



GOVERNANCE COMMITTEE

TUESDAY, 28 JANUARY 2025

10.45 AM (OR AT THE CONCLUSION OF CABINET, WHICHEVER IS THE LATER) COUNCIL CHAMBER, COUNTY HALL, LEWES

MEMBERSHIP - Councillor Keith Glazier (Chair)
Councillors Nick Bennett, Bob Bowdler, Chris Collier, Johnny Denis and David Tutt

A G E N D A

1. Minutes of the meeting held on 10 December 2024 (*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 2025- 26 (*Pages 5 - 14*)
Report by the Chief Operating Officer.
6. Any other items previously notified under agenda item 4

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20 January 2025

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GOVERNANCE COMMITTEE

MINUTES of a meeting of the Governance Committee held at Council Chamber, County Hall, Lewes on 10 December 2024.

PRESENT Councillors Keith Glazier (Chair), Nick Bennett, Bob Bowdler, Johnny Denis, David Tutt and Christine Robinson

ALSO PRESENT Councillors Anne Cross, Godfrey Daniel, Roy Galley, Wendy Maples, Paul Redstone and Trevor Webb.

34. MINUTES OF THE MEETING HELD ON 13 NOVEMBER 2024

34.1 RESOLVED – that the minutes of the previous meeting of the Committee held on 13 November 2024 be confirmed and signed as a correct record.

35. APOLOGIES FOR ABSENCE

35.1 Apologies for absence were received from Councillor Collier. It was noted that Councillor Robinson was substituting for him.

36. REPORTS

36.1 Copies of the reports referred to below are included in the minute book.

37. APPOINTMENTS TO OUTSIDE BODIES

37.1 The Committee considered a report by the Deputy Chief Executive regarding an appointment to the East Sussex Energy, Infrastructure and Development Ltd (trading as 'Sea Change Sussex') Board and an appointment to the Hastings and Bexhill Renaissance Ltd Board.

37.2 The Committee RESOLVED to:

1) Appoint the Director of Communities, Economy and Transport as a Director on the East Sussex Energy, Infrastructure and Development Ltd (trading as 'Sea Change Sussex') Board; and

2) Appoint the Director of Communities, Economy and Transport as a Director on the Hastings and Bexhill Renaissance Ltd Board.

38. LMG MANAGERS PAY 2024-2025

38.1 The Committee considered a report by the Chief Operating Officer regarding the pay award for Local Managerial Grade (LMG) Managers for 2024/25.

38.2 The Committee RESOLVED to agree the pay offer to LMG Managers for the financial year 2024/25 to mirror the national (NJC) award, as set out in paragraphs 2.5 and 2.6 of the report.

39. REVIEW OF ANNUAL GOVERNANCE REPORT & 2023/24 STATEMENT OF ACCOUNTS

39.1 The Committee considered a report by the Chief Finance Officer regarding the Independent Auditor's, Grant Thornton (GT), report on the audit opinion on the 2023/24 Statement of Accounts.

39.2 The Committee RESOLVED to:

- 1) note the Independent Auditor's (Grant Thornton) Report to those charged with governance on the East Sussex County Council Statement of Accounts;
- 2) authorise the Chief Finance Officer to sign the formal Letter of Representation to GT UK LLP; and
- 3) approve the 2023/24 Statement of Accounts for publication.

40. SCRUTINY UPDATE

40.1 The Committee considered a report by the Deputy Chief Executive that provided an overview of the scrutiny activity being undertaken by the People, Place and Health Overview Scrutiny Committees and an update on the work of the Audit Committee.

40.2 The Committee RESOLVED to note the updates on recent scrutiny and Audit Committee activity and the current work programmes at appendices 1-4 of the report.

41. CHIEF EXECUTIVE, CHIEF OFFICERS' AND DEPUTY CHIEF OFFICERS' PAY 2024/25

[The Chief Executive, Chief Officers and Deputy Chief officers present at the meeting left the meeting prior to consideration of this item]

41.1 The Committee considered a report by the Assistant Director, Human Resources and Organisation Development on the pay award for the Chief Executive, Chief Officers and Deputies for 2024/25.

41.2 The Committee RESOLVED (by 4 votes to 1) to agree the pay award for the Chief Executive, Chief Officers and Deputy Chief Officers for the financial year 2024/25 to mirror the national JNC pay awards as set out in paragraph 2.5 of the report.

[Councillor David Tutt voted against the above resolution and Councillor Johnny Denis abstained from the vote]

Report to: Governance Committee

Date of meeting: 28 January 2025

By: Chief Operating Officer

Title: Pay Policy Statement

Purpose: To consider the pay policy statement for 2025/26

RECOMMENDATIONS

The Governance Committee is recommended to recommend to the County Council the updated pay policy statement for 2025/26 as set out in Appendix 1 of the report.

