

REPORT OF THE GOVERNANCE COMMITTEE

The Governance Committee met on 5 March 2013. Attendances:

Councillor Jones (Chairman)
Councillors Birch, Elkin, Field and Glazier

1. Transfer of Public Health Functions to the County Council: Governance Arrangements

1.1 The Health and Social Care Act 2012 has given local authorities a duty from 1 April 2013 to take such steps as they consider appropriate for improving and protecting the health of their residents. Guidance has been issued by the Department of Health and the Local Government Association on the transfer.

1.2 From April 2013, the Council will have a statutory duty to appoint a Director of Public Health. The Director of Public Health is currently an employee of Hastings and Rother PCT on behalf of NHS Sussex and was appointed jointly to that role by Primary Care Trusts and the then Chief Executive of the County Council. The Director of Public Health has been a member of the Corporate Management Team since March 2012 as part of the preparations for the integration of public health functions into the County Council. Whilst the appointment of new directors and deputy directors is normally by a panel of Members, in this case both the Director and Deputy Director of Public Health posts will effectively be transfers into the Council. The Committee is therefore proposing that authority be given to the Chief Executive to appoint the Director of Public Health and Deputy Director.

Scrutiny of Functions

1.3 The scrutiny of decisions and policies relating to the Council's public health functions will primarily fall within the remit of the County Council's Audit, Best Value and Community Services Scrutiny Committee. There may be some occasions where there is overlap between the Council's specialist public health functions and its roles in relation to other functions and consideration will be given to which the involvement of over scrutiny committees where this is the case.

Health and Wellbeing Board

1.4 The East Sussex Shadow Health and Wellbeing Board was established in October 2011 in advance of the formal 'shadow' year which commenced in April 2012.

1.5 The Council has a statutory duty to establish a Health and Wellbeing Board from 1 April 2013. It is therefore necessary to establish the Board formally and agree its Terms of Reference. Proposed terms of reference are set out in Appendix 1 which is being circulated separately to Members. The Health and Social Care Act 2012 provides that the County Council representatives on the board are appointed by the Leader of the Council.

- 1.6 Statutory Guidance is still awaited about some aspects of the Board's operation and there may be a need to revise the terms of reference later in the year in the light of this guidance and in view of the review of the operation of the shadow board which will be carried out in the coming months. A further report will be brought to the Governance Committee if this proves to be the case.
- 1.7 The Committee **recommends** the County Council to
- Y (1) note the formal transfer of public health functions to the County Council from 1 April 2013;
- (2) agree to amend the terms of reference of the Audit, Best Value and Community Services Scrutiny Committee to include the discharge of the Council's public health scrutiny and review functions;
- (3) delegate authority to the Chief Executive to appoint the Director and Deputy Director of Public Health;
- (4) establish the Health and Wellbeing Board, agree its terms of reference as set out in Appendix 1 and to delegate to it such powers as necessary to perform this function; and
- (5) delegate authority to the Assistant Director, Legal and Democratic Services to make all necessary changes to the Constitution to give effect to these decisions.

2. Members' Allowances Scheme

2.1 In March 2010 the County Council agreed that the Independent Remuneration Panel be asked to meet annually to maintain a regular review of member allowances. However, the Local Authorities (Members' Allowances) (England) Regulations 2003 allow for the Members' Allowances Scheme to make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority. Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the Independent Remuneration Panel.

2.2 This provision has been included with the Scheme that has been adopted by the County Council. The allowances indexed to the percentage increase in the salaries of managers who are on locally negotiated pay. A copy of the current Members' Allowances Scheme is set out in Part 6 of the Constitution which is being circulated separately to Members as Appendix 2.

2.3 A review of the Members' Allowances Scheme was undertaken last year and reported to the County Council in May 2012. The cost of the review was £1900 excluding officer time. In view of the cost and the provision that already exists for

annual adjustment for a period of up to four years, it is proposed that the Council be recommended to agree that reviews of the scheme be undertaken every four years unless the Assistant Director, Legal and Democratic Services considers there is a change in circumstances that justifies an earlier review or there is a request from a Group Leader for a review to be undertaken.

