PUBLIC & COMMERCIAL SERVICES UNION

TO: **NATIONAL EXECUTIVE COMMITTEE**

FROM: **Fran Heathcote**
General Secretary

DATE: **9 August 2024**

SUBJECT: **National Campaign**

ISSUE
Next steps in the campaign.

TIMING
For decision at the NEC meeting on 12 August 2024.

RECOMMENDATIONS
I therefore recommend that our forward strategy should be that we:

1. welcome the concessions won during the campaign so far on pay, jobs and the civil service compensation scheme
2. pause any plans for industrial action at this stage (save in areas at delegated level where the employer does not make good on the full 5% civil service pay remit concession)
3. pause the levy
4. engage in further talks at delegated level to try to secure more money for members on pay
5. engage in further talks with the employer on our bargaining objectives, including seeking further progress through a longer-term deal on pay, jobs and pensions in the next comprehensive spending review

I also **recommend** that we:

6. seek membership endorsement of our strategy in a consultative ballot; that the consultative ballot be aggregated; and that the consultative ballot be

online for all members in employer areas within the dispute, with a postal ballot for those members for whom we do not hold a personal email address.

I further **recommend** that:

7. the ballot opens on Monday, 26 August 2024 and closes on Monday, 16 September 2024.

Finally, I **recommend** that:

8. the ballot paper outlines the NEC's strategy; asks the following question: *"Do you agree the NEC's strategy?"*; and recommends that members vote *"Yes"* in the ballot.
9. a range of communications be issued to groups, branches and members explaining the NEC's strategy.

COSTS

Tbc

ACTION AND PRESENTATION TO MEMBERS

See paper.

INTRODUCTION

At its meetings on 10 and 17/18 July 2024, the National Executive Committee (NEC) discussed the way forward for the national campaign. This paper reports on the progression of recommendations agreed by the NEC, updates the NEC on further developments and makes further recommendations on the way forward.

BARGAINING OBJECTIVES

In relation to our bargaining agenda, in the final analysis, the NEC agreed that the demands in the draft trade dispute letter at Annex A of paper NEC.101.02.24 would be incorporated into the work already agreed in Recommendation 8 in NEC.100.03.24. Recommendation 8 (which stated *"That we conduct an analysis of Labours stated commitments, consider how they might affect workers in our sphere of influence and draw up a set of bargaining objectives related to them*".

The NEC further agreed that those bargaining objectives would be tabled to the employer by 1 August 2024; and that we would seek negotiations on those objectives.

Following discussion with the National Disputes Committee (NDC), those objectives were tabled to the employer on 30 July 2024. A copy of the letter is contained at Annex A to this paper.

In respect of those that relate to our bargaining agenda, the letter reproduces commitments contained within the Labour Party Manifesto on the world of work and its document *"Labour's Plan to Make Work Pay - Delivering A New Deal for Working People."*

We have made the point to the employer that those commitments can readily translate into concrete changes that enhance our members' working lives.

The letter attempts to draw together the bargaining objectives that the NEC previously agreed, alongside some of our existing policy objectives.

NEW CLIMATE SERVICE

In relation to a new climate service, our bargaining objectives letter references this in the context of facilities for Green reps. In addition, the NDC agreed that we would send a separate letter calling for the establishment of the new service.

A copy of the letter in respect of the new climate service is contained at Annex B to this paper.

BARGAINING OBJECTIVES - INTERIM RESPONSE

We have contacted the employer in order to try to obtain an indication of when they are likely to respond. They have confirmed that an interim response to our letter is imminent and will be positive.

SENIOR LAY REPS FORUMS

The NEC agreed that two further forums be held for senior lay reps; one for bargaining areas with a statutory mandate for industrial action; and one for those without; inviting Branch Chairs and Secretaries from each constituency.

The forum for areas with a statutory mandate will be held at 5:30 PM on 19 August 2024. The forum for areas without a statutory mandate will be held at 5:30 PM on 20 August 2024.

LEVERAGE

The NEC previously agreed that the NDC would consult with all groups and branches with leverage over the next period, involving NECLOs in the discussion, to see where we can sustainably disrupt the priorities of the new government with the aim of getting progress on the Treasury Pay Remit and on firm commitments to progress our demands on pay and bargaining.

Given that there are 20 groups in the union and 472 Branches, the NEC agreed that a sensible way to deal with that scale of discussions in a manageable way for PCS staff and NECLOs is to ask all Groups and Branches to once again submit leverage proposals; and then convene specific meetings involving NECLOs with those that have identified leverage.

