

Report to: Governance Committee

Date of meeting: 2 October 2020

By: Chief Operating Officer

Title: LMG Managers Pay 2020/21

Purpose: To appraise the Governance Committee on the considerations in relation to the LMG pay award for 2020/21.

RECOMMENDATIONS

The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2020/21 as being 2.75%, 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 seeking agreement to the offer and the second, finalising the offer following local negotiations with Unison who are recognised for the purposes of pay bargaining on behalf of LMG Managers.

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 savings pressures and the significant financial challenges facing the Council, as well as any Government pay policy for the public sector. In addition, this pay award covers the COVID-19 response period and given the significant impact and requirements of this, is also relevant to these considerations.

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 August 2019 and July 2020 stood at 1.4% (Office for National Statistics, August 2020); down from 2% between August 2018 and July 2019.

2.2. For the three months ending July 2020, the median pay award for the whole economy was 0.5%, although this is due to a number of organisations having not yet agreed a pay award (Xpert HR, August 2020). The public sector organisations that have agreed a pay award include: Teachers (2.75%), armed forces (2%), prisons (2.5%), doctors and dentists (2.8%). Pay awards in the private

sector in the last 12 months, ending July, averaged 2.2%. Overall, average weekly earnings for employees in Great Britain in real terms (that is, adjusted for price inflation) decreased by 2% to -2.2% including bonuses compared with a year earlier. The overall decrease of average weekly earnings is a result of service and manufacturing closures and bonuses not being paid during the last quarter (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 August 2020 is 0.97%. However, as already noted, this period covers the key period of lockdown due to the COVID-19 pandemic, which explains the very low figure. As such, this is not reflective of the usual position.

Pay Negotiations 2020-21

2.4. The national NJC local government services reached a one year pay deal in August 2020 covering the period 1 April 2020 to 31 March 2021. The deal provided for a pay increase of 2.75% plus, from April 2020, an increase to the basic annual leave entitlement to 22 days per year for employees with less than five years service. In East Sussex, this only applies to staff on grades SS1 to SS8 with less than five years service; all other annual leave entitlements are already 22 days or higher.

2.5. LMG Managers received a pay award of 2% for the two years 2018/19 and 2019/20 to mirror the national NJC award. For each of the previous two years 16/17 and 17/18 LMG Managers received a pay award of 1%, again in line with the national NJC award.

Benchmarking

2.6. An assessment of the market position in relation to key LMG grades has been undertaken in respect of other local authorities, including our neighbours.

2.7. 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 middle mean range of local authorities.

2.8. 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. Whilst acknowledging that pay is only one element of the overall employment package, it is, nonetheless, an important one. Alongside this, it is also important to note the critical role played by our LMG Managers in shaping and managing the Council's response to Covid-19. This has included setting up new services to protect and support our most vulnerable residents, as well as changing and adapting services to meet the changed circumstances and operating context. These managers will continue to play a key role in the reset and recovery arrangements as we move forward.

2.9. Given this background and other public sector pay settlements, it would seem appropriate to offer a 2.75% pay award to mirror the national NJC pay award.

Financial Implications

2.10. The LMG pay bill is approximately £26.7m per annum including on-costs. If the national NJC pay award were mirrored it would cost approximately £776k including on-costs. Revenue budgets for 2020/21 have been prepared with provision for a pay award of 2.75%.

2.11. Attached at Appendix 2 is a copy of the current LMG salary scales showing the impact of a 2.75% uplift.

3. Recommendations

3.1. The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2020/21 as being 2.75%, in line with the national NJC award.

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