

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

Dear Naomi,

31 January 2023

## **JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CHIEF EXECUTIVES**

### **PAY CLAIM FOR APRIL 2023 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 2023 and subsequent years that is the same as local government staff covered by the National Joint Council for Local Government Services.

We need to be clear about what we mean by "the same". If the pay offer is expressed in £s rather than a percentage for the NJC scale, we are seeking a pay increase for chief executives that is not less than the percentage increase for the top point on the NJC scale. However if the pay offer for the NJC scale is expressed in percentage terms, and recognising that there is a likelihood of bottom loading to cater for the effect of growth in the national living wage, we are seeking a percentage pay increase for chief executives that is the same as the percentage increase for the top point on the NJC scale.

We are proposing again that there should be a direct and immutable link for increases for April 2023 onwards, to ensure that chief executives would receive the same percentage increase as the top point on the NJC scale.

### **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 continue to be exacerbated by the 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. The 2022 autumn statement provides some extra resources for local government in 2023-24 but the position beyond March 2025 is unclear at present, and there is a reasonable possibility of a further period of austerity after the next general election that would impact on councils.

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 establishment and development of combined authorities, negotiation of devolution deals and the imminent reorganisation of local government in North Yorkshire, Cumbria and Somerset). This is against the backdrop of continuing and increasing pressures on demand-led services including children’s services and adult social care, 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 the 2021 Comprehensive Spending Review and the Autumn Statement - and the ongoing impact in many areas of additional work caused by the terms of the exit deal with the EU and the Government’s headlong rush to abandon EU-derived legislation.

The Government’s responses to such challenges as 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 on a broad range of issues affecting local government, the initial focus having been exit from the EU and COVID. Since 2018 the Home Office has run a similar group of chief executives (“HOLGCEX”) on asylum accommodation and support, and all chief executives have been involved in negotiating regional dispersal plans. Many integrated care boards that took over responsibility for funding NHS and care services from 1 July have council chief executives serving on them, and the NHS will not be able address its challenges unless councils are well-run. Because councils provide or organise a wide range of services that are preventative and support public health – good quality housing, place-making, leisure and open spaces, environmental health, social care - and in addition are working directly with community groups, voluntary organisations and others to deliver services at a very local level. Without these vital local services, which depend on well-led councils, the NHS would be under even more pressure.

We provided evidence last year on the levels of remuneration in comparable senior roles in other parts of the public sector. We pointed out that local government chief executives lead complex organisations with a very broad range of functions and legal responsibilities, but pay for running local authorities often lags far behind other public sector bodies. We pressed the Employers on the 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 significant disparities.

Unfortunately, the Employers chose not to heed this advice and instead to make the position worse. For the vast majority of chief executives, the £1,925 pay increase in April 2022 was worth about 1 to 2% and we would calculate probably about 1.3% on average. We provided evidence in October that demonstrated how the very poor pay increase for 2022 eroded yet further differentials with other parts of the public sector.

Comparator group	Pay increase, 2022
Senior civil servants	2%; further 1% for raising the pay band minima and addressing anomalies. In addition, they can earn significant non-

	consolidated bonuses.
Senior staff in the NHS	3.5%
Senior military officers	3.5%
Judges	3.5%
NHS consultants and doctors	4.5%
Headteachers	5.0%

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 and the Autumn Statement decisions to freeze these allowances until 2028;
- from April 2023, the starting point for the 45% tax rate falls from £150,000 to £125,140, adding £1,243 to the annual tax bill for any chief executive earning more than £150,000;
- the effect of the employers' decisions on pay awards for 2021 and 2022 have seen most chief executives' pay increase by 2.25% to 3.25% less than the top point on the NJC scale. That adverse differential treatment of chief executives should not be repeated.

The increase of one day's annual leave for the NJC introduced from April 2022 can represent in effect a further erosion of about 0.4% in chief executives' terms and conditions - not all employers locally will have made a matching increase in leave for chief executives. The consequence is that staff in the NJC have received a much better pay increase than chief executives and will work fewer hours as well.

