

Myth 1: civil and public servants are well paid

The myth

Civil and public servants are well paid and have enjoyed better pay rises than the private sector.

The facts

- Since 2007, basic pay in the civil service has increased by 6.5% and inflation by 10%, meaning a real terms cut in living standards.
- Almost half (48%) of civil servants are in admin grades where the average (median) pay in 2009 was £17,120 for women and £17,600 for men.
- Average civil service pay is £22,850 a year, compared to £24,970 in the private sector.
- 35,000 (7%) civil servants are paid less than £15,000 a year.
- 40.5% of civil servants - 210,000 people - are paid £20,000 or less. And 63% of civil servants - 330,000 staff - earn less than £25,000 a year.
- There are currently 230 separate sets of negotiations over pay and terms and conditions across the civil service.
- A member in one department can earn up to a third more than a member in another department/agency on the same grade.
- Government plans to cap public sector pay at 20 times the lowest salary will have very little impact in the civil service. In the Department for Work and Pensions, for example, the lowest paid are on £13,110 and the highest paid is the IT director on £249,999.
- Unlike elsewhere in the public sector, progression costs for civil servants are included in the overall pay pot. So when pay is frozen, they suffer a double whammy of not being rewarded for length of service or given a cost of living increase.
- When you compare civil service grades with comparable jobs in the private sector, admin officers, who deliver services such as getting people back into work, tax credits and passports, are paid 21% less.
- Executive officers, who typically work as supervisors and in roles that require a vocational qualification, are paid 18% less than the private sector.

Myth 2: civil service pensions are 'gold plated'

The myth

Private sector employers are paying for 'gold-plated' public sector pensions, which are expensive, unsustainable and unfair when compared to their own pensions.

The facts

Pensions in the civil service are far from generous and have been changed recently to a career average scheme. The growing gap between public and private sector pensions is the fault of private sector employers retreating from decent pensions. The real divide is between executives in the boardroom securing for themselves large pensions with low retirement ages and their workforces suffering repeated cuts. It is counterproductive to degrade pensions because it will force more people into poverty and onto state benefits in their retirement – this is more costly and will have to be met by future

taxpayers. We all help to pay for private sector pensions through the price of goods and services. And we all help to contribute to public sector pensions through taxation.

Excluding the very highest earners, the average civil service pension is £4,200 a year. More than 100,000 people receive a civil service pension of £2,000 or less a year: over 40,000 receive less than £1,000, and more than 60,000 get between £1,000 and £2,000.

Two and a half times as much public sector money is spent subsidising private sector pensions through tax relief than paying for public sector pensions – 60% of this goes to earners at the higher rate.

The Treasury's estimate of the cost of public sector pensions as a proportion of the UK's national output shows a modest increase from 1.5% to 2% by 2027/28. After this, projections show a slight decline.

The civil service is covered by a collection of several different pension schemes which have developed over the years. The most recent is called nuvos and is a defined benefit whole career base scheme for new entrants from 30 July 2007.

Myth 3: civil and public servants are secure in their jobs

The myth

The civil service is bloated and civil and public servants all have safe and cushy jobs.

The facts

Since the Gershon review in 2004 tens of thousands of jobs have been cut from the civil service, resulting in a deterioration of services to the public. Job cuts and office closure programmes are ongoing in many departments under the previous government's 'efficiency savings'. The new government's plans to cut public spending further and quicker will inevitably lead to more job losses.

Revenue and Customs: Since 2006, HMRC has cut more than 20,000 staff towards its target of 25,000 by March 2011, and 200 offices have been closed, are in the process of closing or are under threat. Cutting jobs in the department responsible for collecting tax makes no sense, especially when around £120 billion is lost to the economy every year through tax evasion and avoidance, and through revenue not being collected because of a lack of resources.

The department's own figures also show that, after staff costs, tax inspectors bring an average of £600,000 a year each in tax revenue. Cuts have led to increased errors, backlogs in post and half the calls from the public going answered last year.

Department for Work and Pensions: Between 2005 and 2008, 30,000 jobs were cut. A further 5% year on year job cuts were planned for 2008 onwards, but the department took on 15,000 staff on 18-month fixed term contracts to cope with rise in unemployment. These contracts are coming to an end and,

though some may be renewed for a limited time, ultimately the department is looking to continue reducing its staff.

As DWP increases automation of services, such as online claims to benefit, it is likely there will be further moves to cut jobs. The government has also announced it will replace all existing back to work schemes with a single work programme provided by voluntary and private sectors.

Ministry of Defence: Since 2004, 25,000 jobs have been cut with a further 10,000 threatened for 2010 to 2013. The coalition government has announced it intends to cut the department's running costs by 25%, and more detail is expected in the next strategic defence review.

UK Border Agency: In June, the agency announced it is to cut 1,700 posts this year, but we believe there are plans to cut almost a third of the UKBA's 20,000 staff in the coming years, coupled with a massive increase in workloads for those that remain. This will hit the agency's casework particularly hard, and the advice and support staff provide to some of the most vulnerable members of society will inevitably suffer.

Myth 4: privatisation is efficient and cost-effective

The myths

Privatisation is efficient, provides better quality than the public sector, and is more responsive to service users. The government can no longer afford to run the range of public services it has in the past so, to save money, it should allow private companies and the voluntary sector to step in.

The facts

The private sector's main motive is profit, so quality is often compromised. This also means private businesses and charities are more likely to be attracted to easier-to-provide services, leaving the more difficult ones to the public sector – this risks further undermining the perception of public services.

The private sector is responsive to shareholders rather than service users – for example privatised water companies often put shareholder dividends over investment in new infrastructure to address water leakages. There is no evidence that the private sector delivers services more cheaply – the bail out of Railtrack and other privatised services by successive governments are examples.

The government wants to be seen to be reducing public spending by moving the costs of services off the balance sheet. Some recent examples include:

- **Defence training:** The defence training rationalisation programme is the largest privatisation ever embarked upon by the Ministry of Defence. With a price tag of £19 billion it seeks to privatise the work of over 1,100 civil servants and puts at risk a further 1,900 posts through cuts in support and admin grades. Not only does this raise the spectre of mass redundancies,

but also of the collapse of defence training at a time when British forces remain in Afghanistan and Iraq.

- **The Royal Mint:** The previous chancellor Alistair Darling announced the Royal Mint will be operated as a private sector company owned by the government. There are no valid operational or commercial reasons for this.
- **The Land Registry:** There will be a large programme of 'rationalisation' and much of the operation will be subject to restructuring and market testing.
- **QEII Conference Centre:** There are plans to sell off this asset to the private sector by 2012, despite the fact it is operates efficiently with secure bookings and income that is set to continue to generate revenue for the government in years to come.
- **The Met Office:** This is to be subjected to much more commercial pressure, with a requirement to further refine its business model and seek partnerships with the private sector.
- **Defence Storage and Distribution Agency:** The agency is to be restructured on more commercial lines, including the disposal of so called surplus assets, and looking at "alternative methods of ownership to fund capital requirements". All the necessary groundwork for eventual privatisation.
- **Transport:** The fiasco of rail privatisation has had far reaching effects on services, safety and cost of travel.
- **Health:** Privatisation and PFI has led to job cuts, a reduction in the number of beds and massive budget deficits.
- **Water:** Privatisation has led higher bills, job losses and serious infrastructure problems with massive water leakage problems.