



**2010 GMB PAY CLAIM
FOR STAFF EMPLOYED IN
SOUTHERN CROSS HEALTHCARE**

**GMB National Office
22-24, Worple Road
Wimbledon SW19 4DD**

www.gmb.org.uk

2010 GMB MEMBER PAY CLAIM

PREAMBLE

"GMB members employed by Southern Cross remain committed to achieving parity with the wages and working conditions enjoyed by staff in other caring professions such as the NHS, whether involved in direct care or a support role.

This claim seeks to build on last year's in order to meet the reasonable aspirations of members in achieving parity with the minimum standards enjoyed by their NHS colleagues over the shortest possible time scale. Each element of our claim seeks to make progress towards this goal of minimum industry standards of pay for all Southern Cross staff.

GMB members recognise that their current pay and conditions have fallen far below these standards over many years, especially those members who were denied a pay rise last year. We reassert our conviction that this disparity results in long term damage to our standard of living, and also impacts on the standard of care Southern Cross residents experience as staff turnover rises and remains too high and as staff undertake second and third jobs just to make ends meet.

As the market leader in the Private Care Industry Southern Cross still faces the choice about whether it leads on developing the best conditions, practices and standards in the sector or whether it retains the moniker, the 'McDonalds' of the care sector.

This year GMB members seek concrete progress on the outstanding elements of our claim from last year as we seek to move towards our ultimate goal – parity with NHS minimum pay and working conditions".

- 1. National NVQ Career Structure**
- 2. Improvements in, and consistent application of the Sick Pay Scheme**
- 3. Unsocial Hours Payments**
- 4. Professional Fees**
- 5. Uplift on pay**
- 6. Paid Meal breaks**
- 7. Overtime Payments**
- 8. Collective Bargaining Rights for all Southern Cross staff**

Double Whammy

As predicted in last year's pay claim the forecasts for inflation offered no let-up in the rising cost of living with current inflation figures showing significant rises in the price of retail goods over the previous 12 months with the Retail Prices Index (RPI) at 5.1%.

Unfortunately for GMB members there is still no good news on the horizon – with a panel of forecasts compiled for [Xpert HR](#) indicating that RPI is predicted to remain well above 3% for the remainder of the year, an analysis that fails to take into account the inflationary effects of the proposed rise in VAT to 20% from January next year contained in the June emergency budget.

1. NATIONAL NVQ CAREER STRUCTURE

GMB believes that the commitment to staff training contained in its New Horizons programme must be matched by the creation of a national career and wages structure for its entire workforce based upon progressive attainment of NVQ qualifications.

With the existence of wage rates for Carers holding NVQ 2 and 3 qualifications there is already the potential basis for a structure that would provide a tangible career aspiration for all staff within the company and help to ensure that it meets future earnings, growth and profit forecasts.

A national wage structure based upon NVQ qualifications would reflect the minimum qualification and employment standards required of staff in all Southern Cross occupations, and ensure staff are paid equally for performing work that is identified as requiring the same level of knowledge, skills and training.

It would also reassure the markets that the New Horizons programme was going to make concrete contributions to the investment in staff which is critical to maintaining and raising the service level in the care homes, which in themselves directly affect the company's profitability.

We have previously argued that Southern Cross could use the national wage structure based on qualifications, standards and skills as an indicator of service levels that Local Authorities could expect from Southern Cross as a provider when it negotiates over block contracts, especially with the tendency towards contracts containing a price differential based on the expected service levels.

Finally we believe that a national structure would also help Southern Cross meet its longstanding commitment to harmonising the pay within the workforce.

2. IMPROVEMENTS TO THE SICK PAY SCHEME

Southern Cross staff are committed to providing a safe, healthy and caring environment for clients and like many others working in a caring capacity staff are frequently tempted to attend work when they are ill in order to ensure that clients are not adversely affected. This is exacerbated by the fact that caring jobs are filled predominantly by females, who are often the primary care giver, many of whom may not be able to afford to be off sick from work.

It is not in the interests of the Company, the clients or staff, for the ill to attend work, as it could lead to the spread of disease, causing health problems for clients and staff, and knock-on staffing problems for the Company.

With this in mind, the GMB are seeking improvements to the sick pay scheme, in order to prevent the spread of contractable disease and protect residents and which do not penalise Southern Cross members when they are legitimately ill.

Therefore our immediate claim is that staff should not be required to prove that their illness was contracted at work as the cause of illness and infection and that they are paid for the time off work when they are ill. This will also render superfluous the requirement of having to collect, transport and deliver human waste to GP's. We believe this practice to be both undignified and a health risk to all involved in that process, including the employee and their family and those at the receiving end.

