



GOVERNANCE COMMITTEE

TUESDAY, 8 MARCH 2016

12.30 PM (OR AT THE CONCLUSION OF THE MEMBERS' DEVOLUTION BRIEFING,
WHICHEVER IS THE LATER)

COMMITTEE ROOM, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Godfrey Daniel, David Elkin, Philip Howson and David Tutt

A G E N D A

- 1 Minutes of the meeting held on 26 January 2016 (*Pages 3 - 4*)
- 2 Apologies for absence
- 3 Disclosures of interests
Disclosures by all members present of personal interests in matters on the agenda, the nature of any interest and whether the member regards the interest as prejudicial under the terms of the Code of Conduct.
- 4 Urgent items
Notification of items which the Chair considers to be urgent and proposes to take at the appropriate part of the agenda. Any members who wish to raise urgent items are asked, wherever possible, to notify the Chair before the start of the meeting. In so doing, they must state the special circumstances which they consider justify the matter being considered urgent.
- 5 Allocation to political groups, the Independent Democrat Group and Independent Group of places on committees (*Pages 5 - 8*)
Report by Assistant Chief Executive
- 6 Pay Policy Statement (*Pages 9 - 18*)
Report by Chief Operating Officer
- 7 Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2016/17 (*Pages 19 - 24*)
Report by Interim Assistant Director, Personnel and Training
- 8 Any other items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
County Hall, St Anne's Crescent
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29 February 2016

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GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at Committee Room, County Hall, Lewes on 26 January 2016.

PRESENT Councillors Keith Glazier (Chair), Godfrey Daniel, David Elkin, Philip Howson and David Tutt

ALSO PRESENT Councillors Alan Shuttleworth and Richard Stogdon

25 MINUTES OF THE MEETING HELD ON 19 NOVEMBER 2015

25.1 RESOLVED – that the minutes of the last meeting of the Committee held on 19 November 2015 be approved as a correct record

26 APPOINTMENT OF DIRECTOR TO THE BOARD OF THE TRIP RATE INFORMATION COMPUTER SYSTEM CONSORTIUM LTD LATC

26.1 The Committee considered a report by the Director of Communities, Economy and Transport regarding the appointment of a Director to represent the County Council on the Board of Directors of the Trip Rate Information Computer System Consortium Ltd

26.2 The Committee RESOLVED to appoint Alex Jack to represent the County Council on the Board of Directors of the Trip Rate Information Computer System Consortium Ltd

27 LOCAL MANAGERS' PAY 2016/17

27.1 The Committee considered a report by the Chief Operating Officer concerning the pay offer for the LMG Pay negotiations with UNISON for 2016/17.

27.2 The Committee RESOLVED to:

1) note the current position with the national pay negotiations; and

2) in light of this, agree to defer consideration of the pay offer to Local Managers to be negotiated with Unison for the financial year 2016/17, until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award

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Report to: **Governance Committee**

Date: **8 March 2016**

By: **Assistant Chief Executive**

Title of report: **Appointment to committees, sub-committees, panels and other bodies**

Purpose of report: **To consider the allocation of places on committees, sub-committees, panels and other bodies to the six political and independent groups**

RECOMMENDATION:

The Governance Committee recommends the County Council to allocate to political and independent groups the places on, and membership of, the main committees as set out in Appendix 1.

1. Supporting Information

1.1 In appointing members to committees the Council must comply with section 15 of the Local Government Act 1989 and subsequent Regulations. These provide that places on committees must be allocated to political groups in proportion to the number of seats on the Council held by each group, unless there is agreement, without dissent, that the provisions of the Act should not be applied.

1.2 The allocation of places to party groups must, so far as is reasonably practicable, give effect to the following principles:

- (a) not all of the seats on the body can be allocated to the same political group;
- (b) where more than half the members of the Council belong to one political group, that group shall have a majority on all committees, sub-committees, etc;
- (c) subject to (a) and (b) above, the total number of seats on the ordinary committees (including sub-committees) allocated to a political group reflects that group's proportion of the members of the Council;
- (d) subject to (a), (b) and (c) above, the number of seats on each body allocated to a political group reflects the proportion of the seats on the Council held by the group.

1.3 The rules require seats to be allocated on a proportional basis "so far as practicable" and inevitably there must be some rounding up and rounding down. It is open to the Council to review the size and number of committees and sub-committees at any time.

1.4 Members of the Cabinet may not serve on the Scrutiny Committees or the Regulatory Committee and the Leader and Deputy Leader of the Council may not serve on the Standards Committee.

