

Nottingham City Council

Pay Policy Statement 2020-2021



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Nottingham
City Council

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Introduction from the Leader of Nottingham City Council, David Mellen



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.

The Council remains committed to paying a reasonable wage to our lowest paid employees and work was undertaken to ensure our pay structure aligned with the new National Joint Council pay spine introduced in April 2019; this uplifted our lowest hourly rate to £9.00, (which was, at the time, equal to the Real Living Wage).

The Council strives to maintain a fair pay ratio between its highest and lowest paid employees. A two year pay award of 2% in both 2018 and 2019 has been applied to Chief Executive's pay, but Nottingham still has

one of the lowest Chief Executive pay in comparison with other Core Cities Councils, and one of the lowest ratio of highest to lowest earners, at 1:7

Discussions on the 2020 National pay award are currently on-going and once the outcome is known, the Council will review the minimum rate paid to its employees against the new rate recommended by the Living Wage Foundation announced in November 2019 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 are becoming more challenging 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, reading 'D. Mellen'.

David Mellen
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 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. These proposals are still yet to become law, so we continue to await their

implementation.

The Council continues to work hard to preserve jobs and frontline services and provide fair pay to our colleagues despite the ongoing budget cuts. Our pay structures have been designed to better fit our future challenges whilst still enabling us to attract, retain and motivate our colleagues.

The new pay structure has, following several years of increment freezes, reintroduced an element of pay progression for Council colleagues, and has embedded very successfully following its implementation on 1 April 2017.

Unfortunately, Government cuts to Council funding continues to impact on Nottingham City Council which has meant 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, which appears 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 2019/20 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 2020/21.
- 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 and resulted in a more streamlined Chief Officer structure within the Council..

2 DEFINITIONS AND SCOPE

2.1 Definition of Chief Officer

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 2019.

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 a £17,364 basic salary.

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

2.3 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 Soubury 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.

2.4 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 and has eleven members, with one place 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 procedures, 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 2019, 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 £169,810 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 2019 and 31 October 2019 are listed in the table below:

Pay Element	Total for Chief Officers*
Total year to date additional payments (1 April 2019 to 30 September 2019) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	£15,935

* as defined by the Local Government and Housing Act 1989

This has increased from last year, when the total additional payments were £12,980; this is due an overall increase in payments, as shown in Appendix 1, and changes to reporting lines. The table below outlines the types of payments made:

Payment Element	Amount
Additional Responsibility	£3,708
Market Supplement	£5,755
Pay Protection PTC	£4,910
Standby Sessions	£1,561
Total	£15,935

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 retains any fee paid to them from these funds.
- 5.3 There is a scheduled Parliamentary election during 2019-2020 so the Chief Executive will receive an additional fee during this financial year, but as outlined in para 5.2, this will be an independent payment and 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 the local election which occurred during this financial year.

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 Councilors' 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 responsibility falls within the remit of the Director of Legal and Governance and is paid accordingly at SDIR salary banding, which is an all-inclusive salary.

7 PAY RELATIONSHIPS

Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£169,810) to that of the Council's non Chief Officer¹ average earner, excluding allowances (£25,490) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£166,810) to that of the Council's non Chief Officer median earner excluding allowances (£21,589) is 1:8.

With Guaranteed Payments²

- 7.3 The relationship between the average Chief Officer's pay including guaranteed payments (£83,324) and to that of the Council's non Chief Officer average earner including guaranteed payments (£25,455) is 1:3.
- 7.4 The relationship between the median pay of Chief Officers including guaranteed payments (£83,117) and to that of the Council's non Chief Officer median earner including guaranteed payments (£21,680) is 1:4.
- 7.5 The relationship between the average Chief Officer's pay excluding guaranteed payments (£83,324) and that of the Council's (non-Chief Officer) average earner excluding guaranteed payments (£25,490) is 1.3.
- 7.6 The relationship between the median Chief Officer's pay excluding guaranteed payments (£83,117) and that of the Council's (non-Chief Officer) median earner excluding guaranteed payments (£25,490) is 1.3.

8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2019/20

The section sets out the Council's approach to determining pay and conditions for Chief Officers for 2019/20.

8.1 Remuneration of Chief Officers on recruitment

The basic all-inclusive pay for 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.

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 Customer for approval in accordance with section 8 of the Council's Pay Policy.

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 01/04/2019 to 31/10/2019.

8.3 Increases and additions to remuneration for each Chief Officer

A two-point progression was implemented as part the SLMG pay review implemented on the 1st October 2018. Annual pay awards are negotiated nationally with the trade unions. There was a two year pay award of 2% per year for Chief Officers and the Chief Executive from 1 April 2018.

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 the 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 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 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, anyone can access their pension benefits from age 55 when they leave employment. The Council does not operate a default retirement age whereby employees are dismissed at age 65.
- Early Retirement – Under pension regulations anyone can access their pension benefits from age 55 when they leave employment, however, as regards choosing to waive an actuarial reduction the current discretions state "To avoid the member

suffering the full reduction to their benefits the City Council can “switch on” the 85 year rule protections thereby allowing the member to receive fully or partially unreduced benefits but subject to the City Council paying the pensions strain (capital) cost to the Pensions Fund. Decisions on whether to agree to this for employees below second tier would be delegated to the Chief Executive supported by a business case, although it is unlikely that the City Council would ordinarily agree to “switch on” the rule of 85 in such instances”.

- Flexible Retirement – Officers of the Council 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 Officers in the SLMG pay profile would need to be approved by ACOS.
- The Council has the power to grant additional pension to Officers in the SLMG pay profile 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 an implementation date is not currently known. This has the potential to reduce both redundancy dismissal and efficiency pension benefits where the 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 Customer 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). The Government's compulsory National Living Wage (as introduced in April 2016) is currently an hourly rate of £8.21.

In April 2019, the National Joint Council for Local Government Services pay award raised it's the lowest rate to £9.00 per hour and this was in line with the National Voluntary Living Wage (now known as the Real Living Wage). The Living Wage Foundation annually reviews it rates in November and has recommended a new rate of £9.30; we are waiting to see if the NJC matches this in its pay settlement for April 2020, discussions around which are currently on-going. In the event that the rate is not matched, the Council will need to consider and determine whether a supplement will be paid in light of the ruling party's commitment to maintain a fair day's pay for a fair day's work.

The pay award settlement for 2019 required a reconsolidation of the pay spine at to bring it in line with the revision to the National Pay Spine. As a result, the Council introduced a new locally agreed A2 pay point to maintain a reasonable pay differential within the NCC Grade A pay profile.

8.13 Local Government National Pay Award

At the time of writing this report, a National Pay award offer for LGS employees is in place for the period April 2018 – 31 March 2020. In year one LGS employees below SCP 20 (NCC Grade D and below) received an increase of between 3.734% and 9.191% creating a new bottom SCP of £8.50 per hour. LGS employees on or above SCP 20 (NCC Grade E and above), received a 2.0% pay increase.

- 8.14 In year two, the pay award proposal increased the bottom SCP to £9.00 per hour. Revisions were made to the existing NJC pay spine to rationalise the consequent compacting of differentials.
- 8.15 Discussions around the 2020 pay award settlement are still on going at this current time.

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*