The NDC Secretary has issued the relevant communication requesting further submissions.

The National Disputes Committee (NDC) has met to consider the leverage submissions that we have received.

Branches and Groups were additionally asked to make an assessment of the minimum amount of action required in targeted areas to detrimentally implement the employer's business. The submissions and the cost of proposed minimum impactful targeted action is summarised in the table below.

Employer	**Cost of full strike pay per day**	**Cost of full strike pay to cover minimum impact**
Amgueddfa Cymru – Museum Wales	£21,600	£21,600
British Library	£27,300	£136,500
DSIT	£72,000	£288,000
DSNEZ	£200,000	£800,000
DEFRA (core)	£168,000	£1,700,000
EFRA (APHA and RPA)	£17,250	£172,500
Forestry Commission	£1,300	£2,600
Land Registry	£38,400	£384,000

Leasehold Advisory Service (LEASE)	£2,000	£6,000
Marine Management Organisation	£12,000	£240,000
OFGEM	£54,000	£1,600,000
OFWAT	£9,400	£37,600
PHSO (Parliamentary & Health Service Ombudsman)	£8,360	£33,440
Regulator of Social Housing (RSH)	£14,000	£420,000
The National Archive	£5,000	£15,000
Totals	**£650,610**	**£5,857,240**

Table: Employer areas with currently viable leverage submissions, with estimated costs of paid action per day and for the minimum impact time

Targeted action in these areas covers a maximum of 10,000 members, with 6,000 members having participated in the ballot, 5,000 yes and 1,000 no voters.

If we were to take a single day's action in all of the areas that have indicated a willingness and a plan to deliver targeted action, and on the assumption that all members included in the scope of that action were prepared to take action, the cost for that action would be approximately £650,000. If we were to take targeted action for the minimum period identified by the branches and Groups making leverage submissions, we would potentially be contemplating expenditure of just under £6 million.

We currently have £2.8million in the Fighting Fund. The levy plus donations raises approximately £610,000 per month, with 70,633 members paying the £3 rate and 60,739 paying the £5 rate.

In the round, the NDC did not consider the leverage to be hugely significant. The NDC agreed that:

- there should not be a paid one-day strike involving all areas
- where the leverage submissions indicate a willingness to take action on what are essentially bargaining unit based issues, discrete ballots to provide mandates for action should be approved where they are sought
- the potential leverage should be presented to the NEC for consideration

LETTER TO THE PRIME MINISTER

In accordance with the provisions of the motion on the national campaign carried by the NEC on 10 July 2024, I wrote to the Prime Minister on 15 July 2024. No reply has been received.

LETTER TO SISTER UNIONS

In accordance with the provisions of the motion on the national campaign carried by the NEC on 10 July 2024, I have written to all NTUC Unions asking them to meet to discuss any scope for any joint campaign actions on the subjects covered by Motion A315. A copy of the letter, using the letter to FDA as an example, is contained at Annex C to this paper.

LETTER TO OTHER PUBLIC SECTOR UNIONS

In accordance with the provisions of the motion on the national campaign carried by the NEC on 10 July 2024, I will be writing to other public sector unions, other than FDA, that will be affected by the publication of recommendations from pay review bodies, following said publication, to identify scope for joint working across all affected unions on the question of pay.

ACADEMIC RESEARCH

In accordance with the recommendations carried at the NEC at its meeting on 10 July 2024, I have written to the Minister for the Cabinet Office tabling the report from Giorgos Galanis, Queen Mary, University of London and Aggela Papadopoulou, SOAS, University of London, which makes the fiscal case for good pay in the civil service. A copy of the letter is contained at Annex D to this paper.

Work is underway on the pamphlet on the report for use as a campaigning tool. As previously agreed by the NEC, our academic report has been tabled as an item on the agenda for the next PCS Parliamentary Group meeting campaigning.

MEETING WITH NEW CABINET OFFICE MINISTERS

On 24 July 2024, alongside Dave Penman, General Secretary of the FDA, and Mike Clancy, General Secretary of Prospect, I met with Pat McFadden, Chancellor of the Duchy of Lancaster, and Georgia Gould, Minister for the Civil Service. This was essentially an introductory meeting, but I obviously took the opportunity to make some key points in respect of our members' interests.

The Ministers confirmed that a spending review will shortly be announced. They said that the Prime Minister believes that the country has spent too much time lurching around and he is personally wedded to a more longer-term view of matters. They said that there are five missions on Labour's agenda and they are moving quickly to get work on them underway. They said that there is now a mission delivery unit with 25 people working in it.

