

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

Dear Naomi,

20 October 2022

**CHIEF EXECUTIVE PAY 2022**

Thank you for your letter of 25 July.

The Association of Local Authority Chief Executives and Senior Managers welcomes that an offer has been made for all chief executives and, consistent with its claim, that the offer is the same in cash terms as for the generality of local government staff.

However we are exceptionally disappointed that the Employers have not heeded our call 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. The offer increases the disparities with other parts of the public sector.

In switching for the first time (as far as we can recall) to a pay offer based on a cash amount rather than a percentage, the Employers must have been aware that the impact for the most senior staff in local government would be a pay increase that in no way reflects the high levels of inflation being experienced and, for some chief executives, results in a percentage increase that is even lower than the 1.5% applied for April 2021. The Employers are proposing a significant real-terms cut in pay of chief executives, and exacerbating the disparities with other parts of the public sector.

The table demonstrates the value of the £1,925 offer in percentage terms for various salary levels.

<b>Salary</b>	<b>Proposed percentage increase</b>
£110,000	1.75%
£120,000	1.60%
£128,333	1.50%
£150,000	1.28%
£180,000	1.07%
£200,000	0.96%

The Employers must have concluded that any chief executive earning more than £128,333 should have a lower pay increase for April 2022 (when CPI was 9.0%) than the 1.5% increase received for April 2021 (when CPI was 1.5%). We doubt there is any evidence that would support the contention that chief executives are shielded from the cost of living crisis to the extent that an increase worth 1% to 1.75% for the vast majority of chief executives is a reasonable response to the claim that ALACE submitted.

It is not only that the offer for many chief executives is worth less than the 2021 pay settlement and represents a very significant real-terms cut in pay. Our disappointment is redoubled because the Employers seem determined to continue treating chief executives and senior officers less generously than other members of the local government workforce, without setting out a case for doing so. The Employers have not offered a rationale for what seems like discrimination against senior local government staff – the very staff who are expected to lead their councils in further transformational change and cost reductions against the backdrop of high inflation and likely public expenditure cuts in the Chancellor’s fiscal plan on 31 October. Given that chief executive pay represents only a very small proportion of the total local government pay bill, it cannot be questions of affordability that drive the Employers’ stance, as has been confirmed in previous years.

ALACE has only ever sought equal treatment for chief executives with the generality of local government staff. We proposed 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. We recognised the issues that the Employers needed to address with the National Living Wage and expected the pay offer to be bottom-loaded. But that does not mean that chief executives should be offered an increase in percentage terms that is under half, and in some cases, under a quarter of what staff at the top of the NJC scale will receive (4.04%).

The Employers’ refusal to contemplate our proposal of an immutable link with future pay increases for the generality of local staff sends a worrying message to chief executives. The Employers’ wish to “retain the existing flexibility available to them to consider pay claims for each distinct group” can mean only one thing – that the Employers want to carry on being able to “reward” chief executives with lower pay increases than other staff. There has never been a year when chief executives have received a higher increase than other staff. “Flexibility” has been a one-way street, as we saw when chief executives were subject to a longer freeze on pay than other staff; as we saw in 2021 when they received an increase of 1.5% compared to 1.75% for NJC staff; and as we see in the current offer.

In previous years, the Employers have often underpinned a percentage increase with a minimum cash increase to benefit lower paid staff. ALACE suggests that, now the Employers have switched to a cash increase, it should be underpinned by a common minimum percentage increase to ensure that the offer preserves at least some semblance of equal treatment for all staff.

We have previously shied away from seeking a specific percentage increase for chief executives as our consistent stance has been that they should be treated the same as the generality of staff covered by the NJC. The Employers’ switch to a cash offer means that we now should articulate what we are seeking through underpinning by a common minimum percentage. ALACE seeks a minimum percentage increase pitched at 3.5% or 4.0%. We suggest this approach in order to retain at least some comparability with other groups in the public sector. We recognise that such underpinning would still be significantly lower than inflation. It would therefore represent a real-terms pay cut, and would still see erosion of differentials with other local government staff. However we feel that the Employers need to give serious consideration to the rate at which senior local government pay would fall behind comparator groups if it sticks to its offer of £1,925. Our concern is that there will be serious adverse impacts for retention and recruitment if the Employers

decide to treat local government chief executives as being less valuable than senior roles in other parts of public sector.

The table shows the range of percentage increases being applied for senior roles in other parts of the public sector in 2022.

<b>Comparator group</b>	<b>Pay increase, 2022</b>
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%

ALACE would urge the Employers to consider carefully the proposal set out in this response. We do not feel that, for its most senior roles, local government should be in the “bargain basement”. We do not agree that the correct strategy for the most senior council jobs is that they should fall further behind comparator roles in the wider public sector, or that differentials with staff in councils should suffer a further significant erosion.

As last year, ALACE has shown its readiness to be flexible in discussions about pay. If the Employers can accept our revised proposal of minimum percentage underpinning of the £1,925 pay offer, as set out above, it will not be necessary to convene a meeting of the Joint Negotiating Committee. If our revised proposal is not accepted, then we request a meeting of the JNC so that we can discuss our concerns directly with the Employers’ side and debate the rationale for its position.

Yours sincerely,



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

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