

Appointment and Conditions of Service Committee – 4 February 2025

Title of paper:	Pay Policy Statement 2025-26	
Director(s)/ Corporate Director(s):	Lee Mann, Strategic Director of HR and EDI Stuart Fair, Corporate Director of Finance and Resources	Wards affected: ALL
Report author(s) and contact details:	Elaine Harrison, HR Consultant elaine.harrison@nottinghamcity.gov.uk	
Other colleagues who have provided input:	Daemian Greaves, HR Consultant, Management Information Daljit Nijran, Organisational HR Manager Helen Varey, Solicitor Sam Taylor, Interim Principal/Management Accountant	
Date of consultation with Executive Member(s) (if relevant)	23 January 2024	
Does this report contain any information that is exempt from publication? No		
Relevant Council Plan Outcome:		
Green, Clean and Connected Communities	<input type="checkbox"/>	
Keeping Nottingham Working	<input type="checkbox"/>	
Carbon Neutral by 2028	<input type="checkbox"/>	
Safer Nottingham	<input type="checkbox"/>	
Child-Friendly Nottingham	<input type="checkbox"/>	
Living Well in our Communities	<input type="checkbox"/>	
Keeping Nottingham Moving	<input type="checkbox"/>	
Improve the City Centre	<input type="checkbox"/>	
Better Housing	<input type="checkbox"/>	
Serving People Well	<input checked="" type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):		
This report introduces the Council's Pay Policy Statement for 2025/26 as required by the Localism Act. The Statement sets out information on pay and conditions for Chief Officers in comparison to the rest of the workforce employed on 'Local Government Services' (LGS) terms and conditions.		
Recommendation(s):		
1	To note the Council's Pay Policy Statement for 2025/26, which will be presented to Full Council on 3 March 2025.	

1. Reasons for recommendations

1.1 The Council is required to approve a Pay Policy Statement each year and this report presents the 2025/26 Pay Policy Statement to ACOS for endorsement prior to putting the matter before Full Council.

2. Other options considered in making recommendations

2.1 No other options have been considered in the writing of this report, as the production of a Pay Policy Statement is a statutory requirement under the Localism Act.

3. **Consideration of Risk**

3.1 None.

4. **Background (including outcomes of consultation)**

4.1 The Localism Act requires local authorities to prepare and publish a Pay Policy Statement.

4.2 The Act requires that the statement must be approved formally by Full Council itself, it cannot be delegated to a sub-committee. The statement must be approved and published by 31 March each year; and produced using the definitions as prescribed by the Act, including posts classified as 'Chief Officer'.

4.3 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.

4.4 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.

4.5 The data for this Pay Policy Statement is taken as of 31 October 2024. At that time, the national pay award for 2024/25 for the Chief Executive and LGS colleagues had been agreed but not yet implemented.

4.6 Sections 1, 2, 5 and Appendix 3 uses retrospective pay information from the period 1 April to 31 October as in previous years to ensure consistency and comparability.

4.7 The relationship between the Chief Executive's pay (£191,000) to that of the Council's non-Chief Officer average (mean) earner, excluding allowances (£36,406), is a pay multiple of 5.2:1, which is lower compared to last years (2024/25) pay statement and has narrowed the gap from 6.06:1.

4.8 The pay multiple of the average (mean) Chief Officer's pay (£130,473) to that of the non-Chief Officer average (mean) earner (£36,726), including guaranteed payments, has increased the ratio this year to 3.6:1 (last year 3.00:1).

4.9 Comparing the City Council's median pay multiple from last years (2024/25) pay policy statement (6.87:1), with those statements published by the Core Cities in in the same reporting period, figures range from 5.38:1 to 8.3:1. From the narrowest to widest ratios, Nottingham City Council ranked joint third with Leeds behind Bristol, Sheffield, and Leeds. Published ratios were, Bristol 5.38:1, Sheffield 6.8:1, Leeds 6.9:1, Nottingham

6.9:1, Birmingham 8.3:1. Manchester, Liverpool, and Newcastle did not publish figures for their median pay multiple

- 4.10 It is not currently Council policy to pay bonus payments, performance related pay and other pay entitlement for overtime, weekend, evening, night working, etc. to Chief Officers. However, incremental pay progression for officers in the SLMG pay band is subject to satisfactory performance review.
- 4.11 The national pay negotiations for 2024/25, that covers Local Government staff under the NJC Local Government Services Green Book Pay and Conditions of Service, was agreed on 1 November 2023, however this pay statement is based on pre-pay award salaries as of 31 October 2024.
- 4.12 The Council committed to review the grading structure for the Chief Executive, Corporate Director, and Strategic Director roles as part of its single status journey to ensure they remain fit for purpose, were consistent with the rest of the Council and support the most effective delivery of its aims and objectives. This would include a shift away from 'fixed spot' salaries towards performance assessment led incremental pay progression. These recommendations remain under review.

