



GOVERNANCE COMMITTEE

TUESDAY, 7 MARCH 2017

11.00 AM (OR AT THE CONCLUSION OF THE CABINET, 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 24 January 2017 (*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 Pay Policy Statement 2017/18 (*Pages 5 - 14*)
Report by Chief Operating Officer
- 6 Amendment to Constitution: Joint Arrangements (*Pages 15 - 18*)
Report by Assistant Chief Executive
- 7 Local Government Pension Scheme Investment Pooling: Appointment of a Council representative to the Joint Governance Committee (*Pages 19 - 20*)
Report by Interim Chief Finance Officer
- 8 Local Code of Corporate Governance (*Pages 21 - 28*)
Report by Assistant Chief Executive
- 9 Local Managers' Pay 2017/18 (*Pages 29 - 32*)
Report by Chief Operating Officer
- 10 Chief Executive, Chief Officers' and Deputy Chief Officers Pay 2017/18 (*Pages 33 - 38*)
Report by Head of Human Resources and Organisational Development
- 11 Any other items previously notified under agenda item 4

PHILIP BAKER
Assistant Chief Executive
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27 February 2017

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GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at County Hall, Lewes on 24 January 2017.

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

32 MINUTES OF THE MEETING HELD ON 15 NOVEMBER 2016

32.1 RESOLVED – that the minutes of the previous meeting of the Committee held on 15 November 2016 be confirmed as a correct record.

33 REPORTS

33.1 A copy of the reports referred to below are included in the minute book.

34 AMENDMENTS TO CONSTITUTION - REVIEW OF PROPER OFFICER APPOINTMENTS

34.1 The Committee considered a report by the Assistant Chief Executive reviewing Proper Officer appointments

34.2 The Committee RESOLVED to recommend the County Council to:

- (1) agree to the Assistant Chief Executive post being designated as the Proper Officer for accepting declarations of acceptance of office as set out in paragraph 1.1 of the report; and
- (2) agree to the Chief Executive exercising this role in the event that the Assistant Chief Executive is, for any reason, unable to act.

35 LOCAL MANAGERS' PAY 2017/18

35.1 The Committee considered a report by the Chief Operating Officer concerning the pay offer for the LMG Pay negotiations with UNISON for 2017/18.

35.2 The Committee RESOLVED to determine that the pay offer for LMG Managers to be negotiated with UNISON for the financial year 2017/18 as being equivalent to the national pay offer of 1%

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Report to: **Governance Committee**
Date: **7 March 2017**
Report by: **Chief Operating Officer**
Title of report: **Pay Policy Statement**
Purpose of report: **To consider the pay policy statement for 2017/18**

RECOMMENDATIONS

The Governance Committee is recommended to:

(i) recommend to the County Council the updated pay policy statement for 2017/18 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 set out in paragraph 2.4, 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 2016) 7.14 to 1, the same as the March 2016 ratio of 7.14 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 The Government has undertaken a number of consultations over the last 18 months 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 in 2017;
- (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. The intention is for this to come into force in 2017, and,
- (iii) Exit payment terms (compensation) – the Government are considering further reforms to the calculation of compensation terms and to employer funded early retirement in circumstances of redundancy, including the introduction of a maximum salary on which an exit payment can be based and the tapering of a lump sum compensation as they get closer to their normal retirement age. The maximum salary is currently proposed to be £80,000. Further information is awaited, including indicative timeframes for implementation.

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 2017/18.

3 Recommendations

3.1 The Governance Committee is recommended to:

- (i) recommend to the County Council the updated pay policy statement for 2017/18 set out in Appendix 1, and
- (ii) receive a further report with the Pay Policy Statement updated appropriately to reflect the outcome of the Government consultations as set out in paragraph 2.4 above, once known.

KEVIN FOSTER
Chief Operating Officer

Contact Officers: Sarah Mainwaring, Head of HR & OD, Tel. No 01273 482060 and
Melanie Funnell, HR Manager, Tel. No. 01273 481867



Pay Policy Statement

Date: 21 March 2017

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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For approval by East Sussex County Council at its meeting on 21 March 2017

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 (January 2017) £14,506 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.

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- 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 2014/15, 1.19% in 2015/16 and 1% in 2016/17. The pay award for 2017/18 will be determined by the Governance Committee at its meeting on 21 March 2017.

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’.

