

Nottingham City Council

Pay Policy Statement 2018-2019



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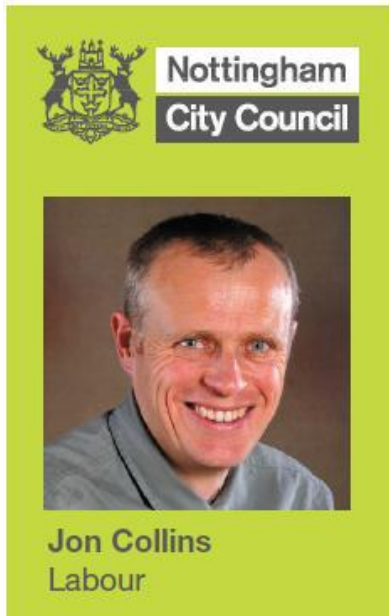
Nottingham
City Council

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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 is the first to reflect the Council's new pay structure, which was implemented as part of the new Nottingham Contract from 1st April 2017.

The Council remains committed to paying a reasonable wage to our lowest paid employees, and we have increased our lowest hourly rate to £8.25 per hour as part of the new pay structure. This reflects the rate recommended by the Living Wage Foundation as at 31 October 2016 when the pay structure was developed. Prior to 1st April 2017, we paid a supplement to reflect Living Wage rates, but we believe that incorporating this into permanent pay provides increased stability and peace of mind for our employees. The new pay structure has been bottom loaded to maintain differentials above the bottom of the grade, with the result that our lowest three grades have increased by between 1.5% and 9.6%, whilst higher grades have reduced.

The Council strives to maintain a fair pay ratio between its highest and lowest paid employees. Our Chief Executive pay was frozen for four years after the current Chief Executive took on the role. Pay awards of 1% in 2017 and 2018 have increased the Chief Executive's pay by 2.01%, but Nottingham still has the second lowest Chief Executive pay in comparison with other Core Cities Councils, and the third lowest ratio of highest to lowest earners, at 10.3:1.

The Council will regularly review the minimum rate paid to its employees and try to maintain a fair day's pay for a fair day's work. However, we continue to face extensive budgetary pressures, and these decisions will become more challenging in times to come as we try to maintain service provision and continue to keep citizens at the heart against a background of continuing government cuts.

A handwritten signature in black ink, appearing to read 'J.N.C.', followed by a long horizontal stroke.

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.

I wrote in last year's Pay Policy Statement about the Government's intention to implement a cap on public sector exit payments and a process of recovery of Chief Officer exit payments where certain conditions apply. At the time of writing, these proposals have still not become law, so we continue to await their implementation.

The Council continues to face ongoing budget cuts and we have worked hard to preserve jobs and frontline services and provide fair pay to our colleagues. As part of this, we have successfully implemented a new pay structure and set of terms and conditions, effective from 1st April 2017, which have been designed to better fit our future challenges whilst still enabling us to attract, retain and motivate our colleagues.

The new pay structure not only permanently increases our lowest hourly pay to a level approaching the Living Wage Foundation's suggested rates, but has also reintroduced an element of pay progression following several years of increment freezes. However, it has been necessary to reduce the top levels of our pay grades, which has resulted in 'red circling' for those colleagues who were at the top of their grades, for three years or until cost of living increases rise to meet their current levels of pay.

Unfortunately, the Government cuts to Council funding continue to impact on Nottingham City Council to what we believe to be an unfair degree in comparison with some more affluent areas. This means that some difficult decisions have had to be made, and in the coming financial year we will see further significant changes to our structure and ways of working as we try to make the best use of the money we have.

A handwritten signature in black ink, appearing to read 'Ian Curryer'. The signature is fluid and cursive, with a long, sweeping underline.

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 2018/19 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, terms 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 2018/19. It should be noted that the Council changed its terms and conditions, including its pay structure and Pay Policy, by collective agreement effective from 1st April 2017. These changes applied only to LGS employees (except within schools), not to Chief Officers, whose pay structure and terms and conditions will be subject to a separate review.
- 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, which consists of four main departments; Children & Adults, Development & Growth, Commercial & Operations and Strategy & Resources. Each department delivers distinct and specific functions for Nottingham's citizens. These departments have been in place since 1st November 2016, following changes to the Council's Senior Management Structure. These changes have resulted in a more streamlined Chief Officer structure within the Council for this reporting period.

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 31 October 2017.

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 Service (LGS) terms and conditions. The 'lowest paid employee' is defined as LGS employees employed on Nottingham City Council (NCC) Grade A, Level 1, equating to £15,917 basic pay.

This is the lowest pay point and salary offered for a substantive post at the Council excluding Level 2 apprentices.

- 2.3 The Council commenced paying a Living Wage supplement to all employees and casual workers on Grade A from 1 April 2013. With the changes to the pay structure from 1 April 2017, the Living Wage supplement has now been assimilated into permanent pay at the bottom level of Grade A, which now has a basic rate of £8.25 per hour (15,917 per annum).

Additional increases have been built in up to Grade C to maintain differentials between grades.

