

Nottingham City Council

Pay Policy Statement 2017-2018



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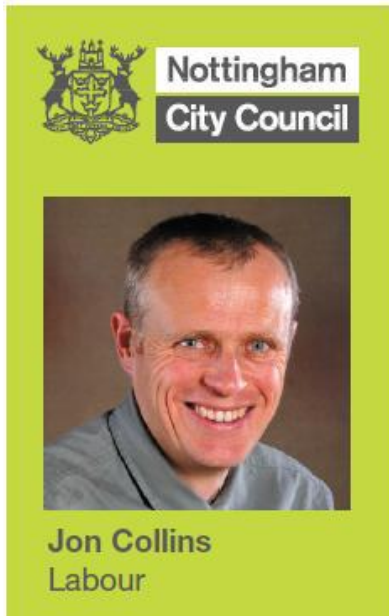
Nottingham
City Council

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Introduction from the Leader of Nottingham City Council, Jon Collins



Welcome to Nottingham Council's annual Pay Policy Statement. The statement sets out the Council's approach to setting pay and conditions for Chief Officers and those for the workforce.

This year's statement shows that we are continuing to ensure that our employees can expect a reasonable wage. I am proud that the Living Wage supplement continues to form part of all our lowest paid employees' salaries. The Council remains committed to pay a current minimum hourly rate of £7.85, moving to £8.25 from 1st April 2017, which is far higher than the Government's National Living Wage of £7.50 per hour (as at 1st April 2017).

This year (2017/18) will see a period of change within the Council, with the introduction of the new Nottingham Contract. The new Nottingham Contract will be implemented from 1st April 2017. This pay policy statement outlines the current position, which will be subject to change on implementation of the new contract.

We remain committed to providing quality services which offer value for money in a way that balances concern for our lower paid employees with job security and affordability. It is vital we continue to deliver high-quality essential services for Nottingham citizens in an increasingly challenging financial climate. Work continues to be under way to identify further ways to reduce costs whilst keeping citizens at the heart of everything we do.

A handwritten signature in black ink, appearing to read 'J. N. Collins', is positioned above the printed name.

Jon Collins
Leader of the Council

Introduction from Chief Executive, Ian Curryer



Welcome to Nottingham City Council's annual Pay Policy Statement.

This statement outlines the Council's approach to setting pay and conditions for colleagues including senior staff (chief officers). It sets out how we are spending public funding appropriately and demonstrates our commitment to openness and transparency about pay and allowances.

As our funding from Central Government continues to reduce, we have had to radically change the way we do business so that we can deliver our key priority of providing essential services for the people of Nottingham, including those who work, study, invest and visit here.

In November this year, we made some changes to our management structure in order to further support the Council in discharging its duties in the current financial climate and of the need to reduce costs at all levels of the organisation, including within the senior team. The new post of Corporate Director of Strategy and Resources combines the roles of Strategic Director of Strategy and Commissioning / Assistant Chief Executive with the Corporate Director of Development post.

The Government announced earlier this year that they intend to implement a cap (£95,000) on public sector exit payments. This cap may not just affect high earners, as in Local Government there will be a number of employees on average salaries who have sufficient length of service to mean that there could be considerable pension strain costs in the case of redundancy, for example. The Government have yet to publish any guidance to support the implementation of this cap; however the implications of this is being considered but have yet to be confirmed. The Government has also passed legislation to recover Chief Officer exit payments (where the individual earns over £80,000 per annum and obtains a permanent job or returns to the Council for a one off piece of work). We are awaiting an implementation date for this measure to take effect.

As a Council we remain committed to ensuring that the benefits of our pay policy are felt by colleagues who keep vital services running. This has included the continued payment of the Living Wage supplement (hourly rate of £7.85) to our lowest paid colleagues.

I am pleased to say that we have reached a positive agreement with the Trade Unions on the Council's new Pay Policy which will be implemented from the 1st April 2017. The new Nottingham Contract, as part of the new Pay Policy will also see a new Nottingham Pay Scale; and for the vast majority of employees on Grades A to C receive in excess of the Voluntary Living Wage (£8.25 per hour).

