



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

**JNC PAY CLAIM 2022/23**

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:

**A substantial increase in rates of pay and all relevant allowances; taking into account private sector comparator pay rates and the cost of living crisis (as reflected in current 12-month inflation of 11.1 per cent).**

## **Key points from our claim**

### **Chief Officers deserve a pay rise**

- The pay of Chief Officers earning below £100,000 will have plummeted in real terms by **28 per cent** since April 2008 while comparable private sector rates have increased.
- Public sector senior managers' wages are significantly behind comparable private sector rates while workloads have increased, posing morale and recruitment and retention challenges.
- The labour market is at its tightest since comparable records began. Experienced senior managers and leaders are in short supply. An increase is necessary to re-establish the competitiveness of local government rates.

### **Covid-19 has had a severe impact on Chief Officers**

- Our members have gone above and beyond during the pandemic, which has led to an increase in workloads and pressure as the practical challenges of delivering essential services has mounted. Major additional burdens and responsibilities have fallen on Chief Officers and our members report a substantial increase in workload, stress and anxiety.

### **Cost of living**

- The OBR projected that the RPI 12-month rate will average 9.8 per cent in 2022, and that the CPI 12-month rate will average 7.4 per cent. More recent estimates suggest that the increase in the cost of living will be even higher. Higher price rises in essential items – such as food, energy, and fuel – and imposing significant strains on our members.

### **Gender pay gap and work-life balance**

- Our members continue to report dangerous workloads, which in some cases have increased significantly over the last 12 months. It is important that the previously agreed work on addressing excessive workloads and evaluating gender pay gaps are progressed.

**Chief Officers' pay has been progressively devalued and senior officials have made enormous personal sacrifices during the pandemic. The Officers' Side calls on JNC employers to recognise this contribution and offer our members a substantial pay rise in line with the content of this claim.**

## Link to the NJC Green Book claim

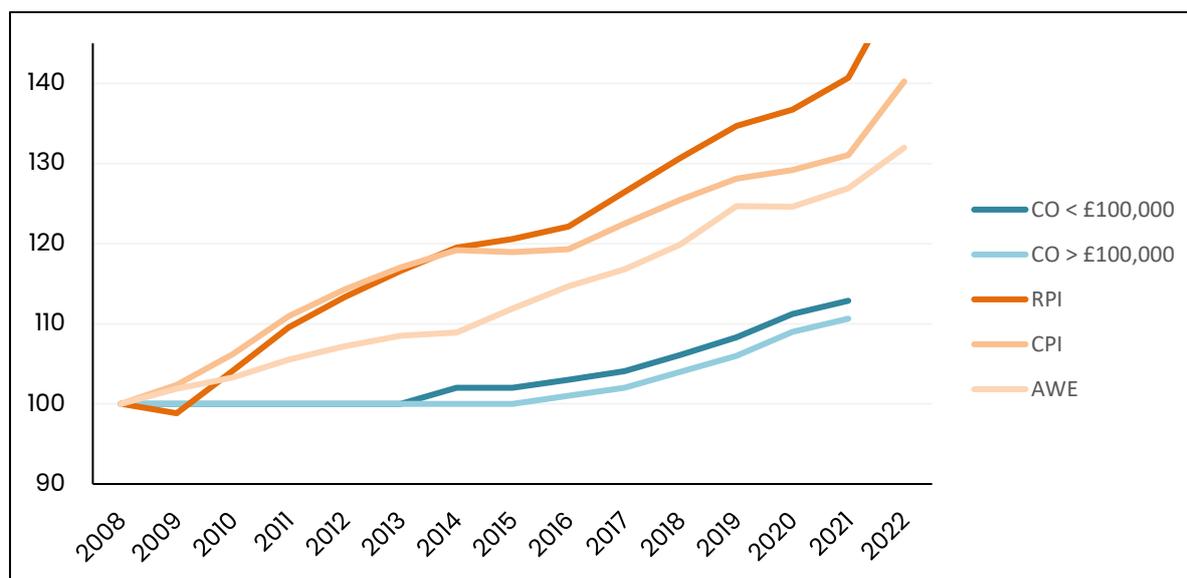
The Officers' Side sees a close connection between the NJC and the JNC claims. We aim to secure justified increases for Chief Officers and Green Book staff in tandem, not at the expense of the other. We ask that this claim be read in conjunction with the arguments put forward in the main NJC claim, including, in particular, the case for securing new additional external funding, and the economic benefits of securing pay rises in local government.