2.4 The Committee **recommends** the County Council to

- Y agree that the Independent Remuneration Panel be asked to review the Scheme every 4 years in accordance with the Regulations unless the Assistant Director, Legal and Democratic Services considers that there is a change in circumstances that justify an earlier review or a request is received from a Group Leader.

3. Pay Policy Statements

3.1 The Localism Act 2011 requires local authorities to formulate and publish a pay policy statement on the pay of its Chief Officers and the relationship between these pay levels and the rest of the workforce, excluding schools. This policy statement has to be approved annually by full Council by 31 March.

3.2 In 2012, County Council agreed that the Governance Committee should have formal responsibility for the approval of posts at Chief Officer, Deputy Chief Officer and Assistant Director level with a remuneration package of £100,000 or more, provided the existing grade bands and terms and conditions are applied and any proposed exceptions to these are reported to full County Council. The actual appointment decision will continue to be made by the Appointments Committee (of Members) which already has delegated powers by County Council for the purposes of making recruitment and appointment decisions. Any proposed exceptions to this would require the approval of the full County Council.

3.3 On 20 February 2013 the Government published supplementary guidance to section 40 of the Localism Act 2011 regarding openness and accountability in local pay. This guidance note is concerned with ensuring that local authorities are complying with the Localism Act and associated guidance. It contains an additional requirement for local authorities to ensure that large severance payments are subject to appropriate levels of accountability. The pay policy has been updated in light of the supplementary guidance.

Pay Policy Statement

3.4 The Localism Act 2011 requires local authorities to prepare an annual pay policy statement relating to the remuneration (total pay packages) of its Chief Officers, as defined by statute, Deputy Chief Officers (and, by definition, Assistant Directors), the Monitoring Officer and its lowest-paid employees, excluding schools. The pay policy also has to state the relationship between the remuneration of Chief Officers and the remuneration of its employees who are not Chief Officers.

3.5 The Hutton report of Fair Pay in the Public Sector recommended the publication of an organisation's pay multiple as a means of illustrating the relationship between the remuneration arrangements for Chief Officers in comparison with the rest of the non-schools workforce in the form of a ratio. The ratio is currently 7.71 to 1 (as at December 2012), marginally higher than the 2012/13 ratio of 7.49 to 1. This is published on our website with the Pay Policy Statement.

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3.8 It is necessary to include definitions and the authorities' policies relating to levels and elements of remuneration including all additional payments and benefits in kind. The statement must also indicate the approach to the payment of Chief Officers on ceasing employment, including eligibility for the award of additional pensionable service and on the engagement or re-engagement of Chief Officers previously made redundant or accessing a local government pension.

3.9 The policy otherwise remains a valid statement of the County Council's remuneration arrangements.

Updates to the Pay Policy Statement 2013

3.10 The pay policy statement has been updated to clarify the County Council's policy for the payment of redundancy payments and abatement of pensions if an officer is re-employed when in receipt of a local government pension and is being circulated separately to Members as Appendix 3.

3.11 The requirement to publish information applies equally to employed and self-employed consultants undertaking the role of an Assistant Director, Deputy Director or Chief Officer. The guidance makes specific reference to tax avoidance and a new paragraph about this has been included in the updated policy.

3.12 The supplementary guidance requires local authorities to ensure accountability in decision making in respect of large severance packages over £100,000. It is therefore proposed that the Governance Committee be given delegated authority to the approval of such packages on behalf of the County Council. The Governance Committee does of course retain the right to refer any severance payments to the full County Council for a decision if it considers appropriate.

3.13 The Committee **recommends** the County Council to

Y (1) delegate to the Governance Committee authority for the approval of severance payments of £100,000 or more; and

(2) approve the updated Pay Policy.

Peter Jones
(Chairman)

5 March 2013