The move to the new pay model and ways of working will help to ensure that here in Nottingham we can protect vital services and as many jobs as possible, despite the enormity of the Government's cuts in our funding, and have an affordable and sustainable long term pay strategy that can attract, retain and motivate a diverse and talented workforce.

A handwritten signature in black ink, appearing to read 'Ian Curryer', written in a cursive style.

Ian Curryer
Chief Executive

1 BACKGROUND

- 1.1 Section 38 (1) of the Localism Act 2011 requires English and Welsh local authorities to produce a pay policy statement for each financial year (starting from 2012/13).
- 1.2 The pay statements must articulate the Council's own policies on a range of issues relating to the pay of its workforce, particularly its senior employees (or 'chief officers' as defined by the Local Government and Housing Act 1989) and its lowest paid employees.
- 1.3 The Act requires the policy to be considered by a meeting of Full Council and cannot be delegated to any sub-committee. All decisions on pay and reward made in 2017/18 must comply with the pay policy statement. The statement may be amended in year but must be agreed again by a meeting of Full Council.
- 1.4 This pay policy statement provides information on Nottingham City Council's pay and conditions for chief officers in comparison to the bulk of the workforce employed on 'Local Government Scheme' (LGS) terms and conditions. It also sets out the approach that will be taken during 2017/18. It should be noted that the Council has reached agreement with the Trade Unions to change its Pay Policy from 1st April 2017.
- 1.5 Sections 2, 4 and 7 and appendix 6 use retrospective pay information. The same reporting period has been used as last year.
- 1.6 The data is based on the Council structure when it consisted of six main departments up until 1 November 2016; Children and Adults, Development, Commercial & Operations, Strategy and Commissioning, Resilience and HR and Transformation; delivering specific functions for its citizens.
- 1.7 It should be noted that from the 1st November 2016, the Council made some changes to the Senior Management Structure. The new post of Corporate Director of Strategy and Resources combined the roles of Strategic Director of Strategy and Commissioning with the Corporate Director of Development post. Appendix 11 provides an updated structure chart of Chief Officers for information, but is not the subject of this report.

2 DEFINITIONS AND SCOPE

2.1 Definition of Chief Officer at Nottingham City Council

Appendix 1 provides a structure chart of all the Chief Officers as defined by the Local Government and Housing Act 1989 employed at the Council as at 30 September 2016.

An extract from the Local Government and Housing Act, outlining the definition of Chief Officers and Deputy Chief Officers, is included at Appendix 2.

2.2 'Lowest Paid' Employee

The bulk of the workforce is employed on Local Government Scheme (LGS) terms and conditions. The 'lowest paid employee' is defined as LGS employees employed on Greater London Provincial Council (GLPC) Grade A, spinal point 6, equating to £14,514 basic pay.

This is the lowest pay point and salary offered for a substantive post at the Council excluding apprentices and casual workers.

- 2.3 Since 1 April 2013, the Council has paid a Living Wage supplement to all employees, schools' employees and casual workers on Grade A.

The rate is currently £7.85 (£15,145) from 1 October 2015 and this continuous to be paid for this reporting period.

2.4 The pay policy statement has excluded:

- Apprentices;
- Colleagues on NHS terms and conditions;
- Colleagues on East Midlands Council's terms and conditions;
- Colleagues on protected terms and conditions under TUPE
- Colleagues on Teachers' terms and conditions
- Non chief officer Heads of Services and managers on Senior Leadership Management Group (SLMG) terms and conditions; and
- Colleagues on Soulbury and Hay terms and conditions;
- Colleagues on the House Agreement for the Theatre Royal and Royal Concert Hall (TRCH).

The reason for excluding these groups is because apprentices are not on permanent contracts, the majority of Heads of Services are not chief officers as defined by the Local Government and Housing Act, and there are a very small number of colleagues employed on the other types of terms and conditions.

