

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

Dear Naomi,

19 February 2024

**JOINT NEGOTIATING COMMITTEE FOR LOCAL AUTHORITY CHIEF EXECUTIVES
PAY CLAIM FOR APRIL 2024 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 2024 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 2024 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. Increasing numbers of councils are showing signs of extreme financial distress. Chief financial officers have issued or are contemplating issuing section 114 notices in many councils. Other councils are seeking exceptional financial support from the Government while virtually all are having to implement significant reforms and service reductions in order to achieve balanced budgets. Independent commentators predict that the Government's preference for tax cuts over investment in public services will lead to a further period of austerity after the next general election that would impact on councils. The pressures on chief executives are intense now and show no signs of relenting. While we recognise the contribution of staff at all levels, chief executives play a central role in securing the reputation of local

government as being the most efficient and effective part of the public sector.

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 contribution of chief executives continues to be undervalued by the Employers. That is the natural conclusion to draw from a series of pay settlements that have been worse than increases enjoyed by the staff that chief executives work with.

	2021	2022	2023
NJC % value at top point of NJC scale	1.75%	£1925 4.04%	£1925 3.88%
JNC Chief Executives	1.50%	£1925 1.30% (est. average)	3.50%
Gap	0.25%	2.74% (est. average)	0.38%

Cumulatively, the average chief executive has seen an increase in pay of about 6.4% over the last three years. Inflation as measured by CPI from April 2021 to December 2023 has been 20%, confirming that chief executives' pay has continued to fall sharply in real terms across that period.

There is no evidence that chief executives are exempt from the same cost of living pressures as other staff – food, energy and mortgage costs, for example, are all much higher than a few years ago. Yet chief executives' pay has lagged by an average of about 3.4% behind the top point on the NJC scale across the three years. That figure ignores the additional day's leave for NJC staff with effect from 1 April 2023, which has a value of about 0.4%. Staff in the NJC have received much better pay increases than chief executives over the last three years and now work fewer hours as well.

We do not expect pay settlements in 2024 and beyond to undo the effect of these past decisions. But we expect the Employers not to compound the discrimination that chief executives feel when they have been repeatedly treated less well than their local government colleagues.

Recruitment and retention

We have repeatedly raised concerns about how chief executive pay in local government is lagging behind other parts of the public sector, including our colleague chief officers in Scottish local government. Local government chief executives in England, Wales and Northern Ireland 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 continue to press 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.

How senior pay settlements in local government are lagging behind

	Total 2022 & 2023 (compound)	2022	2023
Headteachers	11.83% (ignoring £1k payment for 2022/23)	5% plus £1000	6.5%
Chief officers, local government Scotland	11.35%	5%	6.05%
Senior military	9.19%	3.5%	5.5%
NHS very senior managers	8.15%	3%	5%
Fire leaders “Gold book”	7.64%	4%	3.5%
Senior civil service	7.61% (minimum)	2% Flexibility up to 3%	5.5% + 1% progression increases
JNC Chief executives	At best 4.54% to 5.57%	£1925 (< c.1%-2%)	3.5%

We note that the National Joint Council for Brigade Managers, which covers senior managers in fire and rescue services across the UK, has already reached agreement to apply a three per cent increase on basic pay with effect from 1 January 2024, which means senior fire officer pay has leaped further ahead of chief executives in local government.

Erosion of chief executive pay as a result of other factors

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;
- from April 2023, the starting point for the 45% tax rate fell from £150,000 to £125,140, adding £1,243 to the annual tax bill for any chief executive earning more than £150,000.

Our 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%.

Affordability

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 are 350 principal councils across England, Wales and Northern Ireland on 1 April 2024. 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 £683k 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. £683k 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. Notwithstanding the financial pressures facing councils, the 7.5% increase in average core spending power for English authorities in 2024-25 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.

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 2024 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 2024 is £1000, it would represent a 1.94% increase for staff on spinal column point 43 (£51,515). In that scenario we would expect the pay offer for chief executives to be 1.94%.

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 2024 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.

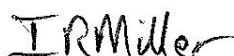
We believe that the proposal we have set out would be more efficient for both sides in respect of the April 2024 increase and future years because ALACE would not have to submit a claim and the Employers would not have to respond to it. It is implicit that any such linkage should be in place for a period 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 if 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 2024 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 in November 2022. If the Employers can accept our proposal of a direct and immutable link with the percentage pay increase received by the top point on the NJC scale, it will not be necessary to convene a meeting of the Joint Negotiating Committee.

We would not expect the Employers' response to this claim to be described as a "final offer". Such a formulation has been used for a few years and undermines the JNC because it implies that there is to be no negotiation. ALACE respectfully requests that the Employers keep open the possibility of negotiation and do not demonstrate a "closed mind" by using the terminology of "final offer" in what will be their initial offer.

Yours sincerely,



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

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