

# National Employers for local government services

**To: Chief Executives in England, Wales and N Ireland  
(additional copies for HR Director and Finance Director)  
Members of the National Employers' Side  
Regional Employer Organisations**

25 July 2022

Dear Chief Executive,

## **LOCAL GOVERNMENT PAY 2022**

I am writing to update you on the work we have been doing on your behalf on the local government national pay negotiations for 2022.

You will recall that on 6 June, UNISON, GMB and Unite lodged their pay claim for:

- *A substantial increase with a minimum of £2,000 or the current rate of RPI (whichever is greater) on all pay points*
- *COVID-19 recognition payment*
- *A national minimum agreement on homeworking policies for all councils and the introduction of a homeworking allowance*
- *An urgent review of all mileage rates currently applying*
- *A review and update of NJC terms for family leave and pay*
- *A review of term-time only contracts and consideration of retainers*
- *A reduction in the working week (without loss of pay) to 35 hours (34 in London)*
- *One additional day of annual leave.*

During June, councils in each of the nine English regions, Wales and Northern Ireland were consulted at virtual pay consultation briefings; in total, more than 600 officers and councillors attended. The National Employers met today to consider feedback from those events.

As explained at the pay briefings, the National Employers have been faced with very difficult decisions when considering their response to the unions' claim. First, there is the continuing challenge of how to deal with the relentless pressure from the proximity of the National Living Wage (NLW) on the bottom of the NJC pay spine, which, on current forecasts, could increase by almost 20 per cent by April 2024. Second, the almost unprecedented backdrop of the wider economic situation: inflation (CPI) is at 9.4 per cent and likely to rise further; and the continuing increases to fuel, food and energy that are impacting employees and employers.

The National Employers today agreed unanimously to make the following one-year (1 April 2022 to 31 March 2023), final offer to the unions representing the main local government NJC workforce:

- **With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above**

- **With effect from 1 April 2022, an increase of 4.04 per cent on all allowances** (as listed in the 2021 NJC pay agreement circular dated 28 February 2022)
- **With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement**
- **With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine**

This offer would achieve a bottom rate of pay of £10.50 with effect from 1 April 2022 (which equates to a pay increase of 10.50 per cent for employees on pay point 1); everyone on the NJC pay spine would receive a minimum 4.04 per cent pay increase; and the deletion of pay point 1 on 1 April 2023, would increase the bottom rate to £10.60 (providing 10p headroom above the current upper-end forecast for the NLW on that date), pending agreement being reached on a 2023 pay award.

At the pay briefings, your council may have been among those who supported a long-term (two years) pay deal, covering the period 1 April 2022 to 31 March 2024. A pay offer of that duration was until recently looking the most likely option for the National Employers. However, the current wider political situation means there is now some uncertainty that the current policy of the NLW reaching 66 per cent of median earnings in 2024 will remain as previously stated.

### **The NLW pressure**

As was conveyed at the regional pay briefings, since its introduction in 2014, the NLW has presented a huge challenge for local government in managing to maintain headroom between the bottom pay points and the statutory NLW. Local government is almost alone in the public sector in having this challenge. Other public sector pay structures' lower rates of pay are far enough above the NLW for it not to present the same pressure as we face and involve a far smaller proportion of those sectors' workforces than is the case in local government.

The National Employers hold a longstanding principle of not pegging the bottom rate in local government to the NLW, as they do not believe the sector should be a minimum wage employer.

When the NLW was increased to 60 per cent of national median earnings in the last parliament, local government managed to achieve some breathing space by revamping its pay spine in 2018-19. On 1 April 2019, there was 79p headroom between the lowest local government pay rate and the NLW. However, following the General Election in December that year, central government introduced a revised policy for the NLW to increase from a target of 60 per cent of national average earnings, to 66 per cent by April 2024.

Since 1 April 2022, the bottom rate of pay in local government has been at parity with the NLW at £9.50 (pending this year's pay award). 2020 to 2022 saw a 8.94 per cent increase in the NLW, while affordability of pay awards in local government has resulted in pay growth in the sector over the same period at only around half that: 4.55 per cent.

