



May 2024

Pay Ballot 2024

Dear Member,

Following our last communication with you in May, you may have seen that the company has presented a full and final pay deal to the Joint Trade Unions. As such we are writing to seek your vote on this year's Pay ballot.

This year's pay claim was submitted to the company on 12th April following our Pay Survey, and the Joint Trade Unions attended the first Pay Negotiation meeting on Monday April 29th.

Our Pay Submission Document, which you can find attached to this email, includes the following key elements:

- A one year pay deal
- A 12-month average CPI% (Currently at 6.3%) +1% increase on basic pay and associated allowances.
- Full implementation of the commitments made in Project SKYE, reference salary bands. We are therefore seeking a resolution for red circled employees, most created through the incorporation of allowances, in advance of the implementation of the pay deal to ensure that staff continue to receive reasonable consolidated pay increases.
- A commitment that no employee should be "Green Circled".

At our first meeting, the company wanted a deeper understanding of the elements of the Pay Submission and even attempted to backtrack on balloted agreements made during Project SKYE. Specifically, the agreement to review salary bandings annually with the trade unions and ensure that no midpoint has dropped. You can find the Final Project SKYE agreement attached, but the specific paragraph relating to this can be found below:

"The bands will extend 20% below and 20% above their midpoint – giving a range of 80% to 120% of our market benchmark. Upon implementation, no employee's midpoint will reduce and the majority will increase. All employees' range maximums increase."

The Joint Trade Union Partnership robustly challenged this position, the company's response is that they believe the markets have not changed significantly enough to move salary bands, and that they are not willing to address mid-points at this time. To date the company have not provided the Trade Unions with any data to back up this position despite our repeated requests.

Unfortunately, no progress was made during the first meeting. A second meeting took place on 2nd May resulting in an initial offer of 2.8%, followed by a "full and final offer" from the company, which included the following:

- A 3% consolidated increase to base pay for all directly employed staff.
- A 3% increase to the following allowances, backdated to 1st July: Standby / Callout / Out Of Hours Co-ordinator

This includes exceptions to eligibility for the pay deal:

- Employees who have left the company since 1st July 2024 or are serving notice to leave the Company (i.e., resigned or been given notice). Employees who have notified us of their intention to retire, will still be eligible for the pay review.
- Employees on graduate/apprenticeship programmes as their pay is reviewed separately.

The company's final offer falls far short of our members aspirations, based on our joint pay surveys and also falls short of the water sector average for pay settlements, which the company is aware of. In order to give our members the information needed to make an informed decision you will find a table of other Water Companies below, along with their agreed Pay Deals.

Company	Negotiated Pay Deal	Extra Info
Affinity Water	4.2% consolidated increase to base salary - Currently being balloted	
Anglian Water	<u>2 Year Deal</u> 2024/2025: 6% consolidated increase to base salary with flow through to standby & callout. 2025/2026: CPIH + 1% consolidated increase to base salary	Team contributors will have their basic holiday entitlement increased from 23 days to 25 days. Improvements also made to parental leave and allowances.
Northumbrian Water	Base Salary Increase of 4.9%	1 extra day annual leave entitlement for all staff.
Scottish Water	10.1% consolidated increase to base salary	Standard working week is reducing to 35 hours.
Severn Trent	2 nd year of 2 Year Pay Deal <u>2024</u> A consolidated increase to base pay of either November 2023 CIPH inflation rate or 5%, whichever is higher. This also will flow through to all related allowances and pay bands.	A guaranteed minimum bonus of £1000 for Level 1 staff and £1500 for Level 2 staff in 2024.
South West Water & Bristol Water	Offered 4.2% consolidated increase to base salary (in ballot)	1 extra day of annual leave for all staff.
Southern Water	4.3% consolidated increase to base salary or £1500, whichever is greater.	Committed to paying London Living wage for all.
United Utilities	5.5% consolidated increase to base salary & allowances	Additional wellbeing leave day added to annual leave allowance
Yorkshire Water	2 Year Pay Deal 2024: 5% consolidated increase to base salary 2025: CPI-H + 1% consolidated increase to base salary	If November CPIH figure is either below 1% or above 5% the figure will go back to renegotiation for the 2 nd year.
Welsh Water	Last year of 5 Year Pay deal. 4.2% consolidated increase to base salary.	
Wessex Water	5% consolidated increase to base salary	2 extra days annual leave for all staff

In drafting our claim, the Joint Trade Unions recognised the company's present financial status, prompting us to approach with a pragmatic claim based on the lowest inflationary measure - CPI. However, we also acknowledge that our members have continued to significantly contribute to Thames Water's operating profitability despite reductions in the workforce and carrying out more duties with less resource. It is our firm belief that this should be rewarded.

We are aware of a growing concern from our membership around the stability and future of the company, and how any pay settlement this year may impact the company's position. However, Thames Water has continued to maintain its position that it is well funded until the end of the current AMP period with £2.4bn in liquid assets. This was further re-enforced in a recently public Q&A session with Chris Weston where he re-assured staff that the current financial constraints would not have an impact on frontline staff pay negotiations due to the company having already forecasted and budgeted for such increases.

It is important that our members consider the economic backdrop of recent inflation, interest rates, and cost of living increases, with basic items such as food & clothing having seen cost increases of over 20% over the last 2

years. By offering a pay rise that doesn't match inflation or even run comparable to other water companies, the company is in essence imposing a real term wage cut.

Despite the recent company communications which position this as a "fair deal in the current climate", you can clearly see, from the water company table provided, that this offer represents a bottom of the market deal when compared to other water companies in 2024, regardless of the fact that our members live and work in the most expensive parts of the UK.

As a Joint Trade Union Partnership, we fully understand that the company is navigating financial challenges. However, it's crucial to recognise that so are you as our members. The current company financial position has not arisen due to the action or inaction of our frontline workers. The onus of the company's present position lies directly with the leadership in Thames Water. The leadership which has consistently secured bonuses annually, even with the "financial challenges the company is facing". It's noteworthy that those in the highest positions, drawing substantial salaries seem to face limited accountability when their strategies and directions falter, while frontline workers continue to pick up extra duties and roles during existing hiring freezes.

Our members form the core of our operations. As part of this team, your role in implementing and advancing the company's turnaround plan is crucial. You are the key drivers of the necessary changes, reliably providing the high-quality services our customers expect in your respective roles. As employees you will be expected to contribute to and deliver the turnaround plan. Such commitment and perseverance deserves compensation that aligns with the rising cost of living.

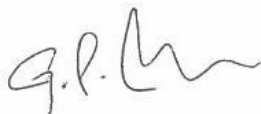
As a Joint Trade Union Partnership we earnestly recommend that you express your views to the company by **rejecting** this below-par, below-inflation, uncompetitive offer.

Please remind any colleagues not in a trade union that they need to join to be eligible to vote.

On behalf of the Joint Trade Union Side



Jay Williams
(UNISON)



Gary Carter
(GMB)



Shereen Higginson
(UNITE THE UNION)

Appendix:

Comparator Water Company Pay Deals 2024: