

APPOINTMENT AND CONDITIONS OF SERVICE COMMITTEE – 8 DECEMBER 2015

Title of paper:	PAY POLICY STATEMENT 2016/17	
Director(s)/ Corporate Director(s):	Angela Probert, Strategic Director of Organisational Transformation	Wards affected: ALL
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Other colleagues who have provided input:	Ian Curryer – Chief Executive Glen O’Connell – Corporate Director, Resilience Bridget Donoghue – Head of HR Della Sewell – Employee Relations Manager Sarah Wilson – Electoral Services Manager Jef Gould – HR Data Manager HR Business Partners Anne Millichip – Finance Analyst John Bernard-Carlin – Team Leader, Legal Emma Hodgett – Resourcing & Reward Manager Andy Cross – Pensions Consultant Tina Adams – Finance Manager Capital & Tax Management	
Date of consultation with Portfolio Holder(s) (if relevant)		
Relevant Council Plan Strategic Priority:		
Cutting unemployment by a quarter		<input type="checkbox"/>
Cut crime and anti-social behaviour		<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City		<input type="checkbox"/>
Your neighbourhood as clean as the City Centre		<input type="checkbox"/>
Help keep your energy bills down		<input type="checkbox"/>
Good access to public transport		<input type="checkbox"/>
Nottingham has a good mix of housing		<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs		<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events		<input type="checkbox"/>
Support early intervention activities		<input type="checkbox"/>
Deliver effective, value for money services to our citizens		<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):		
This report introduces the Council’s Pay Policy Statement for 2016-17 as required by the Localism Act. The Statement sets out information on pay and conditions for chief officers in comparison to the bulk of the workforce employed on ‘Local Government Scheme’ (LGS) terms and conditions.		
Recommendation(s):		
1	Note the Council’s Pay Policy Statement for 2016-17 which is being presented to the Full Council meeting on 11 January 2016.	

1. REASONS FOR RECOMMENDATIONS

1.1 The pay policy statement is being presented to ACOS in order to demonstrate that decisions on pay and reward packages for chief executives and chief officers are made in an open and accountable way.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 The Localism Act requires local authorities to prepare and publish pay policy statement.

2.2 The Act requires that the statement must be approved formally by the Council meeting itself (it cannot be delegated to a sub-committee); must be approved by the end of March each year and must be published on the Council's website.

2.3 In more detail, the matters that must be included in the statutory pay policy statement are as follows:

- the Council's policy on the level and elements of remuneration for chief officers;
- the Council's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition);
- the Council's policy on the relationship between the remuneration of its chief officers and other officers;
- the Council's policy on other specific aspects of chief officers' remuneration, such as remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

2.4 The Act defines remuneration widely, to include not just pay but also charges, fees, allowances, benefits in kind, increases in enhancements of pension entitlements, and termination payments.

2.5 The Council employs approximately 7020 people, of which 52¹ posts are chief officer posts as defined by the Local Government and Housing Act 1989 (and includes 1 Chief Executive, 4 Corporate Directors, 3 Strategic Directors, 14 Directors, 17 Heads of Service and 15 managers or specialists). This represents approximately 0.7% of the Council's overall non schools' workforce.

2.6 The increase in chief officer posts this year is due to changes to the management structure over the last two years, which have introduced new posts of Strategic Director, reporting directly to the Head of Paid Service. This means that all of the direct reports for these posts now fall under the definition of Deputy Chief Officer and are therefore countable for the purposes of this report. This is the reason for the relatively high number of manager or specialist posts as outlined in 2.5 above.

¹ As at 31 October 2015

- 2.7 Sections 2, 4 and 7 and appendix 5 use retrospective pay information. Due to reporting pressures at Full Council in March 2016, this report will be taken in January 2016 and has, therefore, been produced earlier than in previous years; the effect of this is a shorter period of data has been used in this report than in previous years' statements (April-September as opposed to April-December)
- 2.7 The pay multiple of the average chief officer's pay (£85,698) to that of the non-chief officer average earner (£25,960) including guaranteed payments² is 1:3. The relationship between the Chief Executive's pay (£160,000) to that of the Council's non chief officer average earner excluding allowances (£22,449) is a pay multiple of 1:7. The ratio between the Chief Executive's pay and the Council's non chief officer average earner has remained static since the last Pay Policy Statement in 2015-16; however the relationship between the average Chief Officer's pay and the average non-chief officer's pay has reduced. This is likely to be for two reasons; the increase in the amount of Living Wage paid, which has increased our minimum salary, and the increase in numbers of posts which meet the definition of Chief Officer but are paid below SLMG levels.
- 2.8 As at 31 October 2015, there were no chief officers in receipt of bonus payments, increments, performance related pay, and other pay enhancements (overtime, weekend, evening, night working, etc). However, there was a chief officer pay award in 2015, for the first time in five years. This was for 2% from 1 January 2015.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 As the production of a pay policy statement is a requirement under the Localism Act, no other options were considered.

4. FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The average and median pay figures included in the report are based on data for 2015/16 up to 31st October 2015 increased to an annual figure.
- 4.2 The pay policy statement will assist Chief Officers in the discharge of their responsibilities relating to staffing numbers and payments to employees as set out in the Council's Financial Regulations and Corporate Financial Procedures.

5. LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 The statement proposed for approval has been prepared in accordance with Sections 38 to 43 of the Localism Act 2011 which require the City Council to prepare, approve and publish a pay policy statement in the terms described in this report.

² Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2013 to 31/12/2013

6. EQUALITY IMPACT ASSESSMENT

- 6.1 An Equality Impact Assessment is not needed, as the report does not contain proposals or financial decisions

7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 7.1 Communities and Local Government, Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act.
- 7.2 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.
- 7.3 Department for Communities and Local Government, 2013. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011. Supplementary Guidance*. London

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 Hutton, W., 2011. *Hutton Review of Fair Pay*. London
- 8.2 One Society, 2012. *Leading the Way on Fair Pay: An Assessment of Principal Local Authorities in England & Wales*. London