1.5 The Leader of the Council appoints the Cabinet and allocates portfolios to those Cabinet Members. Political balance provisions do not apply to the Cabinet

1.6 The principle in paragraph 1.2 (c) above applies to appointments to ordinary committees (including sub-committees). Accordingly, before considering the allocation of places to political groups the Committee will need to consider whether it wishes to recommend any changes in committees, including their size.

2. Allocation of seats

2.1 The tables in Appendix 1 show the proposed allocation of seats for the remainder of 2015/16. The only changes from the allocation agreed by the County Council in July 2015 are the vacancies on the Standards Committee and Regulatory Committee reflecting the current vacancy on the Council. The proposals in relation to the committees, their total membership and the number of seats on each to which the groups will be entitled follows the principles set out in paragraph 1.2 above.

3. Conclusion

3.1 The Committee is asked to recommend the County Council to agree the allocation of places on each committee to each group as set out in Appendix 1.

PHILIP BAKER
Assistant Chief Executive

Contact Officer: Andy Cottell Tel: 01273 481955

Local Member: All

Background Documents: None

Group	Number of Councillors	%	Number of seats
Conservative	20	41	32
Liberal Democrat	10	21	16
Labour	6	12	10
UKIP	7	14	12
Independent Democrat Group	2	4	3
Independent	3	6	4
Vacancy	1	2	2
Total	49	100%	79

COMMITTEE	Conservative	Liberal Democrat	Labour	UKIP	Independent Democrat Group	Independent Group	Vacancy
Number of councillors	20	10	6	7	2	3	1
Regulatory (18)	7.35 (7)	3.67 (3)	2.20 (2)	2.57 (3)	0.73 (1)	1.10 (1)	0.37 (1)
Planning (7)	2.86 (3)	1.43 (2)	0.86 (1)	1.00 (1)	0.29 (0)	0.43 (0)	0.15 (0)
Governance (5)	2.04 (2)	1.02 (1)	0.61 (1)	0.71 (1)	0.20 (0)	0.31 (0)	0.10 (0)
Standards Committee (7)	2.86 (2)	1.43 (1)	0.86 (0)	1.00 (1)	0.29 (1)	0.43 (1)	0.15 (1)
Pension Committee (5)	2.04 (2)	1.02 (1)	0.61 (1)	0.71 (1)	0.29 (0)	0.43 (0)	0.15 (0)
Scrutiny Committees:							
Audit, Best Value and Community Services(7)	2.86 (3)	1.43 (2)	0.86 (1)	1.00 (1)	0.29 (0)	0.43 (0)	0.15 (0)
Children's Services (9)	3.67 (4)	1.84 (2)	1.10 (1)	1.29 (1)	0.37 (1)	0.55 (0)	0.18 (0)
Health Overview & Scrutiny (7)	2.86 (3)	1.43 (1)	0.86 (1)	1.00 (1)	0.29 (0)	0.43 (1)	0.15 (0)
Adult Social Care & Community Safety (7)	2.86 (3)	1.43 (1)	0.86 (1)	1.00 (1)	0.29 (0)	0.43 (1)	0.15 (0)
Economy, Transport and Environment (7)	2.86 (3)	1.43 (2)	0.86 (1)	1.00 (1)	0.29 (0)	0.43 (0)	0.15 (0)
TOTALS (79)	32	16	10	12	3	4	2

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Report to: **Governance Committee**
Date: **8 March 2016**
Report by: **Chief Operating Officer**
Title of report: **Pay Policy Statement**
Purpose of report: **To consider the pay policy statement for 2016/17**

RECOMMENDATIONS

The Governance Committee is recommended to:

(i) recommend to the County Council the updated pay policy statement for 2016/17 set out in Appendix 1, and

(ii) receive a further report with the Pay Policy Statement updated appropriately to reflect the outcome of the current Government consultations, once known.

1 Background

1.1 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.

1.2 At its meeting on 27 March 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 using existing delegations. Any proposed exceptions to this would require the approval of the full County Council.

2 Pay Policy Statement

2.1 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.

2.2 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 (December 2015) 7.14 to 1, which is an improvement on the March 2015 ratio of 7.33 to 1. The pay multiple is published on our website with the Pay Policy Statement.

2.3 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.

