National Employers for local government services

To: Chief Executives in England, Wales and N Ireland
(to be shared with HR Director and Finance Director)
Members of the National Employers' Side
Regional Employer Organisations

16 May 2024

Dear Chief Executive,

LOCAL GOVERNMENT PAY 2024

I am writing to update you on the work the National Employers have been doing on your behalf on the local government pay round for 2024.

You will recall that on 29 February, UNISON, GMB and Unite lodged their pay claim for:

- *An increase of at least £3,000 or 10 per cent (whichever is greater) on all spinal column points*
- *Reviews of the gender, ethnicity and disability pay gaps in local government*
- *A two-hour reduction in the working week, with no detriment*
- *An additional day of annual leave for personal or well-being purposes (with term-time only staff also receiving a full day rather than a pro rata amount, that they can use at any time, including term time)*
- *A phased approach to reaching a minimum pay rate of £15 an hour in a maximum of two years, sooner if possible*

During March, councils in each of the nine English regions, Wales and Northern Ireland were consulted at very well attended virtual pay consultation briefings; in total, more than 650 councillors and senior officers attended. The National Employers met initially on 16 April to discuss the key themes to come out of those briefings. They then adjourned for private political discussions before reconvening, in person, today.

As explained at the pay briefings, we are in familiar territory; whilst inflation has dropped from this time last year, when it was 8.70 per cent, little else has changed in terms of councils' financial challenges and how we deal with the relentless pressure from the proximity of the National Living Wage (NLW) to the bottom of the NJC pay spine. As such, the National Employers have again been faced with very difficult decisions when considering their response to the unions' claim.

The large response to our pre-briefing questionnaire was extremely helpful in assisting members' deliberations. I can assure you that every return was shared with the National Employer members.

Whilst the regional pay briefings are the most important part of a consultation process designed to provide the National Employers with councils' views, they are not, and never have been, intended to provide the employers with a negotiating mandate. The National Employers are tasked by their respective LGA political groups and the WLGA and NILGA

to come to a decision based on all the information available to them to pitch a pay offer at a level that they believe will attract the broadest political support and, ultimately, achieve a deal with the unions.

The National Employers considered very carefully a number of different possible pay offers, which included various options for percentage or cash figures, and all of which had pros and cons. The employers recognise that a third consecutive year of a cash offer, albeit at a lower level than agreed in 2022 and 2023, will receive a mixed reaction as there is no proposal that satisfies everyone. However, as explained at the pay briefings, the advantage of a cash offer is that it gets the bottom rate of pay to a level that will maintain headroom from the 2025 NLW (based on the current forecast) and preserves existing differentials between the spinal pay points, which should avoid the need for adjusting grade structures at local level.

The National Employers also considered it important that their offer, as set out below, should provide certainty from the outset to the unions' national committees and all union members, the wider workforce and local employers, that it is the maximum they are able to make. Conscious of the usual implementation date of 1 April and concerns raised by employers and employees alike when previous Agreements have been delayed, the National Employers therefore agreed that their offer should be full and final.

The National Employers met today and agreed by a majority to make the following one-year (1 April 2024 to 31 March 2025), full and final offer to the unions representing the main local government NJC workforce:

- **With effect from 1 April 2024, an increase of £1,290 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive**
- **With effect from 1 April 2024, an increase of 2.50 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer** *(in accordance with Green Book Part 2 Para 5.4[1])*
- **With effect from 1 April 2024 an increase of 2.50 per cent on all allowances** *(as listed in the 2023 NJC pay agreement circular dated 1 November 2023)*

This offer would achieve a bottom rate of pay of £12.26 with effect from 1 April 2024 (which equates to a pay increase of 5.77 per cent for employees on pay point 2) and everyone on the NJC pay spine would receive a minimum 2.50 per cent pay increase.

The offer, if accepted, would increase the national paybill by 4.03 per cent. The National Employers of course accept that the increase to local paybills will vary from place to place, according to the profile of the local workforce and the number of employees on the lower pay points and recognise that this may not correlate with existing budget provisions in all cases.