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 package) 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 on 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. This is a calculation in the form of a ratio between the median average earnings across the organisation and the highest paid employee. In addition, in 2021, revised guidance on the publication of fair pay disclosures was issued, requiring the publication of additional data; the top to median, lower quartile and upper quartile staff pay multiples (ratios) as set out below.

2.3 Fair Pay disclosures (pay multiples) March 2024 compared with March 2023:

Date of Calculation	Pay Multiple (median)	Pay Multiple (25 th Percentile)	Pay Multiple (75 th Percentile)	% change in highest paid director's salary & allowances	% change in all employees' salary & allowances
March 2023	6.52:1	8.26:1	4.95:1	0.9%	10.0%
March 2024	5.94:1	7.95:1	4.75:1	3.5%	7.3%

The fair pay disclosures data is published on our website with the Pay Policy Statement and will be updated in March 2025.

2.4 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.

2.5 The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 placed a new requirement on all employers with 250 or more employees to publish gender pay data on the gov.uk website by 30 March each year. The median gender pay gap for March 24 is 6.1% compared to 6.69% in March 23; the gender pay report for East Sussex County Council is published annually on our website, along with the Pay Policy Statement.

3. Recommendations

3.1 The Governance Committee is recommended to recommend to the County Council the updated pay policy statement for 2025/26 as set out in Appendix 1 of the report.

Ros Parker
Chief Operating Officer

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Pay Policy Statement

Date: March 2025

Approved by East Sussex County Council at its meeting on XXX 2025.

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.

Enquiries

Pay and Reward Team, 01273 481867

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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 Korn Ferry 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 post is paid at Chief Officer level.
- 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 £23,656 per annum (April 2024) for full time staff. All non-managerial employees are paid on a pay spine which commences at this level, hence the selection of this point as the lowest salary point.
- 2.5. The Localism Act defines **remuneration** as including; salary under a contract of employment or payments made under a contract for services, bonuses, charges, fees or allowances, any benefits in kind, any enhancement to pension entitlement and any amounts payable on the Chief Officer ceasing to hold office.

- 2.6. The publication of the ‘**pay multiple**’ as a determinant of the relationship between the pay of Chief Officers and that of the rest of the workforce was recommended by the Hutton report on Fair pay. This is a calculation in the form of a ratio between the median average earnings across the organisation and the highest paid employee. In addition, in 2021, revised guidance on the publication of fair pay disclosures was issued, requiring the publication of additional data; the top to median, lower quartile and upper quartile staff pay multiples (ratios).
- 2.7. The fair pay disclosures (pay multiples) 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 <https://www.eastsussex.gov.uk/jobs/benefits/pay/>
- 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 (including owner occupier’s housing costs - CPIH), turnover rates, level of other public sector pay awards and market position. The local pay awards for these staff groups in 2024/25 mirrored the national NJC 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’.

- 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 worked 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 locally negotiated pay awards, which mirror the nationally negotiated pay awards, have been applied to the local single status pay scales since their introduction in 2003.
- 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.
- 4.5. Staff, who are not Chief Officers, working in youth and community roles are paid according to the national salary framework for JNC Youth and Community Workers with associated terms and conditions.
- 4.6. Staff, who are not Chief Officers, working as Qualified Teachers are paid according to the national Teachers' Pay Scales with associated terms and conditions as set out in the School Teachers' Pay and Conditions Document (STPCD).

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 Recruitment and Retention Incentives policy that provides options for additional payment/s by way of recruitment incentives, retention incentives and/or market supplements 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 Corporate Management Team.

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 fair pay disclosures ('pay multiples') will be calculated each year and 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 this 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 paid 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, and is, as a result of this, 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.

8.3. 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.

9. Termination of Employment of Chief Officers

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

- 9.2. The Local Government Early Termination of Employment (Discretionary Compensation) England and Wales Regulations 2006 require local authorities to formulate and publish their policy on making discretionary payments on early termination of employment within the parameter of up to 104 weeks' pay. In the event of an employee being made redundant or applying for voluntary severance, the County Council's managing change policy contains details of the circumstances in which a redundancy payment is payable. The payment is calculated on the basis of the statutory redundancy payment multiplied by 1.75. This equates to a maximum of 52.5 weeks' pay. For the purposes of calculating the enhanced (non-statutory) proportion of this payment, the employee's gross weekly salary will not be considered to include pension contributions made by the employer, or any other payments that are not normally made direct to the employee.
- 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.
- 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.
- 9.5. Special Severance Payments are payments made to employees, workers, or others outside of statutory, contractual or other requirements when leaving employment in public service.
- 9.6. Where a 'special severance payment' is included as part of a severance package and where the total payment exceeds £20,000, it must be approved by the Chief Executive and Leader of Council. Payments of £100K and above must be approved by a vote of full council.

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