

Dear Member,

We have been involved in the pay talks for the 2023-24 pay year.

### **Our team**

Your negotiating team consists of the elected SA Executive committee.

We carried out our own research and requested data from NHBC to support our talks.

### **The economic position**

Inflation is currently running at a 40-year high, and we know this is affecting your household budgets in the same way it is affecting ours. As we entered our negotiations early, we used forecasts which show that inflation is expected to fall sharply from the middle of 2023, perhaps to around 4-5% by the end of the year and then continuing to fall in 2024.

The Office for Budget Responsibility forecasts an average for inflation next year at 5.5%

There is expected to be a recession over the 2023-24 period, and house-prices are already falling. This will affect NHBC income and therefore the affordability of any pay increase.

It is widely known that the lower paid have less 'head-room' to absorb higher cost of living costs, and our focus this year was to ensure fairness, taking this into account.

### **The negotiations**

We were successful in negotiating an offer at 5.5% of the NHBC salary budget (currently £70.93m, excluding bonus and employer pension contributions). This represents a 1.5% increase on the original budget first suggested.

We were also able to raise that the lowest paid level in our Level A pay band was below the Living Wage, and this was corrected quickly.

We achieved an offer recognising the disproportionate impact of high inflation on the lower pay Levels A/B & C/D in both higher percentage increases and a minimum monetary increase (underpin) of £1300 for the very low paid.

**Your negotiating team's position**

With inflation running so high we recognise that many members will have had a real term pay cut in the current year.

We do recognise the difficulties facing the business, not only with high inflation as measured by CPI but also in very high building materials cost inflation which is currently over 20% for some products and 15% overall (Building Materials & Components Statistics, October 2022), which affects our claims costs.

We understand that NHBC cannot 'chase inflation' in the current climate. NHBC committed to the cost-of-living payments from November to March and this has not affected the pay budget under negotiation.

Further, with implementation of phase 2 from this April's awards, average salary increases range from 5.2%-7.3% across the salary band Levels.

For these reasons, we do not believe the proposed offer can be improved and should be accepted.

Julia Georgiou



General Secretary, NHBC SA