2.4 Since the previous Pay Policy Statement was considered by the Governance Committee at its meeting 10 March 2015, the Government have announced a number of consultations in relation to reforming public sector exit payment terms. In particular:

(i) Recovery of exit payments - the Small Business, Enterprise and Employment Act 2015 includes provisions to enable the recovery of exit payments made to individuals who return to the public sector within 12 months of receiving an exit payment. The intention is for this to come into force from April 2016;

(ii) Exit payment cap – the government intends to introduce a cap of £95,000 on public sector exit payments (including pension strain costs etc.) to implement its manifesto commitment to cap six-figure exit pay-outs, and

(iii) Spending Review 2015 – as part of the Autumn Statement 2015 the government announced that it would consult on further cross-public sector action on exit payment terms to reduce the costs of redundancy pay-outs and ensure greater consistency between workforces eg NHS, Local Government, Civil Service etc.

2.5 Whilst the existing pay policy statement remains a valid statement of the County Council's remuneration arrangements at present, it will need to be updated to reflect the outcome of the above consultations once known. Attached at Appendix 1 is a copy of the pay policy statement for 2016/17.

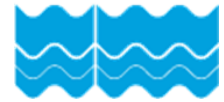
3 Recommendations

3.1 The Governance Committee is recommended to:

- (i) recommend to the County Council the updated pay policy statement for 2016/17 set out in Appendix 1, and
- (ii) receive a further report with the Pay Policy Statement updated appropriately to reflect the outcome of the current Government consultations, once known.

KEVIN FOSTER
Chief Operating Officer

Contact Officers: Sarah Mainwaring, Interim Assistant Director, Tel. No 01273 482060 and Mel Funnell, Personnel Manager, Tel. No. 01273 481867



Pay Policy Statement

Date: 22 March 2016

Document summary

Policy on the pay of Chief Officers, Deputy Chief Officers and Assistant Directors in relation to the rest of the local government workforce, excluding schools.

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About this document:

<p>Enquiries: HR Transition Team Author: Personnel and Training Telephone: 01273 481867 Email: ~D BS PAT Transition Team</p> <p>Download this document From: http://intranet.escc.gov.uk/personnel/working/payconditions/pages/az.aspx?startswith=p</p>	<p>Version number: 01 Related information:</p>
<p>Accessibility help</p> <p>Zoom in or out by holding down the CTRL key and turning the mouse wheel. CTRL and click on the table of contents to navigate. Press CTRL and Home key to return to the top of the document Press Alt-left arrow to return to your previous location. References shown in blue text are available on the Intranet and/or Czone. References shown in underlined blue text are hyperlinks to other parts of this document.</p>	

Pay Policy Statement

Key points

- The annual pay policy statement will be approved by full Council each year and published on the Council's website by 31 March.
- Elected members will take decisions on all matters concerning the pay of Chief Officers and Deputy Chief Officers through the Governance Committee including approval of any annual pay award. This Committee also approves any annual pay award offered to managerial staff employed on local pay and conditions.
- The Chief Officer salary bands are published on the County Council's website, along with the salary scales for all other staff groups.
- The County Council uses job evaluation to determine the grade of its posts and has adopted two schemes; the HAY scheme for managerial posts and the NJC (local government) Single Status scheme for staff below management level.

1. Background to the pay policy statement

- 1.1. The Localism Act 2011 requires local authorities to prepare a pay policy statement for each financial year. This statement has to be approved by the full County Council, annually.
- 1.2. The statement must set out the authority's policies for the financial year relating to the remuneration of its Chief Officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its Chief Officers and the remuneration of its employees who are not Chief Officers.

2. Definitions

- 2.1. **Chief Officers:** Statutory and non-statutory Chief Officers of the County Council, all of whom report to the Chief Executive as the Head of the Authority's paid service. This definition is based on the interpretation provided in the Localism Act with reference to the Local Government and Housing Act 1989.
- 2.2. The Localism Act specifies that the **Monitoring Officer** is also included. This Officer is paid at Assistant Director level. (See paragraph 2.3, below).
- 2.3. **Deputy Chief Officers:** All posts reporting directly to a Chief Officer, whether paid on Deputy Chief Officer pay bands or Assistant Directors paid on Local Managerial Grades. This definition is based on the interpretation provided in the Localism Act with reference to the Local Government and Housing Act 1989.
- 2.4. **Lowest paid employees:** all staff paid on the lowest salary point of the local single status pay spine; currently (December 2015) £13,660 per annum for full time staff. All non-managerial employees are paid on a pay spine which commences at this level, hence the selection of this point as the lowest salary point.
- 2.5. The Localism Act defines **remuneration** as including; salary under a contract of employment or payments made under a contract for services, bonuses, charges, fees or allowances, any benefits in kind, any enhancement to pension entitlement and any amounts payable on the Chief Officer ceasing to hold office.

