

Report to: Governance Committee

Date of meeting: 22 January 2019

By: Chief Operating Officer

Title: LMG Managers Pay 2019/20

Purpose: To appraise the Governance Committee on the considerations in relation to the LMG pay award for 2019/20.

RECOMMENDATIONS

The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2019/20 as being 2%, in line with the national (NJC) award.

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. 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 October 2017 and October 2018 stood at 2.2% (Office for National Statistics, November 2018); down from 2.8% in October 2017.

2.2 For the three months ending October 2018, the median pay settlement for the private sector was 2.5%, whereas in the public sector it was 2%. The median for the whole economy was 2.3% (Xpert HR, October 2018). Overall, average weekly earnings for employees in Great Britain in real terms (that is, adjusted for price inflation) increased by 0.9% to 2.2% including bonuses compared with a year earlier (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 2018 is 4.03%. For comparison purposes, for the period April to Sept 2017 it was 2.54% and for April to Sept 2016, 2.63%

2.6 The national NJC local government services reached a two-year pay deal in April 2018 covering the period 1 April 2018 to 31 March 2020. The two-year deal provided for pay increases of 2% each year on salaries at the top end of the scale (lower at the bottom to account for national living wage increases).

2.7 LMG Managers received a pay award of 2% for the financial year 1 April 2018 to 31 March 2019 to mirror the national NJC award. It was decided that no decision about the second year (April 2019 to 31 March 2020) would be made at that time to enable the prevailing market position at the relevant time to be taken into account.

Benchmarking

2.8 An assessment of the market position in relation to key LMG grades has been undertaken: firstly, in respect of other local authorities, including our neighbours, and secondly, in respect of a wider public sector dataset through Korn Ferry Hay (KFH), specialist pay consultants.

2.9 Appendix 1 provides high level benchmarking data in relation to other similar sized local authorities and our closest neighbours. As can be seen from this, the LMG grades are within the lower to median quartile range of local authorities.

2.10 Appendix 2 provides high level benchmarking data in relation to the wider public sector dataset provided by KFH. Again, this shows the LMG grades are within the lower to median quartile range, with the majority of grades being in the lower quartile.

2.11 In the context of the core offer and significant financial challenges facing the Council, it is recognised that there is a level of scrutiny on pay for managers. It is, however, equally important that the Council is able to attract and retain high calibre staff to manage the complex range of services provided by the Council. Whilst acknowledging that pay is only one element of the overall employment package, it is, nonetheless, an important one. Both sets of benchmarking data show that pay for our managers is in the lower to median quartile ranges. Given this backdrop, it would seem appropriate to offer a 2% pay award as provided for in the second year of the national pay award. On LMG1, this would equate to a per annum increase of £828 gross; on LMG5, £1329 gross.

Financial Implications

2.8 The LMG pay bill is approximately £26.4m per annum including on-costs. If the national NJC pay award were mirrored, this would provide for an offer of 2% in 2019/20, which would cost approximately £528,500 including on-costs.

2.9 Revenue budgets for 2019/20 have been prepared with provision for a pay award of 2%.

2.10 Attached at Appendix 3 is a copy of the current LMG salary scales showing the impact of a 2% uplift.

3. Recommendations

3.1. The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2019/20 as being 2% (in line with the national NJC award).

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