

# Nottingham City Council

## Pay Policy Statement 2014-2015



Safer, cleaner, ambitious  
**Nottingham**  
A city we're all proud of



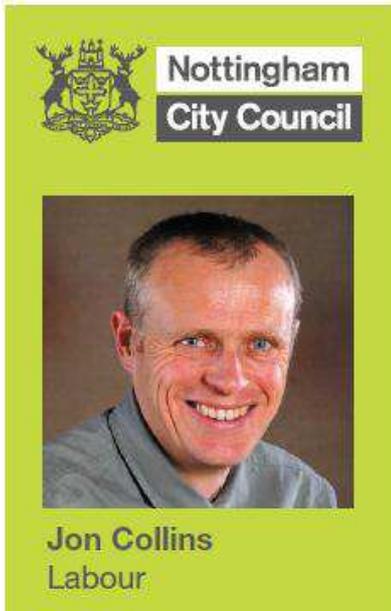
**Nottingham**  
City Council

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## Introduction from the Leader of Nottingham City Council, Jon Collins



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.

This year's statement shows further important steps to ensure that our employees can expect a reasonable wage. The Appointments and Conditions of Service Committee agreed to reduce the pay of our Chief Executive when we appointed Ian Curryer in December 2012. At the other end of the scale, we are moving towards a living wage. We have approved the payment of a supplement to the salaries of lower paid employees to increase their wages to £7.45 with effect from 1 April 2014 and we are currently considering increasing this to the full rate of £7.65 per hour.

We are committed to providing quality services which offer value for money. This means that it is vital that we protect our workforce so that we can continue to deliver essential services for the most vulnerable citizens in Nottingham. In order to maintain jobs, we have made the difficult proposal to freeze pay increments for 2013/14. By freezing pay increments, we would save over 100 jobs that would have to be cut if pay increased.

Nottingham City Council has made substantial savings already. Some examples are that we have reduced our spend on agency workers by £19.6 million, saved circa £16m through the freezing of incremental pay progression for the past three years, and saved £1.3m through employees purchasing additional time off from work (through a scheme called 'Holidayplus' and 'MY Time'). We will continue to look at ways that we can make savings whilst trying to protect public services, jobs and the lowest paid.

A handwritten signature in black ink, appearing to read 'J. N. Collins', with a long horizontal stroke extending to the right.

**Jon Collins**  
**Leader of the Council**

## Introduction from Chief Executive, Ian Curryer



Welcome to Nottingham City Council's annual Pay Policy Statement.

The statement outlines the Council's approach to setting pay and conditions for chief officers (senior staff) and other colleagues. It sets out how we are spending public funding appropriately and demonstrates our commitment to openness and transparency about pay and allowances.

As our funding from Central Government continues to reduce, we have had to take some difficult decisions across the whole organisation to ensure that we deliver our key priority of providing essential services for the people of Nottingham. When I speak to colleagues in all parts of the Council, their commitment to delivering the highest quality service to our residents, as well as those who work, study, invest and visit here, is clear. Our Council colleagues are our greatest asset.

One feature of this pay policy is that we have introduced a Living Wage supplement for our lowest paid colleagues, paying £6.83 per hour from 1 April 2013, rising to £7.45 per hour from 1 April 2014. We are all keen to ensure that the benefits of our pay policy are felt by colleagues whose wage had gradually fallen in value, compared to the national minimum wage.

All Council employees have also been able to take advantage of a number of voluntary measures, including purchasing additional annual leave or voluntarily reducing their hours. The savings made through these schemes contribute to the overall budget and mean that we're better able to protect jobs and continue to provide services.

A handwritten signature in black ink, which appears to read 'Ian Curryer'. The signature is written in a cursive, flowing style.

**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 2014/15 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 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 2014/15.
- 1.5 The Council's structure currently consists of four main departments; Children and Families, Development, Communities, and Resources; delivering specific functions for its citizens.

