

Report to: Governance Committee
Date of meeting: 26 January 2016
By: Chief Operating Officer
Title: Local Managers' Pay (LMG) 2016/17
Purpose: To agree a pay proposal for LMG Managers in 2016/17 for negotiation with Unison

RECOMMENDATIONS

The Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2016/17 as being equivalent to the National pay offer when known.

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, in January, seeking agreement to the offer and the second, in March, finalising the offer following local negotiations with Unison in January/February.

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. Any consideration of a pay increase must, however, take into account the savings targets and significant financial challenges facing the Council, as well as any Government pay policy for the public sector.

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. The CPI 12 month rate (the amount prices changed over the year between Nov 14 and Nov 15) stood at 0.1%. CPI is the inflation measure used in the Government's target for inflation and for purposes such as uprating pensions, wages and benefits.

2.2 For the three months ending October 2015, the median pay settlement for the private sector was 1.6%, whereas in the public sector it was 1.8%. The median for the whole economy is 2%. Total pay in the public sector (average weekly earnings including bonuses) grew by 1.2% when compared with a year earlier over the three months to September 2015. In contrast, total pay in the private sector rose by 3.4% over this period. (Labour market statistics, ONS)

2.3 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period April to September 2015 is 3.6%. For comparison purposes, for the period April to September 2014 it was 3.58% and for April to September 2013, 4.87%.

Pay Negotiations 2016/17

2.7 National negotiations on the NJC local government services pay award are currently progressing, with an offer of a two-year deal made to the NJC Trade Union Side. This proposes a bottom-loaded, tapering increase ranging from 6.6% in year 1 (3.4% in year 2) to the bottom spinal column point, up to 1% for spinal column points 13 and above. This takes the hourly rate of the bottom spinal column point above the new National Living Wage hourly rate of £7.20 (from 1 April 2016). The total increase to the national pay bill resulting from this offer is 2.4% over the two year

period from 1 April 2016 to 31 March 2018. It should, however, be noted that the negotiations are still on-going, with national TUs currently considering their response to the offer.

2.8 LMG Managers received an overall pay award of 2.20% for the two year period 1 April 2015 to 31 March 2016, the same as the national award for spinal column points 11 and above.

Financial Implications

2.9 The LMG pay bill is approximately £29.8m per annum including on-costs. If we were to mirror the current national NJC offer, this would provide for an offer of 1%. A 1% increase would cost approximately £298k including on-costs. Revenue budgets for 2016/17 have been prepared with provision for a pay award of 1%, in line with the Government's pay policy for the public sector.

2.10 Appendix 1 provides high level benchmarking data in relation to the key LMG grades. As can be seen from this, the LMG grades are broadly in line with our neighbours. Currently, none have determined their pay offer for 2016/17, but have informally noted that they would expect this to be heavily influenced by the national position.

2.11 Attached at Appendix 2 is a copy of the current LMG salary scales along with the impact of a 1% uplift.

3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to determine the pay offer for LMG Managers to be negotiated with Unison for 2016/17 as being equivalent to the National pay offer when known.

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