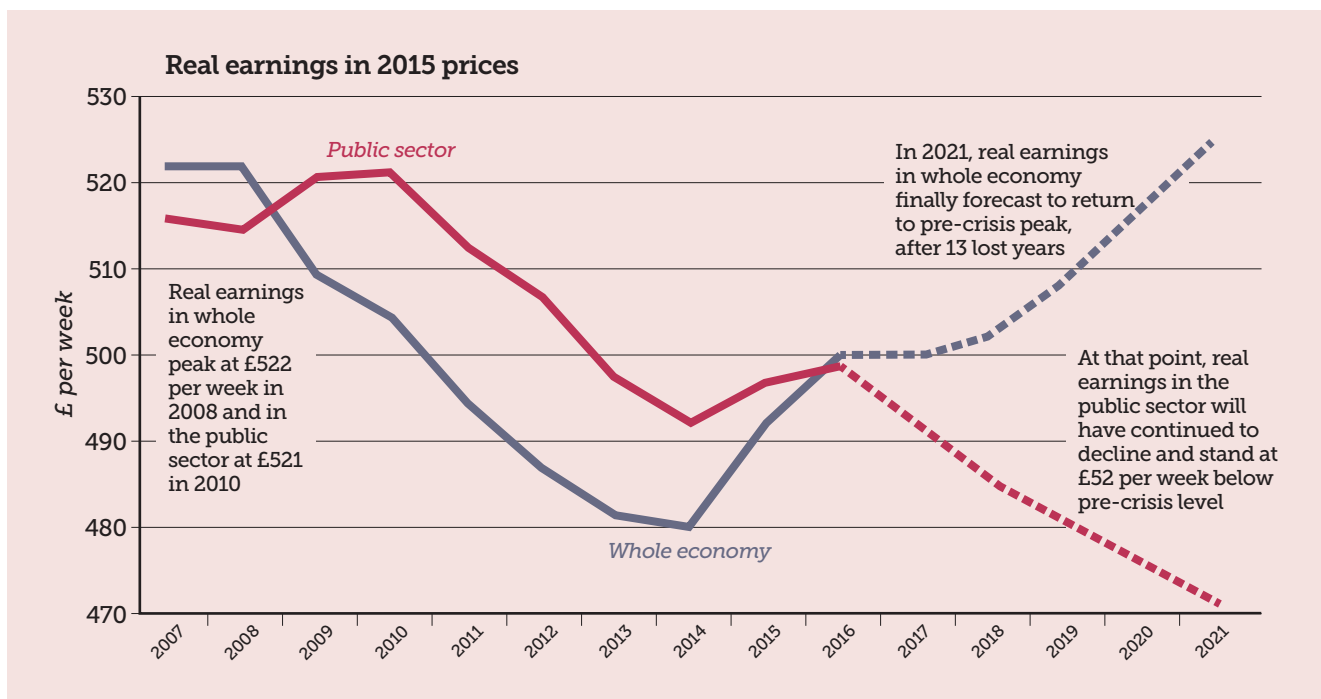
Gail wants to see the government acknowledging the important role of midwives through paying them a fair wage. She urges them to "see the worth in what we do and give us the recognition

# PUBLIC AND PRIVATE SECTOR PAY

**Analysis by the TUC shows that real terms pay growth in the public sector is set to decline significantly against real wage growth in the wider economy, according to OBR forecasts at the time of the Autumn Statement.**

Figure 1 below shows that public sector pay will have declined by 15 per cent from its pre-crisis peak, lagging behind growth in the wider economy from 2016 onwards.

