

National Employers for local government services

To: Chief Executives in England, Wales and N Ireland
Leaders, Elected Mayors and Resources / HR Portfolio Holders
(Please copy to HR Director and Finance Director)
Members of the National Employers' Side
Regional Directors

25 January 2018

Dear Chief Executive / Leader,

PAY NEGOTIATIONS UPDATE

I wrote to you on 5 December with details of the Employers' two-year [final pay offer](#). Since then the three local government trade unions (UNISON, GMB and Unite) have met to consider their positions.

UNISON's NJC Committee met on 23 January to consider its recommendation and timetable for consulting its members on the offer. The Committee voted by 12-11 to recommend that the offer be rejected. However, the Committee went on to state that *"the offer is the best that could be achieved by negotiation and nothing short of substantial, all-out strike action could make the employers consider improving their final offer."* Its consultation ballot closes on 8 March.

GMB will be advising its members that the offer is the best that can be achieved by negotiation. Its consultation ballot closes on 9 March.

Unite's National Industrial Sector Committee for local authorities met on 11 January and voted unanimously to recommend that its members reject the offer.

The three unions have coordinated their consultations to end in early March so that they can jointly announce the result in mid-March.

Initial communications from UNISON and Unite to their branch reps have focused on the headline element of the pay offer i.e. 2.0% + 2.0%, and not on the proposed substantial increases for lower-paid staff nor the introduction of a new pay spine in 2019. Their argument is that the headline figure in each year is less than inflation, which is currently 3.0%, and therefore represents a "pay cut".

It is important that you ensure your employees clearly understand what the pay offer means for them and if you have not done so already we would encourage you to circulate the main points within the offer and reiterate that it is significantly more beneficial to employees than in previous years.

In year one, all staff on SCPs 6-19 incl would see their pay increase by between 3.7% and 9.1%. All staff on SCP20 and above would receive an increase of 2.0%.

In year two, the Employers have proposed that a new pay spine be introduced that would see staff on current SCPs 6-28 incl receiving pay increases of between 2.3% and 7.3%. All staff on current SCP 29 and above would receive an increase of 2.0%.

A new pay spine has been proposed because the current spine simply cannot absorb the impact of the National Living Wage. The NJC worked constructively over the past year to ensure that a

new spine would be able to withstand annual changes to the National Living Wage rate without the need for regular and fundamental reviews of pay structures at local level.

The National Employers are of course fully aware of the difficult financial position of most councils and that this pay offer puts further pressure on budgets. The issue of local government funding is the subject of regular dialogue between the various LGAs and governments. Ahead of last November's Budget the LGA set out the unfunded cost pressures facing local government and why, with many local services facing significant funding gaps, it was vital that the Budget recognised that councils cannot continue without sufficient and sustainable resources. We made the strongest possible case for a funding arrangement that enables local government to deliver services in the long term; that recognises the impact on the sector of the National Living Wage; and that ensures that local government can deliver much needed economic growth and quality services for local people including the most vulnerable members of society.

The National Employers were therefore disappointed that the Chancellor ignored local government in his remarks about public sector pay. We have continued to call for additional funding to cover the cost of adjusting the local government pay structure to take account of the National Living Wage.

We shall continue to make the case on behalf of the sector for appropriate funding to ensure services are sustainable.

Important Note

On 1 April the National Living Wage will be increased to £7.83 per hour which means that the current minimum SCP6 on the 'Green Book' pay spine will be below that statutory minimum level as the current hourly rate of SCP6 is £7.78.

While we would hope that grassroots union members vote to accept the pay offer, we need to prepare for the eventuality that this is not the case. Therefore, in the absence of the NJC reaching a pay agreement to be implemented in time for 1 April, councils are advised to begin making preparations for employees currently paid on SCP6 to have their pay increased in accordance with the new National Living Wage rate.

For any council where the standard working week differs from 37 hours a local calculation will need to be made. As this temporary arrangement is solely to ensure compliance with the National Living Wage, no adjustments need to be made to those paid on the London pay spines.

I shall continue to keep you informed of developments.

Yours sincerely,

Simon Pannell

Simon Pannell
Employers' Secretary