

Report to: Governance Committee
Date of meeting: 8 March 2016
By: Interim Assistant Director, Personnel & Training
Title: Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2016/17
Purpose: To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2016/17.

RECOMMENDATIONS

The Governance Committee is recommended to defer consideration of the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17, until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award.

1 Background

1.1 Chief Officers' pay is locally determined and annual increases approved by this Committee normally take effect on 1 April.

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. Historically, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers has generally mirrored the national award.

1.3 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)

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. At present this offer is subject to ongoing negotiations between national employers' and national staff side representatives.

2.8 The Chief Executive, Chief Officers and Deputy Chief Officers 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

2.10 The Chief Executive, Chief Officer and Deputy Chief Officer pay bill is approximately £1.27m 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 £12.7k 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.

2.11 Appendix 1 provides high level benchmarking data in relation to key Chief Executive, Chief Officer and Deputy Chief Officer pay. As can be seen from this, pay is 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 Chief Executive, Chief Officer and Deputy Chief Officer salary scales.

3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to defer consideration of the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17, until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award.

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