5. Finance colleague comments (including implications and value for money)

- 5.1 This report summarises Nottingham City Council pay policy for 2025/26. The pay figures in the report are based on 2024-25 salary figures after the pay award was agreed, but prior to them being implemented. Recommendations to move away from 'fixed spot' salaries to a performance assessment led incremental based structure was agreed and implemented for officers in the SLMG pay profile and built into the Medium-Term Financial Plan (MTFP). The 2024-25 salary figures within this report including subsequent pay awards have been funded within the current MTFP and similar provision will be made in 2025/26 MTFP. There is no additional financial implication as a direct or indirect result of this report.

Sam Taylor
Interim Principal/Management Accountant
23 December 2024

6. Legal colleague comments

- 6.1 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, and
 - the relationship between:
 - the remuneration of its chief officers, and
 - the remuneration of its employees who are not chief officers.
- 6.2 The statement must also set out:
- the definition of "lowest-paid employees" adopted by the Council for the purposes of the statement; and
 - the authority's reasons for adopting that definition.
- 6.3 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, and
- the approach to the payment of chief officers on their ceasing to hold office under or be employed by the authority, and
- the publication of and access to information relating to remuneration of chief officers.

6.4 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.

6.5 Under section 39 of the Localism Act 2011:

- The pay policy statement must be approved by a resolution of the authority before it comes into effect.
- The statement must be approved by 31 March 2024 for the forthcoming financial year.
- A relevant authority may by resolution amend its pay policy statement (including after the beginning of the financial year to which it relates).
- As soon as is reasonably practicable after approving or amending a pay policy statement, the authority must publish the statement or the amended statement in such manner as it thinks fit (which must include publication on the authority's website).

6.6 Under section 40(1) of the Localism Act 2011 a relevant authority in England must, in performing its functions under section 38 or 39, have regard to any guidance issued or approved by the Secretary of State.

6.7 Under section 41(2) of the Localism Act 2011, the relevant authority must comply with its pay policy statement for the financial year in making the determination.

6.8 Section 41(4) of the Localism Act 2011 provides as follows:

In section 112 of the Local Government Act 1972 (appointment of staff) after subsection (2) insert—

“(2A)A local authority's power to appoint officers on such reasonable terms and conditions as the authority thinks fit is subject to section 41 of the Localism Act 2011 (requirement for determinations relating to terms and conditions of chief officers to comply with pay policy statement).”

6.9 We will need to keep under review the passage of The Local Government (Pay Accountability) Bill) which is currently at committee stage in the House of Commons - so not yet in force. If it is enacted as drafted, the bill, will require relevant authorities to gain approval by resolution before advertising a role or appointing a person as an employee to a role on terms and conditions that would allow for an annual salary of £100,000 or more, in respect of new appointments only.

Helen Varey
Solicitor (Employment and Civil Litigation)
7th January 2025

7. Other relevant comments

7.1 **HR**

The Pay Policy Statement sets out key remuneration related data for the Council on 31 October 2024. The statement fulfils the Council's statutory obligations under the Localism Act 2011. Individual colleagues' names or pay are anonymised.

Elaine Harrison
HR Consultant
6 December 2024

8. **Crime and Disorder Implications**

8.1 Not applicable

9. **Social value considerations**

9.1 Not applicable

10. **Regard to the NHS Constitution**

10.1 Not applicable

11. **Equality Impact Assessment (EIA)**

11.1 Has the equality impact of the proposals in this report been assessed?

No
An EIA is not required because the report does not contain proposals or financial decisions.

Yes

12. **Data Protection Impact Assessment (DPIA)**

12.1 Has the data protection impact of the proposals in this report been assessed?

No
A DPIA is not required because the report is produced in accordance with the Localism Act 2011.

Yes

13. **Carbon Impact Assessment (CIA)**

13.1 Has the carbon impact of the proposals in this report been assessed?

No
A CIA is not required because the report does not contain proposals or financial decisions.

Yes

14. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

14.1 None

15. Published documents referred to in this report

15.1 Communities and Local Government, Openness and Accountability in Local Pay: Guidance under section 40 of the Localism Act.

15.2 Local Government Association and Association of Local Authority Chief Executives (ALACE), Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives.

15.3 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.