



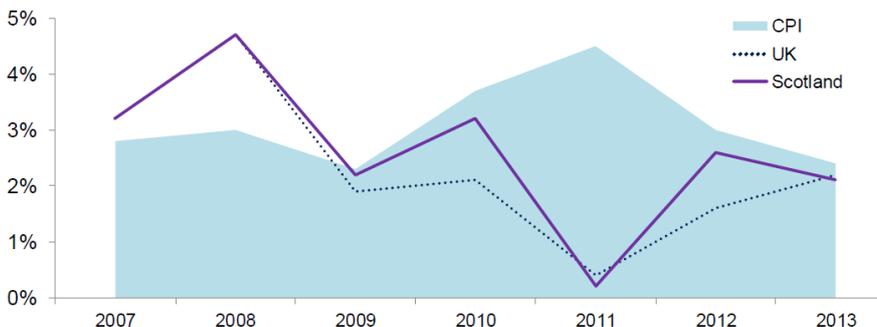
Introduction

24th March - 6th April is [Fair Pay Fortnight](#). This Briefing aims to set out some of the facts around the decline of wages in recent years and, through testimonies collected as part of UNISON's Worth it Campaign, outline the impact this is having on peoples lives.

Declining value of Wages

Wages in Scotland, and throughout the UK, have in recent years failed to keep pace with inflation. While wages have been virtually static price increases impacting at greater levels than headline inflation figures have led to a considerable drop in living standards. Fig 1 Shows the failure of median wages to match inflation since 2009

Fig 1 Inflation (CPI) and Gross Median Pay Increases, Scotland & UK



UNISON Scotland Voices on low pay

I feel I have to be careful of using my central heating as I am worried about being able to pay my bills. RG

This trend has been particularly pronounced for workers in public services where pay for the majority has been either frozen or increased by miniscule amounts (see fig 2). The only significant exception to this trend has been the achievement of a Living Wage across many public services. This has been of help to the lowest paid. It has also had the effect of boosting local economies as lower paid workers spend more of their wages locally

KEY POINTS:

- Years of below inflation pay rises have left many people in work struggling to make ends meet.
- One in five workers in Scotland is paid less than the Living Wage
- The real level of inflation experienced by the low paid is higher than official figures suggest. At the same time Executive pay and wealth at the top have surged ahead.
- A pay rise for the low paid makes economic sense as it would cut the welfare bill and provide a boost to local economies.
- The Scottish Living Wage should be part of all public procurement contracts and the Procurement Bill being considered in Holyrood should reflect this



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Fig 2. Recent public sector pay awards

	Health	Local Government
2011	0%	0%
2012	0%	0%
2013	1%	1%
2014	1%	1% (offered)

Home carer
£19,000 WITH INFLATION
£17,800 WITH INFLATION
£17,000 WITH INFLATION
£16,600 ACTUAL PAY

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UNISON Scotland Voices on low pay

I'm no longer saving towards retirement or going on annual holiday. Home hair dyeing as opposed to hairdressers. Heating one less room in the house. KG

Impact of inflation

Although headline inflation figures have exceed pay rises - this does not show the full impact of Inflation on workers on lower wages. Inflation headline rates are averages of many factors - but price rises in essentials such as food, electricity and gas have usually risen faster than inflation as a whole (see figure 3).

The 2013 Day Care Trust annual survey on Childcare costs estimated a 6% increase from 2012 with average full time nursery costs for a child under 2 at £11k per annum.

Library Assistant
£25,200 WITH INFLATION
£24,800 WITH INFLATION
£23,800 WITH INFLATION
£22,000 ACTUAL PAY

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We're facing the tightest living standards squeeze for nearly a century

Fig.3 Inflation by essential

	Headline inflation rate (CPI) *	Food	Electricity, Gas and Fuel	Transport
2011	3.4%	4.5%	3.4%	8.0%
2012	3.5%	4.6%	6.2%	3.3%
2013	2.8%	3.7%	4.5%	1.7%
2014	1.7%	1.7%	5.5%	-0.4%

* CPI Rates 2011 –13 Annual Apr –Apr, 2014 annual Feb –Feb

UNISON Scotland Voices on low pay

As a single parent whose pay hasn't risen but with 2 children who still eat the same, need the same heat and clothing I now work not for a good living but only to survive. No treats and no holidays. I have to ask my dad who's a pensioner for help. AD

Paying more — getting less

UNISON members are of course users as well as providers of public services - so it has been a particular irony that they see charges levied for the services they provide increase rapidly, - yet static wages make them increasingly difficult to afford.

