

Report to: Governance Committee

Date of meeting: 22 March 2022

By: Chief Operating Officer

Title: LMG Managers Pay 2021/22

Purpose: To appraise the Governance Committee on the considerations in relation to the LMG pay award for 2021/22.

RECOMMENDATIONS

The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2021/22 as being 1.75%, 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.

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 rose by 4.9% in the 12 months to January 2022, up from 4.8% in the 12 months to December 2021. On a monthly basis, CPIH increased by 0.5% in December 2021, compared with a rise of 0.2% in December 2020 (Office for National Statistics). The Bank of England expects inflation to reach more than 7% by Spring.

2.2. In October to December 2021, growth in average total pay (including bonuses) was 4.3% and growth in regular pay (excluding bonuses) was 3.7%. Average total pay growth for the private sector was 4.6% in October to December 2021, while for the public sector, it was 2.6% (ONS statistical bulletin). The median pay award across the UK in the three months to the end of January rose to 3% a strong increase from 2% in the last three months of 2021 and the greatest since December 2008 (Xpert HR, 17 February 22)

2.3. The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period July to December 2021 is 3.87%. This is relatively high in comparison to previous years: for July to December 2020 it was 1.10% and for July to December 2019, 2.55% (nb the July to December 2020 period covers the Covid-19 pandemic so is unlikely to be reflective of the usual position).

Pay Negotiations 2021/22

2.4. The national NJC local government services finally reached a pay deal on 28 February 2022 after a protracted period of negotiations, including the trade unions unsuccessfully balloting for industrial action. The pay deal provides for a 1.75% increase and covers the period 1 April 2021 to 31 March 2022.

2.5. LMG Managers received a pay award of 2.75% in 2020/21 to mirror the national NJC award. For each of the previous two years of 2019/21 and 2018/19, LMG Managers received a pay award that likewise mirrored the national NJC award.

Benchmarking

2.6. In previous years, benchmarking information in relation to other Council's has been provided. It is important, however, to recognise that Councils do not have consistent staffing structures and it is therefore difficult to be confident that we are comparing on a 'like for like' basis. Alongside this, given the overlap between the top of the local East Sussex Single Status grades and bottom of the LMG grades, the national pay award needs to be mirrored for LMG1 and LMG2 in any event in order to maintain appropriate differentials.

2.7. Nonetheless, in order to provide the Committee with an understanding of the local market position, attached at Appendix 1 is an assessment detailing the comparison in relation to the key LMG grades 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. A further relevant factor is the context in which the Council has been operating over the previous 12 months. LMG Managers have played a critical role in shaping and managing the Council's response to Covid-19, often in a significantly changing landscape. This has included changing and adapting services to ensure they continue to meet the needs of our residents and these managers will continue to play a key role in the reset arrangements as we move beyond Covid-19.

2.9. Given this background and other public sector pay settlements, it would seem appropriate to offer a 1.75% pay award to mirror the national NJC pay award.

Financial Implications

2.10. The LMG pay bill is approximately £35.9m per annum including on-costs. If the national NJC pay award were mirrored it would cost approximately £0.6m including on-costs. Revenue budgets for 2021/22 have been prepared with provision for a pay award of 2% (£0.7m) and therefore fully cover a 1.75% pay award.

2.11. Unfortunately, as a consequence of the significant delay in the national agreement being reached, it is not now possible to make a pay award to LMG Managers in time for March salaries in light of both our governance arrangements and the Payroll deadline for March. This therefore means that any arrears of pay will be subject to the new 1.25% national insurance increase as a result of the government's new health and social care levy. In terms of sizing the impact, the arrears of pay due on a salary of £50,000 would be £875 gross. The additional amount in NI that would be paid on the arrears is approximately £10.94.

2.12. Attached at Appendix 2 is a copy of the current LMG salary scales showing the impact of a 1.75% uplift.

3. Recommendations

3.1. The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2021/22 as being 1.75%, in line with the national NJC award.

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