Furthermore, the lowest paid employee for each of the excluded groups (except Apprentices) is paid higher than LGS employees

2.5 Schools' Employees

As specified in the Localism Act, the pay policy statement does not include information on, or apply to, chief officers and employees based in schools.

3 HOW PAY AND CONDITIONS ARE AGREED FOR CHIEF OFFICERS

3.1 Chief Officers' pay and conditions are ratified by the Council's remuneration committee; Appointment and Conditions of Service (ACOS). The responsibility for this function is set out in Appendix 3 which provides an extract from the Council's Constitution. In summary, the main responsibilities of ACOS relating to chief officers' pay and conditions are:

- To undertake the appointment process in respect of the Chief Executive, Deputy Chief Executive and Corporate Directors, making recommendations to Full Council;
- To determine the terms and conditions of City Council employees and procedures for disciplinary action and dismissal;
- To receive reports on action taken in respect of terms agreed for the Chief Executive, Deputy Chief Executive, Corporate Directors and the Senior Leadership Management Group (SLMG) leaving the employment of the Council where those terms included compensation;
- Determine redundancies, ill health retirements, flexible retirements and terminations of employment (including payments over £30,000 relating to efficiency) and any exercise of discretions to increase total LGPS pension and award additional LGPS pension for the Chief Executive, Deputy Chief Executive, Assistant Chief Executive, Corporate Directors, Strategic Directors and Directors;

- To approve any proposals for significant restructuring of the Council's management structure.
- To approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors, the Deputy Chief Executive and Assistant Chief Executive.

3.2 The Committee is accountable to Council, has eleven members (politically balanced (one place is reserved for the relevant Portfolio Holder (or their substitute) in relation to matters in respect of the appointment process for the Chief Executive and Corporate Director and the dismissal process for the Chief Executive)). The Committee meets on a monthly basis.

3.3 Chief officers have no power to negotiate their own terms and conditions outside of the Council's policies and procedure either during recruitment, throughout employment, or upon termination of their contract. The degree of responsibility exercised by chief officers in return for their basic pay is restricted to established pay grades (Appendix 4) or with regards to other pay such as market supplement or acting up allowances in accordance with the provisions contained within the Council's pay policy (Appendix 5).

4 PAY, TERMS AND CONDITIONS AT NOTTINGHAM CITY COUNCIL

4.1 The majority of chief officers working at Nottingham City Council belong to a group referred to internally as the 'Senior Leadership Management Group (SLMG)'. Colleagues employed as Heads of Services and other senior managers are also part of SLMG and its associated terms and conditions; however the majority are not chief officers as defined by the Local Government and Housing Act.

4.2 Appendix 6 provides a comprehensive breakdown of all the terms and conditions offered to the Council's chief officers in comparison to LGS employees as at 30 September 2016, including pay range, allowances, fees and other benefits in kind. The table also provides information on which pay and condition is contractual.

4.3 The table highlights that many of the terms and conditions offered to LGS employees, such as overtime, travel expenses within County of Nottinghamshire, weekend/evening allowances etc are not available to the Council's chief officers. It should be noted that, whilst the Council has previously paid increments to employees on the lowest four grades in 2014/15 and 2015/16, during this reporting period it has not been paid to any colleagues.

4.4 The Chief Executive is paid on a spot salary of £161,600 as agreed by the Council's appointing committee (Appointment and Conditions of Service).

4.5 The total additional payments made to the Council's Chief Officers between 1 April 2016 and 30 September 2016 are listed in the table below:

Pay Element	Total for Chief Officers*
Total year to date additional payments (1 April 2016 to 30 September 2016) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	£39,190.54

* as defined by the Local Government and Housing Act 1989

This has increased from last year, when the total additional payments were £33,845. This increase is due to honoraria and market supplement payments.