- 2.6. The publication of the **'pay multiple'** as a determinant of the relationship between the pay of Chief Officers and that of the rest of the workforce was recommended by the Hutton report on Fair pay. This is a calculation in the form of a ratio between the median average earnings across the organisation and the highest paid employee. The pay multiple will be published on the County Council website and monitored annually.

3. Remuneration of Chief Officers

- 3.1. The Chief Executive, Directors and Deputy Directors of the County Council are paid on local pay bands for Chief Officers and Deputy Chief Officers. These posts are evaluated using the Hay job evaluation scheme and are paid on the relevant band according to the size of their job as determined on the job evaluation scheme.
- 3.2. Assistant Directors are defined as 'Deputy Chief Officers' for the purposes of the Localism Act as they report directly to Chief Officers. These posts are also evaluated using the HAY job evaluation scheme and paid on the County Council's Local Managerial Grades (LMG). All the County Council's managers are paid on these scales and have a common scheme of terms and conditions of service.
- 3.3. The County Council's salary scales are published on the County Council website <http://www.eastsussex.gov.uk/jobs/workingateastsussexcountycouncil/salaries/default.htm>
- 3.4. In accordance with standard council policy, new employees are normally appointed to the minimum point of the pay scale unless there is a good reason for appointment at a higher point on the scale. This would be approved at a senior level and, in the case of Chief Officer appointments, by the Chief Executive in consultation with the Lead Member.
- 3.5. Incremental progression within a salary band would normally take place on 1 April each year until the maximum point of the scale is reached and is subject to the achievement of agreed operational targets. This is standard policy for all managers across the County Council.
- 3.6. Annual pay awards for Chief Officers and Deputy Chief Officers are subject to local pay determination by the Governance Committee. Annual pay awards for managers paid on Local Managerial Grades, including Assistant Directors, are negotiated with UNISON annually and approved by the Governance Committee. These pay awards are determined with reference to economic indicators including the rate of inflation (CPI), turnover rates, level of other public sector pay awards and market position. The local pay awards for these staff groups were 1% in 2013/14 and 2014/15, 1.19% in 2015/16. In terms of 2016/17, the Governance Committee agreed at its meeting on 26 January 2016 to defer consideration of the pay offer to Local Managers until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award.

4. Remuneration of employees who are not Chief Officers

- 4.1. The remuneration of employees below management level is subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council for Local Government Services' commonly known as the 'Green Book'.

- 4.2. The 'Green Book' contains a national basic framework for conditions of service but also allows for local variation on certain specified conditions of service, including the pay structure. The County Council and the local trades unions have been working closely together over a number of years to implement these local variations via Local Collective Agreements. In broad terms, these have provided for a range of changes to terms and conditions of employment, including the following:
- the adoption of the National Joint Council Job Evaluation Scheme for determining the grade of posts on the local single status pay spine;
 - the local East Sussex Single Status pay scales containing 13 non-overlapping grades with consistent incremental steps, is being phased in. Any employees remaining on the former 'NJC' pay spine are being transferred onto these grades during 2016/17. A copy of the current set of pay scales is published on the County Council's website.
 - a harmonised arrangement of paying up to two additional increments for work undertaken at weekends within the normal working week.
- 4.3. The nationally negotiated pay awards have been applied to the local single status pay scales since their introduction in 2003. The national pay award for 2014/15 covered the two year period from April 2014 to March 2016 and essentially provided a tapering percentage to be applied, with the highest amount of 8.56% going to the bottom of the NJC scale, reducing to 2.20% for spinal column point 11 onwards. The proposed pay award for 2016/17 covers the period April 2016 to March 2018 and again essentially provides a tapering percentage to be applied, with the highest amount of 6.6% going to the bottom of the NJC scale, reducing to 1% for spinal column points 18 and above in year 1 followed by 3.4% for the bottom spinal column point and reducing to 1% for spinal column points 18 and above in order to take account of the National Living Wage. At present, this offer is subject to ongoing negotiations between national employers and national staff side representatives.
- 4.4. Staff, who are not Chief Officers, working in Education Advisory roles or as Educational Psychologists are paid according to the national salary framework for Soulbury staff with associated terms and conditions.

