

**Report to:** Governance Committee

**Date of meeting:** 10 November 2020

**By:** Head of Human Resources and Organisation Development

**Title:** Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2020/21

**Purpose:** To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2020/21.

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## **RECOMMENDATIONS**

**The Governance Committee is recommended to agree the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2020/21 as 2.75%, in line with the national NJC and JNC awards.**

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### **1 Background**

1.1 Chief Officers' pay is locally determined and any annual increases approved by this Committee normally take effect on 1 April.

1.2 The national (NJC and JNC) pay awards are 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.

1.3 Set against this background, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers has therefore historically mirrored the national awards. Any consideration of a pay increase should, however, take into account future savings requirements and the significant financial challenges facing the Council.

### **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% in between August 2018 and July 2019.

2.2 Ending July 2020, 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). Pay awards in the private sector in the last 12 months, ending July 2020, averaged 2.2%. The public sector organisations that have so far agreed a pay award for 20/21 include: armed forces (2%), prisons (2.5%), doctors and dentists (2.8%) and the NJC and JNC for local government (2.75%).

#### Pay Negotiations 2020-21

2.3 As noted above, the national NJC local government services pay award has been agreed as 2.75% and set against that background, the national JNC pay awards for both Chief Executives and

Chief Officers of Local Authorities were also agreed as 2.75%, thereby providing parity with the local government services award.

#### Benchmarking

2.4 An assessment of the market position in relation to the Chief Executive, Chief Officers and Deputies' pay levels has been undertaken. Attached at Appendix 1 is high level benchmarking data in relation to other similar sized local authorities and our closest neighbours. As can be seen from this, the Chief Officer and Deputy grades are within the middle mean range of local authorities. For the Chief Executive, the substantive pay is also within the middle mean range.

2.5 In considering this data further, it is important to recognise that Councils do not have consistent staffing 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 generally exists within East Sussex.

2.6 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. Working collaboratively and in partnership is vital to support the challenges around service reconfiguration and integration and our senior leaders have significant external facing roles in addition to the services they manage. The position this year has been made even more complex as a result of Covid-19 and the Chief Executive and Chief Officers have played a critical role in leading the County Council's response, as well as the wider partnership response, at a local level. This will continue as we work through the reset and recovery arrangements whilst remaining ready to respond to the second wave.

2.7 It is recognised that there is a level of scrutiny on pay for senior officers. It is, however, equally important that the Council is able to attract and retain high calibre staff to ensure the best delivery of services to the residents of East Sussex. Whilst acknowledging that pay is only one element of the overall employment package, it is, nonetheless an important one. Given the current operating context, it is essential that our pay rates are appropriately competitive.

2.8 Given this backdrop, it would seem appropriate to offer a 2.75% pay award to mirror the national NJC and JNC pay awards. The Committee will be aware that at its meeting on 28 January 20, it agreed an additional payment to be made to the Chief Executive in recognition of the significant additional responsibilities arising from being appointed as shared Chief Executive across both East and West Sussex County Councils. As an element of pay, it is appropriate that any increase agreed applies equally to this additional payment.

### **3. Conclusion and reasons for recommendations**

3.1 At its meeting on 2 October 2020 the Governance Committee considered a report in relation to the pay offer to be made to LMG Managers and following due consideration, agreed the offer as 2.75%, in line with the national NJC award. This consideration is equally valid in relation to the pay position for the Chief Executive, Chief Officers and Deputies and as such, the Governance Committee is recommended to agree a pay award of 2.75% for 2020/21 for the Chief Executive, Chief Officers and Deputy Chief Officers.

**SARAH MAINWARING**

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