## 2 DEFINITIONS AND SCOPE

- 2.1 *Definition of Chief Officer at Nottingham City Council*  
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 1 January 2014.
- 2.2 *'Lowest Paid' Employee*  
The bulk of the workforce is employed on Local Government Scheme (LGS) terms and conditions. The 'lowest paid employee' is defined as LGS employees employed on Greater London Provincial Council (GLPC) Grade A, spinal point 4, equating to £12,266 basic pay.  
  
This is the lowest pay point and salary offered for a substantive post at the Council excluding apprentices and casual workers.
- 2.3 With effect from 1 April 2013, the Council paid a Living Wage supplement to all colleagues on Grade A (£12,266 - £12,915) the difference between Grade A and £6.83 (£13,189). This supplement was paid to all employees, schools' employees and casual workers. The Council is increasing this supplement payment to £7.45 with effect from 1 April 2014.
- 2.4 The Council is proposing the pay increase in order to support and lift low paid workers out of poverty, and towards the longer term consideration of fully implementing the Living Wage Foundation's minimum hourly rate of £7.65 outside of London.

## 2.5 The pay policy statement has excluded:

- Apprentices;
- Colleagues on NHS terms and conditions
- Non chief officer Heads of Services and managers on Senior Leadership Management Group (SLMG) terms and conditions; and
- Employees employed on Soulbury and Theatrical Management Association/the Broadcasting Entertainment Cinematograph and Theatre Union (TMA/BECTU) terms and conditions.

The reason for excluding these groups is because apprentices are not on permanent contracts and are not considered 'employees'. The majority of Heads of Services are not chief officers as defined by the Local Government and Housing Act.

In addition, there are a very small number of colleagues employed on such terms and conditions (19 on BECTU, 55 SLMG non chief officers, 43 on NHS terms and conditions, 2 on Craft grade, 42 on Soulbury, and 53 Apprentices).

Furthermore, the lowest salary for Soulbury (£29,777), BECTU/TMA (£15,467) and SLMG (£43,396) is higher than LGS employees.

## 2.6 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.

## 2.7 Public Health Employees (transferred to Nottingham City Council under Statutory Transfer during 2013)

The Council received a number of colleagues from the PCT with effect from 1 April 2013.

Some of the aforementioned Public Health employees may come under the definition of 'chief officers', however as this was a Statutory Transfer under a 'Cabinet Officer Statement of Practice' and therefore their pay and conditions was determined and governed by the provisions of their previous contract and terms and conditions. These include Agenda for Change and Medical and Dental Terms and Conditions for Consultants (England) 2003. It is important to note that for this reason, some or all of this pay policy statement does not apply to such officers.

## 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 2 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, making recommendations to Full Council;

- 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 membership and award additional LGPS membership for the Chief Executive, Deputy Chief Executive, Corporate Directors and Directors;
- To approve any proposals from the Chief Executive for changes to salary levels (including ranges of salaries) for Corporate Directors and the Deputy Chief Executive.

3.2 The Committee is accountable to Council, has ten members (politically balanced (one place is reserved for the relevant Portfolio Holder (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)). The Committee meets on a monthly basis.

3.3 Chief officers have no power to negotiate their own terms and conditions outside of the Council's policies and procedure 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 gradings (Appendix 3) or with regards to other pay such as market supplement or acting up allowances in accordance with the provisions contained within the Council's pay policy (Appendix 4).

#### **4 PAY, TERMS AND CONDITIONS AT NOTTINGHAM CITY COUNCIL**

4.1 The 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 5 provides a comprehensive breakdown of all the terms and conditions offered to the Council's 30 chief officers in comparison to LGS employees as at 31 December 2013, 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, incremental progression, travel expenses within County of Nottinghamshire, weekend/evening allowances etc are not available to the Council's chief officers.