5. Other elements of remuneration

- 5.1. The County Council does not operate a formal performance-related pay system and therefore there are no bonus payments, earn back systems or other regular payments paid to Chief Officers beyond the annual increments referred to in paragraph 3.5 above.
- 5.2. The County Council's honorarium scheme applies to all staff, including Chief Officers, and rewards the performance of additional duties and responsibilities over and above an employee's normal workload for a temporary period. It includes reward for an exceptional contribution to a project or piece of work and for high standards of personal achievement and quality of work. There are three levels of payment against specified criteria and a payment of 2.5%, 5.0% and 7.5% of salary may be awarded for the period during which the additional duties/responsibilities were undertaken. The decision to award an honorarium payment to a Chief Officer would be taken by the Chief Executive and in the case of the Chief Executive; the Leader of the Council.

- 5.3. The County Council does not award additional fees to Chief Officers for undertaking local election duties.
- 5.4. The County Council's special merit payment scheme, which allows a flat rate payment of up to £1000 in recognition of a particular "one-off" contribution or a substantially increased workload, applies to all staff, including Chief Officers. The decision to award a merit payment to a Chief Officer would be taken by the Chief Executive and in the case of the Chief Executive, the Leader of the Council.
- 5.5. Out of pocket expenses incurred during the course of employment will be met by the County Council provided that the expenses are directly related to employment and are approved as reasonable. This is in line with standard County Council policy.
- 5.6. The standard County Council mileage payments are also paid to Chief Officers for mileage travelled on Council business. These are 45p per mile for contracted car users, 25p per mile for optional car users, 20p for travel in connection with training and 12p per mile for leased car users.
- 5.7. The County Council operates a car leasing scheme which is open to all employees but only attracts an employer contribution for staff who are expected to travel at least 4000 business miles per annum and leased car users are then reimbursed the 'fuel' element of their business travel. The employer contribution is £1600 per annum and the higher contribution for travel in excess of 7500 miles per annum is £2675.
- 5.8. The County Council has a market supplements policy that provides for an additional payment to aid the recruitment and retention of staff that work in areas where there is evidence of a skills shortage. These are rarely applied and have to be approved by the Chief Executive and relevant Chief Officer.

6. Relationship between the remuneration of Chief Officers and that of the wider workforce

- 6.1. Apart from the differences in pay scales as described in paragraph 3 above, there are minimal differences in entitlement to remuneration between Chief Officers, Deputy Chief Officers and the rest of the workforce as the County Council is working towards harmonisation of terms and conditions of service between staff groups. The main differences between the remuneration of employees below managerial level and the local managerial grades are:
 - i) Managers employed on local terms and conditions are not entitled to payment of any additional allowances beyond the basic rate of pay whereas employees below management level are able to claim for regular working outside standard working hours, for example, overtime or weekend working increments.
 - ii) Managers employed on local terms and conditions have their annual pay award approved locally by the Governance Committee, as described in paragraph 3.6, whereas employees below management level usually receive an award in line with the national pay award.
- 6.2. The 'pay multiple' will be calculated each year and will be published on the County Council's website with other pay information suggested in the code of recommended practice on data transparency. Historical information will be retained in order to monitor the pay multiple over time.

7. Tax Avoidance

7.1. The Council is committed to tackling all forms of tax avoidance and therefore encourages the direct employment of staff and pays them via the payroll system. In a few circumstances where it is more appropriate to engage people on a self-employed basis, the Council offers a contract for services and follows guidelines to ensure that the correct employment status is identified. When a need arises for an 'interim' appointment, recruitment is normally secured using the Council's agency contract arrangement.

8. Appointment or Re-engagement of Chief Officers

- 8.1. Posts with proposed salary packages greater than £100,000 will be approved by the Governance Committee prior to appointment, provided the salary package being considered is in line with existing pay scales that also apply to other Chief Officers and Deputy Chief Officers undertaking similar duties and responsibilities. Chief Officers and Deputy Chief Officers will be appointed on one of the established grade bands appropriate to the post. Any proposed exceptions to this would require the approval of the full County Council.
- 8.2. The policy for appointing or re-engaging any member of staff who has previously been made redundant by this authority, or who is in receipt of a local government pension is that there should be a presumption against re-employment of employees for a period of 12 months following the end of their employment. However, in exceptional circumstances employees may be re-employed by the Council. In approving a re-employment of a Chief Officer, Members will need to be satisfied that:
- the employee is not being re-employed in a role or capacity which is broadly similar to the role from which they were made redundant;
 - the rate of pay applied to the work undertaken by the re-engaged employee should be appropriate to the work to be done and not the grading which applied to the employee prior to the end of their current contract;
 - the employment should be for a fixed term, not exceeding one year, unless there are exceptional circumstances, and the arrangement must provide financial / operational advantage to the Council.
- 8.3. If an officer in receipt of a local government pension is employed or re-employed it is our policy to apply the Local Government Pension Scheme rules on abatement. This ensures that the pension is abated if the combined income exceeds that of the former employment. There are currently some exceptions to this where flexible retirement has been approved in accordance with Local Government Pension Scheme provisions and a business case having been approved at Chief Officer level. Following a review of this policy the County Council has ceased to have a Flexible Retirement Policy and no new applications are accepted.

