

**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' Organisation
Regional Directors
Secretaries of the Local Government Associations**

8th July 2010

Dear Sir/Madam

LOCAL GOVERNMENT PAY AND THE CHANCELLOR'S BUDGET STATEMENT

Since writing to you on 23rd June we have clarified the intention of the Government's policy on public sector pay, as announced in the Chancellor's budget statement, and its implications for local government.

Local government pay remains a matter for free collective bargaining between the national employers and trade unions through the National Joint Council (and between local employers and trade unions in councils that have opted out of national bargaining).

Local government pay 2010/11

The position on local government pay for 2010/11 is that the employers have not offered an increase. This will not change.

Local government pay 2011/12

Local government pay for 2011/12 will be the subject of negotiations in the NJC between the employers and trade unions with a view to reaching agreement before the settlement date of 1st April 2011.

Ahead of those negotiations the employers will consult councils in the normal way through a series of regional pay consultation briefings. These will be timed to ensure that councils have had an opportunity to consider the impact of the forthcoming spending review.

The Government has confirmed that its assumptions about pay awards in local government for the next two years will be fed into the forthcoming spending review. The Government will expect local government to show similar restraint on pay to the rest of the public sector; it will also expect local government to have regard to the

Government's fairness agenda, which seeks to provide the lower paid with some protection from the impact of pay restraint.

As local government pay will continue to be a matter for negotiation and agreement between employers and unions the Government will not necessarily expect the 2011/12 settlement to take the exact form of the Budget announcement. However, we can confirm at this stage that:

- any increases will be by way of adjustments to the Green Book pay spine so would be consolidated into basic pay and be proportionate for part-time employees; and
- contractual increments and other national and local agreements that are incorporated into individual contracts will not be affected.

The Review of Fair Pay in the Public Sector, chaired by Will Hutton, (which is looking at the balance between pay at the top and bottom of public sector organisations) and the Public Service Pensions Commission, chaired by John Hutton, will provide an important backdrop to negotiations.

We shall keep you in touch with developments.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Phil White', with a long horizontal line extending from the end of the signature.

Phil White
Head of Negotiations