5 ELECTION DUTY PAYMENTS

- 5.1 The Returning Officer's fee is a payment made to a nominated chief officer (at Nottingham City Council, this is the Chief Executive) for being in charge of the running of Local, Local Police & Crime Commissioner and Parliamentary elections in addition to National Referendum.
- 5.2 The National Referendum, Police & Crime Commissioner and Parliamentary elections are funded and paid for by central government and are therefore not related to Nottingham City Council's terms and conditions. The Council does not govern the fee payable to the Chief Executive for these elections and therefore the Chief Executive can retain any fee paid to them from these funds.
- 5.3 There was a Police & Crime Commissioner Election and a National Referendum during 2016-2017 so the Chief Executive has received an additional fee during this financial year, but as outlined in 5.2 this is an independent payment and is not paid or funded by the City Council and is not part of Nottingham City Council's terms and conditions.
- 5.4 The funding for any local election comes from local authority funds and follows the same principles as those for a central government funded election. The Chief Executive is not contractually entitled to a payment for local elections and therefore would not have received a payment for any local election if they had occurred during this financial year (i.e. by-elections).

6 MONITORING OFFICER'S FEE

- 6.1 The Monitoring Officer has the specific duty to ensure Nottingham City Council, its officers, and its elected Councillors maintain the highest standards in all they do. The Monitoring Officer's derives from Section 5 of the Local Government and Housing Act 1989, and includes the following:-
1. To report on matters they believe are, or are likely to be, illegal or amount to maladministration.
 2. Matters relating to the conduct of Councillors and officers.
 3. Responsibility for the operation of the Council's Constitution.
- 6.2 The Monitoring Officer has a duty to report to Full Council if they consider any proposal, decision, or omission made by the Council, or on behalf of the Council, is illegal or would be illegal. The duty is a personal duty, and the Monitoring Officer cannot delegate it to someone else unless they are ill or away, in which case a deputy Monitoring Officer can take over the role.
- 6.3 There is no longer an additional payment for the role of Monitoring Officer. When this statutory role was created it was agreed that remuneration would be based on an approximate 10% loading on salary of the employee holding the post, to be funded by the Council. Recently however, the Monitoring Officer role was been incorporated into the job description for the Corporate Director for Resilience, and therefore now forms part of the salary for that post. Upon the retirement of that post holder the statutory role will be re-allocated.

7 PAY RELATIONSHIPS

Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£161,600) to that of the Council's non chief officer¹ average earner excluding allowances (£23,047.54) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£161,600) to that of the Council's non chief officer median earner excluding allowances (£20,456) is 1:8.

With Guaranteed Payments²

- 7.3 The relationship between the average chief officer's pay including guaranteed payments (£86,567) and to that of the Council's non chief officer average earner including guaranteed payments (£27,360) is 1:3.
- 7.4 The relationship between the median pay of chief officers including guaranteed payments (£80,505) and to that of the Council's non chief officer median earner including guaranteed payments (£24,240) is 1:3.

8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2017/18

The section sets out the Council's approach to determining pay and conditions for chief officers for 2017/18.

(NB. Please refer to paragraph 2.7 of this document for the application of the statements below to Public Health employees under Statutory Transfer)

8.1 Remuneration of chief officers on recruitment

The basic all-inclusive pay for new chief officers will fall within the bandings for their job as set out in Appendix 4. New chief officers will normally start on the minimum pay point for their grading and will not be offered more than the maximum for their grade.

Full council will be provided with an opportunity to vote before any salary package over £100,000 is offered for new appointments.

8.2 The level and elements of remuneration for each chief officer

Any changes or amendments to SLMG pay grading will be subject to consultation with chief officers, their trade union representatives and formal ratification by ACOS. Any decision to pay market supplements or acting up allowances to chief officers will be subject to a business case put forward to the Director of HR and Transformation for approval in accordance with section 8 of the Council's Pay Policy.

