

Report to: Governance Committee

Date of meeting: 7 March 2017

By: Head of Human Resources and Organisational Development

Title: Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2017/18

Purpose: To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2017/18.

RECOMMENDATIONS

The Governance Committee is recommended to determine the pay offer for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2017/18 as being 1.0% (in line with the recent national NJC award).

1 Background

1.1 Chief Officers' pay is locally determined and annual increases approved by this Committee normally take effect on 1 April.

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. Historically, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers has generally mirrored the national award.

1.3 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 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. This claim is considerably more than the previously agreed 1% and in response, the national employers have informed UNISON that they are 'not willing to consider the new pay claim'. It remains to be seen what action UNISON takes in relation to this.

2.8 The Chief Executive, Chief Officers and Deputy Chief Officers 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

2.10 The Chief Executive, Chief Officer and Deputy Chief Officer pay bill is approximately £1.54m per annum including on-costs. If we were to mirror the current national NJC offer, this would provide for an offer of 1%. A 1% increase would cost approximately £15.4k including on-costs. 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 key Chief Executive, Chief Officer and Deputy Chief Officer pay. As can be seen from this, pay is broadly in line with our neighbours. The majority have confirmed that their pay awards will mirror the national position.

2.11 Attached at Appendix 2 is a copy of the current Chief Executive, Chief Officer and Deputy Chief Officer salary scales along with the impact of a 1% uplift.

3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to determine the pay offer for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2017/18 as being 1.0% (in line with the recent national NJC award).

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