

**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**