

**Report to:** Governance Committee  
**Date of meeting:** 17 July 2018  
**By:** Chief Operating Officer  
**Title:** LMG Managers' Pay 2018/19  
**Purpose:** To agree the pay award for LMG Managers for 2018/19

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## **RECOMMENDATIONS**

**The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2018/19 as being 2% (in line with the national NJC award)**

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### **1 Background**

1.1 At its meeting on 26 June 2018, the Governance Committee received a report with regards to the 2018/19 pay offer for LMG Managers to be negotiated with Unison. Following due consideration the Committee agreed the offer to be made as 2%, in line with the national NJC award.

### **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 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.

2.2 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).

2.3 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).

2.4 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period October 17 to March 2018 is 0.84%. For comparison purposes, for the period Oct 16 to March 2017, it was 2.29%.

2.5 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).

## Pay Negotiations 2018/19

2.7 Following the Governance Committee's decision on 26 June 2018, negotiations with UNISON have taken place and local managers have indicated their acceptance of the 2% pay offer, equivalent to the national pay offer for 2018/19.

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

### **3. Recommendation**

3.1 The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2018/19 as being 2% (in line with the national NJC award).

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