



LOCAL PAY CLAIM 2024

INTRODUCTION

This pay claim is submitted jointly by GMB, UNISON and UNITE on behalf of our members employed by Test Valley Borough Council.

The claim is set at a level that we believe recognises the following key points:

- Substantial increases in the cost of living over recent years have significantly reduced the value of staff wages and the rise in prices facing workers has been running at a 40-year high;
- Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services;
- Appropriate reward is needed for the increased workload and stress placed on staff;
- Average earnings and pay settlements are surging across the economy, adding to the problem of rates running ahead of those received by Test Valley Borough Council staff over recent years and increasing the likelihood of recruitment and retention problems in the long term;
- Nobody should be paid less than the nationally recognised Living Wage rate, which has become a benchmark for the minimum level of decent pay across the UK and is now paid by large sections of the public services and many major private companies.

We are seeking:

- An increase of 10% across all grades, or a flat rate of £3000, whichever is highest
- A commitment to increase hourly rate at lower grades over the next two years, to ensure that all staff earn a minimum hourly rate of £15
- A commitment to review the Council's other pay and allowances with a view to introducing suitable increases to recognise the additional pressures being faced by staff in key areas

GMB, UNISON and UNITE are therefore submitting the following claim for 2024/25, which seeks to improve and enhance the morale and productivity of our members. As part of this process, we expect the council to engage in meaningful and transparent discussions.

Meeting our claim will give TVBC the opportunity to demonstrate its commitment to creating a workforce which is properly rewarded for the efforts they continue to make.

1. BACKGROUND TO THE CLAIM

A recent snapshot survey of our membership continues to show that over 40% feel they are worse off than the year before. 62% rely on a second job in order to sustain living costs, with 25% reliant on overtime or on call payments.

The greatest asset of TVBC is its employees, however more than 40% have told us that their workload has increased, and concerningly, over half of staff who responded to the survey told us that they had considered seeking alternative employment in the past 12 months.

In this pay round, our members are looking for evidence of the value that TVBC places upon them and a recognition of the work they have been doing and the value that they bring to the authority.

A substantial pay increase will therefore not only help restore and maintain living standards of staff who have seen their real pay eroded over the years, but will also help to address issues over morale, workload and ongoing cost of living crisis.

2. FALLING VALUE OF PAY

The table below demonstrates how overall, salary increases at TVBC over the last ten years have not kept pace with inflation and the cost of living:

	TVBC pay increases	Rise in cost of living (as measured by Retail Prices Index)
2014	2.5%	2.4%
2015	2.5%	1.0%
2016	2.5%	1.8%
2017	2.5%	3.6%
2018	2.5%	3.3%
2019	4% up to Grade 6 and 2.5% for Grade 7 and above	2.4%
2020	2.75%	1.6%
2021	1.75% up to Grade 6 and 1.5% for Grade 7 and above	4.8%
2022	£1925 flat rate payment	11.6%
2023	6%	9.7%

The last two years have seen the steepest rises in the cost of living facing workers in over 40 years - 11.6% in 2022 and 9.7% in 2023¹. This has accelerated the decline in the value of wages as earnings have generally failed to keep pace.

¹ Office for National Statistics, UK Consumer Price Inflation: December 2023

Consequently, across the economy, the most recent data from the Annual Survey of Hours and Earnings suggests that the real value of average UK pay packets has fallen by 24% since 2009, which equates to almost £11,000 in lost buying power. The average worker would have accumulated over £62,000 more had their wage kept pace with inflation. The average public sector worker has seen the same decline of 24% since 2009, which means that 2023 wages were worth over £11,700 less than in 2009. The average public sector worker would have accumulated almost £65,000 more had their wage kept pace with inflation.

Main factors affecting inflation

The changes in the price of components of the Retail Prices Index over the year to December 2023 are shown in the table below.

Item	Average % increase to December 2023
Alcohol and tobacco	11.4
Personal expenditure	9.1
Food and catering	8.0
Consumer durables	6.9
Travel and leisure	5.7
Housing and household expenditure	2.2
All goods	5.0
All services	4.1
All items	5.2

Within these figures, some costs are rising significantly faster, with mortgage interest payments leading the way in jumping by 44.1% over the past year.

The Resolution Foundation estimates that annual repayments for those re-mortgaging in 2024 are set to rise by £2,900 on average.²

Ofgem has also raised the energy price cap, meaning that increases in energy bills are expected to reassert themselves, rising by 5% from January 2024 to an average of £1,928.

