

CITY COUNCIL – 4 MARCH 2013

REPORT OF THE LEADER OF THE COUNCIL

PAY POLICY STATEMENT 2013-2014

1 SUMMARY

- 1.1 This report introduces the Council's pay policy statement for 2013-14 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.

2 RECOMMENDATIONS

It is recommended that Council:

- 2.1 Approve and endorse the Council's pay policy statement for 2013-14.
- 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 6807 people, of which 28 colleagues are chief officers (as at February 2013) representing

less than 0.5% of the overall workforce.

- 5.2 The pay multiple of the average chief officer's pay (£117,153) to that of the non chief officer¹ average earner (£24,548) including guaranteed payments² is 1:4. The relationship between the Chief Executive's pay (£160,000) to that of the Council's non chief officer average earner excluding allowances (£21,426) is a pay multiple of 1:7.
- 5.3 The total sum of expenses claimed by the Council's 28 chief officers from 1 April 2012 to 18 January 2013 was £36,173. These related to claims for expenses and allowances, ranging from travel to relocation.
- 5.4 As at February 2013, there were no chief officers in receipt of bonus payments; increments; pay awards; performance related pay; 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 which is normally funded through the Council. There have been two other elections during 2012 which were funded through Central Government.
- 5.6 The Council is closing the pay gap between the Chief Executive and lowest paid employee. The Chief Executive was appointed in December 2012 below the lowest point of the Chief Executive pay scale. On the other hand, the Council is proposing to pay, as a separate element, a supplement to all colleagues on Grade A (£12,145 - £12,787) the difference between Grade A and bottom of Grade B (£13,189) effective from 1 April 2013. This proposal is intended to apply to all employees, schools' employees and casual workers.

6 BACKGROUND

- 6.1 The Localism Act requires local authorities to prepare and publish pay policy statements, covering other aspects of pay policy as well

¹ The definition of 'non chief officer' includes colleagues on Greater London Provincial Council (GLPC) Senior Leadership Management Group (SLMG) and Local Government Service (LGS) pay and pay scales. It excludes the Chief Executive (CEX), Corporate Directors' (CDIR) pay scales and chief officers on SLMG1 pay in calculating the ratio. The ratio has been calculated using basic FTE pay, not actual pay.

² Includes basic FTE salary, pension – employer contribution, allowances and enhancements paid between 01/04/2012 to 31/01/2013

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.
- 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 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.

7 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

- 7.1 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: 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
- 11.2 One Society, 2012. *Leading the Way on Fair Pay: An Assessment*

of Principal Local Authorities in England & Wales. London

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