1. The independent pay review body recommended that all NHS employees across the UK should receive a consolidated 1%. The Government responded in May of this year by rejecting this recommendation and instead applying a 1% non-consolidated increase only to those at the top of their pay band. For those on pay points other than the top they refused to make any increase, saying instead that the annual increment due for those not on the top point of their pay band would suffice.

2. The Scottish Executive has, however, applied the pay review body’s recommendation in full so members in Scotland have received a consolidated 1% increase. There has still been no decision in Northern Ireland where, to date, members have received nothing. In Wales the Welsh Executive have proposed a £160 non-consolidated increase for all other than those at the lowest pay rates who will receive increases to ensure no one is paid less than the living wage. This is unlikely to affect any SoR member.

3. The UK Government have also indicated that they will not ask the independent pay review body to report next year. The clear implication being that they do not intend increasing pay rates next year or in 2016. The Secretary of State for Health, Jeremy Hunt has written to the national staff side saying that if unions would be prepared to freeze increments for 2015 then a 1% increase may be possible for all in 2016.

4. The SoR position and that of other unions regarding increments is that we cannot possibly agree to the freezing of increments and that increments should not be included in any discussion concerning increases to pay rates. We believe increments reflect the increased skill levels and experience acquired over time. In addition, as part of the 2013 discussions on changes to terms and conditions, incremental progression is no longer automatic but linked with performance, further enhancing the view that increments reward the increased skills and experience acquired whilst doing a job and are fundamentally not to be included in discussions on an increase in pay rates.

5. The SoR has consulted members on the 2014 situation and it was clear from this that there is no appetite among members for industrial action in relation to the 2014 imposed pay situation. However, we have continued to seek clarification and influence the Governments decision not to increase pay rates in 2015 or 2016. We have written, as part of the staff side, to Jeremy Hunt seeking an urgent meeting with him to discuss our concerns about a further pro-longed pay freeze for members in the NHS. To date he has not had the courtesy to reply to that letter.
6. We now believe the situation on pay is urgent. If the Government plans go unchallenged then members in England, Wales and Northern Ireland will not have seen their pay rates increase for 5 years and in Scotland members will have seen a 1% increase. This is quite simply scandalous.

7. We believe that members have been extremely patient and reluctantly recognised the need for a pay freeze as part of the austerity measures in 2010/11. However, as the economy begins to grow again it is simply unfair to continue to prevent members seeing their pay increase at least in line with inflation. This is particularly the case as during the next couple of years all of the indications are that inflation and interest rates will rise meaning the impact of a pay freeze during this period will be even greater and the purchasing power of members’ income will decrease further.

8. Attached to this briefing is a chart that shows the impact a pay freeze for 5 years between 2011 and 2016 will have on the purchasing power of incomes. Further more detailed work is being carried out by the National Staff Side but the attached shows that pay rates will be nearly 15% lower than they would have been if increases during this period based on the inflation figures already known. Once figures for 2015 are known the impact will be even worse. For someone on £30000 they will now be being paid nearly £4500 less than they would have been. Unless Government agrees to redress this then this loss continues each year for the rest of a person’s working life with the NHS. The loss does not stop there as this lower pay figure will be used when calculating pensions. Members can calculate the loss on their own pay rate by calculating 14.6% in relation to the retail price index or 11.87% in relation to the consumer price index.

9. The attached also shows the situation if the Governments preferred measure of inflation, the Consumer Price Index, is used. We do not believe this properly measures inflation as it excludes, for example, all housing costs. Nevertheless even using this method members lose out by over £3500 if earning £30000.

10. No one believes it will be possible to redress this loss but we believe the time has come to stop it getting any worse by ensuring members future pay increases do at least keep pace with inflation.

11. UK Council therefore asks Regional and National committees to discuss this situation, consult with reps in their Region or Country and let us know whether members wish to be balloted on industrial action as part of the ongoing campaign to put an end to the pay freeze and start increasing pay rates in line with inflation.

12. A detailed question and answer sheet is also attached that should help answer some of the many questions members may have.

13. Please could you let Paul Moloney, Trade Union and Industrial Relations Manager have your feedback by the end of August by emailing him at PaulM@sor.org