8.3 Increases and additions to remuneration for each chief officer

¹ The definition of 'non chief officer' in section 7 includes colleagues on Greater London Provincial Council (GLPC), non-chief officers on Senior Leadership Management Group (SLMG) pay scales and Local Government Service (LGS) pay scales. It excludes the Chief Executive (CEX) and Corporate Directors' (CDIR). The ratio has been calculated using basic FTE pay, not actual pay.

² Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2016 to 30/09/2016.

There is currently no incremental progression through the pay band for chief officers. Annual pay awards are negotiated nationally with the trade unions. There was a pay award of 1% for chief officers and the Chief Executive from 1 April 2016, and there will be a further 1% pay award in 2017/18.

8.4 The use of performance related pay for chief officers

The Council does not offer performance related pay to chief officers due to budget constraints.

8.5 The use of bonuses for chief officers

The Council will not offer bonus payments to chief officers.

8.6 Earn Back Pay

The Council is not intending to introduce the policy of 'earn back pay' which requires chief officers to have an element of pay 'at risk' to be earned back each year through meeting pre-agreed objectives.

The Council is confident that it has robust performance management procedures in place through its Performance Appraisal Framework to deal with poor performance. The Council's Performance Appraisal system requires a number of mandatory competencies and objectives (team and individual) to be met which are reviewed throughout the year. In addition to this, Chief Officers are not excluded from the application of the Council's formal policies on Performance Management and Discipline, and will be managed under the appropriate procedures should there be sufficient underperformance or misconduct concerns, up to and including dismissal, should this be necessary.

8.7 The payment of chief officers on their ceasing to hold office under or to be employed by the Council

The Council's payment to chief officers leaving the Council under the following types of termination is set out below:

- Redundancy Dismissal – Contractual notice and redundancy pay as set out in the Council's Local Government (Early Termination of Employment) Regulations 2006 (DCR Policy). See Appendix 7 for policy details. Note that if the chief officer is aged 55 or over, under Pension regulations they automatically access their pension benefits without any reduction.
- Efficiency - Efficiency payment as set out in the Council's Local Government (Early Termination of Employment) Regulations 2006 (DCR Policy). See Appendix 7 for policy details.
- Retirement – Under Pension Regulations, chief officers may automatically access their pension benefits from age 65, when they leave employment. The Council does not operate a default retirement age whereby employees are dismissed at age 65.
- Early Retirement – Chief Officers can request access to their pension from age 55 with the Council's consent, and the Council may choose to waive the actuarial reduction.

Chief Officers may retire from age 55 without consent but will leave with a reduced pension.

- Flexible Retirement – Chief Officers may apply to access their pension from age 55 but remain working at the Council either under reduced pay or reduced hours. Any flexible requirement requests for chief officers would need to be approved by ACOS.
- The Council has the power to grant additional pension to chief officers at the discretion of ACOS supported by a business case. See Appendix 8 for policy details.

As noted in previous Pay Policy Statements, the Government had announced its intention to introduce a cap on Public Sector exit payments in order to restrict these to a maximum of £95,000. This was anticipated to be in place from 1 April 2016, however this has now been delayed and an implementation date is not currently known. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the Chief Officer is aged 55+ and may have some of their pension benefits reduced where the overall cost of termination exceeds £95,000 including pension strain costs.

8.8 Re-employment of former chief officers

Former chief officers will be permitted to apply for vacancies at the Council by following the normal competitive recruitment process.

Where former chief officers are applying for work under a contract for services with the Council (e.g. as a Consultant or casual worker), the Leader of the Council along with the Director of HR and Transformation will scrutinise and decide whether to approve such requests following a consideration of the skills required and an assessment of value for money.

As noted in previous Pay Policy Statements, the Government had announced its intention to introduce a legislative change under the Small Business, Enterprise & Employment Bill to recover exit payments made to Chief Officers if they leave the public sector and return to the public sector within 12 months of leaving. This was anticipated to be in place from 1 April 2016, however this has now been delayed and an implementation date is awaited.

