Officers' Side of the Joint Negotiating Committee for Chief Officers of Local Authorities: England and Wales

JNC PAY CLAIM 2020/21

The JNC Officers' Side is submitting the following pay claim for our members covered by the Joint Negotiating Committee for Chief Officers of Local Authorities:

1. **A substantial increase on all salaries and relevant allowances**
   We note the 10% pay claim made by the Staff Side of the NJC for Local Government Services, and we expect parity of treatment for all local government employees.

2. **A joint survey of all local authorities to establish the extent of the gender pay gap among Chief Officers across local authorities, and a commitment to a joint approach to removing the gender pay gap.**

3. **A commitment to agree a new package to improve Chief Officers' work-life balance**
   This should include (but not be limited to) an increase in annual leave of one day, and a commitment to incorporate binding rules on working hours into the JNC agreement

Key points from our claim

Chief Officers are due a real wage award

- Talented and well-motivated senior managers are needed as workloads continue to increase.
- By next April, the pay of Chief Officers earning below £100,000 will have plummeted in real terms by **22 per cent** since April 2008 while comparable private sector rates have increased.
- Chief Officers contribute significant added value (including through high rates of unpaid overtime) that have not been recognised in previous pay settlements.

Elsewhere, earnings to rise in 2020

- Senior public-sector managers continue to earn significantly less than private-sector counterparts: an award below the wider NJC ('Green Book') rate will lead to a further widening of this gap.
- The Government has announced that the public sector pay cap has been lifted and that austerity is over.
- Average earnings across the economy are expected to rise by 3 per cent next year.

Prices to increase

- The 12-month inflation rate is forecast to increase to be nearly 3 per cent in 2020.

It's time for employers to recognise in this year's pay round the enormous efforts made by Chief Officers to keep local government working in a time of continued austerity.

Background

The real value of Chief Officers' pay has been severely eroded. Following five years of frozen pay, Chief Officers have continued to receive sub-inflation pay settlements, while the Retail Price Index is projected to have risen by 38.4 per cent between the start of the imposition of pay constraints and the end of the current financial year.

By the end of the current pay deal, the real salaries of Chief Officers who earn less than £100,000 will have fallen by **22 per cent** since April 2008 (and the real pay of those earning more than £100,000 will have fallen by **23 per cent**).

Chief Officers regularly work beyond their contractual obligations and contribute significant goodwill in the form of unpaid overtime to local authorities. Contrary to some media reports, Chief Officers pay rates are below comparable private sector rates. The Communities and Local Government Select Committee found in 2014 that:

'Salary levels for local government sector senior posts are significantly lower than those in the private sector … even taking account of enhanced pension provision, packages remain much lower for a top council post when compared to the packages on offer for top private sector staff.'[i]

The earnings gap has only widened since then. The basic earnings of private sector chief officers (defined as 'other executive directors' of FTSE 250 companies) rose by **29.5 per cent** between 2012 and 2018 and gross earnings (not including pension contributions) more than doubled.[ii] The LGA's own recent research found that executive pay in local government is substantially lower than comparable private sector rates.[iii]

A decade of austerity has significantly added to the stress levels and workload burdens of Chief Officers. Central Government funding fell by approximately 50 per cent between 2010/11 and 2017/18 and spending power fell by an estimated 29 per cent over the same period.[iv] 889,000 fewer people are directly employed by local authorities across the UK in June 2019 compared to June 2010, despite a heavy increase in demand on services.[v]

Workload

It is well known that public sector managers regularly work beyond their contracted hours. Job cuts and rising demand have increased the workload pressures on Chief Officers. Many Chief Officers now have job descriptions that cover roles previously carried out by several colleagues. Local authorities could not function without the goodwill that this unpaid contribution represents, but there is a finite limit to the additional hours that Chief Officers can absorb.

Our members have long reported having to work regular extensive unpaid overtime. In 2015, a UNISON survey found that 47% of Chief Officers worked 10 or more hours a week on top of their contracted hours, in a typical week**. The overwhelming majority** of respondents to GMB's 2018/19 survey reported that workload had increased and 52 per cent said this had negatively impacted on their performance.

More recently, analysis of official data drawn from the ONS's Labour Force Survey (LFS) confirms that this problem continues. Although the survey is believed to under-report unpaid overtime working, 38 per cent of local government managers, directors and senior officials, and 48 per cent of social services directors and senior managers captured by the LFS reported that they regularly worked unpaid overtime.

