

**Report to:** Governance Committee  
**Date of meeting:** 24 January 2017  
**By:** Chief Operating Officer  
**Title:** LMG Managers Pay 2017/18  
**Purpose:** To determine the pay offer for the LMG Pay negotiations with UNISON for 2017/18

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## **RECOMMENDATIONS**

**The Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2017/18 as being equivalent to the National pay offer of 1%.**

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### **1 Background**

1.1 LMG Managers' pay is locally negotiated with Unison and reported to the Governance Committee on an annual basis, to approve the pay offer and any subsequent settlement. Two reports are therefore presented: the first, in January, seeking agreement to the offer and the second, in March, finalising the offer following local negotiations with Unison in January/February.

1.2 The national (NJC) pay award is relevant to these local negotiations as the decision made regarding the local pay offer needs to take into account the impact on the wider workforce and organisation as a whole. In addition, there is an overlap between LMG1 and the top of the Single Status pay range (SS13) which applies to specialist professional posts, such as Senior Practitioners in Adult Social Care and Children's Services. It is therefore important to ensure that these two grades remain comparable and that the relativities do not widen too far.

1.3 Set against this background, the local pay award for LMG Managers has therefore historically mirrored the national award. Any consideration of a pay increase must, however, take into account the savings targets and significant financial challenges facing the Council, as well as any Government pay policy for the public sector.

### **2 Supporting information**

2.1 The annual Consumer Prices Index (CPI) inflation measures changes in the price level of consumer goods and services purchased by households. The CPI 12-month rate (the amount prices change over a year) between November 2015 and November 2016 stood at 1.2% (Office for National Statistics, December 2016), compared with a 0.9% increase in the year to October 2016, and is the highest since October 2014. CPI is the inflation measure used in the Government's target for inflation and for purposes such as uprating pensions, wages and benefits.

2.2 For the three months ending October 2016, the median pay settlement for the private sector was 2%, whereas in the public sector it was 1%. The median for the whole economy was 1.5% (Xpert HR, November 2016). Total pay in the public sector (average weekly earnings including bonuses) grew by 1.4% when compared with a year earlier over the three months to September 2016. In contrast, total pay in the private sector rose by 2.5% over this period. (Labour market statistics, ONS)

2.3 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period April to Sept 2016 is 2.63%. For comparison purposes, for the period April to Sept 2015 it was 3.6% and for April to Sept 2014, 3.58%.

2.4 Whilst the current rate of inflation is 1%, up 0.2% from August 2016, the National Institute of Economic and Social Research (NIESR) has predicted that the rate of inflation will rise to 4% in the second half of 2017 (NIESR, November 2016). Should this occur the increase will have a significant impact on real disposable income.

#### Pay Negotiations 2017/18

2.7 The national NJC local government services pay award was agreed in May 2016 and provided for a two-year deal covering the period 1 April 2016 to 31 March 2018. This agreement essentially

provided for a 1% increase each year (i.e. for 2016/17 and 2017/18). It is worth noting, however, that at the recent national UNISON conference, delegates voted for a pay claim to be constructed and submitted for 2017/18 outside of the previously agreed two-year deal. Whilst this has not been formally presented yet, this will certainly be more than the previously agreed 1%.

2.8 LMG Managers received a pay award of 1% for the financial year 1 April 2016 to 31 March 2017 to mirror the national NJC award. Prior to this, they received an overall pay award of 2.20% for the two-year period 1 April 2015 to 31 March 2016, again, in line with the national NJC pay award.

### Financial Implications

2.9 The LMG pay bill is approximately £29M per annum including on-costs. If we were to mirror the two-year national NJC offer, this would provide for an offer of 1%, which would cost approximately £291,000, including on-costs.

2.10 Revenue budgets for 2017/18 have been prepared with provision for a pay award of 1%, in line with the Government's pay policy for the public sector.

2.11 Appendix 1 provides high level benchmarking data in relation to the key LMG grades. As can be seen from this, the LMG grades are broadly in line with our neighbours. The majority have confirmed that their pay awards will mirror the national position.

2.12 Attached at Appendix 2 is a copy of the current LMG salary scales along with the impact of a 1% uplift.

## **3. Recommendations**

3.1 The Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2017/18 as being equivalent to the National pay offer of 1%.

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