9. Termination of Employment of Chief Officers

9.1. Any compensation payments made to Chief Officers and Deputy Chief Officers on ceasing to hold office or to be employed by the authority will be made on the same basis as any other employee in line with the County Council's 'managing change' policies.

- 9.2. The Local Government Early Termination of Employment (Discretionary Compensation) England and Wales Regulations 2006 require local authorities to formulate and publish their policy on making discretionary payments on early termination of employment within the parameter of up to 104 weeks' pay. In the event of an employee being made redundant or applying for voluntary severance, the County Council's managing change policy contains details of the circumstances in which a redundancy payment is payable. The payment is calculated on the basis of the statutory redundancy payment multiplied by 1.75. This equates to a maximum of 52.5 weeks' pay.
- 9.3. The Local Government Pension Scheme regulations provide for access to pension benefits without reduction from the age of 55 in the event of an employee being made redundant. The County Council has the discretion to award up to three years' augmentation of pension benefits in exceptional circumstances only, and this has to be supported by a business case. The managing change policy stipulates that where a proposal is in place for a Chief Officer, Deputy or Assistant Director to be made redundant, this must be referred to the Chief Executive, to seek Member approval for the redundancy payments.
- 9.4. Where a severance package for an individual employee exceeds £30,000 it must be approved by the Chief Executive. A severance package that exceeds £100,000 must be approved by the Governance Committee with the components of the package listed separately.

Report to: Governance Committee
Date of meeting: 8 March 2016
By: Interim Assistant Director, Personnel & Training
Title: Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2016/17
Purpose: To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2016/17.

RECOMMENDATIONS

The Governance Committee is recommended to defer consideration of the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17, until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award.

1 Background

1.1 Chief Officers' pay is locally determined and annual increases approved by this Committee normally take effect on 1 April.

1.2 The national (NJC) pay award is relevant to these local negotiations as the decision made regarding the local pay offer needs to take into account the impact on the wider workforce and organisation as a whole. Historically, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers has generally mirrored the national award.

1.3 Any consideration of a pay increase must, however, take into account the savings targets and significant financial challenges facing the Council, as well as any Government pay policy for the public sector.

2 Supporting information

2.1 The annual Consumer Prices Index (CPI) inflation measures changes in the price level of consumer goods and services purchased by households. The CPI 12 month rate (the amount prices changed over the year between Nov 14 and Nov 15) stood at 0.1%. CPI is the inflation measure used in the Government's target for inflation and for purposes such as uprating pensions, wages and benefits.

2.2 For the three months ending October 2015, the median pay settlement for the private sector was 1.6%, whereas in the public sector it was 1.8%. The median for the whole economy is 2%. Total pay in the public sector (average weekly earnings including bonuses) grew by 1.2% when compared with a year earlier over the three months to September 2015. In contrast, total pay in the private sector rose by 3.4% over this period. (Labour market statistics, ONS)

Pay Negotiations 2016/17

2.7 National negotiations on the NJC local government services pay award are currently progressing, with an offer of a two-year deal made to the NJC Trade Union Side. This proposes a bottom-loaded, tapering increase ranging from 6.6% in year 1 (3.4% in year 2) to the bottom spinal column point, up to 1% for spinal column points 13 and above. This takes the hourly rate of the bottom spinal column point above the new National Living Wage hourly rate of £7.20 (from 1 April 2016). The total increase to the national pay bill resulting from this offer is 2.4% over the two year period from 1 April 2016 to 31 March 2018. At present this offer is subject to ongoing negotiations between national employers' and national staff side representatives.

2.8 The Chief Executive, Chief Officers and Deputy Chief Officers received an overall pay award of 2.20% for the two year period 1 April 2015 to 31 March 2016, the same as the national award for spinal column points 11 and above.

Financial Implications

2.10 The Chief Executive, Chief Officer and Deputy Chief Officer pay bill is approximately £1.27m per annum including on-costs. If we were to mirror the current national NJC offer, this would provide for an offer of 1%. A 1% increase would cost approximately £12.7k including on-costs. Revenue budgets for 2016/17 have been prepared with provision for a pay award of 1%, in line with the Government's pay policy for the public sector.

