

# Pay 2011 – Speakers Brief

You should by now have seen details of the DWP pay offer. Full details are on the PCS website and on the intranet. I intend to set out for you the main elements of the pay offer and then explain the PCS recommendation.

## **Government Pay Freeze**

PCS has rejected the government's public sector pay freeze and following a decisive national membership consultation ballot which indicated over 95% support launched an industrial and political campaign to defend jobs pay pensions and public services.

## **DWP Pay talks**

PCS has conducted intensive talks with the employer in recent weeks in an attempt to get the best outcome possible within the Department's Pay Remit but the Pay Remit is constrained by Year 2 of the government's pay freeze. Yet again there is a complete pay freeze on consolidated pay increases for everyone earning over £21,000 full-time equivalent salary (FTE). In 2011 this will mean that only 50.1% of DWP staff are eligible for a consolidated pay increase.

## **Members eligible for a consolidated increase**

Pay increases will be paid as a flat rate in each grade. The flat rate payments are as follows:

**AA** - £400

**AO** - £465

**EO** - (earning below £21,000) - £540

## **Earning between £21,000 and £21,000 plus the flat rate increase for the pay band/grade**

As last year a taper will be used to make small increases above £21,000 to prevent "leap frogging". The amount of these increases will be the flat rate increase for the pay band/grade less the amount of salary above £21,000 FTE.

## **Effect of flat rate increases**

Flat rate payments are the same wherever members are on the pay scale, including the Max. Yet again there is no meaningful progression even for those not pay frozen but it is the simplest and possibly the fairest way to distribute the very limited money available.

## **London/SLPZ Pay Zones**

For a second year the flat rate payments are the same whatever pay zone members are in subject to being paid under £21,000. This means the consolidated cash increases are the same in Inner London, Outer London and the Special Location Pay Zones as in the National pay zone. The value of the London pay lead is further squeezed by the Cabinet Office insistence that location related rates of pay are included when applying the £21,000 FTE threshold. This is underlined by the fact that this year 44% of Band B (AO)

staff in the DWP Inner London Pay Zone will not be eligible to receive a consolidated pay increase.

### **Non-Consolidated Pay**

This year DWP has £52 million available to spend on non-consolidated bonuses. The bonuses have been distributed on the basis of grade and performance, using people performance box markings. The bonuses vary from just £310 for a “consistently good” Band A (AA) to a whopping £2,765 for a “wholly exceptional” Grade. These payments are non-consolidated non-pensionable and paid as a one off lump sum.

Despite the PCS negotiators arguing against this unfair and divisive way of distributing the bonuses and insisting on a meeting with the Permanent Secretary the Department refused to listen. Not only can a Grade 6 receive a bonus nearly 10 times higher than an AA but it actually means that the largest part of the pay pot has been distributed on a performance related basis for the first time.

You will also see that someone who gets a wholly exceptional marking gets double the bonus of a consistently good performer. In a year where money is so tight, when almost half the staff receive no consolidated pay rise, and where everyone receives far less than the rate of inflation it is simply unacceptable for DWP to extend discredited performance related pay. We say that every member has slogged their guts out for DWP in the last year and the pay award should be distributed much more equally.

To make matters worse, DWP have refused to add the £7 million wasted on their Special Bonus and voucher scheme into the performance bonus pot. This would have given every member an additional £65 bonus and end the corrupt Special bonus scheme used by managers to reward the few at everybody else’s expense.

### **Non Pay issues**

PCS sought to make progress on three non pay issues to reflect the very poor reward represented by the 2011 pay offer. These were:

- A no compulsory redundancy guarantee
- A statement of employee entitlement to annual leave and Flexible Working Hours
- An FWH credit to be taken during the winter holiday period
- Restoration of weekly communication time.

Despite our strong case the employer has decided not to make improvements in any of these areas.

### **Why the offer should be rejected**

PCS is asking all members to vote to endorse our rejection of the pay offer. These are the main reasons why:

The main reason is that, as a result of the pay freeze on members’ earning over £21,000, almost half of DWP staff receive no consolidated pay rise at all this year.

In DWP members have already been the victims of pay restraint since 2006, with low, or no, increases to the max and below inflation pay offers. This cannot be allowed to continue.

For low paid members who are not pay frozen payments are still woefully inadequate.

- They provide for no progression through the pay scale, meaning it will take everyone longer to reach the max.
- The max is the rate for the job and DWP must introduce proper progression so that everyone gets to the max in 2 years for recruitment grades and no more than 5 years for other grades.
- The pay rise is also way below the rate of inflation. There has been a surge in the rate of inflation. The Retail Price Index (RPI) currently stands at 5.3% which is more than double the value of this pay offer.
- This means yet again we face a pay cut in real terms as the cost of living rises.

The distribution of non-consolidated bonuses is wrong. The differential between grades is too steep and double is paid out to a handful of “wholly exceptional” performers. The Department has the discretion to flatten the differential to reflect the exceptional circumstances this year. They have refused to do so.

Similarly it is outrageous that the Department has refused to use the money in the discredited Special Bonus scheme to increase the bonuses for everyone.

It is also wrong in a year where the offer is tightly controlled not to do more to improve non-pay conditions as a gesture of appreciation for hard working staff.

## **Conclusion**

For these reasons this pay offer is clearly unacceptable and must be rejected. But the attack on our pay is just one part of the threat to our livelihoods.

As well as pay, the government is attacking our pensions. Anyone in doubt should look at the Pensions ready reckoner on the PCS website. They are also attacking our contractual rights including redundancy compensation.

In response we can unite under the PCS National Campaign to demand an alternative to the government’s disastrous cuts programme. We can unite to take action with other public sector workers and the communities we serve. This is a big challenge but together we can win.