The economic turmoil over the past two years has only increased the volatility of the projections. In April 2020, the Low Pay Commission (LPC) set out that the projected NLW rate for April 2024 was £10.69. Due to the impact on the economy of the COVID pandemic, the OBR revised down this forecast to £10.10 in December 2020, though by April 2021, when the LPC published that year's NLW consultation documentation, the projection had rebounded to £10.33. By the Budget in Autumn 2021, the projection had rebounded once more and stood at £10.70.

The LPC's latest published forecast for the NLW states from March 2022:

*Although our recommendations in the autumn will be subject to Commissioners' assessment of economic conditions, **our current best estimate for the on-course NLW rate in April 2023 is £10.32, within a range of £10.14 - £10.50. Our current best estimate of an NLW set at two-thirds of median earnings for those aged 21 and over in 2024 would be £10.95 within a range of £10.58 - £11.33.** These are based on the latest wage growth forecasts, but actual wage growth may turn out higher or lower, and we will update these ranges in the summer based on changing forecasts. We will publish a report, to coincide with the increase in NLW and NMW rates, setting out this pathway in more detail.*

This projection is the highest rate yet predicted for the NLW in 2023 and 2024 and there is no guarantee it won't rise further due to the ongoing economic volatility, potential impact of the international context and expected further increases in the rate of inflation. The lack of a fixed figure to work towards and the volatility of the forecasts of what the NLW rate will be, has made it difficult for local government to plan effectively over the past few years.

The National Employers fully support the increase of the NLW but have made clear to government that in meeting the cost of this policy, additional funding is required. If this is not forthcoming, jobs and services will be at risk as employers struggle to accommodate this additional cost when trying to balance their budgets.

## **Conclusion**

The National Employers are eleven senior elected members, some of whom are Leader of their council. They are all acutely aware of the additional pressure this year's offer will place on already hard-pressed budgets, especially for those councils and schools with large numbers of employees on the lower pay points. However, for the reasons set out above, they believe their offer meets the NLW challenge (at least in the short-term) and is fair to employees, given the wider economic backdrop and is in line with awards made recently to other parts of the public sector workforce. However, they are also aware that without additional funding from central government, meeting the NLW challenge and providing a fair award for local government staff will come at a cost to jobs and / or service provision. The National Employers have written to the relevant government department (DLUHC) to make this point clear.

A copy of the letter sent to the NJC trade unions, along with a copy of the employers' media statement and a copy the National Employers' letter to DLUHC are set out on the following pages.

I shall continue to keep you informed of developments.

Yours sincerely,

**Naomi Cooke**  
**Employers' Secretary**

**Mike Short, Rehana Azam, Clare Keogh**  
**Trade Union Side Secretaries**  
**NJC for Local Government Services**  
**c/o UNISON Centre**  
**130 Euston Road**  
**London NW1 2AY**

25 July 2022

Dear Mike, Rehana and Clare

## **LOCAL GOVERNMENT PAY 2022**

Thank you for your pay claim which was received on 6 June. As you know, the employers moved quickly to brief councils on it, with that process concluding on 27 June. The National Employers met today and agreed to respond formally to your pay claim.

The National Employers wish to make the following final, one-year (1 April 2022 to 31 March 2023) offer:

- **With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above<sup>1</sup>.** *The equivalent percentage increases to each pay point are shown at Annex A*
- **With effect from 1 April 2022, an increase of 4.04 per cent on all allowances** *(as listed in the 2021 NJC pay agreement circular dated 28 February 2022)*
- **With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement**
- **With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine**

The employers are puzzled by the inclusion in your claim of two elements that formed part of the 2021 pay agreement that was reached on 28 February 2022. I therefore remind you that the NJC has already agreed to:

- **Complete the work of the joint term-time only review group.** *This work has already restarted. National officers held an initial meeting on 18 March to discuss the practical arrangements of restarting the review and a further such meeting is scheduled for 9 August.*
- **Enter into discussions on homeworking policies.** *However, the employers believe that most, if not all councils, will by now have established local homeworking policies of their own. Therefore, any NJC guidance that might be produced would be of limited value to either employers or employees.*

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<sup>1</sup> The Green Book Part 2 Para 5.4 provides that posts paid above the maximum of the pay spine but graded below deputy chief officer are within scope of the NJC. The pay levels for such posts are determined locally, but once fixed are increased in line with agreements reached by the NJC. Therefore, the employers' final offer of £1,925 also applies.

