



## **SUBMISSION BY SERTUC TO THE GREATER LONDON ASSEMBLY'S REVIEW OF LONDON WEIGHTING**

***The Southern and Eastern Regional TUC (SERTUC) is the regional office of the Trades Union Congress (TUC) for London, the South East and the East of England. The TUC - the voice of Britain at work – is one of the best known institutions in public life. The TUC's affiliate trade unions have more than 800,00 members who work in London and more than 2 million in the SERTUC region.***

SERTUC has been lobbying for a comprehensive review of London Weighting for many years. SERTUC believes that:

- A clearly defined mechanism should be used to determine a London Weighting premium. The existence and value of the Premium should be widely known to workers and employers. The premium should complement national collective bargaining, and not erode or substitute national bargaining.
- A prescribed mechanism should be up-rated annually.
- For reasons of economic justice and economic efficiency the premium must be broadly applied throughout the labour market. Teachers and nurses are clearly key sector workers but similarly, public services cannot function without lab technicians, hospital porters, learning support assistants and transport workers.
- An effective London Weighting Premium is an important issue for the private and public sector as is demonstrated by the huge difficulty in recruiting and retaining bus drivers in London.

In terms of approach, a comparison of public and private sectors is necessary and appropriate to determine a London Premium and the should produce informative data. The cost compensation approach to London Weighting addresses the fundamental issue of higher living costs. Other approaches, especially those based around specific recruitment and retention problems, are inevitably short term and may even exacerbate the problems.

The question of other approaches other than, or in conjunction with, London Weighting is much broader. Clearly the GLA has a role in relation to housing which must include the availability of affordable housing in London. The measures taken by the

government, in particular the starter homes initiative, have sought to address the problem.

Since the Panel is commissioning its own examination of the current level of London Premium we will not seek to comment further on that.

Given that SERTUC covers the whole of the South East and Eastern Regions we are clearly concerned with both London itself and the surrounding area. We therefore have a particular interest in the issue of "fringe" areas around London and what mechanism, if any, would be proposed for these areas. The pressures on the regions surrounding London need to be taken into account when framing proposals to avoid the risk that enhanced London allowances will draw staff away from the surrounding areas. This is a particular problem for the public sector where existing bargaining arrangements mean that it will be difficult for employers to respond to a situation where London employers offer enhanced payments but no equivalents are proposed for the surrounding areas. An example of how such proposals have operated in the past lies with the police, where the enhanced London allowance to the Met led rapidly to the introduction of allowances for the surrounding forces. It would be preferable for the Panel to address these problems in their recommendations to avoid difficulties later.

### **Present union positions**

In recent months a number of unions have submitted claims for increased London Weighting; the most popular basis for such claims has been for £4,000 per annum on a London-wide basis i.e. for a single London allowance. This approach has some merit and the Panel may wish to look at evidence on recruitment and retention problems in, for instance, local government to see if the position varies between inner and outer London authorities. In the last published report on the situation authorities in London all reported difficulties and in the South East all but 7% were experiencing difficulties. By contrast 29% of authorities in the East Midlands and North East reported no difficulties.

### **Levels of allowances**

The current position on payments for the "fringe" areas varies greatly with some employers [egg Dalkia Utilities] having single allowances for anyone working within the M25, others [egg AA membership] having a "fringe allowance" covering such places as Thurrock and South Mimms and a lower allowance for the rest of the South East. Some employers [egg Audit Commission] have regional allowances covering places as far out as Brighton, Cambridge and Oxford.

### **Broad regional trends**

A report for the Joseph Rowntree Foundation on the impact of migration on housing requirements found that "in regional terms the greatest pressure will continue to be felt in Southern England, with the population of the South East region alone expected to increase by 50,000 people a year". However the report went on to note that "London is a special case" with net inward international migration and a "disproportionately high

rate of natural population growth - 39,000 a year". They also noted the "life-cycle" element with people aged 15-19 moving from almost all regions to London but London shedding people in all other age groups. Clearly this trend has implications for London Weighting as the age profile of the population affects the needs in terms of housing in particular.

During the period 1991 to 1998 the population of London rose by 297,000 with "natural change" [births minus deaths] accounting for 273,000 of the increase. The Rowntree report concluded that, "it is unlikely, on the basis of present trends, that all of London's population growth can be accommodated within its present built-up area". In fact the evidence is that the pattern of "internal migration" from London to the surrounding areas will continue. In view of this the importance of the Panel addressing the issue of the "fringe" cannot be over-emphasised.

### **Regional price differences**

The Office for National Statistics have recently published material on Regional price differences in the UK which shows London is by far the most expensive region in the UK. In fact the overall comparison of prices shows London as 8.5% more expensive than the rest of the UK with services accounting for most of the difference; whilst goods are 3% more expensive on average, services are 16.5% more expensive in London.

However these figures pale into insignificance when property prices are compared. The Land Registry's latest figures, covering the final quarter of 2001, show that whilst for England and Wales as a whole the average price for all properties sold was £118,827, the equivalent figure for Greater London was £203,499. The equivalent figure for the South East was £153,214. Whilst property prices are only part of the equation for London Weighting they are an important element. Whatever formula the Panel propose to recompense those living in London and the South East for the higher cost of living must address the issue of property prices.

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