

Naomi Cooke  
Employers' Secretary  
Joint Negotiating Committee for Chief Executives of Local Authorities  
Local Government Association  
18 Smith Square  
London SW1P 3HZ

Dear Naomi,

8 June 2022

**JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CHIEF EXECUTIVES  
PAY CLAIM FOR APRIL 2022 ONWARDS**

I am pleased to submit the pay claim from the Association of Local Authority Chief Executives and Senior Managers in respect of staff covered by the Joint Negotiating Committee for Chief Executives of Local Authorities.

ALACE seeks a pay increase for all chief executives in April 2022 and subsequent years that is the same as the generality of local government staff. We are proposing that this should be delivered through implementing a direct and immutable link for increases for April 2022 onwards, to ensure that chief executives would receive the same increase as the generality of staff covered by the National Joint Council for Local Government Services.

**Context – contribution and reward**

The pressures facing heads of paid service in leading their organisations through exceptionally challenging times continue unabated, demands that are reflected in workload and adverse impacts on mental health such as stress. These factors were exacerbated by the additional workload of responding to the COVID pandemic and the multiplicity of challenges now facing local government: from the cost-of-living crisis and major reform in social services and waste collection to the levelling up agenda, implementing the UK shared prosperity fund and significant changes to the planning regime.

Chief executives provide leadership for place-shaping, multi-agency work and transformational reform, and in overseeing massive savings programmes. Local government is widely accepted to be the most efficient and effective part of the public sector. While we recognise the contribution of staff at all levels, chief executives play a central role in securing this reputation. Leadership of the highest quality and resilience is demanded from chief executives in transformation of councils, securing economic and housing growth, and delivering public service reform (including reorganisation of local government in North Yorkshire, Cumbria and Somerset and potential development of county combined authorities). This is against the backdrop of continuing and increasing pressures on demand-led services, real terms decline in resources for local services over many years as a result of austerity – notwithstanding the injection of resources in recent times because of COVID and the 2021 Comprehensive Spending Review - and the ongoing impact in many areas of additional work caused by the terms of the exit deal with the EU.

Indeed the Government's responses to such things as COVID, asylum seeker dispersal and implementation of integrated care systems give powerful illustrations of the important role that chief executives are expected to play. Since 2019 the Department for Levelling Up, Housing and Communities has maintained a group of nine chief executives as regional leads to liaise with their colleagues in respect of exit from the EU, the pandemic and now a broader range of issues affecting local government. Since 2018 the Home Office has run a similar group of chief executives ("HOLGCEX") on asylum accommodation and support, and all chief executives are now involved in negotiating regional dispersal plans. Many integrated care boards that take over responsibility for funding NHS and care services from 1 July have council chief executives serving on them.

Local government chief executives lead complex organisations with a very broad range of functions and legal responsibilities. Yet pay for running local authorities often lags far behind other bodies in the public sector. Only a small minority of local government chief executives – almost all in London boroughs or county councils - earn over £200k. In the last year, the integrated care board for South Yorkshire sought a chief executive on up to £240k and similar salaries were on offer for other ICBs. The remuneration of a small selection of NHS chief executives for 2020-21 – two years ago - has been publicly reported as follows:

	£
West London Mental Health NHS Trust	217,150
South West Yorkshire Partnership NHS Foundation Trust	202,464
Tees, Esk and Wear Valleys NHS Foundation Trust	208,050
Cambridge University Hospitals NHS Foundation Trust	262,500
Gateshead Health NHS Foundation Trust	247,500
Brighton and Sussex University Hospitals NHS Trust	221,719

Cabinet Office data on senior officials' salaries in Government departments revealed over 100 with salaries over £200k as at September 2021. Salaries of chief executive officers in many academy trusts have long overtaken chief executives in local government. *Schools Week* reported its analysis of 258 sets of accounts from 2020-21 and found that 32 CEOs earned £200,000 or more. The chief executive of the Harris Foundation, which is responsible for 51 schools (fewer schools than used to be the responsibility of many local education authorities only a few years ago), earned £455,000 and the foundation had three other staff earning over £210k. The chief executive of the Thomas Telford School and Thomas Telford MAT (6 schools in total) earned £300,000. The Office for Students reported that average remuneration for vice-chancellors in England increased in 2019-20 to £269,000, with eleven institutions paying over £400k.