We provide below the NHS Agenda for Change Sick Pay Scheme, as a template for negotiation:

Table 1

Length of Service	Sick Pay Entitlement
Year 1 of service	1 Month full pay + 2 Months half pay
Year 2 of service	2 Months full pay + 4 Months half pay
Year 3 of service	4 Months full pay + 4 Months half pay
Year 4 of service	5 Months full pay + 5 Months half pay
After 5 years of service	6 Months full pay + 6 Months half pay

3. UNSOCIAL HOURS PAYMENTS

GMB is resubmitting this aspect of our claim on the basis that staff should be compensated for the disruption to a normal family life and leisure time caused by working unsocial hours.

It also recognises the growing evidence that shift working is a major cause of tiredness and increased risks to health and safety, something already partially acknowledged by Southern Cross through the provision of night work health assessments.

GMB believe that Southern Cross staff should be paid an enhancement for working such hours. We are seeking the following enhancements:

Table 2

Period	Pay Rate
All time on Saturday (midnight to midnight)	Time plus half
Weekday: 8pm. to 6.am.	Time plus half
All day Sunday (midnight to midnight)	Double Time

Note: The benchmark for our claim is the terms contained in the NHS Agenda for Change for Grade 1 staff.

4. PROFESSIONAL FEES

Southern Cross must ensure that it retains qualified staff in order to meet its basic business needs and this should be reflected in Southern Cross meeting the cost of any fees incurred by staff as a requirement of their employment with Southern Cross; particularly the NMC and Independent Safeguarding Authority registration due later this year in England and Wales and the Protection of Vulnerable Groups (Scotland) proposals.

The ISA fee (£64 in England and Wales, £58 in Northern Ireland), and PVG Scotland (£59 for initial disclosure and £18 for subsequent disclosures), represent a disproportionate and detrimental effect on low paid and part time workers – most of whom are women. Historically, fees have usually been paid by the employer and included in their recruitment processes, and we believe these costs should be borne by Southern Cross.

5. 2010 WAGE CLAIM

Regarding pay aspirations for 2010, fundamentally GMB cannot tolerate another discriminatory pay award in 2010 whereby sections of the workforce are subject to pay freezes.

We would like to remind Southern Cross of its rationale for last year's pay award:

With governments latest inflation indicators running at, -1.4% (RPI) and 1.8% (CPI) and expected to continue to fall due to central intervention by the Government and the Bank of England, it is the belief of the Company that we cannot continue to propose staff remuneration packages that exceed

economic market indicators. In deed, the government is actively encouraging both private and public sector organisations to deliver overall pay increases packages below 2% in line with the predicted RPI & CPI rates longterm.

Clearly the company's predictions that the cost of living would remain low were wildly optimistic and ultimately inaccurate, whereas I refer you to GMB's own submission which accurately foresaw the rise in the cost of living, which has now moved to over 5% for the past year:

Unfortunately for GMB members there is no let-up in sight – with the National Office for Statistics forecasting rising prices for food, household goods and fuels over the Summer¹.

On that basis GMB is seeking an appropriate rise in pay for all staff that accurately and fairly reflects the increased cost of living expenses that they are experiencing and will experience with the proposed rise in VAT; this will aim to maintain and build on the current differentials that exist across the company between the National Minimum Wage and the NVQ 2 and 3, and Senior Carer rates of pay.

GMB sees the maintenance of these differentials as the critical first step in developing a consistent National Career structure and ultimately towards achieving the members aspiration of pay parity with their counterparts in the NHS. For too long the staff in Southern Cross have experienced the minimum as a maximum, a ceiling on their aspirations rather than a floor from which to build upwards and progress.

GMB will continue to support its members' aspirations for parity with their NHS counterparts and this fundamental principle continues to form the core of the pay claim on behalf of GMB members.

GMB expects that Southern Cross will once again cry poor and dismiss this claim as unaffordable and in anticipation we would remind Southern Cross that one of its most fundamental business risks remains:

“if the Group fails to attract and retain nursing and other qualified staff, it may be unable to provide residents with quality nursing care and may have to reduce the number of beds in its care homes”².

This risk is critical for four reasons:

A. Quality of care relies on consistent care staff per resident

Families of residents are rightly concerned about seeing too many new faces when they visit their loved ones and Southern Cross knows the Care industry, including itself, suffers from a

¹ GMB Pay Claim 2009

² http://investors.schealthcare.co.uk/pdf/Interim_Results_2009.pdf; p7.

high staff turnover rate of over 30% *“which are a major causal factor in inferior service quality”*³.

B. Southern Cross concern with maintaining high profits

Southern Cross is a profitable business and they themselves have identified the *“clear relationship between service quality and profitability”*⁴ with Southern Cross aiming for 85% of homes to be assessed as either two or three star by 2011⁵.

C. Quality of care is a direct financial issue for the company

There are increasing number of local authorities negotiating fee increases directly related to the quality of care delivered in homes⁶ a move which could have a massive impact on future Southern Cross revenues given that the nearly 70% of Southern Cross revenue comes from a handful of key Local Authorities⁷, which is a narrow source for any business.