## Background

The real value of Chief Officers' pay has been severely eroded. Following five years of frozen pay, Chief Officers earning below £100,000 have received pay increases that were below inflation for the last eight years (in the case of Chief Officers earning above £100,000, the erosion in the value of the JNC has been more severe). The last settlement of 1.5 per cent has rapidly been overtaken by the spike in inflation and the cost of living crisis.

Compared to 2008 (the last year before pay freezes were imposed in Local Government), the real salaries of Chief Officers who earn less than £100,000 has fallen by **26.4 per cent** (and the real pay of those earning more than £100,000 will have fallen by **27.9 per cent**), as measured against the RPI. Even when measured against the lower (and, the Officers' Side believes, flawed) CPI measure and changes to Average Weekly Earnings, Chief Officers' earnings have been substantially devalued during fifteen years austerity and pay constraints.

**Indexed Chief Officers' basic earnings compared to inflation and whole-economy average weekly earnings, where April 2008 = 100<sup>1</sup>**



As shown in the graph above, recently inflationary pressures have exacerbated an already sharp disparity between the pay of Chief Officers, inflation and average earnings. Cost of living pressures will continue to mount in 2022 and 2023. The Bank of England currently expects the lower CPI 12-month rate to peak at just over 10 per cent in Q4 of 2022, and fall only to 6.6 per cent in Q2 of 2023 (Monetary Policy Committee report, May 2022). The RPI rate, which is preferred by the Officers' Side, currently stands at **11.1%**.

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

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*'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.'*<sup>2</sup>

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The earnings gap has only widened since then. The average basic earnings of comparable private sector chief officers (defined as 'other executive directors' of FTSE 250 companies) rose by **30.6 per cent** between 2012 and 2021, and average gross earnings (not including pension contributions) rose by **45 per cent**.<sup>3</sup> By contrast, the value of the JNC spine rose by **12.9 per cent** for Chief Officers earning below £100,000 and **10.6 per cent** for other Chief Officers over the same period. The LGA's own research has found that executive pay in local government is substantially lower than comparable private sector rates and other public sector comparators.<sup>4</sup>

A decade of austerity has significantly added to the stress levels and workload burdens of Chief Officers. 914,000 fewer people were directly employed by local authorities across the UK in December 2021 compared to June 2010 – a fall of 31 per cent – despite a heavy increase in demand on services. Unlike some other parts of the public sector, there has been no increase in staff numbers in local government during the pandemic.<sup>5</sup>

The labour market is extraordinarily tight: the 1.3 million vacancies recorded by the ONS in March 2022 was the highest on record. As a result, the CIPD has reported that expected pay settlements in 2022 will be the highest on record (and the Bank of England has said that it expects pay settlements to average 4.8 per cent). Directors have been named as a shortage occupation area<sup>6</sup> and, according to a recent Local Government Chronicle survey, 15 per cent of councils already face a shortage of senior managers.<sup>7</sup> **46 per cent** of respondents to a recent UNISON survey agreed that pay is a serious barrier to Chief Officer recruitment and retention.

## **Impact of coronavirus**

The Covid-19 pandemic has had a severe impact on all local government workers, including Chief Officers. According to responses to the LGA's most recent workforce survey, most councils are unable to function normally due to staff shortages. Four out of ten councils said that there was a moderate risk of staffing shortages affecting the delivery of essential services, and one out of ten councils said there was a high risk.<sup>8</sup>

The extraordinary pressures of ensuring continued service delivery under these uniquely challenging circumstances is contributing to the already existing strains on Chief Officers. Our members report high levels of stress and anxiety arising from the pandemic response, and academic research has found that overseeing restructures during the pandemic 'significantly predicted distress, anxiety, and depression for managers at the highest level (board members).'<sup>9</sup>

It should be recognised that Chief Officers have gone above and beyond during the pandemic, and that a further real-terms pay cut would only make it harder to recruit and retain the senior leaders required to see the coronavirus response through to its conclusion.

## **Workload**

Workload pressures represent a serious impairment on the quality of Chief Officers jobs. The absorption of additional work by senior managers is another main predictor of poor mental health<sup>10</sup> and the evidence shows that workload pressures have grown significantly during the pandemic.

