

**Report to:** Governance Committee

**Date of meeting:** 13 November 2024

**By:** Chief Operating Officer

**Title:** LMG Managers Pay 2024/25

**Purpose:** To appraise the Governance Committee on the considerations in relation to the LMG pay offer for 2024/25 and to seek agreement to make an offer.

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## **RECOMMENDATION:**

**The Governance Committee is recommended to agree the pay offer to LMG Managers for the financial year 2024/25 to mirror the national (NJC) award, as set out in paragraphs 2.5 and 2.6.**

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### **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. This report seeks agreement to the offer, and following local negotiations with Unison, who are recognised for the purposes of pay bargaining on behalf of LMG Managers, the Committee will receive a further report setting out the outcome of the negotiations and a recommended pay award.

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 rate rose by 2.6% in the 12 months to September 2024, down from 3.1% in August. On a monthly basis, CPIH rose by 0.1% in September 2024, down from 0.5% in September 2023 (ONS October 24).

2.2 Annual growth in employees' average regular earnings (excluding bonuses) was 4.9%; growth was last lower than this in April to June 2022, when it was 4.7%. Annual growth in total earnings (including bonuses) was 3.8%; this total growth rate is affected by the NHS and civil service one-off payments made in June, July and August 2023.

2.3 Annual growth in real terms, adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH), was 1.9% for regular pay and 0.9% for total pay. Annual average regular earnings growth for the public sector was 5.2%, down on the previous three-month period when it was 5.7%; for the private sector this was 4.8%, with growth

last lower than this in December 2021 to February 2022 (4.6%) (ONS October 24).

2.4 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period April to September 2024 was 2.4%. For comparison purposes, for the half year April to September 2023 it was 2.05%.

#### Pay Negotiations 2024/25

2.5 The national NJC local government services reached a one year pay deal on 22 October 2024 covering the period 1 April 2024 to 31 March 2025. The deal provides for:

- an increase of £1,290 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 inclusive, effective from 1 April 2024;
- an increase of 2.5% on all pay points above the maximum of the pay spine but graded below deputy chief officer, effective from 1 April 2024; and,
- an increase of 2.5% on all allowances, with effect from 1 April 2024.

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 £1,290 on LMG1 pay points 5 to 8 and LMG2 pay points 9 and 10
- an increase of 2.5% 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. 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 grades LMG1 and LMG2 in any event in order to maintain appropriate differentials.

2.8 In order to provide the Committee with an understanding of the local market position, high level benchmarking data is attached at Appendix 2. This shows the position of key LMG grades in comparison to our closest neighbours. As can be seen from this, 'Team Managers' and 'Assistant Directors' broadly fall within the median range, whereas 'Operations Managers' and 'Heads of Service' are below the median range.

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 the high calibre staff it needs. This is especially the case given the current competitive recruitment environment and challenges for a number of our key posts, alongside the demands on managers in the context of the significant financial challenges facing the Council. 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 to LMG Managers 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 £1.141m 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 2024/25 to mirror the national NJC award as set out in paragraphs 2.5 and 2.6 above.

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