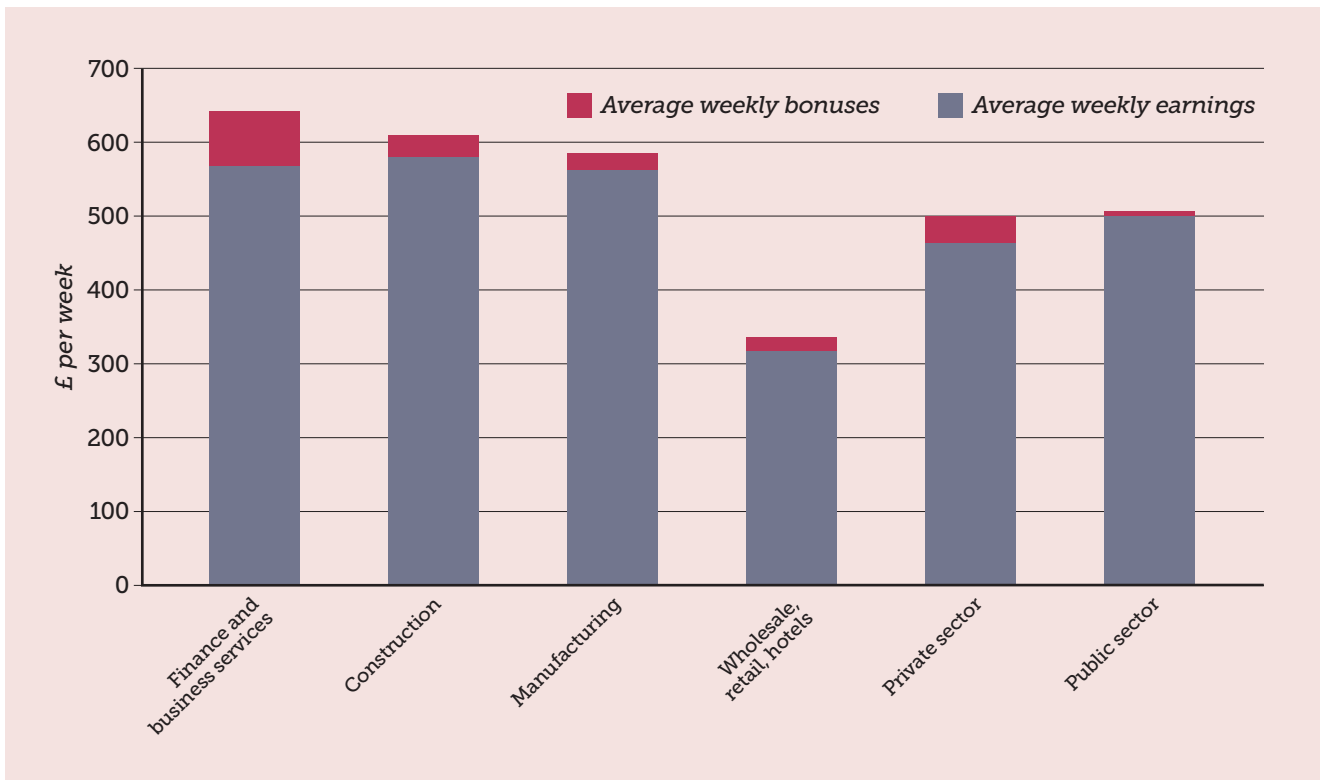
**Figure 1: Public sector versus whole economy real earnings growth, 2007–2021**



This is borne out by a number of other studies.

Analysis by Incomes Data Research and the OME (see Figure 2) shows that in September 2016 public and private sector average weekly earnings had achieved parity. Furthermore, this was largely due to the impact of very low paying parts of the private sector pulling down the private sector average. Average public sector earnings are less than those in finance and business services, construction and manufacturing.

**Figure 2: Average weekly earnings by sector, June 2016, IDR and OME**



This is echoed by the Institute of Fiscal Studies. Using projections based on one per cent growth in public sector pay bill, the IFS estimates a very significant decline in the uncontrolled public sector pay differential, indicating that the controlled differential will likely fall below that of the private sector for the next four years.

In their Green Budget of February 2016, the IFS state that:

**The government's announced one per cent limit on annual pay increases for a further four years from 2016–17 is therefore expected to reduce wages in the public sector to their lowest level relative to private sector wages since at least the 1990s. This could result in difficulties for public sector employers trying to recruit, retain and motivate high quality workers, and raises the possibility of (further) industrial relations issues.**

It is our view that this will exacerbate growing recruitment and retention pressures in the public sector.

# RECRUITMENT AND RETENTION

**There is a growing consensus that the government's public sector pay policy is unsustainable, particularly given the twin aim of restraining pay while seeking workforce engagement in transforming services and developing new delivery models.**

This is reflected in the findings and recommendations of Pay Review Bodies, informed comment from key public service think tanks and commentators and from representatives of public service employers.

Commenting on the increasing teacher recruitment and retention problems, the **School Teachers Pay Review Body 2016** made a clear connection with the deterioration of the relative position of teacher pay:

Recruitment and retention pressures have become more acute, creating a challenging climate for schools. We have noted significant shortfalls in recruitment to ITT (initial teacher training) for the secondary sector and an increase in vacancy numbers, including in all the core subjects. Figures show a significant increase in the number of teachers resigning from the profession (including higher wastage in early years) at a time when pupil numbers are increasing, adding to the demand for teachers. Our analysis of earnings data showed that the relative position of teachers' earnings

has deteriorated further this year and they continue to trail those of other professional occupations in most regions. We are concerned about this further deterioration in the recruitment and retention position when set against strong demand in the graduate labour market and continuing concerns in the profession about workload ... Based on our assessment of recruitment and retention considerations alone, there is a case for an uplift higher than one per cent to the national pay framework, to strengthen the competitive position of the teaching profession at a time of growing demand for graduates.

