

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**

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.

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.

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