

Report to: Governance Committee
Date of meeting: 17 July 2018
By: Head of Human Resources & Organisation Development
Title: Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2018/19
Purpose: To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2018/19.

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 2018/19 as being 2.0% (in line with the recent national awards).

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 this local determination 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 the significant leadership role required to enable the Council to respond to these appropriately.

2 Supporting information

2.1 The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12 month inflation rate was 2.3% in May 2018, up from 2.2% in April 2018 (Office for National Statistics, 13 June 2018). The CPIH rate 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.

2.2 The median pay increase across the economy remains at 2.5% in the three months to the end of April 2018, according to the latest monitored figures from IDR. The proportion of higher awards at or above 3% has increased with these awards accounting for almost a third of all the awards monitored in this period. This compares to just under a quarter of awards recorded at this level for the three months to the end of January (IDS 23 May 2018).

2.3 The median pay award in the private sector was 2.5% over the 12 months to the end of April 2018, compared with 1.1% for public sector staff (XpertHR, May 2018).

2.4 Whilst the rate of inflation across the UK fell to 2.7% in February 2018, the National Institute of Economic and Social Research (NIESR) has stated "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 The national NJC local government services pay award was agreed in April 2018 and in broad terms, provided 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.

2.8 Set against this background, the national JNC pay award for both Chief Executives and Chief Officers have also been agreed as 2% for each year, thereby providing parity with the local government services award.

Benchmarking

2.9 Attached at Appendix 1 is high level benchmarking data in relation to Chief Executives, Chief Officers and Deputies. 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.

2.10 In considering this data further, it is important to recognise that Councils do not have consistent structures so it is not possible to be confident that we are comparing on a 'like for like' basis. It is, however, useful to note that a number of Councils have introduced the role of 'Executive Director' which sits between the Chief Executive and departmental Chief Officers thereby providing additional senior strategic capacity. This is not a layer that exists in East Sussex.

2.11 A further relevant factor is the context in which the Council is currently operating. The scale of the leadership challenge running a complex organisation and services in the face of financial challenge, complex needs and multiple risks is significant. The leadership requirements have never been greater and the ability to work collaboratively and in partnership is vital to support the challenges around service reconfiguration and integration. As such, it is essential that our pay rates are appropriately competitive to enable us to recruit and retain highly skilled and effective leaders to ensure the best delivery of services to the residents of East Sussex.

2.12 The Chief Executive, Chief Officers and Deputy Chief Officers received a pay award of 1% for the financial year 1 April 2017 to 31 March 2018 to mirror the national award. For the year prior to this they received an award of 1%, again, in line with the national pay award.

Financial Implications

2.13 The Chief Executive, Chief Officer and Deputy Chief Officer pay bill is approximately £1.5m per annum including on-costs. If we were to mirror the current national JNC offer, this would provide for an offer of 2%, which would cost approximately £30k including on-costs. This can be met within the agreed revenue budgets for 2018/19.

2.14 Attached at Appendix 2 is a copy of the current Chief Executive, Chief Officer and Deputy Chief Officer salary scales showing the impact of a 2% 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 2018/19 as being 2.0% (in line with the recent national awards).

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