

Report to: Governance Committee

Date of meeting: 2 March 2021

By: Chief Operating Officer

Title: Pay Policy Statement

Purpose: To consider the pay policy statement for 2021/22

RECOMMENDATIONS

The Governance Committee is recommended to recommend to the County Council the updated pay policy statement for 2021/22 as set out in Appendix 1.

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 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 (March 2020) 6.89 to 1 (down from 7.14:1 previously). The pay multiple is published on our website with the Pay Policy Statement and will be updated in March 2021.

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 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 2020/21 is 10.7%; the gender pay report for East Sussex County Council is published on our website, along with the Pay Policy Statement.

2.5 The statutory provisions governing exit paypayments to local government workers are in the process of reform. There are three separate elements:

(i) Exit payment cap - the Restriction of Public Sector Exit Payments Regulations 2020 came into force on 4 November 2020, limiting the total value of exit payments to£95,000. However, on 12 Fenruary 2021 HM Treasury published a Treasury Directive revoking the legislation implementing the cap with immediate effect;

(ii) Proposals to require high earners to repay severance payments if they secure re-employment in the public sector within 12 months - these proposals have previously been consulted on but there has been no further indication of if and when this proposal will be implemented, and;

(iii) Reform of the Discretionary Compensation Payments Regulations and Local Government Pension Scheme Regulations to place additional restrictions on severance payments and limit the amounts an employer can contribute to pension strain costs where an employee aged 55 or over draws their pension early as a result of exiting. These include capping severance payments at a maximum of 3 weeks' pay per year of service or 15 months' salary and imposing a maximum salary level on which calculations for severance pay can be based (currently £80,000). The consultation closed on 9 November 2020.

2.6 The existing pay policy statement is a valid statement of the County Council's remuneration arrangements at present. It will need to be updated to reflect the outcomes of the above consultations once known. Attached at Appendix 1 is a copy of the pay policy statement for 2021/22.

3. Recommendations

3.1 The Governance Committee is recommended to recommend to the County Council the updated pay policy statement for 2021/22 as set out in Appendix 1.

Phil Hall
Chief Operating Officer

Contact Officers:

Sarah Mainwaring, Head of HR & OD

Tel. No. 01273 482060

Email: sarah.mainwaring@eastsussex.gov.uk

Ruth Wilson, Lead Consultant – Pay and Reward

Tel No 01273 481762

Email: ruth.wilson@eastsussex.gov.uk