Chief Officers in this group who worked unpaid overtime contributed an additional 7.5 hours a week on average. This means that on average, Chief Officers are working an additional 20% on top of their contracts, without pay. In this context, the Officers' Side believes that our claim for a substantial increase on all salaries and relevant allowances is both limited and reasonable.[vi]

The massive workloads now experienced by Chief Officers are not sustainable. They are causing huge amounts of workplace stress, and it is only the goodwill of employees that is preventing a crisis that would see essential leadership and decision-making not take place. The Officers' Side is therefore calling on the Employers to agree a package designed to improve our members' work-life balance. This should include an increase of annual leave of one day, so that our members can see that their employers take their work-life balance seriously. But it should also include the negotiation of binding rules on work-life balance, within the JNC agreement itself. It has become clear that reminding local authorities of their responsibilities for employees' well-being has not been enough, and it is now time that the rules themselves are tightened up.

Within this framework, there should be guidance with examples of how local authorities could improve their practices.

One example of good practice comes from Gosport. Several years ago, the authority reached an agreement under which Chief Officers are recompensed for attending evening meetings (eg council meetings). Employees can opt for time off in lieu, or payment at agreed set levels. In addition, for other out of hours activities, the authority established a checklist of appropriate recompense. The appropriate recompense depends on whether attendance is covered by contractual requirements, and may involve time off in lieu, planned overtime or attendance allowance as detailed above.

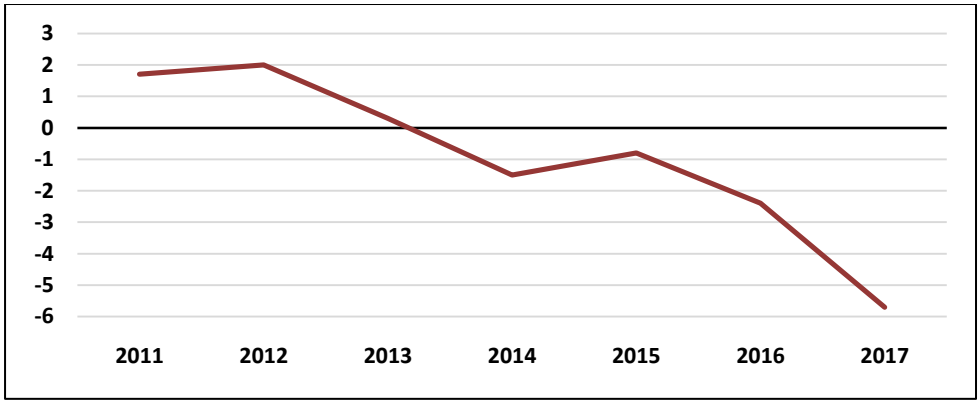
Pay and cost of living trends

Public sector pay

In November 2017 the Government announced that it was lifting the public sector pay cap but pay offers since that date have not begun to reverse the damage to public sector workers' quality of life inflicted by years of real terms cuts.

It is clear that public sector pay has fallen below comparable private sector rates. Official estimates demonstrate that public sector pay rates are now uncompetitive. According to the most recent ONS modelling, public sector pay (including overtime and bonuses) was 5.7 per cent below comparable private sector rates in 2017 (the latest year for which figures are available).

ONS weighted estimate of the public/private percentage pay differential[vii]



Public sector pay rates should – at the very least – be competitive with appropriate private sector comparators. When public authorities are unable to recruit and retain, services are impaired and morale falls. 78 per cent of all local authorities (and 85 per cent of unitary and upper-tier employers) say they are experiencing recruitment and retention difficulties.[viii]

As discussed above, heavy workload is another cause of significant recruitment and retention challenges. **62 per cent** of respondents to GMB's 2018/19 survey of Chief Officers said that they believed their work/life balance would be improved in the private sector, and **24 per cent** of Chief Officers said they had seriously considered leaving the public sector in the previous year (the opportunity to obtain higher pay was the most cited reason for wishing to leave their posts by Chief Officers in this group). And in 2018, a UNISON survey found that only 39% of Chief Officers believed their employer was effective at recruiting high-calibre staff into senior roles – a drop of 15% on five years earlier.

Pay trends in the wider economy

The independent Office for Budgetary Responsibility estimates that average earning and wages and salaries will increase by 3 per cent or more in each of the next four years.