In response to other elements of your claim:

- **Mileage allowances.** *There is no mechanism in place for the NJC rates (which your claim acknowledges are not widely used) to be updated and reinstated. The National Employers have no role in determining HMRC mileage rates. However, on 13 July, the LGA confirmed it would write to HMRC to request a review of that organisation's mileage rates in order that they more accurately reflect the costs council workers are incurring.*

*In Wales, the Joint Council for Wales, which represents local government employers and trade unions, at its meeting on 14 July, supported an action to lobby UK Government and the HMRC to review the HMRC mileage rates given recent cost of living, particularly fuel increases. Both employers and trade unions have agreed to work in partnership and through independent means to take action to pursue a change in the AMAP rate which forms the basis of many local policies. Similar discussions regarding cost of living pressures took place at the recent Partnership Council meeting on 6 July 2022, in which partners committed to raise the cost of living issue, including the need for a review of the HMRC mileage rates, with the UK Government.*

*I shall keep you informed of developments on the issue of mileage allowances.*

**Family leave and pay.** *The National Employers repeat their offer from 2021 to incorporate into the National Agreement's Maternity Scheme, the new statutory provisions that provide for an additional week's leave for each week a neonatal baby is in hospital, for up to 12 weeks, paid currently at the statutory rate of £156.66 per week (or 90 per cent of earnings, if less).*

*The National Employers further propose to enter into discussions on the broader family leave and pay issues raised in your claim.*

Finally, in response to the remaining elements of your claim, the employers reject the following:

- *"A one-off COVID-19 recognition payment that covers all NJC workers"*
- *"Introduction of a homeworking allowance for all staff who are working from home"*
- *"The introduction of a school support staff retention payment scheme, supported by Green Book guidance"*
- *"A reduction of the working week to 35 hours with no loss of pay, and a reduction to 34 hours a week in London. Part-time staff to be given a choice of a pro rata reduction, or retaining the same hours and being paid a higher percentage of FTE"*

Recognising the delays beyond the standard 1 April pay award implementation date employers and employees have experienced in recent years, if agreement on this final offer can be reached, the National Employers propose that we promptly enter into negotiations on pay for 2023-24, perhaps by using your 2022 claim as the basis for our discussions.

The National Employers hope this final offer can quickly form the basis of an agreement between the two Sides so that employees, who continue to provide such critical support to their communities, can receive a pay rise as soon as practicable.

Yours sincerely,

Naomi Cooke

**Naomi Cooke**  
**Employers' Secretary**

## ANNEX A

SCP	Employer offer	Equivalent %
1	£1,925	10.50%
2	£1,925	10.40%
3	£1,925	10.19%
4	£1,925	9.99%
5	£1,925	9.80%
6	£1,925	9.60%
7	£1,925	9.42%
8	£1,925	9.23%
9	£1,925	9.05%
10	£1,925	8.87%
11	£1,925	8.70%
12	£1,925	8.53%
13	£1,925	8.36%
14	£1,925	8.20%
15	£1,925	8.04%
16	£1,925	7.88%
17	£1,925	7.72%
18	£1,925	7.57%
19	£1,925	7.42%
20	£1,925	7.28%
21	£1,925	7.14%
22	£1,925	7.00%
23	£1,925	6.82%
24	£1,925	6.60%
25	£1,925	6.40%
26	£1,925	6.21%
27	£1,925	6.04%
28	£1,925	5.87%
29	£1,925	5.75%
30	£1,925	5.60%
31	£1,925	5.45%
32	£1,925	5.29%
33	£1,925	5.12%
34	£1,925	4.99%
35	£1,925	4.86%
36	£1,925	4.74%
37	£1,925	4.63%
38	£1,925	4.52%
39	£1,925	4.42%
40	£1,925	4.31%
41	£1,925	4.22%
42	£1,925	4.13%
43	£1,925	4.04%

## **PRESS RELEASE: 25 JULY 2022**

### **Council employees' pay offer announced**

Following the announcement of a pay offer for council employees, Chair of the National Employers for local government services, Cllr Sian Goding, said:

“Council employees have been offered a pay increase of £1,925 from 1 April 2022.