In 2012-13 alone Housing Association rents increased by 4.8%. Since 2007 rents in Edinburgh have gone from £61.57 per week (for a three bedroom home) to £85.55 an increase of £1237 a year South Ayrshire rents have gone up by £870. Tenants in Fife had a rise of £688.

Across Scotland charges have risen across a whole range of Local Government services – School meals, access to day centres, lunch clubs, bulk uplift, even burial and cremation. The recent audit Scotland report estimated that in recent years the proportion of Local Government spending raised by charges has gone from 40% of Council Tax Funding to 57%. The shift from funding via taxation to charging at the point of use also bears down most heavily on the low paid

REAL WAGES

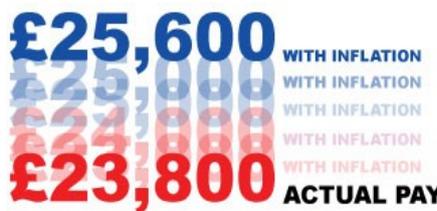
The average full-time worker in the UK has lost over £2,000 a year in real wages* since 2010. That's the equivalent of:



fairpayfortnight.org #fairpayfortnight
*Office of National Statistics (ONS), OFGDL, CPWAT



Nurse



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UNISON Scotland Voices on low pay

I have always worked in Local Govt. And have never had a very big pay packet but my partner also works in the public sector so we are really beginning to feel the pinch now. We cannot go on holiday, we have had to cut back on meals out/takeaways etc. We cannot 'treat' the children to days out etc. We basically live hand to mouth with nothing to spare. AK

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More than one in five workers in the UK are low paid. The UK has one of the highest shares of low paid workers in the developed world.

Source: Resolution Foundation analysis of OECD stats

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6.1 million people in working households are in poverty.

This means that, excluding pensioners, there are now more working households living in poverty than workless households.

Source: Monitoring Poverty and Social Exclusion 2012, Joseph Rowntree Foundation

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Freezing at the bottom — just chillin’ at the top

But whilst wages and living standards for the many have been declining. It's a different story for the few. FTSE 100 directors increased their earnings by an average of 14% last year.

This takes them to an average package of £3.3m. Meanwhile the wealth of the UK's 1000 richest people has climbed to its highest level ever. (see fig 4). Collectively they are worth £450bn. This is a sum which is three times the amount of the UK deficit—which is usually given as a reason for holding wages down.

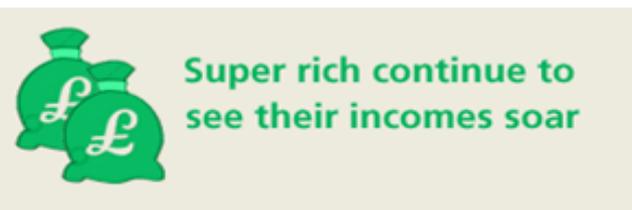


Fig.4 Sunday Times Rich List increases in wealth

2011	18%
2012	4.8%
2013	8.7%

UNISON Scotland Voices on low pay

I have to keep 2 part-time jobs to keep on top of bills. I can't afford a holiday this year and I also have my rent increased on top of this. We have to go for cheaper brands of food. RF

WE DESERVE A PAY RISE

It's a necessity. Not simply for the sake of fairness and decency, it's necessary to boost the economy and cut welfare Bill.

The most obvious step is for public bodies to pay the Living Wage. Scotland's public services are ahead of the rest of the UK in doing this but more can and should be done.

The Scottish Living Wage is good for employers, because it reduces turnover, improves productivity and attracts better staff through reputational gain. And the wider community gains through cash into the local economy, lower benefit costs and less stress on the NHS.

Higher wages for the low paid benefit everyone. Small businesses will benefit from the 90 pence in every pound they spend in their local community. A rise of £1.50 to the minimum wage would cut the welfare bill by £5 billion.

Despite these advantages one in five Scots still earn below living wage levels. And many public services are outsourced to the private and voluntary sectors, including in vital areas such as social care. It is time to roll out the Scottish Living Wage to all those employed on public contracts.

The Procurement (Scotland) Bill is a real opportunity for the Scottish Government to show leadership on this issue.



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Useful Links

[SLW Procurement Bill Briefing](#)

[Fair Pay Fortnight](#)

UNISON Scotland's
key campaigns

[Public Works](#)

[UNISON Scotland website](#)