

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

19 January 2016

Dear Chief Executive,

PAY NEGOTIATIONS UPDATE and NATIONAL LIVING WAGE: 1 APRIL 2016

You will be aware that on 9 December 2015 the National Employers made a final two-year pay offer to the Trade Union Side covering 2016-18. The offer was constructed to take account of the views clearly expressed by councils for a headline increase of one per cent on 1 April 2016 and again on 1 April 2017. In addition the National Employers offered higher percentages to those on lower pay points due in part to the introduction of the National Living Wage on 1 April 2016.

Local government faces a huge challenge in the coming years of having to increase the bottom pay point from its current level of £7.06 per hour by potentially 32% to achieve the Government's target for the National Living Wage to reach 60% of median earnings (currently forecast to be around £9.35 per hour) in 2020.

Both Sides acknowledged early in the recent negotiations that they were keen to reach an agreement on pay quickly in order to provide some breathing space for detailed discussions on how the NJC can ensure that the national pay structure can be adapted fairly and affordably to meet the requirements of the National Living Wage.

The National Employers are therefore hugely frustrated that two of the three unions, UNISON and Unite, are consulting their members on the pay offer with a recommendation that it be rejected. We have reiterated in the strongest terms that the offer is final and at the limit of councils' affordability.

On 1 April the National Living Wage will be introduced at a rate of £7.20 per hour which means that the current bottom three pay points on the 'Green Book' pay spine will be below that statutory minimum level. The current hourly rate of SCP6 is £7.06 (£13,614); SCP7 is £7.11 (£13,715) and SCP8 is £7.19 (£13,871).

While we would hope that grassroots union members vote to accept the 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 SCPs 6, 7 and 8 to have their pay increased in accordance with the National Living Wage, which in local government equates to £13,891 per annum with effect from 1 April.

This figure has been calculated by multiplying the National Living Wage rate of £7.20 by the local government standard working week of 37 hours and then multiplied by 52.143 weeks.

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.

This updated figure of £13,891 should continue to be paid until such time as the NJC finalises a pay agreement.

I shall continue to update you with developments.

Yours sincerely,



Sarah Messenger
Head of Workforce