For the lowest paid (currently earning £18,333 per annum), the offer equates to an increase of 10.5 per cent.

The National Employers, who negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland, made the offer to unions today. It will affect around 1.5 million employees.

The National Employers also responded on a number of other issues raised in the NJC trade unions' pay claim including offering an extra day's annual leave for all staff.”

### **Notes to editors**

The total increase to the national paybill resulting from this offer is £1.045bn (covering the period to 31 March 2023).

This pay offer does not apply to teachers or firefighters, who are covered by separate national pay arrangements as are Chief Officers, Chief Executives and Craftworkers.

The National Joint Council negotiates the pay, terms and conditions of staff in local authorities. It agrees an annual uplift to the national pay spine, on which each individual council decides where to place its employees. Each council takes into account a number of factors such as job size and local labour market conditions when deciding an employee's salary. There are no nationally determined jobs or pay grades in local government, unlike in other parts of the public sector.

The National Employers are taking the step of writing to the Secretary of State at the Department for Levelling Up, Housing and Communities to outline the degree of pressure on this pay offer that has come from the projected increases in the National Living Wage and the impact this will have on local authority seeking to balance their budgets.

-ENDS-

**The Rt Hon Greg Clark MP**  
**Secretary of State**  
**Department for Levelling Up, Housing and Communities**  
**2 Marsham Street**  
**London**  
**SW1P 4DF**

25 July 2022

Dear Secretary of State,

I write on behalf of the National Employers for Local Government Services who represent the employers of over 1.5m local government workers in England, Wales and Northern Ireland. We feel obliged to inform you of the major impact UK central government policy on the National Living Wage (NLW) has had on the pay offer we have made recently as part of the collective bargaining process that determines the annual pay award for this workforce.

As you will be aware, the local government workforce is the largest public sector workforce in the country and on average is also the lowest paid. Our employees work in all parts of the community delivering vital public services for councils, schools, fire authorities, social care and thousands of other areas.

When, in 2019, central government introduced the policy to increase the NLW from a target of 60 per cent of national average earnings to 66 per cent by April 2024, the base of the local government pay spine was 79p an hour above the then level of the NLW. From April 2022, the bottom rate of pay in local government has been at parity with the NLW at £9.50 (pending this year's pay award). 2020 to 2022 saw an 8.94 per cent increase in the NLW, while affordability of pay awards in local government has resulted in pay growth in the sector over the same period of around half that: 4.55 per cent.

Published forecasts from the Low Pay Commission indicate that the NLW could increase by almost 20 per cent by April 2024. Without taking mitigating steps, which the National Employers have sought to do as part of this year's pay offer, over one-third of the full-time equivalent local government workforce could be covered by the NLW including whole teams of staff in councils and the vast majority of non-teaching staff in schools.

The National Employers wholeheartedly support the increase of the NLW but need to make clear that in meeting the cost of this policy additional funding from central government is required. If this is not forthcoming, jobs and services will be at risk as employers struggle to accommodate this additional cost when trying to balance their budgets.

We are aware that colleagues in the LGA and WLGA have been in discussion with relevant government officials on this issue, so this will not come as a surprise to the department, but in the absence of any commitment being forthcoming to meet the NLW cost element of this year's pay award, we feel compelled to express publicly our concern that without the estimated £800m cost of workable NLW compliance being met by central

government, some councils and other employers will have significant difficulty in affording the pay award, when it is agreed through the collective bargaining process. Local government is almost alone in the public sector in having this cost pressure from the NLW.

The most recent local government settlement was reached before the March NLW forecasts were published and the current economic volatility has inevitably exacerbated the uncertainty we all face. We therefore seek an urgent commitment from the government that the cost to local government employers of central government's policy on the NLW will be met for this year, 2022-3 and in future local government settlements.

Yours sincerely,

**Councillor Sian Goding**  
**Chair, National Employers for local government services**