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, subject to having ascertained the views of the Executive Board;
- to approve the appointment of Chief Officers;
- 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 meets on a monthly basis. The Committee is accountable to Council, has eleven members and is politically balanced. One place is reserved for the relevant Portfolio Holder with a remit covering Resources (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.
- 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 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 31 October 2017, 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 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, automatic increments have been removed from the new pay structure which came in from 1 April 2017. In addition, certain allowances are no longer payable, e.g. evening allowances.
- 4.4 The Chief Executive is paid on a spot salary of £163,216 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 2017 and 31 October 2017 are listed in the table below:

Pay Element	Total for Chief Officers*
Total year to date additional payments (1 April 2016 to 30	£22,100

September 2016) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	
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* as defined by the Local Government and Housing Act 1989

This has decreased from last year, when the total additional payments were £39,190; this is due to the numbers of Chief Officers, as shown in Appendix 1, reducing during this reporting period due to restructuring and changes to reporting lines. The table below outlines the types of payments made:

Travel expenses	£506
General expenses	£869
Payments for additional responsibilities/duties	£13,690
Market Supplements	£7,035
Total	£22,100

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 any National Referenda.
- 5.2 The Police & Crime Commissioner and Parliamentary elections as well as any national referenda 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 Parliamentary election during 2017-2018 so the Chief Executive has received an additional fee during this financial year, but as outlined in para 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 fee 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 The Monitoring Officer currently (Jan 2018) receives an additional payment of £15,717 per annum. The officer currently responsible for the duties of the Monitoring Officer is the Director of Legal & Governance, (which is remunerated within SLMG 1 salary banding). The additional payment amount quantifies the amount between the postholder's current salary and the bottom of the Strategic Director salary banding, an amount that recognises the additional responsibilities of the Monitoring Officer. This additional payment amount keeps the additional payment in line with the equivalent salary of the Strategic Director of Finance, carrying the Section 151 Officer responsibilities.

7 PAY RELATIONSHIPS

Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£163,216) to that of the Council's non chief officer¹ average earner excluding allowances (£23,650) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£163,216) to that of the Council's non chief officer median earner excluding allowances (£20,661) is 1:8.

With Guaranteed Payments²

- 7.3 The relationship between the average chief officer's pay including guaranteed payments (£95,574) and to that of the Council's non chief officer average earner including guaranteed payments (£24,108) is 1:4.
- 7.4 The relationship between the median pay of chief officers including guaranteed payments (£86,709) and to that of the Council's non chief officer median earner including guaranteed payments (£20,661) is 1:4.

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.

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, salary protection, market supplements, allowances and enhancements paid between 01/04/2017 to 31/10/2017.

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*

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 2017, but at time of writing no announcement regarding a chief officer pay award in 2018/19 has yet been made, although one is anticipated on the basis that a 2% pay offer has recently been made for NJC pay.

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*

At time of writing, 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'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) (Discretionary Compensation) (England and Wales) 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) (Discretionary Compensation) (England and Wales) 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 may retire from age 55 without consent but will leave with a reduced pension. 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.
- 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, at time of writing 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, at time of writing an implementation date is still 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 all such engagements, whether direct or through an intermediary are compliant with the off payroll rules (also known as IR35) for the public sector introduced in April 2017. This ensures that the Council is meeting its obligations in regard to Employment Tax 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 the required deductions for Income Tax and National Insurance made and paid over to HMRC.

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). Prior to 1 April 2017, the Council formerly paid, as a separate element, to all colleagues on Grade A and the majority of Grade B, a Living Wage supplement which increased their hourly rate to £7.85. This is no longer paid due to changes to the Council's pay structure as outlined below. The Government's compulsory National Living Wage (as introduced in April 2016) is currently an hourly rate of £7.50, set to increase to £9.00 per hour by 2020.

The Council reached agreement with the Trade Unions to change its pay structure and terms and conditions with effect from 1st April 2017. The new Nottingham Pay Model was designed to permanently incorporate the Voluntary Living Wage supplement paid by the Council at the time (£8.25 per hour) as the lowest rate of pay. This ensures 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 £7.50 per hour). The new Pay Model contains 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 period at Level One. Colleagues at the bottom of their grade at

the 1st April 2017 received a transition payment and will move to Level Two from the 1st April 2018.

As part of the changes to the pay structure, the top two spinal column points (SCP) of the former pay structure were removed and colleagues on those SCP are receiving pay protection. The changes to the pay structure and terms and conditions are reflected in the Council's new Pay Policy at Appendix 5.

Changes to allowances and enhancements as part of the new pay model will also see removal of unsocial hours payments for evening working, all work undertaken on weekends paid at plain time, overtime worked between 37 hours and 42 hours per week 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

At time of writing, a National Pay award offer for LGS employees has been proposed for the period 1 April 2018 – 31 March 2020. It is proposed that in year one LGS employees below SCP 20 (NCC Grade D and below) will receive an increase of between 3.734% and 9.191% in order to move closer to the National Living Wage, resulting in a new bottom SCP of £8.50 per hour. For LGS employees on or above SCP 20 (NCC Grade E and above), the proposal is to pay a 2.0% increase.

8.14 For year two, the pay award proposal is to increase the bottom SCP to £9.00 per hour and make extensive revisions to the existing pay spine to rationalise the consequent compacting of differentials. Consideration will therefore need to be given to how these proposals will be addressed within the new NCC pay structure.

8.15 At time of writing, the pay award proposals are still being considered by the Trade Unions and are not yet agreed.

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*