[1] 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.

This offer means an employee on the bottom pay point in April 2021 (then earning £18,333) will have received an increase in their pay of £5,323 (29.04 per cent) over the three years to April 2024. For an employee at the mid-point of the pay spine (pay point 22), their pay will have increased over the same period by 18.68 per cent and for those on pay point 43, at the top of the spine, 10.78 per cent.

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.

When the NLW was introduced in 2014, the National Employers established a principle of always ensuring that the bottom rate of pay in local government should be higher than the NLW, as they do not believe the sector should be a minimum wage employer. Meeting that principle each year has proved to be a challenge, given the significant annual increases to the NLW rate.

The Chancellor, in his 2023 Autumn Statement, announced the largest ever one-year increase in the rate from April 2024: an increase of £1.02p (9.8 per cent) to £11.44, from its former £10.42 rate. In order for the government to achieve its policy for the NLW to reach two thirds of average earnings by 2024, there has been a rapid escalation in the rate since 2020: from £8.72 to £11.44 (£2.72, or 31.19 per cent).

As a result of the 2023 pay deal, the bottom rate of NJC pay is currently £11.59, which provides just 15p headroom over the 2024 NLW for the period from 1 April 2024 until an agreement is reached on pay for this year. As the 2024 NLW rate achieved the government's policy of the NLW reaching 66 per cent of average earnings, the government issued the Low Pay Commission (LPC) with a remit asking for evidence to inform future minimum wage policy, beyond 2024.

LPC submitted its advice at the end of 2023 and the government's response was published on 27 March 2024. The remit it has given the LPC asks it, *"to recommend the National Living Wage rate which should apply from April 2025 in order to maintain the bite at two-thirds of median earnings, and protect progress made to end low hourly pay for this group, without recommending any further revisions to the age threshold."*

In its report, the LPC projects that a rate of £11.89 (with a range of £11.61 - £12.18) would be sufficient in 2025 to stay at two-thirds of median hourly pay. It should be noted that £12.18 is currently the hourly rate of pay point 5 on the local government pay spine.

Historically, actual NLW rates have tended to be towards the upper end of LPC's forecasts, which is why the National Employers have recognised this in their deliberations.

The pending general election this year means uncertainty remains over what a future government may do in this regard. The National Employers, therefore, have had to respond to the trade unions' pay claim without absolute certainty over the future of the NLW.

You will be aware that the 2023 pay award included an agreement that the NJC would negotiate a redesigned national pay spine. However, the current uncertainty about the future policy direction of the NLW means our negotiations cannot realistically get underway until we know the outcome of the forthcoming General Election and government's policy objectives for the NLW beyond 2025.

When the NJC last reconfigured the pay spine, the process took almost 18 months, with a further twelve months for councils to undertake all the work necessary to be ready to assimilate employees form the old spine to the new one on 1 April 2019. I would expect the next exercise to take a similar amount of time.

Conclusion

The National Employers are eleven senior elected members, many of whom are, or have been, Leader of their council. They are all acutely aware of the additional pressure this year's offer, which would need to be paid for from existing budgets, will place on already hard-pressed finances, especially for those councils and schools with large numbers of employees on the lower pay points. The National Employers also acknowledged the difficulties faced by councils in recruiting and retaining key staff across and above the pay spine. However, for the reasons set out above, they believe their offer meets the immediate NLW challenge and is fair to employees, given the wider economic backdrop.

The National Employers continue to wholeheartedly support the principle of the NLW but their remit is limited to securing pay agreements with the trade unions. Responsibility for making clear to government the cost to the sector of its NLW policy, lies with the LGA, in partnership with the WLGA and NILGA, all of whom have made clear that if additional funding is not forthcoming, jobs and services will be at risk as employers struggle to accommodate this additional cost when trying to balance their budgets.

You will note in the employers' offer letter they have urged the unions to try and synchronise the timing and duration of their membership consultations in order that a final agreement is reached so that employees, who continue to provide such critical support to their communities, can receive this award as soon as is practicable.