The growing problem of teacher retention was highlighted by the results of the **School Workforce Census of November 2015**.

This showed that nearly one in ten teachers left the profession last year – the highest proportion for a decade – and almost a quarter of teachers now leave within three years. The figures show that after three years, teachers are leaving faster than they were before: 75 per cent of teachers who started

in 2012 were still in post three years later, which is the lowest since records began in 1996.

Responding to these figures, the **National Association of Head Teachers (NAHT)** stated:

Figures show a further deterioration in retention after three years, which is a source of great concern for school leaders. We lose a quarter of those who enter service by this point. This has been steadily worsening over the past four years, and the government needs to look at the drivers – workload, stagnant pay and an over-bearing accountability system – behind this worrying trend.

The NAHT point to the impact that this is potentially having on quality:

Official statistics mask the reality that school leaders are still sometimes forced to appoint staff who are less experienced or able than they would like because of a lack of applications for a post; it is about quality, not just the numbers in post.



### **The NHS Pay Review Body 2016**

flagged up the implications for recruitment and retention that may arise due to NHS staff feeling undervalued due to pay restraint at a time of increasing workloads:

NHS staff are highly motivated and committed to delivering high quality patient care; for the majority this is what attracts them to work in the health sector. However, the pressures within the system are high and increasing and appears to be having an effect. Coupled with low pay awards this all serves to make many staff feel undervalued ... considering the implications of the type of pay restraint envisaged by the UK government over the next four years much will clearly depend on the overall economic picture. There are shortages

and recruitment and retention problems already emerging for particular groups in the NHS. Resolving these, so that the NHS continues to offer a good service to patients, will hinge in large part on the quality of the employment proposition, of which pay is one of many factors alongside others such as career progression, development, workload, wellbeing and pension.

**NHS Employers** had made this point in their own submission to the Pay Review Body in the previous year:

Over the longer term it will be important to balance affordability considerations with the risk that the value of the NHS employment proposition will erode. This may eventually have some impact on staff engagement

as well as employers' ability to recruit and retain skilled staff from wider labour markets.

This point was strongly reinforced by **Chris Hopson, Chief Executive of NHS Providers**, who claimed in an interview with the *Health Service Journal* in November 2016 that one NHS Trust found lower paid staff quitting the NHS to work in supermarkets because pay in the health service was becoming uncompetitive. He commented that:

If we try and maintain that one per cent to the end of the parliament, we are seriously worried that we will not be able to maintain the staff we need or recruit new ones.

In their report *Staffing Matters, Funding Counts* of July 2016, **The Health Foundation** pointed to the counter-productive nature of pay restraint when the NHS was seeking to maximise staff engagement in the process of change required through the Five Year Forward View:

Pay determination should be a lever to improve performance and service delivery. It should also recognise the contribution of staff, and motivate them to continue to contribute. The longer the centralised 'freeze' goes on, the less pay and associated reward can be a policy lever to achieve these objectives, locally or nationally. NHS England's plan to deliver the Forward View rests in part on implementing the government's one per cent cap on public sector pay by 2019/20. However, there is a risk that continuing to constrain pay through national public sector pay restraint will backfire as it will undermine the ability to use pay to recognise, reward and motivate NHS staff and encourage them to work productively.

**The Nuffield Trust** made similar points in their June 2015 report *Health and Social Care Priorities for the Government*, stressing the need to empower, value and reward staff in order to engage staff in the challenges of transforming health services:

**Table 3: Civil service recruitment and retention: SCS Pay Survey 2015**

Question	Answer	All respondents (%)
Are you aware of recruitment difficulties in your organisation?	Yes	52.3
	No	47.7
Are you aware of retention difficulties in your organisation?	Yes	57.1
	No	42.9

The effect of five years of pay restraint, growing demand for health care services and increasing complexity of patient need has left the NHS workforce feeling undervalued. Many NHS organisations are struggling to recruit and retain clinical staff and staffing costs are being inflated by the use of agency and locum staff. An engaged and empowered NHS workforce will be crucial for meeting the multiple challenges ahead for the health service, including the efficiency challenge and the move to seven-day services. However, staff burnout is becoming a significant risk in many settings. Politicians must think carefully about how to reconcile the need to develop and encourage the workforce with the inevitable political desire to maintain 'grip' on the NHS when the financial situation continues to deteriorate. We recommend that the government prioritises reconnecting with the NHS workforce and ensuring staff feel valued in their work.

Recruitment and retention problems are growing in other areas of public service too.

For the first year in recent times more than half of the respondents to the **Senior Civil Service Pay Survey 2015** said they are aware of recruitment difficulties in their organization with a number pointing to the need to re advertise some jobs due to a lack of qualified applicants. For retention the situation is even worse with nearly 60 per cent of people reporting retention difficulties in their organisation compared with 46 per cent last year, as the table above illustrates.

