

NOTTINGHAM CITY COUNCIL – 5 MARCH 2012

REPORT OF THE LEADER OF THE COUNCIL

PAY POLICY STATEMENT 2012-2013

1 SUMMARY

- 1.1 This report introduces the Council's pay policy statement for 2012-13 as required by the Localism Act. The policy 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. The pay policy statement can be viewed online via the following link:

2 RECOMMENDATIONS

It is recommended that Council:

- 2.1 Approve and endorse the Council's pay policy statement for 2012-13.
- 2.2 Note that the statement may need to be amended in-year for any necessary changes the Council may wish to adopt. Any such changes will be presented to full Council for approval.

3 REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 3.1 The pay policy statement is being presented to full Council 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.

4 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

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

5 SUMMARY OF KEY POINTS

- 5.1 The Council employs approximately 6747 people, of which 25

colleagues are Chief Officers (Feb 2012) representing 0.4% of the overall workforce.

- 5.2 The relationship between the Chief Executive's pay (£165,000) to that of the Council's LGS average earner excluding allowances (£20,965) for 2011 is a pay multiple of 1:8. The pay multiple of the Council's LGS median earner excluding allowances (£17,802) is 1:9. Both of these ratios are below the Government's considered maximum of 1:20.
- 5.3 The total sum of expenses claimed by chief officers from April 2011 – December 2011 was £12,346. These related to claims for expenses, ranging from travel to relocation.
- 5.4 As at February 2012, there were no chief officers either in receipt of or entitled to bonus payments; increments; pay awards; performance related pay; market supplements; honorariums; and other pay enhancement allowances (overtime, weekend, evening, night working, etc).
- 5.5 There was no fee paid to the Returning Officer (Chief Executive) during 2011 for running the local election, but a fee for managing the Referendum in 2011 was paid.
- 5.6 The Council is unable to confirm its policy for re-employment or re-engagement of returning chief officers (especially those in receipt of redundancy payments or pension benefits), but has committed itself to developing a separate policy for inclusion in the next statement.

6 BACKGROUND

- 6.1 The Localism Act, which received Royal Assent on 15 November 2011, requires local authorities to prepare and publish pay policy statements, covering other aspects of pay policy as well as senior management pay.
- 6.2 The Act requires that the pay policy 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, starting with 2012; can be amended in-year; must be published on the Council's website (and in any other way the Council chooses); and must be complied with when the Council sets the terms and

conditions for a chief officer. “Chief Officer” is widely defined through adopting the definitions in the Local Government and Housing Act 1989 (see Appendix 1 to the statement).

6.3 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.

6.4 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.

6.5 In addition, the Local Government Association and Association of Local Authority Chief Executives (ALACE) guidance recommends that authorities specify any additional arrangements that may not amount to formal terms and conditions, but which relate to a chief officer's employment and which are a charge on the public purse, such as the fee payable to the Chief Executive for running elections.

6.6 In the interests of clarity, the ALACE guidance recommends that authorities make explicit whether the conditions of service for chief executives and chief officers are incorporated in those officers’ employment contracts.

6.7 The pay policy statement must be published on the Council’s website, and in any other manner that the Council thinks appropriate, as soon as reasonably practicable after it has been approved. The Secretary of State does not consider that any of the grounds for exclusion of the public would be met for discussions of pay policy statements and therefore the statement cannot be

exempt.

- 6.8 The 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.
- 6.9 The Local Government Association and Association of Local Authority Chief Executives (ALACE) guidance states that pay policy statements should set out policies on the reward of chief officers who fit into one of the following categories:
- were previously employed by the same authority, left with a severance or redundancy payment, and have come back as a chief officer;
 - were previously employed by the same authority, and have come back as a chief officer under a contract for services;
 - are in receipt of a Local Government Pension Scheme.
- 6.10 As the pay policy statement needs to be approved by full Council by March 2012, and the issue of determining the remuneration and conditions of former chief officers is complex; it is recommended that the Council develop a separate policy to the pay policy statement in order to allow full consideration and discussion of the issues to take place. It is anticipated the policy for re-engaging former chief officers will be incorporated into the Council's pay policy statement for 2013-14.

7 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 7.1 Employee costs account for approximately 20% of the Authority's gross expenditure, the pay policy statement and its contents form the basis for elements of the Authority's Medium Term Financial Plan which is approved annually by Full Council.
- 7.2 The pay policy statement will also 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.

8 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

- 8.1 Sections 38 to 43 of the Localism Act 2011 require the City Council to prepare, approve and publish a pay policy statement in the terms described in this report. The statement proposed for approval by Council complies with legal requirements.

9 EQUALITY IMPACT ASSESSMENT (EIA)

- 9.1 An EIA is not required as the Pay Policy Statement does not include proposals for new or changing policies, services or functions.

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

- 10.1 Communities and Local Government, Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act.
- 10.2 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.

11 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 11.1 Hutton, W., 2011. Hutton Review of Fair Pay. London

**COUNCILLOR JON COLLINS
LEADER OF THE COUNCIL**