

Nottingham City Council

Pay Policy Statement 2021-2022



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Nottingham
City Council

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Introduction from the Leader of Nottingham City Council, David Mellen



Welcome to Nottingham City 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 ensuring our pay structure is aligned with National Living Wage rate of £8.72 (for over age 25) set by the Equal Pay Commission.

The nationally negotiated local government 2.75% annual pay award uplifts all pay points, including that of the Chief Executive, enabling the Council to maintain a fair pay ratio between its highest and lowest paid employees. At £9.25, our lowest hourly rate exceeds the Living wage rate set by the Equal Pay Commission.

Our pay ratio between the highest to lowest earners is 6.78:1 and continues to be one of the lowest amongst the Core Cities.

A handwritten signature in black ink, appearing to read 'D. Mellen', is positioned above the printed name.

David Mellen
Leader of the Council

Introduction from the Chief Executive, Mel Barrett



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.

In last year's Pay Policy Statement, we wrote 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 reforms became law on 4 November 2020 and further reforms are scheduled to take place in 2021.

The Council has continued to provide fair pay to our colleagues despite ongoing budget reductions. In the coming financial year, as we try to make the best use of Council resources, we envisage significant changes to our structures and ways of working.

A handwritten signature in black ink, appearing to be 'M Barrett', written over a light gray grid background.

Mel Barrett
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 (since 2012/13).
- 1.2 Pay Policy 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 Statement 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 2021/22 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 2021/22.
- 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 presented in this statement is based on the Council structure, at 31 October 2020 which consisted of four main departments; People, 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 2020.

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 on Nottingham City Council (NCC) Grade A, Level 1, equating to a basic salary of £17,842.

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

2.3 In accordance with the Localism Act 2011, the Pay Policy Statement excludes:

- 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 2020, 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, 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 £179,813.
- 4.5 The total additional payments made to the Council's Chief Officers between 1 April 2020 and 31 October 2020 are listed in the table below:

Pay Element	Total for Chief Officers*
Total year to date additional payments (1 April 2020 to 30 September 2020) Additional payments include: Car mileage, allowances for additional responsibilities, general expenses (e.g. subsistence, parking etc), and travel expenses.	£22,450

* as defined by the Local Government and Housing Act 1989

This has increased from last year, when the total additional payments were £15,935; this is due an overall increase in payments for Additional Responsibility, and changes to reporting lines. The table below outlines the types of payments made:

Payment Element	Amount
Additional Responsibility	£15,442
Market Supplement	£5493
Standby Sessions	£1,515
Total	£22,450

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 The 2019-20 Policy & Crime Commissioner election has been rescheduled for 2021-22 due to the Covid-19 pandemic, so the Chief Executive will not receive an additional fee during this financial year, but as outlined in para 5.2, this will have been an independent payment and not paid or funded by the City Council, nor would it have been 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

- 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 (£179,813) to that of the Council's non Chief Officer¹ average earner, excluding allowances (£26,501) is a pay multiple of 6.78:1. The Council's ratio is lower than those published by the Core Cities in the 2020/21 reporting window where pay multiples ranged from 7.87:1 to 9.77:1.
- 7.2 The pay multiple of the Chief Executive's basic pay (£179,813) to that of the Council's non Chief Officer median earner excluding allowances (£23,541) is 7.63:1.

With Guaranteed Payments²

- 7.3 The relationship between the average Chief Officer's pay including guaranteed payments (£85,045) and to that of the Council's non Chief Officer average earner including guaranteed payments (£26,879) is 3.16:1.
- 7.4 The relationship between the median pay of Chief Officers including guaranteed payments (£80,451) and to that of the Council's non Chief Officer median earner including guaranteed payments (£23,541) is 3.41:1.
- 7.5 The relationship between the average Chief Officer's pay excluding guaranteed payments (£84,353) and that of the Council's (non-Chief Officer) average earner excluding guaranteed payments (£26,501) is 3.18:1.
- 7.6 The relationship between the median Chief Officer's pay excluding guaranteed payments (£80,451) and that of the Council's (non-Chief Officer) median earner excluding guaranteed payments (£26,501) is 3.03:1.
- 7.7 The Council's 2019 Gender Pay Gap report showed an average pay gap of 3.3% (and 31.2% for the gender bonus gap). This meant that women earned just under 97 pence for every pound earned by the average man.

8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2021/22

The section sets out the Council's approach to determining pay and conditions for Chief Officers for 2021/22.

(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

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 01/04/2020 to 31/10/2020.

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.

Appointment and Conditions of Service Committee (ACOS) is responsible for carrying out the appointment process for all Chief Officers (except for Chief Officers below the level of Director).

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 9 of the Council's Pay Policy.

8.3 *Increases and additions to remuneration for each Chief Officer*

A two-point progression was implemented in October 2018 as part the SLMG pay review. Annual pay awards are negotiated nationally with the trade unions. The recent pay award uplifted basic pay by 2.75% for Chief Officers and the Chief Executive from 1 April 2020.

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. This is under review as part of Exit Pay Regulations and likely to change.

- 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 early payment of pension will be actuarially reduced if taken before normal pension age. 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. The Appointment and Conditions of Service Committee (ACOS) determines retirements under the 85-year rule for the Chief Executive, Deputy Chief Executive, Corporate Director and Directors. 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 cap on Public Sector exit payments came into force on 4 November 2020 and reduces both redundancy dismissal and efficiency pension benefits where the Officer is aged 55 and over, where the overall cost of termination exceeds £95,000 including pension strain costs. Further reform of the Discretionary Compensation Payments Regulations and Local Government Pension Scheme Regulations are proposed, which will place additional restrictions on severance payments and pension entitlement.

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 is 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 Council's lowest rate of hourly pay exceeds the National Minimum and Living wage rate.

8.13 Local Government National Pay Award

The 2.75% National Pay award offered for LGS employees for the period April 2020 – 31 March 2021 was implemented late in September 2020.

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*