Our members have long reported having to work regular, extensive, unpaid overtime. A recent UNISON survey found that 79 per cent of Chief Officers typically worked more than ten hours above their contracted hours – up from 47 per cent in 2015. Officers' Side analysis of ONS Labour Force Survey (LFS) data confirms these results.

Although the LFS is believed to under-report unpaid overtime working, 41 per cent of local government managers, directors and senior officials surveyed reported that they regularly worked unpaid overtime in 2021. This figure rose to 78 per cent of respondents who answered the direct question of whether they regularly worked additional hours.

Senior officials in this group worked an average of 11.8 hours of unpaid additional hours per week – an increase of two thirds compared to 2020. If these additional hours were remunerated then those Chief Officers would receive an average immediate pay increase of 31.5 per cent. These hours represent a significant disguised act of goodwill that are essential to the functioning of local authorities. In this context, the Officers' Side believes that our

claim for a substantial increase on all salaries and relevant allowances is both restrained and reasonable.<sup>11</sup>

Chief Officers are working under extreme pressures and many face an imminent risk of burnout, demoralisation, sickness absence, and poor mental health. Further progress on measures to improve Chief Officers' work-life balance is essential in the coming year.

## **Gender pay gap**

We note that, while the question of the gender pay gap in local government services was raised in last year's claim and further work was agreed, progress is not being made fast enough in this important area.

The LGA's secondary analysis of data reported through central Government's gender pay service identified a mean pay gap of 5.4 per cent in English local authorities, these results could not be broken down by bargaining group.

The JNC employers agreed in August 2020 to 'to conduct a joint survey of all local authorities in order to establish the extent of the gender pay gap among Chief Officers, after which they will agree a joint approach on how to remove any such gender pay gap.' We call on the Employer Side to distribute this survey and share the results with the Officers' Side, as a first step towards more extensive joint working to narrow and eliminate the gender pay gap for Chief Officers.

## **Cost of living trends**

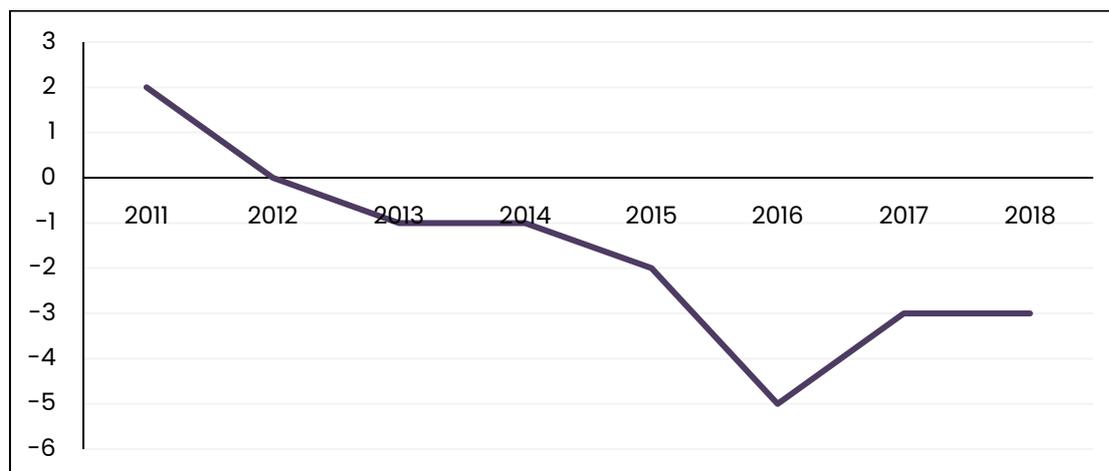
### **Public sector pay**

As argued in our last claim, public sector pay has fallen significantly behind comparable private sector rates during a decade of austerity. This is particularly true of senior roles.

The most recent ONS modelling, published in September 2020, found that when the differential for pay including overtime and bonuses was estimated, overall public sector wages were 3 per cent lower than comparable private sector rates (when controlled for employee characteristics). JNC unions have requested an update to this modelling from the ONS.