We are not suggesting that chief executive pay in local government needs to be raised to such levels in all authorities. However we feel that the employers need to recognise that salaries in local government should remain competitive, in attracting talented people to lead complex organisations, and also to address the risk of the drain of talent to other parts of the public sector that will result from such significant disparities.

While it is not the purpose of this pay claim to seek to undo the impact of past and recent decisions by the Government or employers, we politely remind the Employers' side of the following facts:

- Chief executives experienced a longer period of pay freeze than other staff

- (2008 to 2014: there was no increase for any chief executive and in 2015 the 1% increase applied only to those earning less than £100k);
- There was a significant increase in pension contributions in 2014: the amount that chief executives pay increased overnight from 7.5% to a range of 10.5% to 12.5% for those who work full time;
  - there was an increase of 1.4% in national insurance rates in 2016;
  - ever more chief executives are exposed to taxation in respect of the annual allowance for pension growth, and virtually all are exposed to taxation in respect of the lifetime allowance, reducing the value of deferred pay. This has been exacerbated by the March 2021 Budget decisions to freeze these allowances until 2026.

We have seen the analysis presented by UNISON, GMB and Unite that sets out the real terms reduction in pay within local government. ALACE would reinforce this analysis: its estimate is that, in total, chief executives have seen a very significant real terms reduction in pay over the period since 2008, amounting to over 30%. In recent years, pay has continued to fall in real terms or stagnate. The increase of 2% in 2018 was slightly below inflation as measured by the Consumer Prices Index, and the increases in 2019 and 2021 were in line with CPI for April in those years. The increase of 2.75% in 2020 did not make up ground in a significant way.

### **The 2021 pay increase**

ALACE was exceptionally disappointed that the Employers' "full and final offer" was 1.5% for chief executives covered by the JNC although the equivalent increase for the generality of local government staff was 1.75%. We welcomed the comments in our correspondence about the 2021 award, that the Employers "were fulsome in their praise for the service of Chief Executives to the sector, especially so since the outbreak of the pandemic" and that "Members acknowledged the key role undertaken by Chief Executives in providing leadership and support at such a critical time in the sector's history".

However the comments about the contribution of chief executives and the statement that the offer was not "a negative reflection on their collective efforts" rang hollow. In effect, the Employers valued the contribution of the most senior staff in local government less highly than that of other staff. The same could be said of JNC chief officers, many of whom are also members of ALACE. The 1.5% increase in April 2021 eroded differentials between chief executives and most other staff, without any credible justification.

We welcomed the Employers' acknowledgement that affordability was not "a major consideration in deciding what offer to make to Chief Executives" for 2021. We concur. Whatever increase is applied to chief executives' pay represents a small fraction of the total cost of pay increases in any given year and therefore we do not expect the Employers to resort to treating our members less generously than other local government staff. For many years, ALACE has sought – and we will continue to seek - treatment for chief executives that matches the treatment of colleagues in their councils with whom they work on a daily basis.

### **Context for the April 2022 pay settlement**

The context of the pay settlement for April 2022 is the highest inflation rates for four decades. CPI reached 9.0% in April 2022 and the Bank of England has predicted that it will reach 10% by the end of the year. This comes on top of the April 2022 increase of 1.25%

in national insurance to fund the health and social care levy. We have seen the pay claims submitted by UNISON, GMB and Unite in respect of other negotiating groups. ALACE is not seeking a particular level of increase for April 2022 - as in previous pay rounds, we seek equality of treatment with the generality of local government staff. However we feel that the employers will have to reach a credible pay settlement that is very much higher than 2021. While it may not be possible to match inflation, and our members may therefore face further erosion of the value of their pay in real terms, we note that the increase in core spending power for English authorities was 7.4% in the final settlement for 2022-23 (source: DLUHC).

In our claim for 2021, we noted that there was a specific risk of further erosion of the overall package for chief executives. The judicial review that ALACE brought with Lawyers in Local Government led to the Treasury revoking the exit payment cap regulations. We continue to hope that any revised proposals will not include pension strain in respect of staff over the age of 55 who are made redundant or whose employment is terminated on grounds of business efficiency, and that DLUHC will not return to the changes to the local government pension scheme which it abandoned. ALACE stands ready if necessary to launch a fresh legal challenge. However if proposals similar to, or worse than, those that have been revoked or abandoned were to emerge and be implemented, the overall effect could be a significant diminution of terms and conditions that have applied for decades, which would affect all local government staff. Ordinarily, one would expect to see changes of that nature reflected in improvements in other elements of the package, which in this case would be pay and reductions in future pension contribution rates. We reserve the right to raise this issue specifically in the discussions about pay in 2022 and future years depending on the Government's actions.

## **Pay claim**

ALACE warmly welcomed the approach adopted for pay increases from 2016 onwards, which have applied to all chief executives. We expect the Employers' side to maintain this approach and that an award should apply to all relevant officers covered by the JNC and should not be selective.

Our central proposal is that the percentage increase in chief executives' pay for April 2022 should rise by the same amount as the generality of local government staff. ALACE's position in successive pay rounds has remained consistent, and our proposal does not therefore represent a fundamental shift. We are proposing that equality of treatment should be delivered through a direct and immutable link for increases for April 2022 onwards, to ensure that chief executives would receive the same increase as the generality of NJC staff. We suggest that the link should be with the increase for spinal column points 25 to 43 of the NJC, recognising that increases for lower pay points may continue to run higher because of the impact of the national living wage. We believe that this would be consistent with what we understand to be the position in the Local Government Association, whose senior staff including the chief executive receive increases in line with the NJC.

We should stress that a linkage of pay increases in this way is not intended to suggest that there is no longer a need for the JNC. Pay is only one aspect of the terms and conditions of chief executives. Their unique role as heads of paid service and the statutory provisions that protect them (and are reflected in the special arrangements set out in the handbook) justify the continuing need for a separate negotiating body for local government's most senior officers.

We believe that the proposal we have set out would be more efficient for both sides in respect of the April 2022 increase and future years because ALACE would not have to submit a claim and the Employers would not have to respond to it.

It is implicit that any such linkage should be in place for a period of years. We would suggest a minimum of five years, and both sides should review whether or not the linkage should continue in good time before the fifth year.

We look forward to receiving the Employers' response. If the Employers can accept our proposal of a direct and immutable link with the pay increases received by the generality of local government staff, it will not be necessary to convene a meeting of the Joint Negotiating Committee.

### **The ethics regime in local government**

Regrettably, every year ALACE has to support a number of its members who have experienced inappropriate behaviour by councillors, often taking the form of bullying or harassment. We seek the Employers' commitment, working with the Local Government Association, to press the Government for action as set out in its response to the Committee on Standards in Public Life (March 2022): "The government will engage with sector representative bodies of councillors and officers of all tiers of local government to seek views on options to strengthen sanctions to address breaches of the code which fall below the bar of criminal activity and related sanctions but involve serious incidents of bullying and harassment or disruptive behaviour". We believe that the Employers and unions have a common interest in ensuring that the ethics regime has real "teeth" in dealing with bullying and harassment, and look forward to working with the Employers on this important issue.

Yours sincerely,



Ian Miller  
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Officers' Secretary, JNC for Chief Executives of Local Authorities

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