# THE IMPACT OF PUBLIC SECTOR PAY RESTRAINT ON REGIONAL ECONOMIES

**As well as the impact on public sector workers' living standards and its contribution to growing morale, recruitment and retention problems, public sector pay restraint also has a significant macro-economic impact.**

As the government attempts to stimulate economic growth in different parts of the country, it is worth noting the impact that public sector wage restraint has had by taking disposable income out of local economies.

Table 4 below provides an indication of this.

Looking at different regions of England, we mapped the average real terms loss of earnings of public sector workers over the last six years (using CPI inflation) against the number of FTE public sector jobs in 2016 to estimate the total loss of disposable income from those local economies.

**Table 4: Total loss of disposable income in regional economies 2010–2016 through public sector pay restraint**

Region	Real terms pay gap in 2016 per worker (£)	Cumulative loss of real terms earnings 2010–2016 per worker (£)	Total public sector FTE jobs in 2016 (000s)	Total loss of disposable income 2010–2016 (£bn)
North East	689	7,666	243	1.8
North West	584	5,740	643	3.7
Yorkshire & the 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

This loss of purchasing power was raised in the Staff Side submission to the NHS Pay Review Body which stated that:

By combining pay lost per point with the number of full-time equivalent staff in post the scale of cuts becomes apparent. In total, over £4.3bn has been cut from NHS staff salaries in England alone between 2010 and 2016. This also represents lost purchasing power to the UK economy at a time of slowing economic growth as the disposable income of NHS staff has reduced.

This loss of purchasing power through pay restraint has been exacerbated by a substantial fall in public sector employment within each region. This will have a particularly hard impact in those regions with a greater reliance on public sector employment, higher unemployment and weaker labour markets in the North, Midlands and South West as Table 5 illustrates.

**Table 5: Public sector employment change by region 2010–2016**

Region	Public sector jobs 2010 (000s)	Public sector jobs 2016 (000s)	Loss of jobs 2010–2016 (000s)	Negative growth (%)
North East	316	243	73	23
North West	757	643	114	15
Yorkshire & the Humber	595	489	106	18
East Midlands	362	303	59	16
West Midlands	562	441	121	22
East	464	461	3	1
London	848	756	92	11
South East	705	617	88	12
South West	508	420	88	17

*“In total, over £4.3bn has been cut from NHS staff salaries in England alone between 2010 and 2016.”*



# CONCLUSION AND RECOMMENDATIONS

The TUC welcomes the prime minister's statement of intention for an economy that works for all and her recognition, made in her party conference speech this year, of the alienation felt by those workers faced with several years of pay stagnation.

Pay stagnation has been acutely felt by public sector workers – manifested in a growing crisis of morale, recruitment and retention in many parts of our public services. In recent years these issues have led to industrial action, with some unions such as the Royal College of Midwives taking strike action for the first time in their history.

Pay stagnation has also come at a time of rising demand, major restructuring and reform of public services and a number of other reforms that have affected the total reward package of public servants, including changes to pensions and exit payments.

Given the growing pressures on recruitment and retention and the knock-on effects on service quality and the need to stimulate economic growth, particularly in the north and midlands, the TUC believes that the government should signal a change of direction on public sector pay.

The TUC believes that the government's public sector pay policy has become unsustainable and that employers and unions should be able to negotiate wages that reflect the needs of our public services, through collective bargaining or genuinely independent Pay Review Bodies as appropriate.

In our submission to the Autumn Statement, the TUC called on the government to work with public service employers and unions to:

- lift the public sector pay cap and allow public service wages to be determined according to the needs of each sector through collective bargaining between employers and unions or through genuinely autonomous and independent Pay Review Bodies where appropriate
- reform Pay Review Bodies (PRBs) to ensure that relevant workforce and employer voices are included within board membership, for example through the appointment of PRB members with trade union experience, and that PRBs are able to look at a wider range of issues than affordability – focusing on recruitment, retention, market comparisons, staff morale and the impact on services.

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*"The TUC believes that the government's public sector pay policy has become unsustainable and that employers and unions should be able to negotiate wages that reflect the needs of our public services."*

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- ▶ place more value on all employees delivering public services by adopting the widely supported voluntary Living Wage, which is currently £9.40 per hour in London and £8.25 in the rest of the UK
- ▶ increase the national minimum wage as quickly and strongly as can be sustained – the TUC’s medium-term goal is that all UK wage rates should reach at least £10 per hour
- ▶ develop fair and sustainable pay structures that are easy to explain, understand and operate, with shorter pay bands and that guarantee progression based on transparent and objective appraisal systems, agreed in partnership between employers and unions.





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