The assessed differential was even less competitive for senior and/or highly skilled staff in large organisations (those employing more than 500 people): the wage differential for 'upper skill groups' was estimated to be -10.5 per cent, and for 'upper-middle skill groups' the differential was estimated at -14 per cent. The median hourly pay rate for 'Managers, directors and senior officials' was 14.8 per cent lower in the public sector.

## ONS modelled estimate of the public/private percentage pay differential – gross pay including overtime and bonuses<sup>12</sup>



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. Three-quarters (73 per cent) of councils said in January 2022 that they are experiencing recruitment and retention difficulties – almost twice the rate a year earlier (41 per cent of councils).<sup>13</sup>

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.

## Inflation and pay trends in the wider economy

Our members face a severe erosion in their standard of living against a backdrop of the worst squeeze on living standards since records began in 1956.<sup>14</sup>

The OBR projects that, compared to 2021, the main inflation indices will rise cumulatively by between 17.8 per cent (CPI) and 124.7 per cent (RPI) over the next five years. The RPI is projected to increase cumulatively by more than 15 per cent across 2022 and 2023 alone.

Wage growth is also expected to be strong in the coming years compared to historical averages as employers use higher wage settlements to address recruitment and retention challenges. Without matching action on the part of local government employers, the negative public/private differential for Chief Officers and comparable roles will reach a critical point.

## OBR forecasts 2022 – 2026 (per cent)

Measure	2022	2023	2024	2025	2026
CPI	7.4	4	1.5	1.9	2
RPI	9.8	5.5	2.3	2.5	2.7
Average earnings	5.3	2.8	2.6	2.9	3.2
Wages and salaries	6.6	3.1	2.9	3.1	3.3

Source: OBR, [Economic and Fiscal Outlook March 2022](#), page 72

The cost of essential items has risen much faster than the headline rates of inflation, which are dragged down (to a certain extent) by discretionary items. As measured by the RPI, the cost of electricity rose by 19 per cent in March 2022. The cost of running a car rose by 18 per cent, and the cost of housing rose by 10 per cent.

While private sector wages shrank overall during the early months of the pandemic, average private sector earnings growth has rebounded strongly and now stand at close to 5 per cent. These figures are for regular pay only – and the inclusion of bonus payments would further underline the disparity between local government Chief Officers’ remuneration and that of comparable private sector roles.

## ONS estimates - 3 month changes to average regular weekly pay compared to the previous 12 months, percentage

Month	Whole economy	Private sector	Services	Public sector (excl. banking)	Manufacturing	Construction	Wholesale, retail, hotels & restaurants
Feb 21	4.3	4.0	4.9	5.2	1.9	1.5	2.5
Mar 21	4.5	4.2	5.2	5.5	2.0	1.2	2.2
Apr 21	5.6	5.7	6.0	5.0	3.7	4.7	4.7
May 21	6.6	7.2	6.7	3.8	5.3	9.0	7.1
Jun 21	7.3	8.4	7.3	2.8	6.3	12.4	8.6
Jul 21	6.8	7.8	6.8	2.5	5.3	10.8	7.6
Aug 21	6.0	6.8	6.2	2.7	4.2	8.2	5.8
Sep 21	5.0	5.5	5.3	2.7	3.3	5.5	4.7
Oct 21	4.3	4.7	4.6	2.8	2.6	4.0	3.9
Nov 21	3.8	4.1	4.1	2.7	2.2	2.9	3.8
Dec 21	3.7	3.9	4.1	2.8	1.9	2.1	3.7
Jan 22	3.8	4.2	4.2	2.4	2.3	2.4	5.0
<b>Feb 22</b>	<b>4.0</b>	<b>4.5</b>	<b>4.3</b>	<b>2.1</b>	<b>2.4</b>	<b>3.0</b>	<b>5.6</b>

The Officers’ Side notes central Government’s recent statements that the ‘Spending Review 2021 confirmed that all public sector workers will see pay rises across the whole Spending

Review period,'<sup>15</sup> and that public sector settlements should ensure 'broad parity with private sector wage settlements while providing fair pay rises for hard working staff.'<sup>16</sup>

We view such a fair pay rise, which makes progress against the long-term erosion of Chief Officers' pay, as essential. We remain open to joint working with the employers on representations to Westminster regarding local government funding settlements.