4.4 The Chief Executive is paid on a spot salary of £160,000 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 2013 to 31 December 2013 are listed in the table below:

<b>Pay Element</b>	<b>Total for Chief Officers</b>
Total year to date additional payments (1 April 2013 to 31 December 2013) Additional payments include: Car mileage, relocation expenses (travel and accommodation), allowances for additional responsibilities, standby, general expenses (e.g. subsistence, parking etc), election duties <sup>1</sup> , and travel expenses.	£36,220

## **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, European, Parliamentary elections in addition to National Referenda.
- 5.2 The National Referendum, European and Parliament elections 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 can retain any fee paid to them from these funds.
- 5.3 There were no National Referenda, European or Parliamentary elections during 2013-2014 so the Chief Executive received no additional fee during this financial year.
- 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 new Chief Executive is not contractually entitled to a payment for local elections and has therefore received no payment for the five by-elections which have taken place 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 legal basis is found in Section 5 of the Local Government and Housing Act 1989 , as amended by Schedule 5 paragraph 24 of the Local Government Act 2000.

The Monitoring Officer's three main roles are:

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 councillors and officers.
3. Responsibility for the operation of the Council's Constitution.

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<sup>1</sup> Election duties include general roles such as presiding officer etc and not Returning Officer duties. The total amount paid was £301.50

- 6.2 The monitoring officer has a duty to write a report if they consider any proposal, decision, or omission made by the Council, or on behalf 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 fee payable to the Monitoring Officer is funded by the Council. When the statutory role was created it was agreed that remuneration would be based on an approximate 10% loading on salary of the Director currently holding the post.

## **7 PAY RELATIONSHIPS**

### Without Allowances

- 7.1 The relationship between the Chief Executive's basic pay (£160,000) to that of the Council's non chief officer<sup>2</sup> average earner excluding allowances (£21,662) is a pay multiple of 1:7.
- 7.2 The pay multiple of the Chief Executive's basic pay (£160,000) to that of the Council's non chief officer median earner excluding allowances (£19,317) is 1:8.

### With Guaranteed Payments<sup>3</sup>

- 7.3 The relationship between the average chief officer's pay including guaranteed payments (£98,562) and to that of the Council's non chief officer<sup>4</sup> average earner including guaranteed payments (£25,342) is 1:4.
- 7.4 The relationship between the median pay of chief officers including guaranteed payments (£91,916) and to that of the Council's non chief officer median earner including guaranteed payments (£21,490) is 1:4.

## **8 THE COUNCIL'S STATEMENT ON PAY AND CONDITIONS FOR CHIEF OFFICERS FOR 2014/15**

The section sets out the Council's approach to determining pay and conditions for chief officers for 2014/15.

(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**

The basic pay for new chief officers will fall within the bandings for their job as set out in Appendix 3. New chief officers will normally start on the minimum pay point for their grading and will not be offered more than the maximum for their grade.

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<sup>2</sup> 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.

<sup>3</sup> Includes basic FTE salary, pension – employer contribution on FTE basic pay, single status incentive payments, allowances and enhancements paid between 01/04/2013 to 31/12/2013

In certain circumstances, it may be necessary to offer a higher starting salary within their pay grading in accordance with 5.2 of the Council's Pay Policy (Appendix 4).

Full council will be provided with an opportunity to vote before any salary package over £100,000 for new appointments.

#### 8.2 *The level and elements of remuneration for each chief officer*

Any changes or amendments to SLMG pay gradings 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 Transformation for approval in accordance with section 8 of the Council's Pay Policy.

#### 8.3 *Increases and additions to remuneration for each chief officer*

There is currently no incremental progression through the pay band for chief officers. Annual pay awards are negotiated nationally with the trade unions. There have been no pay awards for chief officers for the past five years.

#### 8.4 *The use of performance related pay for chief officers*

The Council will continue not to 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*

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 is confident that it has robust performance management procedures in place through its Performance Appraisal Framework to deal with poor performance. 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.

#### 8.7 *The payment of chief officers on their ceasing to hold office under 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) Regulations 2006 (DCR Policy). See Appendix 6 for policy details. Note that if the chief officer is aged 55 or over, under Pension regulations they automatically access their pension benefits without any reduction.

- Efficiency - Efficiency pay as set out in the Council's Local Government (Early Termination of Employment) Regulations 2006 (DCR Policy). See Appendix 6 for policy details.
- Retirement – