



**GOVERNANCE COMMITTEE**

**TUESDAY, 6 MARCH 2018**

**12.00 NOON (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, Rupert Simmons and David Tutt

**A G E N D A**

- 1 Minutes of the meeting held on 23 January 2018 (*Pages 3 - 6*)
- 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 2018/19 (*Pages 7 - 16*)  
Report by Chief Operating Officer
- 6 Membership of Pension Board (*Pages 17 - 18*)  
Report by Chief Operating Officer
- 7 Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2018/19 (*Pages 19 - 20*)  
Report by Head of Human Resources and Organisation Development
- 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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26 February 2018

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## GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at Committee Room, County Hall, Lewes on 23 January 2018.

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PRESENT Councillors Keith Glazier (Chair), Godfrey Daniel, David Elkin, Rupert Simmons and David Tutt

ALSO PRESENT Councillors Bill Bentley and Stephen Shing

### 30 MINUTES OF THE MEETING HELD ON 14 NOVEMBER 2017

30.1 RESOLVED – that the minutes of the previous meeting of the Committee held on 14 November 2017 be confirmed as a correct record

### 31 REPORTS

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

### 32 REVISIONS TO PROCUREMENT STANDING ORDERS

32.1 The Committee considered a report by the Chief Operating Officer regarding proposed revisions to the Procurement Standing Orders.

32.2 The Committee RESOLVED to recommend the County Council to:

(1) approve the revised Procurement Standing Orders as set out in Annex 2 of the report; and

(2) authorise the Assistant Chief Executive, in consultation with the Chief Operating Officer, to make any further amendments to the Procurement Standing Orders in relation to developing local suppliers and encouraging local businesses to compete for contracts

### 33 ARMED FORCES CHAMPION

33.1 The Committee considered a report by the Director of Adult Social Care and Health regarding the appointment of an Armed Forces Champion for East Sussex.

33.2 The Committee RESOLVED (by 3 votes to 2) to appoint the Lead Member for Communities and Safety as the County Council's Member Armed Forces Champion

### 34 AMENDMENT TO CONSTITUTION - SCHEME OF DELEGATION TO OFFICERS

34.1 The Committee considered a report by the Director of Communities, Economy and Transport proposing amendments to the Scheme of Delegation to Officers.

34.2 The Committee RESOLVED to recommend the County Council to agree to amend the Scheme of Delegation to Officers as set out in Appendix 1 to the report.

### 35 AMENDMENT TO CONSTITUTION - FINANCIAL PROCEDURE RULES

35.1 The Committee noted that it was proposed to defer consideration of this item.

35.2 The Committee RESOLVED to agree to defer consideration of this item to enable time for further consideration of possible changes to the financial procedure rules.

36 AMENDMENT TO CONSTITUTION - MOTIONS

36.1 The Committee considered a report by the Assistant Chief Executive regarding a minor amendment to the Constitution in relation to the referral of motions.

36.2 The Committee RESOLVED to recommend the County Council to agree to the Constitution being amended as set out in the report.

37 AMENDMENT TO THE COUNCIL'S QUARTERLY MONITORING AND THE TERMS OF REFERENCE OF GOVERNANCE COMMITTEE

37.1 The Committee considered a report by the Assistant Chief Executive regarding amendments to the Committee's terms of reference and the Council's quarterly monitoring.

37.2 The Committee RESOLVED to:

- 1) note the proposed changes to the Council's quarterly monitoring; and
- 2) recommend the County Council to amend the terms of reference of the Governance Committee as set out in the report.

38 ADDITIONAL LEAVE PURCHASE SCHEME

38.1 The Committee considered a report by the Chief Operating Officer regarding an Additional Leave Purchase Scheme

38.2 The Committee RESOLVED to agree the implementation of an Additional Leave Purchase Scheme as set out in the report.

39 LOCAL MANAGERS' PAY 2018/19

39.1 The Committee considered a report by the Chief Operating Officer regarding the LMG pay offer for 2018/19.

39.2 The Committee RESOLVED to defer consideration of the pay offer to LMG managers until the level of the NJC pay award is known.

40 MEMBERSHIP OF THE PENSION BOARD

40.1 The Committee considered a report by the Chief Operating Officer regarding the appointment of vice chairs of the Pension Board and the appointment a new member of the Board.

40.2 The Committee RESOLVED to agree:

- 1) the appointment of the Pension Board member replacement as set out in the report;
- and
- 2) the appointment of two vice chairs of the Pension Board as set out in the report

41 APPOINTMENT TO OUTSIDE BODY - CHAILEY HERITAGE FOUNDATION GOVERNING BODY

41.1 The Committee considered a report by the Assistant Chief Executive regarding the appointment of a councillor as the Council's representative to the Chailey Heritage Foundation Governing Body.

41.2 The Committee RESOLVED to appoint Councillor Sheppard as the Council's representative on the Governing Body of the Chailey Heritage Foundation for a period until May 2021.

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Report to: **Governance Committee**  
Date: **6 March 2018**  
Report by: **Chief Operating Officer**  
Title of report: **Pay Policy Statement**  
Purpose of report: **To consider the pay policy statement for 2018/19**

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## ***RECOMMENDATIONS***

**The Governance Committee is recommended to:**

**(i) recommend to the County Council the updated pay policy statement for 2018/19 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.**

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## **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 2017) 7.14 to 1, the same as the March 2017 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 Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 place a new requirement on all employers with 250 or more employees to publish gender pay data on the gov.uk website by 31 March 2018. The gender pay analysis and report for East Sussex County Council is currently being prepared.

2.5 The Government has also undertaken a number of consultations over the last couple of years 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 2018;
- (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 2018, 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.

2.6 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 2018/19.

### **3 Recommendations**

3.1 The Governance Committee is recommended to:

- (i) recommend to the County Council the updated pay policy statement for 2018/19 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:** 27 March 2018

## 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 27 March 2018

## About this document:

<p><b>Enquiries:</b> HR Transition Team Author: HROD Team Telephone: 01273 481867 Email: ~D BS PAT Transition Team</p> <p><b>Download this document</b> From: <a href="http://intranet.escc.gov.uk/personnel/working/payconditions/pages/az.aspx?startswith=p">http://intranet.escc.gov.uk/personnel/working/payconditions/pages/az.aspx?startswith=p</a></p>	<p><b>Version number:</b> 01 <b>Related information:</b></p>
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# 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 Deputy Chief Officer 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 2018) £15,013 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, 1% in 2016/17 and 1% in 2017/18. The award for 2018/19 has been deferred, pending the outcome of the national pay 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'.

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- 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 proposed pay award for 2018/20 covers the period April 2018 to March 2020 and essentially provides a tapering percentage to be applied, with the highest amount of 9.19% going to the bottom of the NJC scale, reducing to 2% for spinal column points 20 and above in year 1, followed by a reconfiguration of the national pay spine by pairing the current 12 bottom spinal column points and a flat rate percentage increase of 2% above these. 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 Policy and Restructure and Redundancy Policy.

- 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 and Restructure and Redundancy Policy contains details of the circumstances in which a redundancy payment is payable. The payment is calculated on the basis of the 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.
- 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.



# Agenda Item 6

Report to: **Governance Committee**

Date: **6 March 2018**

By: **Chief Operating Officer**

Title of report: **East Sussex Pension Board – Appointment of a Member Replacement**

Purpose of report: **To agree the appointment of Pension Board member replacement in compliance with the arrangements for administering the Local Government Pension Scheme (LGPS) in East Sussex**

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**RECOMMENDATIONS – The Governance Committee is recommended to agree to appoint Rezia Amin as the new scheme member representative to the Pension Board**

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## 1. Background

1.1 This report deals with the need to appoint a replacement for a scheme member's representative on the Pension Board.

## 2. Pension Board appointment – member replacement

2.1 The Council received a letter of resignation from a scheme member representative, who will not be able to carry out the role as required by the Pension Board terms of reference. Following the resignation, the GMB Union was contacted to seek a GMB Union nomination that will represent the interest of all active members on the East Sussex Pension Board. The current and revised Pension Board members are as follows:

	<b>Representing</b>	<b>Organisation</b>	<b>Board Members</b>	<b>Revised Board Members</b>
1	Employer	University of Brighton	Sue McHugh	Sue McHugh
2	Employer	Wealden District Council	Cllr. Brian Redman	Cllr. Brian Redman
3	Employer	Brighton & Hove C. C.	Cllr. Kevin Allen	Cllr. Kevin Allen
4	Scheme Members	UNISON	Angie Embury	Angie Embury
5	Scheme Members	GMB	Bernadette Carlyle	<b>Rezia Amin</b> <i>~(replacing Bernadette Carlyle)</i>
6	Scheme Members	Pensioners representative	Diana Pogson	Diana Pogson
7	Independent Chair	-	Richard Harbord	Richard Harbord

## 3. Conclusion and reasons for recommendations

3.1 The Committee is recommended to agree the appointment of a Pension Board member replacement as set out in para 2.1 above.

**KEVIN FOSTER**

**Chief Operating Officer**

Contact Officers:

Ola Owolabi, Head of Accounts and Pensions, 01273 482017

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Background Documents – None

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**Report to:** Governance Committee

**Date of meeting:** 6 March 2018

**By:** Head of Human Resources and Organisation Development

**Title:** Chief Executive, Chief Officers' and Deputy Chief Officers' Pay 2018/19

**Purpose:** To consider the position in relation to the pay award for the Chief Executive, Chief Officers and Deputies for 2018/19.

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## 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 2018/19 until the level of the NJC national pay award is known.**

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### 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.

1.3 Set against this background, the local pay award for the Chief Executive, Chief Officers and Deputy Chief Officers has therefore historically mirrored the national award. 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 October 2016 and October 2017 stood at 3% (Office for National Statistics, November 2017), unchanged from September 2017. 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 On 21 March 2017, the CPI was replaced by a new measure: the Consumer Prices Index, including owner occupier's housing costs (CPIH). This extends the CPI to include a measure of the costs associated with owning, maintaining and living in one's own home (owner occupiers' housing costs OOH), along with council tax. This is the most comprehensive measure of inflation. The CPIH 12 month rate between October 2016 and October 2017 stood at 2.8% (Office for National Statistics, November 2017); unchanged from September 2017.

2.3 For the three months ending September 2017, 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 2% (Xpert HR, November 2017). Total pay in the public sector (average weekly earnings including bonuses adjusted for CPI) grew by 0.3% to 1.7% when compared with a year earlier over the three months to September 2017. In contrast, total pay in the private sector fell by 0.2 to 2.4% over this period. Overall, average weekly earnings for employees in Great Britain in real terms (that is, adjusted for price inflation) fell by 0.3% to 2.2% including bonuses compared with a year earlier (Labour Market Statistics, ONS).

2.4 The current rate of inflation is 2.7% (January 2018). The National Institute of Economic and Social Research (NIESR) states “*CPI inflation is set to remain stubbornly above the target rate of 2 per cent until at least mid-2019 on our forecast. Household disposable income will be squeezed as a result.*” (NIESR, December 2017).

### Pay Negotiations 2018/19

2.5 The Chief Executive, Chief Officers and Deputy Chief Officers received a pay award of 1% in 2016/17 and a further 1% in 2017/18, in line with the national NJC award.

2.6 In terms of 2018/19, the national NJC local government services pay negotiations are as yet to be concluded. The National Employers have made a final pay offer covering the period 1 April 2018 to 31 March 2020. If agreed, the two-year deal would provide for pay increases of 2% each year on salaries at the top end of the scale (more at the bottom). The Unions are currently consulting their members and that process is due to be completed by March. Alongside this, the national claims for both the Chief Executives and Chief Officers are for parity with the national NJC claim.

### **3. Conclusion and reasons for recommendations**

3.1 At its meeting on 23 January 2018 the Governance Committee considered a report in relation to the pay offer to be made to LMG Managers. In light of the current negotiations around the national NJC pay award and its relevance to the management pay structure, the Committee agreed to defer consideration of the pay offer until the level of the NJC national pay award is known.

3.2 This consideration is equally valid in relation to the pay position for the Chief Executive, Chief Officers and Deputies. As such, the Governance Committee is therefore recommended to defer consideration of the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2018/19, 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.

### **SARAH MAINWARING**

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