

Report to: Governance Committee

Date of meeting: 26 June 2018

By: Chief Operating Officer

Title: LMG Managers Pay Offer 2018/19

Purpose: To determine the pay offer for the LMG Pay negotiations with UNISON for 2018/19.

RECOMMENDATIONS

The Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2018/19 as being equivalent to the National pay offer of 2%.

1 Background

1.1 At its meeting on 23 January 2018, the Governance Committee received a report with regards to the 2018/19 pay offer for LMG Managers to be negotiated with Unison. The Committee agreed the recommendation in the report to defer consideration of the pay offer until the level of the NJC national pay award was known.

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 Agreement has now been reached between the National Employers and the NJC Trade Union Side on rates of pay applicable from 1 April 2018 and 1 April 2019. Following consultations with their membership, UNISON and GMB both voted to accept the offer whilst Unite voted to reject. However, in line with the Constitution of the NJC, Unite has accepted the collective majority decision that the pay award should now be implemented.

2.2 In broad terms, the award provides for a two year deal, covering the period 1 April 2018 to 31 March 2020. It gives a headline increase of 2% each year, with more at the bottom end of the pay spine to take account of National Living Wage increases.

2.3 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 March 2017 and March 2018 was 2.5 % (Office for National Statistics), down from 2.7% in February 2018. CPI is the inflation measure used in the Government's target for inflation and for purposes such as uprating pensions, wages and benefits.

2.4 On 21 March 2017, the CPI was replaced by a new measure: the Consumer Prices Index, including owner occupier's housing costs (CPIH). This extends the CPI to include a measure of the costs associated with owning, maintaining and living in one's own home (owner occupiers' housing costs OOH), along with council tax. This is the most comprehensive measure of inflation. The CPIH 12 month rate between March 2017 and March 2018 was 2.3%, down from 2.5% in February 2018 (Office for National Statistics).

2.5 For the three months ending December 2017, the median pay settlement for the whole economy was 2%, with the middle half of pay awards (the interquartile range) worth between 2% and 3%. Over the 12 months to the end of December 2017, the median pay award in the private sector was 2%, compared with 1.1% in the public sector (XpertHR, January 2018). For the third consecutive month (January to March 2018) the median pay award across the whole economy remains at 2.5% (Incomes Data Research April 2018).

2.6 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period October 2017 to March 2018 is 0.84%. For comparison purposes, for the period October 2016 to March 2017, it was 2.29%.

2.7 Whilst the rate of inflation across the UK fell to 2.7% in February 2018, the National Institute of Economic and Social Research (NIESR) states "*CPI inflation is set to remain stubbornly above the target rate of 2 per cent until at least mid-2019 on our forecast. Household disposable income will be squeezed as a result.*" (NIESR, December 2017).

2.8 LMG Managers received a pay award of 1% for the financial year 1 April 2017 to 31 March 2018 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 £27.9m per annum including on-costs. If the national NJC pay offer were mirrored, this would provide for an offer of 2% in 2018/19, which would cost approximately £0.6m including on-costs. An award of 2% each year, over 2 years, would therefore cost approximately £1.2m including on-costs.

2.10 Revenue budgets for 2018/19 have been prepared with provision for a pay award of 1%, in line with the Government's pay policy for the public sector. However, the provision made for the National Living Wage (NLW) included and is sufficient to fund this additional 1%.

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 In addition, as part of a broader piece of work being undertaken in relation to the market positioning of the Council, Korn Ferry Hay have advised that our LMG grade mid-points fall under the public and not for profit national market data for similar sized roles.

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

3 Conclusion and reasons for recommendations

3.1 In light of the connectivity between the LMG grades and local Single Status grades, along with the benchmarking information as set out in paragraphs 2.11 and 2.12 above, the Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2018/19 as being equivalent to the National pay offer of 2%.

KEVIN FOSTER
Chief Operating Officer

Contact Officers:
Sarah Mainwaring, Head of HR & OD
Tel. No. 01273 482060
Email: sarah.mainwaring@eastsussex.gov.uk

Melanie Funnell, HR Manager
Tel No 01273 481867
Email: melanie.funnell@eastsussex.gov.uk