

Thank you for the opportunity to address this very interesting and highly topical conference. I wish I were able to come here and tell you how wonderful things are in the UK, tell you about a miracle solution to create employment, tell you all about how we managed to grow out of the slump...

Unfortunately I am not going to be able to do that, simply because we are still in a mess and the 1% growth in the last quarter does not offer much respite. The reality is that much of this pain has largely been self-inflicted in that austerity has made the situation worse.

The current government made the choice to considerably reduce public spending to reign in the debt, believing that for any job lost in the public sector the private sector would create more jobs. The TUC would argue that this premise is flawed and that the choice was politically motivated rather than justified economically. This was an ideological choice about shrinking the state to unleash the entrepreneurial spirit and let market forces do the rest.

But before I get sidetracked in criticising the government, let me first take you through the main measures that have been adopted with regards to the public sector – and I hope that you won't take them as the model to follow.

As a general target, government is looking to implement £83bn spending cuts across the public sector up to the year 2015. Some areas of public services are experiencing cuts of over 25%. These cuts mainly consist of pay freezes and

changes to pensions, but also job cuts and marketisation are being implemented across all public services, including health, education, criminal justice, local government and, of course, the civil service.

I will say a few words about what is happening to the civil service in the UK.

First, looking at what impact there has been on pay, pensions and employment.

I will then let you know about the government's plans for reforming the civil service. And then look at what civil service unions are doing in response.

Employment

- The government estimates that we will lose 114,000 jobs from the civil service between 2011 and 2015. This is a reduction of about 23% of the workforce. So far, the majority of these cuts have been achieved through recruitment freezes and voluntary redundancies but we expect the number of compulsory redundancies to increase this year and beyond.
- The government had estimated that around 400,000 jobs would be lost across the whole public sector. But jobs have been cut at a much higher rate than was expected, over a quarter of a million last year alone, and we now predict that over 600,000 jobs are likely to go by 2015.
- Job cuts have been experienced across all government departments. It is significant to note that we are losing 40,000 jobs in our revenue and tax services, despite the fact that the government is losing around £20bn a

year through tax evasion. I am sure you have heard of Starbucks, dodging over £8 million on UK sales worth £3 billion, or Facebook that pays just over £200,000 (that's the value of a Jaguar) on UK earnings of £175 million.

- According to the government's own reports, these jobs have been shed as a result of spending cuts and have not been based on any strategic assessment of civil service capacity and there has been very little consultation with civil service unions.

Pay

- There has been a two year pay freeze across the civil service. The government has now announced that there will be 1% pay cap over the next two years. Current inflation runs at over 3% - so you can imagine the effect the cap has on wages' purchasing power, and what that in turn means for internal demand.
- In addition, the government is considering plans to break up national pay for civil servants (one of the very few remaining sectoral collective agreements in the UK), with the result that those who work in poorer parts of the country will receive less money. This would be bad not just for public sector workers, but also for the private sector again in terms of weakening consumer confidence and demand. And it would be bad

because it would increase social and geographical inequalities, not to mention that it is estimated that this great experiment could cost the British economy as much as £9.7 billion each year. Can you imagine the impact this would have in a household where both wage earners are public sector workers, or worse in families where the bread winner is a public sector employee? This is all too clear to the electorate as an opinion poll found out in September when only 19% of voters were in favour of the proposal, with a staggering 65% opposed to it – including a majority who voted Conservative in 2010.

- Regional or local pay is a false economy. It is unfair, divisive and would be utterly impractical to implement. Ministers must recognise that the ripple effect of such a policy would impact well beyond public sector workers in less prosperous regions. Falling living standards for millions of working households, depressed local economies and wider divisions could all be consequences of this policy should it be allowed to proceed.

Pensions

- Changes have been proposed across all public sector pension schemes. Changes to the civil service scheme include increasing the retirement age to 68 (currently civil servants can retire at 60 or 65 depending what scheme they are in), increasing the amount workers have to pay into their pensions, some people will be paying four times as much as they

currently do and changing pension benefits so that workers could be getting around 20 per cent less in their pension. In effect, civil servants are being asked to pay more, work longer and get less when they retire.