They indicated that there may be some minor machinery of government changes which they are not expecting to be particularly disruptive.

They confirmed that work on the New Deal for Working People will happen immediately under Angela Rayner; and that it will be foot to the floor on this agenda. However, bargaining within sectors would take place in the context of the spending review following the publication of this year's pay remit and pay review body outcomes.

Finally, they confirmed that they recognised the need for industrial peace. They confirmed that they were keen on a partnership approach with unions and emphasised that they wanted good relationships. They said that they were keen to meet the three General Secretaries on a regular basis.

NATIONAL TALKS

We met the employer on 19, 26 and 29 July 2024 to discuss the civil service pay remit guidance.

At the meeting on 19 July 2024, the employer said that they were focusing as pragmatically as they could on the current year, but that longer-term pay reform was very much on their agenda. They said that there had been consensus between us around delaying the remit guidance to align better with the outcomes of the Pay Review Bodies; and that they considered that the new Government would make announcements on that speedily.

They said that they were conscious that this was the last year of the current comprehensive spending review, and they were therefore not minded to make major changes to the remit guidance, leaving that instead to the next review.

They said that the remit guidance this year would allow total flexibility for departments to target their rises within the headline figure; that there will be little change to what must be included in the increased renumeration costs, but that there might be minor exceptions, for example, on buying and selling leave; and that carers leave would fall outside the increased renumeration costs.

On further flexibility, they said that they would consider business cases only for one-year deals given the imminent end of the current comprehensive spending review period. They said that flexibility cases could include, for example, requirements to deal with recruitment or retention issues or machinery of government changes. They said that there would be no capability-based pay rollout pending further consideration of future reward strategy.

Finally, they said that there would be little change on performance related pay pots, but that they were minded to allow some minor further flexibilities.

We said that we were disappointed that the employer had not taken the opportunity to embrace our proposal on minimum floorings for each grade in order to deal with chronic low pay and the impact of the minimum wage on grading differentials. We said that we were also disappointed that they had not adopted our proposals for greater flexibilities in the guidance.

We said that we were prepared to be pragmatic, recognising that the new comprehensive spending review provides an opportunity to cut a longer-term deal which deals with our aspirations on inflation proofing, pay restoration and coherence. However, we said that members needed to receive an immediate injection of cash to deal with the difficulties caused by the dramatic fall in the living standards. We said that the headline figure in the remit guidance therefore needed to be substantial.

The employer reiterated their commitment to talks on a longer-term approach.

At the meeting on 26 July 2024, the employer ran us through the draft of the 2024 civil service remit guidance. The draft indicated that their thinking was broadly unchanged from their position articulated on 19 July 2024. In addition, where business cases were submitted, departments would now have the flexibility to make interim awards, but these could not exceed the headline figure.

We said that leaving the remit guidance largely unchanged under a new government would send the wrong message. While we accepted the structural problems with civil service pay were not going to be resolved this year, we said that we required a clear commitment about what comes next will be different.

The employer accepted that the civil service pay structure is problematic and requires changing; and that the government was going to have to accept this if it is serious about fixing the problem.

At the meeting on 29 July 2024, the employer confirmed that the headline figure in the civil service pay remit guidance for 2024 would be 5%.

We said that we welcomed the change of tone and atmosphere from the new government towards the civil service; and that we were hoping that this creates a new environment in which we can make real progress on pay and reward issues. We said that we also welcomed the recognition by the Chancellor of the Exchequer that there is a cost to not settling industrial disputes.

We pointed out that our pay claim in our national campaign included a claim for headline rises that were inflation proofed and provided restoration. We said that 5% was clearly a step in the right direction, being as it is 3% above the current rate of inflation. However, we said that we wished to make three points clear:

- there was no justification for civil servants to get less than some other public sector workers and we wanted to see that put right if that is what emerged
- the Cabinet Office needed to encourage maximum flexibility from the employer in negotiations across all bargaining units within the civil service and its related areas in this year's pay round; and to encourage them to be imaginative in accessing funding over and above the 5% remit
- we were disappointed that the opportunity had not been taken to adopt our proposals on measures to deal with low pay and grading differentials; that this remit did not allow those problems to be addressed; and that we wanted immediate talks to begin to ensure that they are addressed in the next comprehensive spending review

We said that we would await our copy of the full and final remit guidance and that our National Executive Committee would then meet to consider its response.

The remit guidance was published on 29 July 2024. The headline figure is 5%.