As part of their pay claims, UNISON, GMB and Unite have analysed the real terms reduction in pay for staff on the NJC scale. 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 well over 40%. In recent years, pay has continued to fall in real terms or stagnate. That is particularly the case in 2022 where the pay award was worth significantly less than 2% for most chief executives and for some will have been worth 1% or less. Inflation as measured by the Consumer Prices Index was 9.0% in April 2022, stood at 10.5% in December 2022 and is not expected to start falling in a substantial way until April 2023. The pay award for 2022 was a long way behind inflation and has significantly worsened chief executives' reward in real terms.

The Employers' comments about how they value chief executives are simply not being reflected in decisions on pay awards. The same could be said in respect of JNC chief officers, many of whom are also members of ALACE. The Employers have repeatedly

acknowledged that affordability is not a major consideration in deciding what offer to make to chief executives. We need to spell this out. Each 1% increase in pay for chief executives would represent less than 0.003% of the total pay bill - about three-thousandths of one percent.

### **Estimated impact of pay increases for chief executives on the total pay bill in local government**

There will be 350 principal councils across England, Wales and Northern Ireland on 1 April 2023, following the reorganisations in three English counties on that date. The estimate ignores any shared chief executive posts and assumes an average salary of £150k with on costs of 30% (employer's pension contributions and national insurance contributions).

Based on these assumptions, each 1% increase in pay would add £681k to the total local government pay bill across England, Wales and Northern Ireland.

There is no reliable recent total for the local government pay bill. The total was £23.3bn for England and Wales, as reported by the Local Government Earnings and Demography Survey 2019/20, but that figure excludes Northern Ireland and does not take account of the increase in pay since 2019. £681k is just under 0.003% of £23.3bn.

There is thus no financial reason why the Employers should resort to treating our members less generously than other local government staff. The 9% increase in average core spending power for English authorities in 2023-24 kills stone dead any suggestion that councils cannot afford a pay award for chief executives that matches the treatment of colleagues with whom they work on a daily basis.

The low impact of the increase for chief executives on the total pay bill also demonstrates why ALACE's proposal for an immutable link with the NJC would not have unaffordable consequences for councils.

Moreover we have seen data obtained by *The MJ* which demonstrates that, in 2021, senior staff including the chief executive of the Local Government Association received a pay increase of 1.75%. We appreciate that that may be because the LGA employs its staff on NJC terms and conditions. However we are bound to point out that it presents a significant inconsistency, not to say an element of hypocrisy, for the Employers to treat chief executives in councils less favourably than senior staff of the LGA.

### **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.

ALACE seeks a pay increase for all chief executives in April 2023 and subsequent years that is the same as the percentage increase for the top point on the scale for local government staff covered by the National Joint Council for Local Government Services.

As set out above, if the pay offer is expressed in £s rather than a percentage for the NJC scale, we are seeking a pay increase for chief executives that is not less than the percentage increase for the top point on the NJC scale. To provide a worked example of

what we are seeking: if the pay increase for NJC staff in April 2023 is £1000, it would represent a 2.02% increase for staff on spinal column point 43 (£49,590). In that scenario we would expect the pay offer for chief executives to be 2.02%.

If the pay offer for the NJC scale is expressed in percentage terms, and recognising that there is a likelihood of bottom loading to cater for the effect of the national living wage, we are seeking a percentage pay increase for chief executives that is the same as the percentage increase for the top point on the NJC scale, spinal column point 43.

We are proposing again that there should be a direct and immutable link for increases for April 2023 onwards, to ensure that chief executives would receive the same percentage increase as the top point on the NJC scale.


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 2023 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.

In light of the change made to leave for NJC staff in 2022, and noting that the unions' claim proposes a further increase in leave allowances, we would also flag up the potential need to review the provision that the leave allowance for chief executives is a minimum of 30 days (inclusive of any long service leave, extra statutory and local holidays). If the 2023 pay deal for NJC staff involves any further increase in annual leave, we would expect to see a matching increase in the minimum leave allowance for chief executives.

We look forward to receiving the Employers' response but only after we have had the opportunity to discuss our pay claim, as agreed in the meeting of the JNC on 18 November. If the Employers can accept our proposal of a direct and immutable link with the percentage pay increases received by the top point on the NJC scale, it will not be necessary to convene a meeting of the Joint Negotiating Committee.

Yours sincerely,



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

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