For approval by East Sussex County Council at its meeting on 21 March 2017

- 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 trade 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 implementation of local East Sussex Single Status pay scales containing 13 non-overlapping grades with consistent incremental steps. 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 2 year pay award for the period April 2016 to March 2018 essentially provides a tapering percentage to be applied in both years; last year, in 2016/17 the highest amount of 6.6% was applied to the bottom of the NJC scale, reducing to 1% for spinal column points 18 and above and for this year, 2017/18, 3.4% for the bottom spinal column point and reducing to 1% for spinal column points 18 and above. This also takes account of the National Living Wage in both years.
- 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.

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- 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.

For approval by East Sussex County Council at its meeting on 21 March 2017

- 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: 7 March 2017
By: Assistant Chief Executive
Title: Amendment to the Constitution: Joint Arrangements
Purpose: To consider proposals to amend the Council's Constitution.

RECOMMENDATION: The Governance Committee is recommended to recommend the County Council to agree to the Constitution being amended as set out in paragraph 1.2 below.

Supporting Information

1 Joint Arrangements.

1.1 The Council's Constitution provides for the Council to establish joint arrangements with other local authorities and/or their executives to exercise executive or non executive functions. In view of the continuing collaboration with health, it is proposed that the Article regarding Joint Arrangements in the Constitution be amended to provide for such arrangements to be established with bodies other than local authorities eg Health bodies.

1.2 It is proposed that Articles 11.02 and 11.04 of the Constitution be amended as follows:

Article 11 - Joint Arrangements

11.01 Arrangements to promote well being

The Council and/or the Cabinet, in order to promote the economic, social or environmental well-being of its area, may:

- (a) enter into arrangements or agreements with any person or body;
- (b) co-operate with, or facilitate or co-ordinate the activities of, any person or body; and
- (c) exercise on behalf of that person or body any functions of that person or body.

11.02 Joint arrangements

- (a) The Council may establish joint arrangements with one or more local authorities and/or their executives, or other organisations such as (but not limited to) NHS bodies, to exercise functions which are not executive functions in any of the participating authorities, or advise the Council. Such arrangements may involve the appointment of a joint committee with these other local-authorities bodies.
- (b) The Leader may establish joint arrangements with one or more local authorities or other organisations such as (but not limited to) NHS bodies, to exercise functions which are executive functions. Such arrangements may involve the appointment of joint committees with these other local-authorities bodies.

- (c) Except as set out below, the Leader may only appoint Cabinet members to a joint committee and those members need not reflect the political composition of the local authority as a whole.
- (d) The Leader may appoint members to a joint committee from outside the executive in the following circumstances:
 - the joint committee has functions for only part of the area of the authority, and that area is smaller than two-fifths of the authority by area or population. In such cases, the Leader may appoint to the joint committee any councillor who is a member for an electoral division which is wholly or partly contained within the area;
 - the joint committee is with a single district or borough council and relates to executive functions of the County Council. In such cases, the Leader may appoint to the joint committee any councillor who is a member for an electoral division which is wholly or partly contained within the area.
 - where the joint committee is established under the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 (as amended) or such superceding legislation

In ~~both~~ each of these cases the political balance requirements do not apply to such appointments.
- (e) Details of any joint arrangements including any delegations to joint committees will be found in the Council's scheme of delegations in Part 3 of this Constitution.

11.03 Access to information

- (a) The Access to Information Rules in Part 4 of this Constitution apply.
- (b) If all the members of a joint committee are members of the executive in each of the participating authorities then its access to information regime is the same as that applied to the executive.
- (c) If the joint committee contains members who are not on the executive of any participating authority then the access to information rules in Part VA of the Local Government Act 1972 will apply.

11.04 Delegation to and from other local authorities

- (a) The Council may delegate non-executive functions to another local authority or body or, in certain circumstances, the executive of another local authority or body.
- (b) The Leader may delegate executive functions to another local authority or body or the Executive of another local authority or body in certain circumstances.
- (c) The decision whether or not to accept such a delegation from another local authority shall be reserved to the full Council.

2. Conclusion and reasons for recommendations

2.1 The Committee is asked to recommend the County Council to agree the proposed changes to the Constitution set out in paragraph 1.2 above to reflect the developments in public sector collaboration and partnerships.

PHILIP BAKER

Assistant Chief Executive

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LOCAL MEMBERS: All

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Report to: **Governance Committee**

Date: **7 March 2017**

By: **Interim Chief Finance Officer**

Title of report: **Local Government Pension Scheme Investment Pooling: Appointment of Council representative to the Joint Governance Committee**

Purpose of report: **To appoint a County Council representative to the ACCESS pooling Joint Governance Committee**

RECOMMENDATIONS

The Governance Committee is recommended to appoint Councillor Stogdon as the Council's representative on the Joint Governance Committee for the period to May 2017, subject to the County Council approving the recommendations of the Pension Committee in relation to the establishment of a joint committee for the ACCESS Pool.

1. Background

1.1 East Sussex County Council is the Administering Authority for the East Sussex Pension Fund. This includes the management of over £3bn of funds that are invested to pay the current and future pensions of over 74,000 members of the Local Government Pension Scheme (LGPS) in East Sussex. It also involves managing the scheme on behalf of all LGPS employers in East Sussex. As the administering authority the County Council has fiduciary and public law duties to manage the fund in the best interests of scheme members and scheme employers.

1.2 In the summer 2015 budget the Chancellor announced the Government's intention to invite Administering Authorities to make proposals for pooling LGPS investments.

1.3 In November 2016 the Government published revised LGPS Management and Investment of Funds Regulations. The Regulations include the power for the Secretary of State to direct a fund to change its investment strategy or direct that a fund's investment function is undertaken by another organisation if the Secretary of State determines that a fund is failing to act in accordance with guidance issued, including the guidance to pool investments.

1.4 The Pension Committee has previously agreed that East Sussex Pension Fund join the ACCESS pool, which made a submission to the Government for pooling in July 2016. ACCESS contains the following other funds:

- | | | |
|-------------------|---------------------|-------------------|
| 1. Cambridgeshire | 5. Norfolk | 8. Hertfordshire |
| 2. Kent | 6. Essex | 9. Suffolk |
| 3. Hampshire | 7. Northamptonshire | 10. Isle of Wight |
| 4. West Sussex | | |

2. Summary pooling proposals

2.1. Investment pooling is intended to create the scale that will enable access to lower Investment Manager Fees and deliver cost savings to LGPS funds. In the pooled investment structure individual funds, like East Sussex, will still be responsible for own investment strategy and asset allocation decisions.

3. Inter-Authority Agreement

3.1. The ACCESS funds have jointly commissioned the external legal firm Eversheds to provide assistance in drafting a legally binding Inter Authority Agreement ("IAA") for the pooling of investments

3.2. The IAA will be based on the governing principles agreed by the ACCESS pension funds including:

- working collaboratively;
- all Councils having an equitable voice in governance;
- avoiding unnecessary complexity; and
- running economically and applying value-for-money considerations.

3.3 The Pension Board and Pension Committee have considered exempt reports at meetings in February 2017 regarding the proposals on the ACCESS pooling developments including the Inter Authority Agreement. The reports also provided further detail regarding the draft Constitution and Terms of Reference of the Joint Governance Committee.

Governance

3.4. It is proposed that the ACCESS Pool will be governed by a Joint Committee constituted under s101 of the Local Government Act 1972 and made up of one elected councillor chosen by each authority from their pension committee. The Joint Committee (or Joint Governance Committee as it will be known) will be “hosted” by one of the ACCESS local authorities. The host authority will undertake the secretariat function for the Joint Governance Committee. It is proposed that Kent County Council will be the initial host authority. A Chair and Vice-Chair of the Joint Governance Committee will be appointed by the members of the Joint Governance Committee.

4. Timescales

4.1. Government requires LGPS funds to begin transferring their investments into pools by no later than April 2018. In order for the ACCESS Pool to meet this deadline, the procurement process will need to commence in or around April 2017. Government has not yet approved either of the ACCESS Pools’ proposals. However the ACCESS Pool has committed to move forward in a way that will enable either proposal to meet the Government’s April 2018 deadline.

4.2. It is therefore necessary for the Committee to appoint a councillor as the Council’s representative on the Joint Governance Committee, subject to the County Council agreeing the Pension Committee’s recommendations in relation to the establishment of a joint committee. At its meeting on 27 February 2017, the Pension Committee proposed that Councillor Stogdon (the Chair of the Pension Committee) should be nominated as the ESCC representative on the Joint Governance Committee.

5. Conclusion

5.1. The Committee is recommended to appoint Councillor Stogdon as the County Council’s representative on the Joint Governance Committee for the period to May 2017, subject to the County Council approving the proposals in relation to the establishment of a joint committee.

PHIL HALL
Interim Chief Finance Officer

Contact Officer: Ola Owolabi, Head of Accounts and Pensions
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Local Member(s): All
Background Documents - None

Report to: **Governance Committee**

Date: **7 March 2017**

By: **Assistant Chief Executive**

Title of report: **Local Code of Corporate Governance**

Purpose of report: **To consider a revised Local Code of Corporate Governance.**

RECOMMENDATION:

The Committee is recommended to agree the revised Local Code of Corporate Governance as set out at Appendix 1 to the report.

1. Background Information

1.1 The County Council's Local Code of Corporate Governance sets out the main principles of good governance for the Council. The Code is based on existing good practice and the core principles of the CIPFA/SOLACE framework.

1.2 In 2016, the CIPFA/SOLACE published a new 'Delivering Good Governance in Local Government Framework. The main principle underpinning the development of the new framework continues to be that local government is developing and shaping its own approach to governance, taking into account the environment in which it operates. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve the desired outcomes for service users and communities.

1.3 The Framework defines the principles that should underpin the governance of local councils. To achieve good governance the Council should be able to demonstrate that its governance structures comply with the core and sub principles contained in the Framework. It should therefore develop and maintain a local code of governance reflecting the principles set out in the Framework.

1.4 It important that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedure alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

1.5 The Framework has seven recommended core principles replacing the 6 existing principles. The seven principles included in the Framework are:

- Behaving with integrity, demonstrating string commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management

- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

1.6 The Local Code of Corporate Governance has been updated to reflect the revised CIPFA/SOLACE Framework with the 7 core principles of the Framework being proposed as the County Council's principles of good governance. Three areas have been incorporated into the new principles were not specifically referenced in the previous version of the Code. These are internal control, defining benefits and determining interventions. In addition the key policies and processes that underpin the County Council's compliance with its fundamental principles have been reviewed and the changes reflected in Appendix 1 Annex A.

1.7 The Governance Committee is recommended to agree the revised Local Code of Corporate Governance set out at Appendix 1.

PHILIP BAKER
Assistant Chief Executive

Contact Officer Andy Cottell, 01273 481955

Local Members: All
Background Documents: None

Local Code of Corporate Governance

Sets out the County Council's commitment to achieving good governance

Key points

- Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner
- The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework
- The Council expects members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties
- The Assistant Chief Executive will report annually on compliance with this Code and the effectiveness of the Council's governance arrangements and this will be the basis for the production of the Annual Governance Statement

1. Introduction

1.1 This Code sets out for members and officers the main principles of good governance for East Sussex County Council. It is based on existing good practice within the Council and is consistent with the CIPFA / SOLACE framework for "Delivering Good Governance in Local Government".

2. What is good governance?

2.1 Good governance is how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

2.2 It comprises the systems, processes, cultures and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where applicable, leads the community.

3. Purpose of the Code

3.1 This Code is the framework within which the Council is accountable to its users, stakeholders and the wider community. It sets out and describes the way in which the Council carries out its functions through its members and officers, and the

procedures and processes through which it undertakes its work, and through which it aims to establish and maintain public confidence.

4. The Council's fundamental principles of good governance

4.1 The Council is committed to the principles of good governance, and has adopted the seven core principles of the CIPFA/SOLACE framework as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and individuals within it
- Managing the risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The key policies that underpin the Council's compliance with these principles are set out in Annex A.

4.2 The Council recognises that establishing, maintaining and reporting a culture of good governance is as important as putting in place a framework of policies and procedures.

The Council expects members and staff to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability when carrying out their duties:

- **Openness** is required so that people can have confidence in our staff and our decision-making and management processes. We need to be as open as possible about the decisions we make and the reasons we have made them. Consulting openly and providing access to full, accurate and clear information helps us stand up to public scrutiny
- **Integrity** means straightforward dealing that is based upon honesty, selflessness and objectivity. The public expects us to manage public funds and the Council's affairs properly and appropriately, maintaining the highest standards in all our activities. We must act in the public interest not for personal gain. We will serve the whole community and remain committed to the promotion of equalities and diversity
- **Accountability** is the process of taking responsibility for our decisions and actions (including stewardship of public funds and all aspects of performance) and answering to external scrutiny.

- Positive **leadership** overarches all the principles outlined here because these can only exist where effective leadership is exercised. We all have a personal responsibility to promote and support these principles through our own actions and behaviour and those of any staff we may manage. The key aspects of positive leadership behaviour at the Council are effectively managing:
 - people
 - customer service
 - performance
 - money and other resources ,and
 - personal development

5. Roles and responsibilities

5.1 All members and officers are expected to commit to the Council’s principles of good governance; however, there are specific responsibilities for the following individuals and groups:

5.2 The following member bodies have specific responsibilities for good governance and these are set out in the Council’s Constitution:

- Cabinet;
- Standards Committee;
- Governance Committee;
- Audit , Best Value and Community Services Scrutiny Committee;
- Scrutiny Committees.

5.3 The Corporate Management Team has a collective responsibility for good governance, but this is underpinned by the role of the three statutory officers of the Council:

Head of Paid Service	=	Chief Executive
Monitoring Officer	=	Assistant Chief Executive
Section 151 Officer	=	Chief Finance Officer

5.4 Chief Officers are responsible for the policies and procedures which form part of this Code and that fall within their functional responsibilities. Each Chief Officer is supported by senior managers who are responsible for ensuring that the relevant polices and procedures are up to date, are being complied with and are effective in achieving good governance.

5.5 The Assistant Chief Executive has responsibility for the direction and review of corporate governance within the Council and is supported by the Statutory Officer Group of senior managers.

6. Monitoring and review

6.1 The Assistant Chief Executive, as Monitoring Officer, will report annually on compliance with this Code and the effectiveness of the Council’s governance arrangements. The report will also be the basis for the production of the Annual

Governance Statement which will be published in the Council's Annual Statement of Accounts. The Annual Governance Statement will be approved by the Leader of the Council and the Chief Executive.

Last reviewed	February 2017
Documents owner	Assistant Chief Executive

Local Code of Corporate Governance – key policies and processes

Policy or process	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes – economic, social and environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Practice in relation to transparency, reporting and audit to deliver effective accountability
Procurement Standing Orders and Corporate Procurement Strategy	✓		✓	✓		✓	
Risk Management Strategy			✓	✓		✓	
Corporate Complaints Policy	✓	✓				✓	✓
Constitution	✓	✓		✓		✓	✓
Business Continuity Plan						✓	
Employment Policies	✓				✓		
Pay Policy	✓	✓			✓		
Scheme of Delegation	✓				✓		✓
Code on Officer / Member relations	✓			✓			
Guidance to members on outside organisations	✓		✓				
Code of Conduct for Employees	✓						
Code of Conduct for Members	✓						
Anti Fraud & Corruption Strategy	✓						
Confidential Reporting (Whistle-blowing) Policy	✓	✓				✓	
Anti Money Laundering Policy	✓						

Policy or process	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes – economic, social and environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Practice in relation to transparency, reporting and audit to deliver effective accountability
Financial Regulations & Standard Financial Procedures	✓		✓	✓		✓	
Health and Safety Policies & Procedures	✓						
Information Security Policy (including Data in Transit) and Data Protection Policy	✓						
Freedom of Information Policy		✓				✓	

Report to: Governance Committee

Date of meeting: 7 March 2017

By: Chief Operating Officer

Title: LMG Managers' Pay 2017/18

Purpose: To agree the pay award for LMG Managers for 2017/18

RECOMMENDATIONS

The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2017/18 as being 1% (in line with the national NJC award)

1 Background

1.1 At its meeting on 24 January 2017, the Governance Committee received a report with regards to the 2017/18 pay offer for LMG Managers to be negotiated with Unison. Following due consideration the Committee agreed the offer to be made as 1%, in line with the national NJC award.

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 change over a year) between November 2015 and November 2016 stood at 1.2% (Office for National Statistics, December 2016), compared with a 0.9% increase in the year to October 2016, and is the highest since October 2014. 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 2016, the median pay settlement for the private sector was 2%, whereas in the public sector it was 1%. The median for the whole economy was 1.5% (Xpert HR, November 2016). Total pay in the public sector (average weekly earnings including bonuses) grew by 1.4% when compared with a year earlier over the three months to September 2016. In contrast, total pay in the private sector rose by 2.5% over this period. (Labour market statistics, ONS)

2.3 The wastage figure for voluntary leavers among LMG Managers (e.g. resignations) for the half year period April to Sept 2016 is 2.63%. For comparison purposes, for the period April to Sept 2015 it was 3.6% and for April to Sept 2014, 3.58%.

2.4 Whilst the current rate of inflation is 1%, up 0.2% from August 2016, the National Institute of Economic and Social Research (NIESR) has predicted that the rate of inflation will rise to 4% in the second half of 2017 (NIESR, November 2016). Should this occur the increase will have a significant impact on real disposable income.

Pay Negotiations 2017/18

2.7 Following the Governance Committee's decision on 24 January 2017, negotiations with UNISON have taken place and local managers have indicated their acceptance of the 1% pay offer, equivalent to the national pay offer for 2017/18.

2.6 Attached at Appendix A is a copy of the current LMG salary scales along with the impact of a 1% uplift.

3. Recommendation

3.1 The Governance Committee is recommended to agree the pay award for LMG Managers for the financial year 2017/18 as being 1% (in line with the national NJC award).

KEVIN FOSTER
Chief Operating Officer

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Grade	Scale point	01/04/16	Proposed 1% Increase	Single Status 13 01/04/2017
LMG 1	5	£36,781	£37,149	Scp 34 £37,510
	6	£37,885	£38,264	Scp 35 £38,896
	7	£39,020	£39,410	Scp 36 £40,335
	8	£40,194	£40,596	
LMG 2	9	£41,401	£41,815	
	10	£42,646	£43,072	
	11	£43,928	£44,367	
	12	£45,248	£45,700	
LMG 3	13	£46,606	£47,072	
	14	£48,006	£48,486	
	15	£49,452	£49,947	
	16	£50,931	£51,440	
LMG 4	17	£52,466	£52,991	
	18	£54,040	£54,580	
	19	£55,660	£56,217	
	20	£57,334	£57,907	
LMG 5	21	£59,060	£59,651	
	22	£60,823	£61,431	
	23	£62,660	£63,287	
	24	£64,540	£65,185	
LMG 6	25	£66,482	£67,147	
	26	£68,474	£69,159	
	27	£70,529	£71,234	
	28	£72,641	£73,367	
LMG 7	29	£74,824	£75,572	
	30	£77,072	£77,843	
	31	£79,393	£80,187	
	32	£81,770	£82,588	
LMG 8	33	£84,223	£85,065	
	34	£86,755	£87,623	
	35	£89,361	£90,255	
	36	£92,048	£92,968	

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Report to:	Governance Committee
Date of meeting:	7 March 2017
By:	Head of Human Resources and Organisational Development
Title:	Chief Executive, Chief Officers' and Deputy Chief Officers' pay 2017/18
Purpose:	To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2017/18.

RECOMMENDATIONS

The Governance Committee is recommended to determine the pay offer for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2017/18 as being 1.0% (in line with the recent national NJC 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 change over a year) between November 2015 and November 2016 stood at 1.2% (Office for National Statistics, December 2016), compared with a 0.9% increase in the year to October 2016, and is the highest since October 2014. 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 2016, the median pay settlement for the private sector was 2%, whereas in the public sector it was 1%. The median for the whole economy was 1.5% (Xpert HR, November 2016). Total pay in the public sector (average weekly earnings including bonuses) grew by 1.4% when compared with a year earlier over the three months to September 2016. In contrast, total pay in the private sector rose by 2.5% over this period. (Labour market statistics, ONS)

2.3 Whilst the current rate of inflation is 1%, up 0.2% from August 2016, the National Institute of Economic and Social Research (NIESR) has predicted that the rate of inflation will rise to 4% in the second half of 2017 (NIESR, November 2016). Should this occur the increase will have a significant impact on real disposable income.

Pay Negotiations 2017/18

2.7 The national NJC local government services pay award was agreed in May 2016 and provided for a two-year deal covering the period 1 April 2016 to 31 March 2018. This agreement essentially provided for a 1% increase each year (i.e. for 2016/17 and 2017/18). It is worth noting, however, that at the recent national UNISON conference, delegates voted for a pay claim to be constructed and submitted for 2017/18 outside of the previously agreed two-year deal. This claim is considerably more than the previously agreed 1% and in response, the national employers have informed UNISON that they are 'not willing to consider the new pay claim'. It remains to be seen what action UNISON takes in relation to this.

2.8 The Chief Executive, Chief Officers and Deputy Chief Officers received a pay award of 1% for the financial year 1 April 2016 to 31 March 2017 to mirror the national NJC award. Prior to this, they received an overall pay award of 2.20% for the two-year period 1 April 2015 to 31 March 2016, again, in line with the national NJC pay award.

Financial Implications

2.10 The Chief Executive, Chief Officer and Deputy Chief Officer pay bill is approximately £1.54m 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 £15.4k including on-costs. Revenue budgets for 2017/18 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. The majority have confirmed that their pay awards will mirror 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 along with the impact of a 1% uplift.

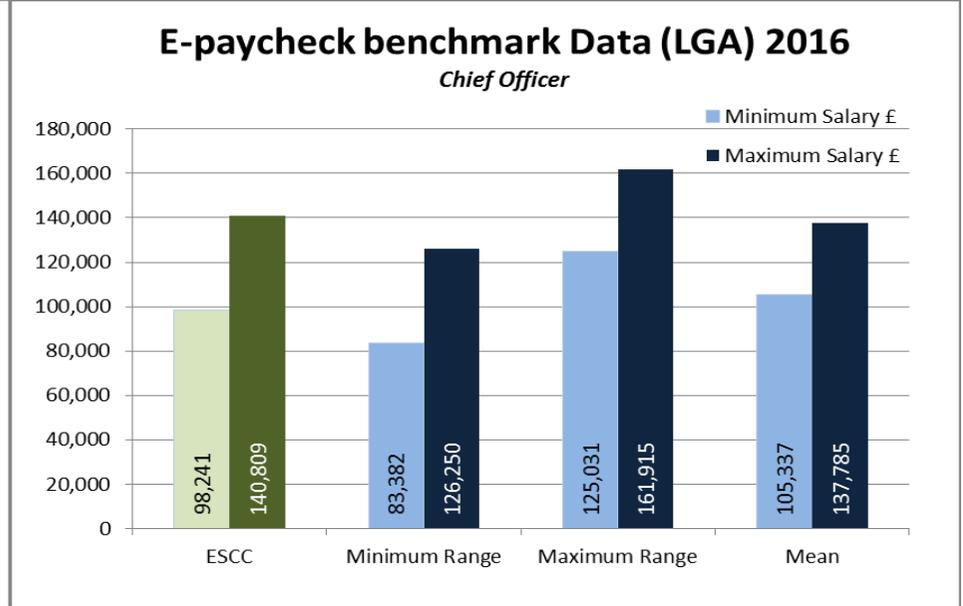
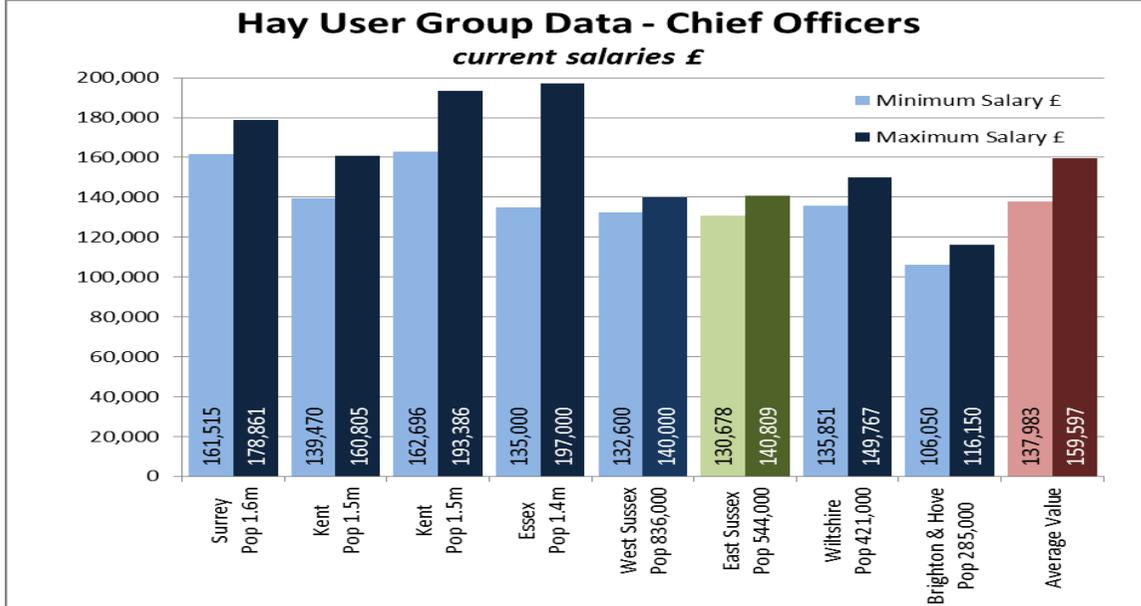
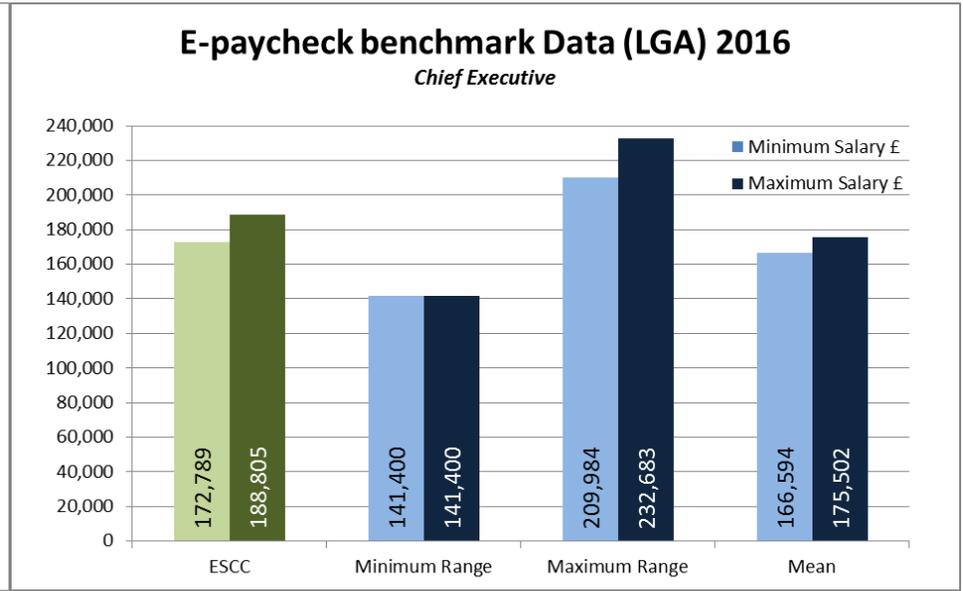
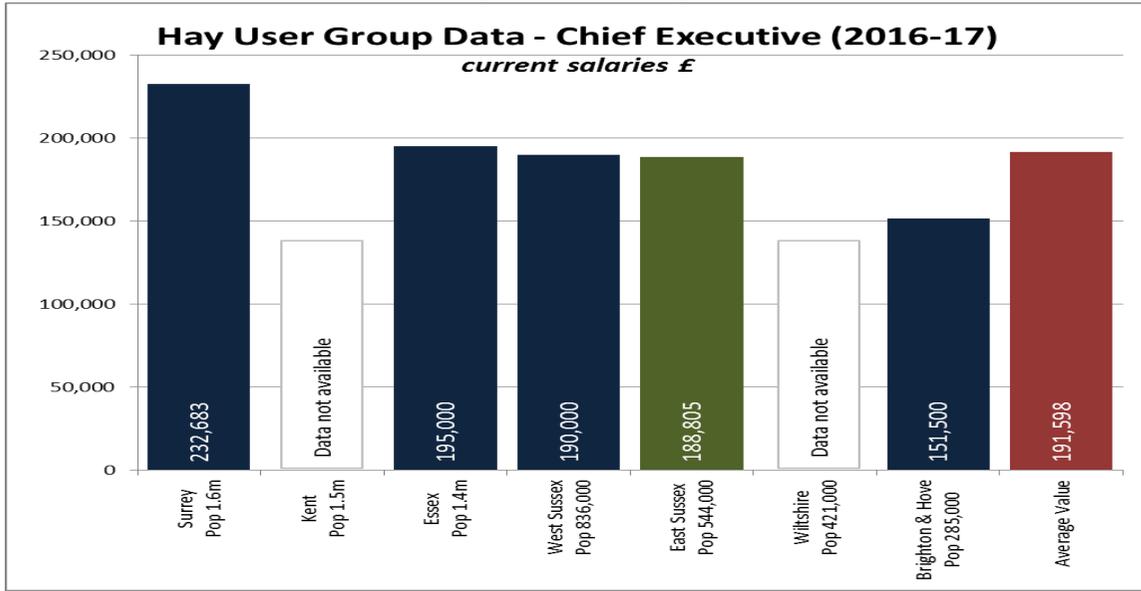
3. Conclusion and reasons for recommendations

3.1 The Governance Committee is recommended to determine the pay offer for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2017/18 as being 1.0% (in line with the recent national NJC award).

Sarah Mainwaring
Head of HR & OD, Personnel & Training

Contact Officer: Melanie Funnell, HR Manager, Personnel & Training
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Chief Executive and Chief Officer Pay Benchmarking



Average pay:

Taken from Hay User Group Data

Tier 1	Lower Quartile (£)	Median (£)	Upper Quartile (£)	Tier 2	Lower Quartile (£)	Median (£)	Upper Quartile (£)
Chief Executive	188,805	190,000	195,000	Chief Officer	140,607	155,286	182,492
ESCC Chief Executive	176,793	180,797	184,801	ESCC Chief Officer	133,211	135,744	138,276

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Salary Scales: Chief Executive, Chief Officers and Deputy Chief Officers

Grade	Current Salary 2016/17	Proposed Salary with 1% increase 2017/18
Chief Executive	£172,789	£174,517
	£177,968	£179,748
	£183,307	£185,140
	£188,805	£190,693
Chief Officer – Band B	£130,068	£131,369
	£133,649	£134,985
	£137,227	£138,599
	£140,809	£142,217
Chief Officer – Band A Currently not in use	£122,803	£124,031
	£126,483	£127,748
	£130,068	£131,369
	£133,649	£134,985
Deputy Chief Officer – Band B Currently not in use	£104,055	£105,096
	£106,918	£107,987
	£109,785	£110,883
	£112,646	£113,772
Deputy Chief Officer – Band A	£98,241	£99,223
	£101,187	£102,199
	£104,055	£105,096
	£106,918	£107,987

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