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

Please share this letter and subsequent updates on pay, with your colleagues in HR and Finance, and with elected members, as appropriate.

I shall continue to keep you informed of developments.

Yours sincerely,

Naomi Cooke

Naomi Cooke
Employers' Secretary

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

16 May 2024

Dear Mike, Sharon and Clare

LOCAL GOVERNMENT PAY 2024

Thank you for your pay claim, which was received on 29 February. Following its receipt, the National Employers consulted councils and then met initially on 16 April to discuss the key themes to come out of those sessions. They then adjourned for private political discussions before reconvening today.

The employers considered very carefully your request for 'meaningful negotiations'. Conscious of the usual implementation date of 1 April and concerns raised by employers and employees alike when previous Agreements have been delayed, the National Employers agreed that making a full and final offer would provide certainty from the outset to yourselves, your members, the wider workforce and local employers that their offer, set out below, is the maximum they are able to make.

The National Employers wish to make the following full and final, one-year (1 April 2024 to 31 March 2025) offer:

- **With effect from 1 April 2024, an increase of £1,290 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.** *The equivalent percentage increases to each pay point are shown at Annex A*
- **With effect from 1 April 2024, an increase of 2.50 per cent on all pay points above the maximum of the pay spine but graded below deputy chief officer** *(in accordance with Green Book Part 2 Para 5.4[2])*
- **With effect from 1 April 2024 an increase of 2.50 per cent on all allowances** *(as listed in the 2023 NJC pay agreement circular dated 1 November 2023)*

The most important factor in formulating this response has been affordability. We have a duty to balance your claim against the interests of local residents, in terms of the level and quality of services provided by local authorities. The proposed increase will be difficult to fund in a number of local authorities and anything beyond that would take many more authorities well beyond their level of affordability.

We recognise that our offer falls short of your aspirations, but the effects of an unaffordable increase are inescapable: councils would have to make cuts in services, with a subsequent impact on jobs and council tax payers.

[2] 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.

In response to other elements of your claim:

Your claim seeks, ***Reviews of the gender, ethnicity and disability pay gaps in local government***." You may be aware that the LGA monitors councils statutory reporting of the Gender Pay Gap, providing annual updates through the *LG Inform* platform. This year, the LGA will be undertaking a programme of work which will include examining how councils report any pay gaps across their workforce, particularly in relation to employees with certain protected characteristics.

The National Employers propose the NJC Joint Secretaries discuss options for working together to capture pay gap information that will be of most benefit to the sector.

In response to the remaining elements of your claim:

- ***A two-hour reduction in the working week, with no detriment***
  The Employers reject this element of the claim in relation to a proposed 35-hour week (34 in London). Such a reduction would be out of line with norms in local government and would result in an increase in costs that would adversely affect local authority services.

- ***An additional day of annual leave for personal or well-being purposes (with term-time only staff also receiving a full day rather than a pro rata amount, that they can use at any time, including term time)***
  The Employers reject this element of the claim. All NJC employees currently receive a minimum of 23 days' leave (with a further three days after five years' service), plus two extra statutory days, plus public holidays. Many councils have a more generous basic leave entitlement.

- ***A phased approach to reaching a minimum pay rate of £15 an hour in a maximum of two years, sooner if possible***
  In order to achieve this objective would require increasing just the bottom pay point by 29.42 per cent over the period 2024-26. That would be prohibitively expensive for councils at any time, not least during the current difficult financial circumstances.

The National Employers of course respect that each of your unions will have its own processes and procedures to follow, but we urge you all to please try and synchronise the timing and duration of your membership consultations in order that a final agreement is reached so that employees, who continue to provide such critical support to their communities, can receive this award as soon as is practicable.

A prompt settlement this year would give us the necessary opportunity to begin negotiating a redesigned national pay spine, as was agreed by us all in the 2023 NJC agreement. The National Employers today recommitted to this objective, which will require intense and meaningful negotiations with the NJC unions.