PENSIONS

Our legal challenge to the government's decision to incorporate the costs arising from their defeat in the McCloud case into the calculation for assessing the cost of public sector pensions, thereby refusing to implement the recommendations of the Scheme Advisory Board from 2019, was lost in the High Court and the Court of Appeal.

On 23 July 2024, the Supreme Court refused our application to appeal as, in their opinion, it did not raise an arguable point of law.

There is no further right of appeal and our legal challenge on this issue is therefore at an end.

CONSIDERATIONS

The NEC will now need to consider the position reached and, in light of it, the way forward for our national campaign.

Concessions

In the first phase of industrial action in 2022 and 2023, we took 118 day of targeted strike action. In the second phase in 2023, we took 186 days of targeted strike action. We also took three days of strike action involving all members in the dispute.

That action forced significant concessions from the employer, more than doubling the civil service pay remit headline figure for 2023 to 4.5% (5% for the lowest paid), a £1500 lump sum for members and the abandonment by the previous government of their manifesto commitment to cut the terms of the civil service compensation scheme by one third.

Following those concessions, the NEC agreed to pause industrial action and the levy while entering further talks at delegated level to see what more could be gained; and further talks at national level on dealing with low pay, coherence, and job security.

In a consultative ballot on that strategy, on a 47% turnout, members voters by a majority of 90.3% to support it.

In respect of outcomes at delegated level, from the available data, the average pay rise for 2023/24 by grade across bargaining units in the UK Civil Service and its related areas in the dispute was as follows:

- AA 7.5%
- AO 6.5%
- EO 5.5%
- HEO 5.0%
- SEO 4.8%
- Grade 7 4.5%
- Grade 6 4.6%

In the five major Departments of State (Department for Work and Pensions, HM Revenue & Customs, Home Office, Ministry of Defence and Ministry of Justice), containing 68% of the total of civil service staff, the average pay rise by grade was as follows:

- AA 7.4%
- AO 7%
- EO 5.5%
- HEO 4.9%
- SEO 4.7%
- Grade 7 4.6%
- Grade 6 4.8%

In 2023/24, the average rate of inflation was 5.7%

In respect of national talks on low pay and coherence, we put a number of proposals to the employer in the autumn of 2023. We said that we saw the situation unfolding in two stages: firstly, using the next pay remit guidance as an enabler for departments to deal with low pay and the impact of the rising national minimum wage to maintain grading differentials; secondly, talks on the longer-term deal for civil service pay, including restoration of national bargaining, inflation proofing, pay restoration and pay coherence. In respect of the second stage, we recognised that any appetite for such a deal was only likely to be found in a Labour government and positioned ourselves accordingly.

In order to try to exert additional leverage on the situation, the NEC agreed in December 2023 to put branches on a ballot ready footing. Members were subsequently balloted on a campaign of industrial action over an eight-week period ending in May 2024.

Overall, 83.7% of members voted to take strike action over the demands in our national campaign. Of the 171 employers in the ballot, we secured legal mandates for strike action in 64 employers, covering 19,160 members. Of the 171 employers in the ballot, 107 employers did not cross the 50% turnout threshold, covering 127,800 members.

This year's pay remit guidance for the civil service sets the headline figure at 5%. As evidence by our approach last year, more may be secured at delegated level in the final analysis.

As it stands, it is clear that Labour has concluded that they will not cut any longer-term deal during the current comprehensive spending review. Instead, they have opted to inject money into public sector pay which provides inflation proofing plus a degree of restoration. The industrial action campaigns run by trade unions across the economy has clearly influenced their decision, with the Chancellor justifying the pay remits that she has agreed by stating that there is a cost to not settling industrial disputes. Their strategy is to buy industrial peace this year and then turn their minds to their longer-term strategy in preparation for the next comprehensive spending review.

The Cabinet Office has been clear that, now that the civil service pay remit for the final year of the comprehensive spending review has been cleared, they are prepared to move to immediate discussions on the longer-term reward strategy.

On jobs, the new government has lifted the headcount restriction for the civil service. Our expectation is that the response on our bargaining objectives letter will confirm that the arbitrary cuts figure announced by the Tories has been abandoned.

We also expect the employer's response to confirm that they are prepared to enter further talks on all of the issues that were raised.

Leverage

We have statutory mandates for industrial action and 64 bargaining areas. The NDC has met to consider a potential leverage plan in respect of the submissions that have been received to date as reported above. We have also made a call for further submissions.

Conclusion

The basis of our trade dispute so far in our national campaign has been on the issues of pay, pensions, jobs, and the civil service compensation scheme.

As can be seen from the foregoing, our campaign has won significant concessions to date.