## Conclusion

At a time of the worst cost of living crisis in generations, the real terms cuts in Chief Officers' pay are unsustainable. This sharp and sustainable fall in our members' standard of living has been matched only by an increase in hours and responsibilities, which in turn has led to significant levels of work-related stress and anxiety.

Our members have gone above and beyond during the pandemic. Local Government depends on this leadership. The Local Government Association has stated that:

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*"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."*<sup>17</sup>

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We agree. But these qualities – which our members exhibit every day – are not reflected in the valuation of those roles.

Chief Officers' wages have fallen by more than **26 per cent** in real terms since 2008. A substantial increase in pay would represent a form of recognition for the very high levels of unpaid overtime that our members contribute to the delivery of essential local services. Joint working on narrowing and eliminating the gender pay gap, and improving work-life balance, should be taken forward with a renewed urgency.

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

## Appendix – Unison Chief Officers’ survey results 2022

In response to a recent Unison survey of Chief Officers:

- 42 per cent of respondents disagree or strongly disagree that they are paid well for the job that they do.
- 46 per cent of respondents agree or strongly agree that pay is a serious issue in relation to CO recruitment and retention.
- 35 per cent of respondents disagree or strongly disagree with the statement: I have a good work-life balance.
- 46 per cent disagree or strongly disagree with the statement: I feel valued by my employer
- Only 4 per cent of respondents said that they don’t regularly work more hours than contracted:

21 per cent regularly work 1-5 hours extra per week

32 per cent regularly work 6-10 hours extra per week

21 per cent regularly work 11-15 hours extra per week

7 per cent regularly work 16-20 hours extra per week

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## References

- <sup>1</sup> Chief Officers' pay settlements plotted against changes to inflation and Average Weekly Earnings data derived from the relevant ONS timeseries.
- <sup>2</sup> 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>
- <sup>3</sup> KPMG, *Guide to Directors' Remuneration*, 2012 and 2021.
- <sup>4</sup> 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](https://www.emcouncils.gov.uk/write/LGA_Chief_executive_and_chief_officer_pay_survey_-_report_Winter_2018.pdf)
- <sup>5</sup> ONS, Public Sector Employment, Table 1 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymentreferencetable>
- <sup>6</sup> KPMG and REC UK Report on Jobs, September 2021.
- <sup>7</sup> LGC, Widespread workforce shortages revealed, 16 February 2022 <https://www.lgplus.com/politics/workforce/widespread-workforce-shortages-revealed-16-02-2022/>
- <sup>8</sup> LGA, COVID-19 Workforce Survey, week ending 14 January 2022, 24 February 2022 <https://local.gov.uk/publications/covid-19-workforce-survey-week-ending-14-january-2022>
- <sup>9</sup> Graf-Vlachy et al., Predictors of managers' mental health during the COVID-19 pandemic, *European Journal of Psychotraumatology*, Volume 11, 2020 - Issue 1.
- <sup>10</sup> Ibid.
- <sup>11</sup> Officers' Side analysis of unpublished ONS Quarterly Labour Force Survey data for October to December 2021.
- <sup>12</sup> ONS, Public and private sector earnings: 2019, 23 September 2020 <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/articles/publicandprivatesectorearnings/2019#econometric-modelling-of-private-and-public-sector-earnings-analysis>
- <sup>13</sup> LGA, COVID-19 Workforce Surveys, week ending 14 January 2022 <https://local.gov.uk/publications/covid-19-workforce-survey-week-ending-14-january-2022>
- <sup>14</sup> OBR, Economic and Fiscal Outlook, March 2022, page 55 [https://obr.uk/docs/dlm\\_uploads/CCS0222366764-001\\_OBR-EFO-March-2022\\_Web-Accessible-2.pdf](https://obr.uk/docs/dlm_uploads/CCS0222366764-001_OBR-EFO-March-2022_Web-Accessible-2.pdf)
- <sup>15</sup> Answer to Written Parliament Question, Public Sector: Pay, 22 April 2022 <https://questions-statements.parliament.uk/written-questions/detail/2022-04-22/157538>
- <sup>16</sup> Cabinet Office Written Statement, 2022/23 Pay Remit Guidance, 31 March 2022 <https://questions-statements.parliament.uk/written-statements/detail/2022-03-31/hcws756>
- <sup>17</sup> <https://web.archive.org/web/20150624215252/http://local.gov.uk/officer-development>