

25 September 2024

PCS rejects Ministry of Defence final pay offer

The MoD published its initial offer to staff a few weeks ago and has now moved to their best and final offer which was published on MoDNet today.

Since the PCS national pay claim was submitted in February 2024, we have a new Labour government and there was also the announcement of the pay remit of 5%. With CPI inflation figures for August 2024 at 2.2%, CPIH at 3.1% and RPI at 3.5%, for the first time in a very long time there is the prospect of an above inflation pay rise for staff in Defence which, while welcome, only starts to scratch the surface of pay restoration. Since 2010, median annual pay has fallen between 15 and 38% in the civil service, depending on the grade and inflation indicator.

PCS negotiators have been able to move the employer from their original position of only offering some staff in the Admin and Skills zones Grades a 4.61% offer. This was below the published public sector pay remit of 5% and something PCS could not accept. Recruitment and retention has been a problem across the MoD, particularly in the lower grades, with pay being cited as one of the reasons for this.

The Autumn statement is at the end of October, so we don't know what the rate of the National Living Wage (Minimum Wage) will be from April 2025. PCS negotiators were keen to ensure that the MoD does not become a minimum wage employer, which would have only made the recruitment and retention issues worse. Clearly every other employer also must pay this, plus they don't have to worry about waiting for security clearance before someone starts. So, whilst we don't have a specific NLW for April 2025 we're keen that there is headroom.

The employer wants to use the funds to attempt some reform in the pay bands and install the pay differentials, and whilst we don't disagree with that, PCS was clear that the expectation amongst staff is that they'd get 5%. There were several proposals made and these were modelled by the employer to see what was possible and this included proposals that the lower paid would get less than the other staff in order to restore pay differentials. PCS couldn't accept that lower

earners would effectively be paying for their line managers' additional pay rise.

Civil service pay modelling and reform does need to happen and we're encouraged that this is being raised at Cabinet Office level. It will take significant focus to restore the pay model due to years of pay restraint and austerity that our members have suffered under successive Tory governments. It's taken years for it to be wrecked, so we expect it will take years to be restored.

PCS has had a significant impact in the final offer which is now improved for the lower grades. We believe the current is the best that can be achieved through negotiation. PCS balloted our MoD members earlier this year as part of the national dispute and we were unable to meet the 50% threshold in order for us to look at taking industrial action. Subsequently the PCS Defence Sector group executive committee (DSG GEC) met on 17 and 18 September to discuss the final offer from the employer. We looked at the employer's offer and compared it to the PCS national pay claim which in summary is below:

- a cost-of-living rise, with an inflation proofed increase plus pay restoration
- pay equality across departments on the best possible terms,
- a living wage of £15 per hour,
- London weighting provision of a minimum £5,000 per year,
- 35 days annual leave minimum,
- a significant shortening of the working week with no loss of pay.

While we've negotiated improvements and the offer is better than it was, clearly it does not meet the PCS national pay claim. It will take many years to restore pay in the civil service and firm commitments to work towards this still need to be gained from the government. The GEC voted unanimously to reject the offer. With no mandate for any industrial action from the members' ballot earlier this year, PCS will notify the employer that whilst we've have rejected the offer, we won't stand in the way of its imposition.