The price of housing remains one of the biggest issues facing employees and their families and though the rate of increase in house prices has slowed, private rental prices have seen average monthly rent for new tenancies in the UK push up by 8% to £1,268³ in December 2023.

The cost of childcare was revealed by the annual Coram Family and Childcare Survey published in March 2023, which found that the average cost of a part time (25 hours a week) childcare place for a child under two in a nursery in Britain has risen 5.6% to £7,134 per year, while for a two-year-old that cost has jumped 6.1% to £6,912 per year.

3. A NEW STANDARD MINIMUM PAY BENCHMARK - £15 AN HOUR

We acknowledge the council created a new Grade 3 and abolished Grades 1 and 2 in order to address the issue of pay rates at the lower end of the scale. However, we

² <https://www.resolutionfoundation.org/press-releases/mortgage-crunch-deepens-with-15-7-billion-repayments-rise-now-on-track-to-bite-by-2026/>

³ HomeLet Rental Index, December 2023

are also aware that TVBC currently has 267 permanent staff, apprentices and casual staff on less than £15 an hour. This is almost half off all staff employed by TVBC.

Establishing a minimum hourly rate well above the National Minimum and Living Wage would enable TVBC to build in some headroom now and avoid skirting a new legal minimum wage in the future. However, by abolishing Grades 1 and 2, the council has created further complications around the issue of pay differentials – which will also need to be addressed.

As an authority, there is also good reason to call on the Government to fund an increase in local government pay. Analysis by the IPPR found that 43% of the cost of raising public sector pay would be returned to the Treasury through taxation and lower social security costs.⁴ The macro-economic benefits of moving to two-thirds of average earnings, in terms of generating employment through the multiplier effect and increased government revenue, have been set out in a report commissioned by UNISON as evidence to the Low Pay Commission.

With the government having now raised the national minimum wage to £11.44 from April 2024, many organisations including our unions are making calls for a new minimum wage target of £15 per hour. This would provide a significant uplift to those on low incomes, especially those who have seen their household costs skyrocket during the cost of living crisis.

The Progressive Economy Forum (PEF) calculated that a £15 minimum wage would save the government £4.2bn on benefits payments that top up the wages of people on low-incomes and raise an extra £30bn in taxes.

4. RECRUITMENT AND RETENTION PRESSURES BUILDING

The latest analysis from the LGA shows that average vacancy rates appear to have risen in the last year, but there has been little change in turnover. It is possible that vacancy rates reflect the availability of jobs in other sectors, especially as recruitment and retention difficulties remain high for many councils.

One key areas that local authorities therefore need to consider are the incentives and career opportunities available, as well as flexible working and the quality of job design to support and nurture employees.

However, it remains that pay is one of the crucial determining factors that affect recruitment and retention. Findings from our membership surveys show that over half of staff have considered leaving the council in the last 12 months, with 28% having seriously considered this. This should be a concern to the council and its elected members.

6. MORALE UNDER THREAT

Working against a background of budget cuts across local authorities, staff have been facing greater workload pressures. The resulting increased stress puts the morale of the workforce at risk and poses a long term threat to TVBC's ability to provide a consistent quality of service. Our survey found:

- 42% say their workload has increased in the last year compared to pre-Covid levels
- 51% say stress levels have increased
- 43% of staff say that this has had a detrimental affect on their personal life

These are serious concerns that TVBC need to address. One of the first steps towards doing this would of course be to introduce a meaningful pay award in 2024.

7. CONCLUSION

Our members are acutely aware of the financial challenges facing local authorities. However, they are also aware of the economic realities that they currently face and the importance of maintaining confidence between the council and its staff.

Investment in the workforce is often seen as distinct from investment in better public services. However, there's a clear link between decent pay and conditions and quality services - services that are responsive, reliable, consistent, caring and accessible. Continued improvement depends on decent pay, conditions and staff training and development. In many cases, the service *is* the staff.

The rewards employers will reap in return for investment in the well-being of their employees cannot be underestimated. An employer offering a pay cut in real terms, on top of cuts in the last ten years, will ultimately struggle to retain or attract the existing and new skilled people it needs for the future.

There can be no doubt that all employees working for TVBC have seen a fall in their living standards over time. Yet to deliver a quality service, the authority relies on its workforce, and the retention of a specialist, skilled, experienced and dedicated staff is important to the quality of service delivery.

In this pay round, TVBC can further demonstrate that its workforce is properly and adequately recognised and valued. This is a fair and realistic claim which we are happy to consult over in order to explain how the council can and should meet it in full.