
REPORT OF THE GOVERNANCE COMMITTEE

The Governance Committee met on 16 December 2025 and 27 January 2026.

Attendance:

Councillor Glazier, OBE (Chair) (2)

Councillors Bennett (2), Bowdler (2), Collier (2), Denis (2) and Tutt (2).

1. Pay Policy Statement

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 must be approved annually by Full Council by 31 March.

1.2. At its meeting on 27 March 2012, the 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 a meeting of the 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.

1.3. 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 must state the relationship between the remuneration of Chief Officers and the remuneration of its employees who are not Chief Officers.

1.4. 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

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1.5 Fair Pay disclosures (pay multiples) March 2025 compared with March 2024:

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 2024	5.94:1	7.95:1	4.75:1	3.5%	7.3%
March 2025	5.88:1	7.71:1	4.65:1	2.5%	9.52%

The fair pay disclosures data is published on our website with the Pay Policy Statement and will be updated again in March 2026.

1.6 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.

1.7 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 2024 is 6.1%, compared to 6.69% for 2023; the gender pay report for East Sussex County Council is published annually on our website, along with the Pay Policy Statement. The report and figures for 2025 will be uploaded before 30 March 2026.

1.8 The Committee recommends the County Council to:

- ❖ Approve the updated Pay Policy Statement for 2026/27 as set out in Appendix 1 of this report.

2. Scheme of Members' Allowances – Index for Annual Adjustment to Allowances

2.1 East Sussex County Council operates a Members' Allowance Scheme, which outlines the types of remuneration and support available to elected Members for their responsibilities and duties. The scheme includes payments for basic allowances, special responsibilities, and covers travel, subsistence, and other expenses related to official Council business. These allowances are set to compensate Members for

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time spent and obligations carried out during their roles as representatives of the County Council.

2.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 allow for the Members' Allowances Scheme to make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority. Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of 4 years before seeking a further recommendation from the Independent Remuneration Panel. In the absence of an agreed index to allow for annual adjustments to members' allowances there would be a need for the Independent Remuneration Panel to meet each year and report to the Governance Committee which would subsequently report to the County Council on any possible adjustment to members' allowances.

2.3 The annual adjustment mechanism used for the East Sussex County Council Scheme of Members' Allowances was last approved by the Full Council in March 2022, where it was agreed that the allowances should continue to be indexed to the percentage increase (average percentage of lump sum increases for the 2022/23 financial year) mirroring the National Joint Council (NJC) award in the salaries of managers who are on locally negotiated pay. The annual adjustment to members' allowances has been linked to any increase in Local Managerial Grade (LMG) managers pay for over 23 years.

2.4 In November 2025, the Governance Committee considered the Scheme of Members' Allowances in the context of the Council's proposal for Local Government reorganisation submitted to Government, the outcome of which is not known at this stage and the Government decision expected in March 2026. If approved, LGR will result in a unitary council and will lead to potentially significant changes to the roles and functions of Members, which it is anticipated will impact on the Scheme of Members' Allowances.

2.5 In December 2025, the Full Council resolved to agree to postpone the full review of the Scheme of Members' Allowances scheduled for 2026, with a view to the process commencing in 2027 ahead of implementation for Vesting Day in 2028. However, should Government not proceed with LGR, to agree that a review be carried out and reported to Council in the autumn of 2026. It was also noted that a review of the annual adjustment mechanism will take place in compliance with the Regulations as set out in paragraph 2.2.

2.6 The Independent Remuneration Panel met in January 2026 and has considered the continued use of an index to allow for the annual adjustment of allowances together with one written representation from a County Councillor and comparative information from other County Authorities. The Panel was of the view that an index should be used and supported the existing arrangement whereby the annual adjustment reflected any increase in the salaries of managers on locally negotiated pay.

2.7 The Panel recommended that provision should continue to be made in the Scheme of Members' Allowances for an annual adjustment of allowances by

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reference to an index and that the index should continue to reflect the percentage increase in the salaries of managers who are on locally negotiated pay.

2.8 The Panel was of the view that the indexing is applied to the Scheme of Members' Allowances for the period of one year having regard to the current proposals for LGR in East Sussex and anticipated elections in 2027 to a new authority which would consist of a larger number of members and incorporate different responsibilities. Although the Panel recommend that the index is only relied on for one year, the timescales in relation to LGR process will be worked through pending the decision by Government and therefore it is recommended that the index is relied on until a full review takes place as part of the LGR process.

2.9 In order to continue with the use of an index for the annual adjustment of allowances the views of the Independent Remuneration Panel had to be sought. The Panel supported the use of the previous index.

2.10 It is therefore proposed that the County Council agree that provision should continue to be made in the Scheme of Members' Allowances for an annual adjustment of allowances by reference to an index and that the index should continue to be the percentage increase in the salaries of managers who are on locally negotiated pay for a period of one year to be applied until the full review of the Scheme of Members' Allowances takes place as part of the LGR process.

2.11 The Committee recommends the County Council to:

- ❖ agree that provision should continue to be made in the Scheme of Members' Allowances for an annual adjustment of allowances by reference to an index;
- ❖ agree that the index should continue to be the percentage increase in the salaries of East Sussex County Council managers who are on locally negotiated pay; and
- ❖ agree that the index is applied to the Scheme of Members' Allowances until the full review of the Scheme of Members' Allowances takes place as part of the Local Government Reorganisation process.