2.11 Appendix 1 provides high level benchmarking data in relation to key Chief Executive, Chief Officer and Deputy Chief Officer pay. As can be seen from this, pay is broadly in line with our neighbours. Currently, none have determined their pay offer for 2016/17, but have informally noted that they would expect this to be heavily influenced by the national position.

2.11 Attached at Appendix 2 is a copy of the current Chief Executive, Chief Officer and Deputy Chief Officer salary scales.

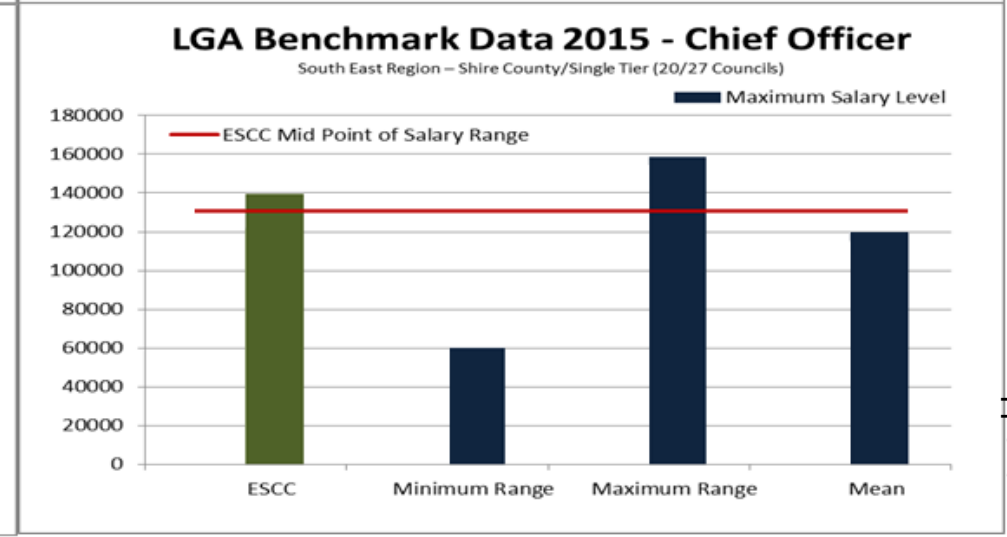
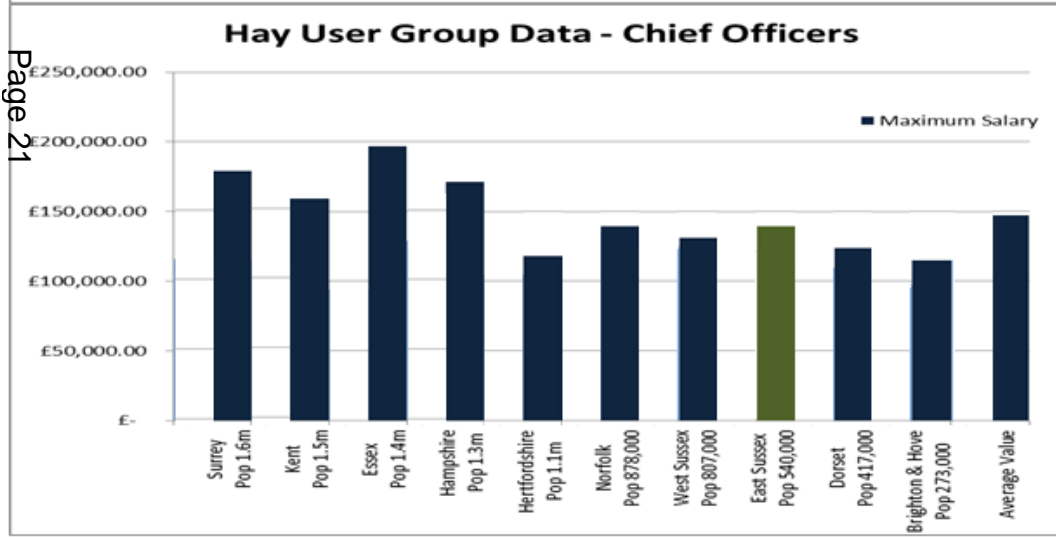
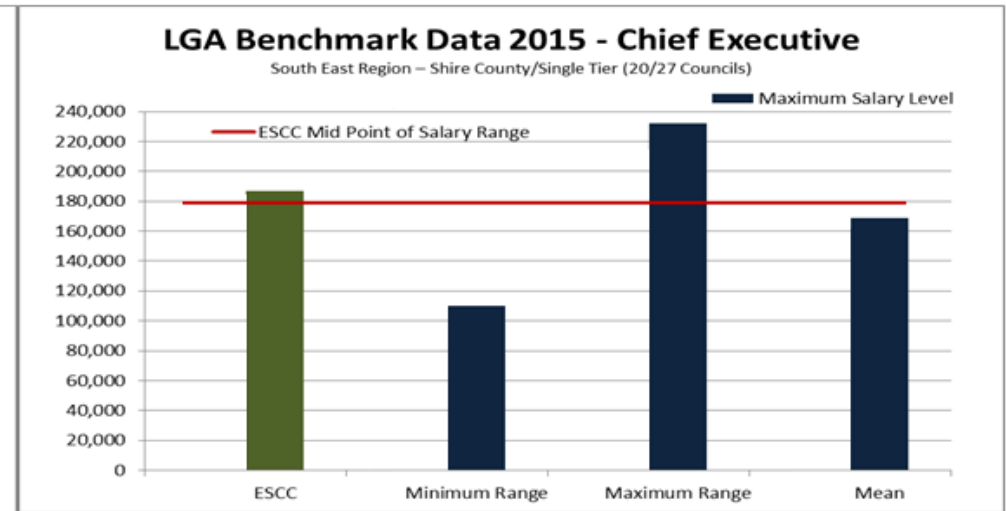
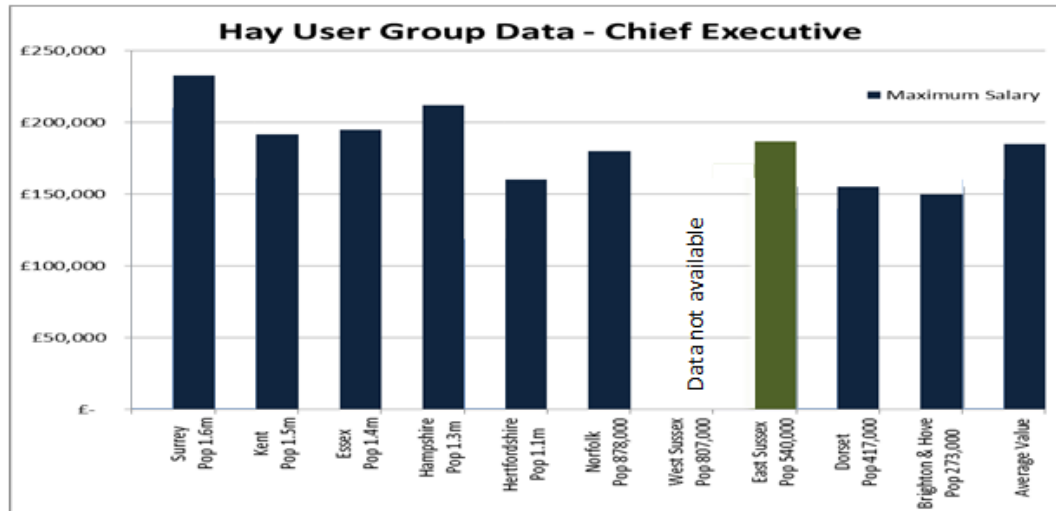
3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to defer consideration of the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2016/17, until the level of the national pay award is known, and for this to be on the basis that no obligation is given to accepting parity with the national award.

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Chief Officer Pay Benchmarking



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Appendix A

Average pay: Shire County/Single Tier with population >325,000:

Post	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Post	Lower Quartile (£)	Median (£)	Upper Quartile (£)
Chief Executive	172,253	178,860	185,735	Chief Officer	120,492	125,957	130,787
ESCC Chief Executive	175,043	179,008	182,972	ESCC Chief Officer	131,439	134,098	136,756

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Current Salary Scales 2015/16: Chief Executive, Chief Officers and Deputy Chief Officers

Grade	Current Salary
Chief Executive	£ 171,078
	£ 176,206
	£ 181,492
	£ 186,936
Chief Officer – Band B	£ 128,780
	£ 132,326
	£ 135,868
	£ 139,415
Chief Officer – Band A Currently not in use	£ 121,587
	£ 125,231
	£ 128,780
	£ 132,326
Deputy Chief Officer – Band B Currently not in use	£ 103,025
	£ 105,859
	£ 108,698
	£ 111,531
Deputy Chief Officer – Band A	£ 97,268
	£ 100,185
	£ 103,025
	£ 105,859

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