

**Report to:** Governance Committee

**Date of meeting:** 19 April 2022

**By:** Assistant Director, Human Resources and Organisation Development

**Title:** Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2021/22

**Purpose:** To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2021/22

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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 2021/22 as 1.5%, in line with the national JNC awards.**

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### 1 Background

1.1 Chief Officers' pay is locally determined and any annual increases approved by this Committee are effective from the 1 April of the relevant pay year.

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, as well as the wider market position.

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 the wider public sector context and the future 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 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 During the 3 month period November 2021 to January 2022, growth in average total pay (including bonuses) was 4.8% and growth in regular pay (excluding bonuses) was 3.8%. During the same period, average total pay growth for the private sector was 5.8% and for the public sector, 2.4% (ONS statistical bulletin). The median pay award across the UK in the three months to the end of January 2022 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 2022).

#### National Pay Negotiations 2021-22

2.3 Whilst the national NJC local government services pay award has been agreed as 1.75%, the national JNC pay awards for both Chief Executives and Chief Officers of Local Authorities have been agreed as 1.5%.

#### Benchmarking

2.4 In previous years, benchmarking information in relation to other Councils has been provided. It is important, however, to recognise that Councils do not have consistent staffing structures and it is

therefore very difficult to be confident that we are comparing on a 'like for like' basis. For example, it is worth noting 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 within East Sussex.

2.5 In order to provide the Committee with an understanding of the local market position, attached at Appendix 1 is an assessment showing the comparison in relation to the Chief Executive, Chief Officers and Deputies' pay and our closest neighbours.

2.6. A key relevant factor is the context in which the Council is 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 during 2021/22 was even more complex as a result of Covid-19 and the Chief Executive and Chief Officers played a critical role in leading the County Council's response, as well as the wider partnership response, at both a local and national level. This will continue as we work through the reset and recovery arrangements as we move beyond Covid-19.

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 1.5% pay award to mirror the national JNC Chief Executives and Chief Officers pay awards. The Committee will be aware that at its meeting on 28 January 2020, 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.

### Financial Implications

2.9 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 1.5%, which would cost approximately £22.5k including on-costs. Revenue budgets for 2021/22 have been prepared with provision for a pay award of 2% and therefore fully cover a 1.5% pay award.

2.10 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 1.5% uplift.

2.11 Unfortunately, as a consequence of the significant delay in the national agreement for local government staff being reached, it was not possible to make a pay award in time for March salaries. This therefore means that 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 £100,000 would be £1,500 gross. The additional amount in NI that would be paid on the arrears is approximately £18.75.

## **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 2021/22 as being 1.5%.

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