

Appointments and Conditions of Service Committee – 19 February 2021

Title of paper:	Pay Policy Statement 2021/22	
Director:	Richard Henderson Director of HR and Customer	Wards affected: All
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Other colleagues who have provided input:	Mel Barratt – Chief Executive Deepa Venkatesan – HR Advisor Management Information Jo Worster – Team Leader, Strategic Finance Andy Cross – Pensions Consultant Sarah Wilson – Electoral Services Manager Gary Robbins – Senior Accountant – Tax Aman Patel – Senior Solicitor	
Date of consultation with Portfolio Holder	19 January 2021	
Relevant Council Plan Key Theme:		
Nottingham People		<input checked="" type="checkbox"/>
Living in Nottingham		<input type="checkbox"/>
Growing Nottingham		<input type="checkbox"/>
Respect for Nottingham		<input type="checkbox"/>
Serving Nottingham Better		<input type="checkbox"/>
Summary of issues (including benefits to citizens/service users):		
This report introduces the Council’s Pay Policy Statement for 2021/22 as required by the Localism Act. The Statement sets out information on pay and conditions for chief officers in comparison to the bulk of the workforce employed on ‘Local Government Services’ (LGS) terms and conditions.		
Recommendation:		
1	To note the Council’s Pay Policy Statement for 2021/22, which is being presented to the Full Council meeting on 8 March 2021.	

1 Reasons for recommendations

- 1.1 The Pay Policy Statement is being presented to ACOS in order to demonstrate that decisions on pay and reward packages for the Chief Executive and Chief Officers are made in an open and accountable way.

2 Background (including outcomes of consultation)

- 2.1 The Localism Act requires local authorities to prepare and publish a pay policy statement.
- 2.2 The Act requires that the statement must be approved formally by the Council meeting itself (it cannot be delegated to a sub-committee). The statement must be approved by the end of March each year and must be published on the Council’s website.

- 2.3 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 reason 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.
- 2.4 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.
- 2.5 The data for this Pay Policy Statement is taken as at 31 October 2020 when the structure was as follows; the Council employed approximately 6484 people, of which 37 posts fall within the Chief Officer post definition outlined in the Local Government and Housing Act 1989 (and includes 1 Chief Executive, 3 Corporate Directors, 2 Strategic Directors, 12 Directors, 12 Heads of Service and 7 managers or specialists). This represents approximately 0.6% of the Council's overall non-schools' workforce.
- 2.6 In the structure used for this analysis, there was a decrease in Chief Officer Posts this year to due to the departure of two Corporate Directors and the resulting changes to the management structure and reporting lines, which has reduced the number of senior roles falling into the definition of Chief Officer; i.e. reporting directly to the Head of Paid Service. This means that there are also fewer direct reports for these posts which now fall under the definition of Deputy Chief Officer and are therefore countable for the purposes of this report.
- 2.7 Sections 2, 4 and 7 and Appendix 6 use retrospective pay information. The same reporting period has been used as last year.
- 2.8 The pay multiple of the average Chief Officer's pay (£85,045) to that of the non-Chief Officer average earner (£26,879) including guaranteed payments¹ is 3.16:1. The relationship between the Chief Executive's pay (£179,813) to that of the Council's non-Chief Officer average earner excluding allowances (£26,501) is a pay multiple of 6.78:1. The ratio between the Chief Executive's pay and the Council's non-Chief Officer average has remained static for the last four reporting cycles.
- 2.9 As at 31 October 2020, no Chief Officers received bonus payments, increments, performance related pay and other pay enhancements (overtime, weekend, evening, night working, etc).
- 2.10 Chief Officer Pay increase by 2.75% from April 2020 in line with the national pay award.

3 Other options considered in making recommendations

- 3.1 As the production of a Pay Policy statement is a requirement under the Localism Act, no other options have been considered.

¹ Includes basic FTE salary, pension – employer contribution on FTE basic pay, salary protection, market supplements, allowances and enhancements paid between 1 April 2020 and 31 October 2020.

4 Finance colleague comments (including implications and value for money/VAT)

4.1 The average and median pay figures included in the report are based on data for 2020/21 up to October 2020 adjusted to annual figure.

5 Legal and Procurement colleague comments (including risk management issues, and legal, Crime and Disorder Act and procurement implications)

5.1 Under section 38 of the Localism Act 2011, for each financial year, the Council is required to prepare a pay policy statement relating to the following:

- the remuneration of its chief officers;
- the remuneration of its lowest-paid employees;
- the relationship between:
 - the remuneration of its chief officers, and
 - the remuneration of its employees who are not chief officers.

5.2 The statement must also set out:

- the definition of “lowest-paid employees” adopted by the Council for the purposes of the statement;
- the authority’s reasons for adopting that definition.

5.3 The statement must also include the Council’s policies relating to:

- the level and elements of remuneration for each chief officer;
- remuneration of chief officers on recruitment;
- increases and additions to remuneration for each chief officer;
- the use of performance-related pay for chief officers;
- the use of bonuses for chief officers;

5.4 A pay policy statement for a financial year may also set out the Council’s policies for the financial year relating to the other terms and conditions applying to the Council’s chief officers.

5.5 Under section 39 of the Localism Act 2011, the pay policy statement must be approved by Full Council before it comes into effect. The statement must be approved by 31 March 2021 for the forthcoming financial year.

6 Strategic Assets & Property colleague comments

6.1 N/A

7 Equality Impact Assessment (EIA)

7.1 An EIA is not required as the report does not contain proposals or financial decisions.

8 List of background papers other than published works or those disclosing confidential or exempt information

8.1 None.

9 Published documents referred to in compiling this report

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