On pay in 2023/24, we secured an improved headline pay remit figure and secured further monies for members at the bargaining table at delegated level. We also secured a £1500 lump sum.

In addition, we secured the withdrawal of the cuts to members redundancy terms.

On pay in 2024/25, we have secured a remit figure that provides inflation proofing and 3% pay restoration on the current rate of inflation. We are also expecting to imminently secure confirmation of the withdrawal of the Tories arbitrary job cuts figure.

In addition, we also expect the employer to confirm that they are committed to talks on our bargaining objectives with the new government.

The key judgement now for the NEC is therefore whether to bank the concessions won and concentrate on further talks with the new government to try to secure further concessions; or to embark on a campaign of industrial action to try to force further immediate concessions this year.

To achieve such concessions, we would need to have confidence that we have a leverage plan that, alongside any further ballots or re-ballots containing an accompanying threat of further leverage, will be sufficient to force the government to shift its position.

I do not consider it likely that the government will shift its position for a number of reasons.

Firstly, the government has a clear strategy for dealing with pay in two phases. It is unlikely to be deflected from its agreed strategy unless a very significant industrial response can force them to shift their position.

Secondly, the 5% headline figure in the pay remit guidance is likely to be generally well-received by members, given that it is more than double the current rate of inflation. Members are also likely to be minded to give the new government some time to make a positive impact on their lives.

Thirdly, the early signs are that other unions are welcoming the 5% figure, either wholesale or as a step in the right direction; and it is unlikely that they will therefore be engaged in industrial action this year, removing significant political and industrial pressure on the government.

Fourthly, the leverage programme that we have put together from the limited number of submissions received is unlikely to be sufficient to shift the government's position.

Finally, our organisational position on the ground needs serious attention and that factor, coupled with the fact that concessions that we have won will be broadly welcomed by members, leads me to conclude that we are unlikely to win a sufficient range of statutory mandates in any further ballots.

I therefore recommend that our forward strategy should be that we:

1. welcome the concessions won during the campaign so far on pay, jobs and the civil service compensation scheme
2. pause any plans for industrial action at this stage (save in areas at delegated level where the employer does not make good on the full 5% civil service pay remit concession)
3. pause the levy
4. engage in further talks at delegated level to try to secure more money for members on pay
5. engage in further talks with the employer on our bargaining objectives, including seeking further progress through a longer-term deal on pay, jobs and pensions in the next comprehensive spending review

I also **recommend** that we seek membership endorsement of our strategy in a consultative ballot; that the consultative ballot be aggregated; and that the consultative ballot be online for all members in employer areas within the dispute, with a postal ballot for those members for whom we do not hold a personal email address.

I further **recommend** that the ballot opens on Monday, 26 August 2024 and closes on Monday, 16 September 2024.

Finally, I **recommend** that the ballot paper outlines the NEC's strategy; asks the following question: *"Do you agree the NEC's strategy?"*; and recommends that members vote *"Yes"* in the ballot.

Bargaining areas failing to pay the full 5% under the civil service pay remit

We are currently aware of one area in scope for the dispute where the employer is proposing to pay only 3.8% this year. Whilst that employer is not covered by the civil service pay remit guidance, it is a related area of the civil service. There may also be other areas both covered and not covered by the guidance where the employer adopts a similar stance.

In order to ensure that we have a mechanism to force the employer to make good on the full 5% concession, I **recommend** that we retain the option of calling sustained, targeted action in those areas under the national mandate.

GUIDANCE FOR NEGOTIATORS

I **recommend** that guidance be issued to negotiators on the approach to take in talks at delegated level. I also **recommend** that our general approach be to seek to get as much money as possible implemented on the best possible terms, prioritising the lowest paid. I further **recommend** that the NDC continues to act as a clearing house for any offers and proposals from the employer before they are put to any ballot.

LEVY

Whilst I am recommending that we pause the levy, I believe that we should develop a plan for building a sustainable fighting fund over the long term which would alleviate the need for levies to be introduced in future campaigns.

I therefore **recommend** that we consult branches on options for a motion to next year's Annual Delegate Conference which proposes an amendment to Supplementary Rule 3.14 (d), to the effect that 50 pence per month figure to be ring fenced for the union's fighting fund be replaced by an appropriate percentage figure.

I **recommend** that the consultation details options for that percentage figure and seeks views from branches on their preferred option.

ALTERNATIVE STRATEGY

In the event that the strategy outlined in his paper does not find favour with the NEC, I **recommend** that the NEC agree an alternative forward strategy.

Fran Heathcote
General Secretary