

**Report to:** Governance Committee

**Date of meeting:** 13 December 2022

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

**Title:** Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2022/23

**Purpose:** To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2022/23

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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 2022/23 to mirror the national (NJC and JNC) pay awards as set out in paras 2.4 and 2.6 below.

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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 9.6% in the 12 months to October 2022, up from 8.8% in September 2022. On a monthly basis, CPIH rose by 1.6% in October 2022, compared with a rise of 0.9% in October 2021 (Office for National Statistics Nov 22).

2.2 Growth in average total pay (including bonuses) was 6.0% and growth in regular pay (excluding bonuses) was 5.4% among employees in June to August 2022; this is the strongest growth in regular pay seen outside of the coronavirus (COVID-19) pandemic period. Growth in total and regular pay fell in real terms (adjusted for inflation) on the year in June to August 2022, at 2.4% for total pay and 2.9% for regular pay. Whilst this is slightly smaller than the record fall in real regular pay in April to June 2022 (3.0%), it remains among the largest falls in growth since comparable records began in 2001 (ONS Nov 22).

2.3 Average regular pay growth for the private sector was 6.2% in June to August 2022, and 2.2% for the public sector; outside of the height of the pandemic period, this is the largest growth seen for the private sector and the largest difference between the private sector and public sector (ONS Nov 22).

## National Pay Negotiations 2022/23

2.4 The national NJC local government services reached a one year pay deal covering the period 1 April 2022 to 31 March 2023. The deal provides for:

- an increase of £1,925 on all NJC pay points with effect from 1 April 2022
- an increase of 4.04% on all allowances (eg sleep-in duty etc) with effect from 1 April 2022
- an increase of one day to all employees' annual leave entitlement with effect from 1 April 2023.

2.5 It is worth noting that the deal is for a one-off amount rather than a percentage increase which means it has a differential value across the pay structure.

2.6 The JNC for Chief Officers of Local Authorities and the JNC for Chief Executives of Local Authorities have both also agreed their respective 2022/23 pay awards as being an increase of £1,925 on basic salary with effect from 1 April 2022.

## Benchmarking

2.7 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.

2.8 In order to provide the Committee with an understanding of the local market position and subject to the above, attached at Appendix 1 is high level benchmarking data showing the comparison in relation to the Chief Executive, Chief Officers and Deputies' pay and our closest neighbours.

2.9 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 delivery and integration and our senior leaders have significant external facing roles in addition to the services they manage. The Chief Executive and Chief Officers are critical to ensuring the continued delivery of our essential services to the residents of East Sussex.

2.10 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 significant recruitment and retention challenges, it is essential that our pay rates are appropriately competitive.

2.11 Given this backdrop, it would seem appropriate to offer a pay award that mirrors the national pay awards agreed.

2.12 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. Whilst in previous years, as an element of pay, the percentage increase has been applied to this additional payment, as this pay award is a one-off payment, it is not proposed to apply it to the additional payment.

## Financial Implications

2.13 The estimated impact of mirroring the national pay award to the Chief Executive, Chief Officer and Deputy Chief Officer pay bill is £20k per annum including on-costs. This is fully provided for in the MTFP.

2.14 Attached at Appendix 2 is a copy of the current Chief Executive, Chief Officer and Deputy Chief Officer salary scales showing the impact of an increase of £1,925, along with the respective percentage increase for each pay point.

### **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 2022/23 as being in line with the national (NJC and JNC) pay awards as set out in paras 2.4 and 2.6 above.

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