

Report to: Governance Committee

Date of meeting: 28 November 2023

By: Chief Operating Officer

Title: LMG Managers Pay 2023/24

Purpose: To appraise the Governance Committee on the considerations in relation to the LMG pay offer for 2023/24.

RECOMMENDATIONS

The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2023/24 to mirror the national (NJC) award, as set out in paragraph 2.6 of the report.

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/Senior Social Workers 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 12 month rate rose by 6.3% in the 12 months to September 2023. On a monthly basis, CPIH rose by 0.5% in September 2023, compared with a rise of 0.4% in September 2023 (ONS September 2023).

2.2. Annual growth in regular pay (excluding bonuses) was 7.8% in June to August 2023, similar to recent periods and one of the highest regular annual growth rates since comparable records began in 2001. Annual growth in real terms (adjusted for inflation using Consumer Prices Index including owner occupiers' housing costs (CPIH)) for total pay rose on the year by 1.3% in June to August 2023, and for regular pay rose on the year by 1.1%.

2.3. Annual average regular pay growth for the public sector was 6.8% in June to August 2023 and is the highest regular annual growth rate since comparable records began in 2001; for the private sector this was 8.0% and among the largest annual growth rates seen outside of the

coronavirus (COVID-19) pandemic period (ONS October 23).

2.4. The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period April to September 2023 was 2.05%. For comparison purposes, for the half year April to September 2022 it was 3.73%.

Pay Negotiations 2023/24

2.5. The national NJC local government services reached a one year pay deal on 1 November 2023 covering the period 1 April 2023 to 31 March 2024. The deal provides for:

- an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive.
- an increase of 3.88% on all pay points above the maximum of the pay spine but graded below deputy chief officer
- an increase of 3.88% on all allowances

2.6. In considering how this would translate into our local LMG pay arrangements, in order to ensure that relativities within the pay structure do not widen and the national pay award is mirrored, the offer to LMG Managers would be:

- an increase of £1,925 on LMG1 pay points 5 to 8 and LMG2 pay points 9 and 10
- an increase of 3.88% on LMG2 pay points 11 and 12, and all pay points on grades LMG3 to LMG8

Attached at Appendix 1 is a copy of the LMG pay scales showing the impact of this.

Benchmarking

2.7. The very different organisational structures and job roles that exist across different Councils make benchmarking challenging as it is difficult to be confident that we are comparing on a 'like for like' basis. However, many Councils, and indeed other organisations, use the Korn Ferry (previously Hay) grading system. This provides a consistent framework in which the relative 'size' of jobs are assessed and as such, provides for more robust benchmarking data.

2.8. In light of this and in support of the wider work being undertaken in response to the recruitment and retention challenges facing the Council, Korn Ferry have been commissioned to provide an expert and independent market assessment of our pay rates. In recognising that the Council is a large employer with a diverse range of jobs and professions, the market assessment is being undertaken against both the public sector and private sector. The outcome of this benchmarking will be available for the Committee at its meeting on 28th November 2023.

2.9. It is recognised that there is rightly 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. This is especially the case given the current significant recruitment challenges and competitive recruitment environment. 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 ensuring the continued delivery of our essential services to the residents of East Sussex.

2.10. Given this background and other public sector pay settlements, it would seem appropriate to offer a pay award that mirrors the national NJC pay award.

Financial Implications

2.11 The estimated impact of mirroring the NJC Pay award to the LMG pay bill is approximately £1.7m per annum including on-costs. This is fully provided for in the MTFP.

3. Recommendations

3.1. The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2023/24 to mirror the national NJC award as set out in paragraph 2.6 above.

ROS PARKER

Chief Operating Officer

Contact Officers:

Sarah Mainwaring, Assistant Director, HR & OD
Reward

Email: sarah.mainwaring@eastsussex.gov.uk

Ruth Wilson, Lead Consultant, Pay and

Email: ruth.wilson@eastsussex.gov.uk