OBR forecast earnings growth (percentage)

Measure	2019	2020	2021	2022	2023
Average earnings	3.1	3	3.1	3.1	3.3
Wages and salaries	3.3	3.3	3.5	3.4	3.5
Source: OBR, Economic and Fiscal Outlook, March 2019, page 65					

Wages are increasing due to the effects of the higher inflation rates that have been experienced since the European referendum and increased wage competition. The unemployment rate is at its lowest since the 1970s. Employers surveyed by the Bank of England reported in Q3 of 2019 that they are experiencing the highest levels of recruitment difficulties since 2001.[ix]

These pressures are driving wage increases across the economy. Regular Average Weekly Earnings in the private sector rose by 3.7 per cent in September 2019 – the latest month for which figures are currently available.

Average Weekly Earnings growth – ONS estimates

Month	Whole economy	Private sector	Services	Public sector (excl. banking)	Manufacturing	Construction	Wholesale, retail, hotels & restaurants
Apr-19	3.4	3.6	3.5	3.0	2.3	4.4	2.5
May-19	3.6	3.7	3.7	3.5	2.4	4.5	2.6
Jun-19	3.9	4.0	4.0	4.0	2.4	5.2	3.1
Jul-19	3.9	4.0	4.0	3.5	2.5	5.4	3.2
Aug-19	3.8	3.9	3.8	3.3	2.6	5.5	3.1
Sep-19	**3.6**	**3.7**	**3.6**	**3.3**	**2.7**	**5.5**	**3.2**

Inflation

Our members continue to experience significant cost of living pressures. The Treasury's average of predictions puts the 12-month RPI rate at 2.9 per cent in the fourth quarter of 2020, and the OBR projects that the RPI will rise by 2.8 per cent next year.[x]

The Officers' Side believes that RPI remains the most accurate indicator of changes to the cost of living. Data collection is tied more closely to real household expenditures and RPI is

the only measure that takes the broad range of housing costs our members face (including mortgage interest payments) into account.

Conclusion

Local Government depends on the leadership provided by Chief Officers. The Local Government Association has stated that:

> ***"Great leadership from managers … is crucial to our shared vision for local government—efficient, accountable, reliable and changing lives for the better. So now, more than ever, we need to ensure our officers are bold and ambitious leaders; equipped to tackle these challenges and lead local government to make a difference, deliver and be trusted."***[xi]

The Officers' Side could not agree more. Those qualities must now be duly recognised in this year's pay award. Over the last decade, Chief Officers' pay has fallen sharply behind the rate of price increases and wage trends in comparable private sector roles.

Chief Officers' wages have fallen by at least **22 per cent** in real terms over the last decade. Workloads are becoming increasingly unmanageable for many of our members, and a substantial pay offer would be partial recognition for the very high levels of unpaid overtime that this group of workers contributes to local services.

We look forward to negotiating this claim with the Local Government Employers.

References

[i] CLG Select Committee, *Local Government Chief Officers' Remuneration*, 12 September 2014, page 9 http://www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf,

[ii] KPMG, *Guide to Directors' Remuneration* (various).

[iii] LGA, Chief executive and chief officer pay survey: Research report, Winter 2018 (published August 2019) https://www.emcouncils.gov.uk/write/LGA_Chief_executive_and_chief_officer_pay_survey_-_report_Winter_2018.pdf

[iv] NAO, Financial sustainability of local authorities 2018, 08 March 2018 https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainabilty-of-local-authorites-2018.pdf

[v] ONS, *Public Sector Employment*, Table 1 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable

[vi] GMB analysis of unpublished ONS Labour Force Survey quarterly data (July to September 2019).

[vii] ONS, Public versus private sector earnings in the UK: 2011 to 2017 (model B), 07 October 2019 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/adhocs/10665publicversusprivatesectorearningsintheuk2011to2017

[viii] Local Government Workforce Survey 2015/16 Research report, March 2017, page 11 https://www.local.gov.uk/sites/default/files/documents/Workforce%20Survey%202015-16%20report%20final%20201704120.pdf

[ix] https://www.bankofengland.co.uk/agents-summary/2019/2019-q3

[x] HM Treasury, Forecast for the UK economy: October 2019, 16 October 2019; , Economic and Fiscal Outlook, March 2019.

[xi] Supporting 21st century local authority management and leadership http://local.gov.uk/officer-development