Therefore as we have previously argued from a business perspective Southern Cross cannot afford to ignore the impact of low wages on retention and the affect this has on service quality if the company is to maintain its future growth and profit forecasts, especially given its reliance on a narrow funding stream.

With staff turnover running at over 30% the issue of retention is critical for Southern Cross especially as it acknowledges that approximately 50% of its staff are affected by the National Minimum Wage⁸, a very large proportion for any business that is identifying itself as a market leader. If Southern Cross continues to operate as the “McDonalds” of the care industry it will continue to suffer from high turnover rates.

GMB believes that if Southern Cross is serious about attracting and retaining staff it must ensure that its commitment to increased investment addresses the issue of low pay in the 2010 pay settlement and establishes an appropriate career structure for all staff within Southern Cross.

D. The credibility of the Southern Cross remuneration policy

Finally from an industrial perspective GMB believes that Southern Cross must deliver an appropriate pay settlement in 2010 because in 2009 Southern Cross’ three Executive Directors received an average ‘reward’ of £524,000⁹, representing more than 40 times the wage of GMB

³ Southern Cross Healthcare Group PLC - Southern Cross Healthcare Grp PLC - Final Results 2009

⁴ http://investors.schealthcare.co.uk/pdf/Interim_Results_2009.pdf p3.

⁵ Southern Cross Healthcare Group PLC - Southern Cross Healthcare Grp PLC - Half Yearly Report 2010

⁶ Ibid p2.

⁷ http://investors.schealthcare.co.uk/pdf/Interim_Results_2009.pdf; p2.

⁸ <http://investors.schealthcare.co.uk/pdf/ar/2008.pdf>; p11.

⁹ Southern Cross Healthcare Group PLC Annual Report and Accounts 2009, p46

members¹⁰. In fact GMB is not the only organisation concerned at the Executive remuneration policy with Pensions & Investment Research Consultants Limited recommending that shareholders oppose the remuneration policy at the 2010 AGM..

In terms of Southern Cross' ability to match the expectations of GMB members and its commitment to increased investment, Southern Cross acknowledges the direct relationship between home service quality and profit, with the company setting a target of 85% two and three star rated homes by 2011; to this end progress has been made from 77% to 81%¹¹ in the first half of this year and should represent an increased revenue stream available to the company to meet its obligations to an appropriate pay award for 2010.

The 2010 Half-Yearly report also identifies that Southern Cross continue to make significant savings through reduced home running costs from 12.8% to 12.6% and will also benefit from the reduced number of days in the period of the accounts which in the first half of 2010 resulted in £4.4M in costs.

Southern Cross still retains a bullish outlook on the profitability of the industry, future earnings, and growth based on its demographic analysis. It actually acknowledges that the current squeeze on public sector finances is likely to create more opportunities for it to become a provider of choice to local authorities as they seek to outsource their care provision¹².

6. PAID MEAL BREAKS

GMB recognises that the needs of clients are a priority and that rest/meal breaks will sometimes be interrupted to deal with those needs. GMB Rest/Meal break survey of members revealed that 71% of GMB members experienced interrupted breaks¹³. Added to the Company's policy that staff are required to remain on the premises during breaks, we feel that staff should be rewarded for their commitment to the principles of client priorities. We therefore claim that staff who are required to remain on premises during their break periods should be paid their contractual rate for the entirety of their shift. This will not change or erode in any way an individual's right under the Working Time Directive to a meal break per shift.

7. OVERTIME PAYMENTS

It is widely held practice in the Public and Private Sectors that staff working more hours than the standard working week are paid an enhancement. This is to reward the commitment of staff to their role, and to compensate for the tiredness caused by working excessive hours; it

¹⁰ Per annum calculation for a member working 40 hours per week on CMW.

¹¹ Southern Cross Healthcare Group PLC - Southern Cross Healthcare Grp PLC - Half Yearly Report 2010

¹² Southern Cross Healthcare Group PLC Annual Report and Accounts 2009, p3

¹³ GMB Rest/Meal Break survey, 2008, p2

also compensates for the disruption to family life and leisure time, and to enable payment for childcare facilitation.

In relation to overtime payments GMB is seeking time-and-a-half for all ordinary overtime and double-time payment for all bank holidays to improve on the current policy of paying 3 bank holidays at double-time and the remaining 5 at time-and-a-half.

Note: The benchmark used for this claim is the NHS Agenda for Change terms and conditions for staff on Grades 1-7, as set out below:

“All staff in pay bands 1 to 7 will be eligible for overtime payments. There is a single harmonised rate of time-and-a-half for all overtime, with the exception of work on general public holidays, which will be paid at double time.”

10. SCOPE OF PAY BARGAINING

GMB believe that administrative and office staff employed by Southern Cross at their head offices should also be encouraged to join the union by their employer and be given the opportunity to elect representatives like their colleagues employed in Care Homes and that they have the option of being covered by a form of collective bargaining machinery.