Yours sincerely,

Naomi Cooke

Naomi Cooke
Employers' Secretary

ANNEX A

SCP	Employer offer	Equivalent percentage
1	*Deleted wef 1 April 2023*	
2	£1,290	5.77%
3	£1,290	5.67%
4	£1,290	5.58%
5	£1,290	5.49%
6	£1,290	5.40%
7	£1,290	5.31%
8	£1,290	5.22%
9	£1,290	5.14%
10	£1,290	5.05%
11	£1,290	4.97%
12	£1,290	4.88%
13	£1,290	4.80%
14	£1,290	4.72%
15	£1,290	4.64%
16	£1,290	4.56%
17	£1,290	4.48%
18	£1,290	4.41%
19	£1,290	4.33%
20	£1,290	4.26%
21	£1,290	4.18%
22	£1,290	4.11%
23	£1,290	4.02%
24	£1,290	3.91%
25	£1,290	3.80%
26	£1,290	3.70%
27	£1,290	3.61%
28	£1,290	3.52%
29	£1,290	3.46%
30	£1,290	3.37%
31	£1,290	3.29%
32	£1,290	3.21%
33	£1,290	3.11%
34	£1,290	3.04%
35	£1,290	2.97%
36	£1,290	2.90%
37	£1,290	2.84%
38	£1,290	2.78%
39	£1,290	2.72%
40	£1,290	2.66%
41	£1,290	2.61%
42	£1,290	2.55%
43	£1,290	2.50%

PRESS RELEASE: 16 MAY 2024

Council employees' pay offer announced

Following the announcement of a full and final pay offer for council employees, Chair of the National Employers for local government services, Cllr Tim Roca, said:

"Council employees have been offered a pay increase of at least £1,290, which equates to 5.77 per cent for the lowest paid, from 1 April 2024.

For the lowest paid (currently earning £22,366 per annum), the offer means their pay will have increased by £5,323 (almost 30 per cent) over the three years since April 2021. For those on all pay points above the top of the pay spine, an offer of 2.50 per cent has been made.

The National Employers are acutely aware of the additional pressure this year's offer will place on already hard-pressed council finances, as it would need to be paid for from existing budgets. However, they believe their offer is fair to employees, given the wider economic backdrop."

Notes to editors

The National Employers negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland that employ around 1.5 million employees.

The total increase to the national paybill resulting from this offer would be £731.70m (4.03 per cent).

The National Joint Council for local government services 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.

Separate national pay arrangements apply to teachers, firefighters, chief officers, chief executives and craftworkers.

-ENDS-

NJC LGS EMPLOYERS *(incl JNC CRAFTWORKERS; JNC CHIEF EXECUTIVES; JNC CHIEF OFFICERS)*

LGA NOMINATED

LABOUR: Cllr Peter Marland (Milton Keynes, S East)
Cllr Tim Roca (LB Westminster, London) **(Chair)**
Cllr Arooj Shah (Oldham, N West)
tbc

Sub: Cllr James Lewis (Leeds, Yorks & Humb)
Sub: Cllr Peter Mason (LB Ealing, London)

CONSERVATIVE: Cllr Lord Fuller OBE (South Norfolk, East of England)
Cllr Joanne Laban (LB Enfield, London)
Cllr Roger Phillips (Herefordshire, W Mids) **(Vice Chair)**

Sub: Cllr David Leaf (LB Bexley, London)

LIB DEM: Cllr Keith House (Eastleigh / Hampshire, S East)

Sub: Cllr Michael Headley (Bedford, S East)

INDEPENDENT: Cllr Doug McMurdo (Bedford, East of England)

Sub: Cllr Julian Dean (Shropshire, W Mids)

WELSH LGA NOMINATED

LABOUR: Cllr Anthony Hunt (Torfaen)

Sub: Cllr Jane Gebbie (Bridgend)

N IRELAND LGA NOMINATED

SINN FEIN: Cllr Christopher Jackson (Derry City & Strabane)

***DUP**: Sub: Alderman Aaron Callan (Causeway Coast & Glens)*

NATIONAL ASSOC OF LOCAL COUNCILS NOMINATED

vacant