

Report to: Governance Committee
Date of meeting: 12 July 2016
By: Head of Human Resources and Organisational Development
Title: Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2016/17
Purpose: To determine the pay award for the Chief Executive, Chief Officers and Deputies for 2016/17.

RECOMMENDATIONS

The Governance Committee is recommended to determine the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17 as being equivalent to the national pay award for 2016/17 of 1%.

1 Background

1.1 At its meeting on 8 March 2016 the Committee received a report with regards to the pay award to be made to the Chief Executive, Chief Officers and Deputy Chief Officers for 2016/17.

1.2 At that time, the national NJC pay award had not been agreed and the Committee's decision therefore was to defer consideration of the pay offer until the level of the national pay award was known and for this to be on the basis that no obligation was given to accepting parity with the national award.

1.3 The national 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.

1.4 Set against this background, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers 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, the Government's pay policy for the public sector, as well as the broader market position and comparability of our salaries in this context.

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 May 2015 and May 2016) stood at 0.3%. 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 31 May 2016 the median pay settlement for the private sector was 1%, whereas in the public sector it was 2%. The median pay settlement for the whole economy was 1.7%. (ONS, June 2016)

2.3 Across the whole economy, between February to April 2015 and February to April 2016, in nominal terms, i.e. not adjusted for CPI, total pay (average weekly earnings including bonuses) increased by 2.0%. Comparing the 3 months to April 2016 with the same period in 2015, real average weekly earnings (total pay), adjusted for CPI, grew by 1.6%. (ONS, June 2016)

2.4 Total pay in the public sector (average weekly earnings including bonuses) grew by 1.7% when compared with a year earlier over the three months to April 2016. In contrast, total pay in the private sector rose by 2.1% over this period. (LGA, June 2016)

Pay Negotiations 2016/17

2.5 National negotiations for the NJC local government services pay award have now concluded and an agreement reached.

2.6 The award covers the two year period from 1 April 2016 until 31 March 2018 and essentially provides for a 1% increase each year. Higher increases are made at the bottom end of the pay spine to meet the requirements of the new National Living Wage. In light of this, at its meeting on 3 June 2016, the Committee agreed the pay offer for LMG Managers, for negotiation with Unison, as being equivalent to the national pay offer of 1%.

2.7 In addition, it is worth noting that the JNC for Local Authority Chief Executives also agreed a two year pay deal of 1% for April 2016 and 1% for April 2017.

Financial Implications

2.5 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 and LMG Managers 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.

2.6 Appendix 1 provides high level benchmarking data in relation to key Chief Executive, Chief Officer and Deputy Chief Officer pay. Whilst it is difficult to compare on an exact 'like for like' basis given the very different organisational structures operating in Councils, it is worth noting that the benchmarking work undertaken has shown that in comparison with some Councils, there are fewer senior leadership roles in East Sussex with greater breadth of responsibility. Set against this background, our pay is broadly in line with our neighbours. It is also worth noting that both Brighton & Hove and Kent have determined their pay awards for posts at this level as 1% for this financial year.

2.7 Attached at Appendix 2 is a copy of the current Chief Executive, Chief Officer and Deputy Chief Officer salary scales along with the impact of a 1% uplift.

3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to agree the pay offer for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17 as being equivalent to the national pay award for 2016/17 of 1%.

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