Civil Service Reform:

- recently the government published its Civil Service Reform Plan. As well as confirming a 23% cut in the number of government workers it also set out proposals for more outsourcing of delivery to alternative providers, which will mostly come from the private sector.

After listening to all these rather depressing reforms you may be wondering whether there is a ray of light and whether there is anything the unions can do or contribute. And here I am pleased to be able to answer in the positive. **What have civil service unions been doing?**

- In November last year, unions across the public sector took joint strike action against the cuts to pensions. This included all the unions in the civil service. Since then, different strategies have been adopted by different civil service unions. Some have chosen to negotiate further with the government and have accepted a framework for further discussions. Other such as the PCS, the largest civil service union, continue to reject the government's proposals and have continued to take industrial action.

- This mainly reflects different perspectives from the members about what can be achieved through negotiation. But all the unions remain opposed to the fundamental changes being made and continue to campaign for a better deal.
- Going forward, it is quite possible that further action will be taken as the focus moves from pensions to pay.
- Also, within individual government departments there have been strikes against job cuts. Last month saw industrial action by tax and revenue workers.
- The TUC continues to lead a broad campaign bringing trade unions and civil society organisations together to protest against the government's austerity programme. We had a mass demonstration in March last year and again on 20 October last. Our first march had a strong focus on the government's cuts to public spending. This October we continued to campaign on this issue but also looked at the wider effects on the economy, as the UK did have a double dip recession as a result of the government's austerity measures and its economic incompetence (and that's an understatement!)
- In Wales, which is a 'devolved administration' (with its own parliamentary assembly and a certain degree of autonomy), the Welsh government has

agreed to work with with the Wales TUC to seek to protect public services and deliver these through the existing public service workforce. Workforce planning, transfers within and between public sector employers and individual progression through training and development are the heart of this alternative approach in the devolved public sector.

The Welsh Government commitment to partnership working in the public sector is underpinned by the Workforce Partnership Council (WPC) – a body which negotiates the delivery of the ‘Welsh way for public service’. WPC has equal representation from the trades unions and employers in the public sector in Wales and is chaired by the First Minister or the Public Services Minister. The trade union side is co-ordinated by the Wales TUC and the Wales TUC General Secretary acts as the TU side secretary and lead negotiator.

The vast majority of public sector employers (Welsh Govt itself, Health, Education and most local authorities) adhere to the partnership approach and deliver the WPC agreements. However there have been examples of individual rogue local government leaders attempting to take a different approach. The Welsh Govt and WPC dealt with attempts by RCT and Merthyr councils to undermine the WPC’ local govt Memorandum of Understanding’ - an agreement to prevent compulsory redundancies – and they were brought into line.

Cardiff (Labour!) Council is currently seeking views on several models for future workforce employment one of which involves large scale outsourcing – although no firm proposals have yet been made beyond potential sharing of HR functions with neighbouring authorities. This will be a major test in the next few months for the WPC, the partnership approach and the Welsh Govt commitments to the Wales TUC.

- Welsh legislation on the Public Service Workforce

Following calls from the Wales TUC, the Welsh Govt have agreed to deal with the matter of individual rogue employers seeking to ignore aspects of the partnership approach or not implement individual WPC agreements. In May 2012 the Welsh Govt published a Green Paper entitled ‘Working Together for Wales: The Public Service Workforce’ dealing with the status and functions of the WPC. The new Act will be in force before the end of 2013 and will restore the statutory basis to the Welsh two-tier workforce code (removed when the UK Govt abandoned the England code in 2010). The code gives protection to Welsh public sector workers if any services are outsourced and helps reduce the incentives to outsource.

Importantly the new Act will also give statutory force to agreements of the Workforce Partnership Council in the future. This will go a long way to ensuring the alternative approach to Welsh public service delivery is a reality in

every devolved public service area and remove the ability of employers such as Cardiff Council to seek to adopt a different model.

And on that shining example of partnership I'd like to end.

Thank you.