

What the **pay freeze**

means for us....



I'm **£15**
a week
worse off

And there's worse to come in terms of benefits changes and the government's plan to cut jobs and increase pensions contributions by **at least 3%**

Pic: Shutterstock

Source: Analysis by IDS and NPI of 10,000 PCS and Unison members in a recent survey, and are based on figures in April 2010 and April 2011.



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End the pay freeze now

You are being asked to again take a real term cut in your take home pay, while bankers continue to receive huge bonuses. You are being asked to pay the price for the banker's crisis.

PCS members are facing severe financial hardship having endured below inflation pay increases for a number of years. The imposed pay freeze that was announced last June in the Budget will apply to all members earning over £21k this year, with a consolidated payment of £250 for those below £21k. For many the pay freeze does not only apply to the cost of living increases but also to progression payments, which has left many out of pocket by hundreds, even thousands of pounds.

For many members on the maximum, which is the proper rate for the job, a pay

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freeze is not a new phenomenon. In many areas of the civil service the maximum, been frozen for some years and long serving experienced members have seen the value of their pay and potentially pension eroded year on year.

PCS believes that all staff should receive an increase to their pay at least in line with inflation, which is currently running at 5.5%, even CPI is running at 4.4%. There should be a cash underpin to protect the lowest paid of £1200.

More debt as members struggle to make ends meet

PCS and UNISON commissioned a survey, which was conducted by Incomes Data Services (IDS), in which over 10,000 members took part, (more details of the survey can be found on the PCS website). The initial findings showed that 93% of respondents had seen their household expenditure increase while 36% reported that their household income had decreased and 46% reported that their household income had stayed the same. This represents a drop in living standards for over 80%.

The survey also showed that two thirds of respondents had non mortgage debts, one third had debts of £10,000 or more and 12% had debts of £20k or more. This taken with the average civil service salary of £22,850 represents very high levels of debt. The survey also shows that in order to bridge the gap between falling or devalued incomes and increasing cost, many respondents (32%) were increasing borrowing on credit cards, loans and overdrafts and 14% report that they have increased borrowing from friends and family.

Fair pay for all

PCS has long stated its aim of achieving fair pay through the introduction of contractual, transparent progression schemes. The maximum of a grade should be the rate for the job which all staff that are fully proficient in their role should earn. On this basis no pay scale should be longer than five years and for grades up to EO and equivalent scales should be no longer than two years. Single rates should also be considered for AA and AO equivalent grades.

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Low pay

Civil servants are amongst the lowest paid across the economy with average civil service pay falling below average pay in both the private sector and the public sector as a whole. Over the last three years civil servants have seen their pay increase at only half the rate of inflation and they are again being asked to take the pain. 35,000 (7%) civil servants are paid less than £15,000 a year and 40.5% of civil servants – 210,000 people – are paid £20,000 or less. 63% of civil servants – 330,000 staff – earn less than £25,000 a year.

The continuing controversy over Bonus payments across many private and public sector organisations including the Civil Service, notably the huge amounts paid in banking and financial organisations highlights the concerns expressed on many occasions by PCS about the unfair and discriminatory nature of them. Not only do we have evidence that many schemes discriminate against disabled and BME staff, but we also have clear evidence that rewards are disproportionately skewed towards the highest paid.



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Pay more for less on pensions

The Government has announced that it wants all civil servants to pay at least 3% more in terms of pensions contributions despite wide ranging reforms to civil service pensions being negotiated in 2007. In real terms pay levels will be cut further by the proposed introduction of increased pension contributions.

This is at the same time as the value of members pensions is being significantly reduced by the move to link indexation to the CPI inflation measure, rather than the RPI measure. The Treasury's own figures show that this is likely to reduce pensions

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by seven per cent over the next six years.

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Less money in your pocket

An analysis of members' finances by the New Policy Institute (NPI) shows that members are on average £15 a week (£770) worse off in April 2011 than they were in April 2010. That they would need £15 a week more than they actually have in their pockets in order to have the same standard of living in April 2011 as in April

2010. That without this extra £15, their standard of living is 4% lower in April 2011 than in April 2010. These figures do not include the benefits changes coming in 2011 or the proposals on increase to pension contributions that are not due to take effect until April 2012.

Get involved

PCS will only be successful in overturning this unjust pay freeze and introducing a fairer pay system for all civil servants if we have high levels of membership and members prepared to get involved in the Unions campaign. Please encourage non members in your workplace to join the

union and contact your branch secretary to get more involved in the National Campaign against the cuts. The NEC is meeting in April to discuss what our next steps are following the mass demonstration on 26 March.