8.9 The appointment of former chief officers in receipt of a pension (pension abatement)

The Council is not in a position to abate pension payments (the act of reducing or suspending pension payments) if a chief officer is re-engaged or re-employed. The Council's pension fund is administered by Nottinghamshire County Council who set the rules for employers to follow on abatement.

Therefore until the policy is amended by Nottinghamshire County Council, the City Council cannot enforce pension abatement for current or former employees.

8.10 Tax Avoidance

The Council takes its obligations for ensuring compliance with relevant taxation legislation very seriously and does not actively engage in or endorse any form of tax avoidance. Therefore, the Council has policies and procedures in place to ensure that the correct amount of taxes are accounted for and paid at the correct time.

All individuals employed or engaged by the Council are treated equally and the level of seniority does not allow for differential treatment in the engagement process, or in the method of remuneration.

The Council recognises that by paying employees through private companies it allows the individual to manage their own tax arrangements, and potentially reduce the amount of tax and national insurance they are obliged to pay, thus implicating the Council in tax avoidance schemes. Therefore, the Council does not and will not remunerate any employee at any level through a private company; all payments will be made through the Council payroll system and PAYE applied accordingly.

In addition the Council has processes and policies in place in order to check the employment status of individuals who are engaged by the Council, ensuring that it is the terms and conditions of the engagement which determine the employment status of the individual. This ensures that the Council is meeting its obligations in regard PAYE as established by HMRC and, thereby reducing the risk of potential tax avoidance. All deemed contracts of employments as per HMRC regulations will be remunerated through the payroll system and PAYE applied accordingly.

8.11 Shared Senior Management

Currently, the Council has no shared management arrangements with other organisations.

8.12 Pay and Conditions of Lowest Paid Employees

The pay and conditions of lowest paid employees are set out in the Council's Pay Policy (Appendix 5). In addition the Council pays, as a separate element, to all colleagues on Grade A and majority of Grade B (£14,514 - 14,975) a Living Wage supplement which increases their hourly rate to £7.85. This applies to all employees, schools employees and casual workers. In November 2015, the Living Wage Foundation announced a new Living Wage rate of £8.25. In addition to this, in the Summer Budget for 2015, the Government announced its intention to introduce a compulsory National Living Wage with effect from April 2016, at an initial hourly rate of £7.20, to increase to £9.00 per hour by 2020.

The Council has reached agreement with the Trade Unions to change its Pay Policy from 1st April 2017. The new Nottingham Pay Model will ensure that employees in Grades A – C receive a salary that is not only in excess of the Local Government Pay Spine but also significantly in excess of the Government National Living Wage (currently £7.20 per hour) and, reflects the Voluntary Living Wage (£8.25 per hour).

The new Pay Model will also see the introduction of two new pay levels in each grade that will be based on points on the LGP Spine. Colleagues will move to Level Two once they have successfully completed their probationary Level One. Colleagues at the bottom of their grade at the 1st April 2017 will receive a transition payment and move to Level Two from the 1st April 2018. A copy of the new Pay Policy can be found as Appendix 12.

Changes to allowances and enhancements as part of the new pay model will also see unsocial hours worked at evenings and weekends paid at plain time, overtime worked between 37 hours and 42 hours per week will be paid at plain time and any overtime in excess of 42 hours per week will be paid at time and a half.

8.13 Local Government National Pay Award

A National Pay award has been agreed which increases the value of the spinal column points from 1 April 2016. The majority of LGS employees received an increase of 1% and for those occupying spinal column points 6 to 17 instead receiving an increase of between 2.30% to 10.28%. A further pay award of 1% is due to be applied from 1 April 2017.

- 8.14 The revised pay scale, which includes the uplift to reflect the Voluntary Living Wage is attached at Appendix 12.

9 PUBLISHED DOCUMENTS AND PAPERS REFERRED TO IN THE PAY POLICY STATEMENT

- 9.1 Communities and Local Government, 2012. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act*. London
- 9.2 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
- 9.3 Local Government Association and Association of Local Authority Chief Executives (ALACE), *Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives*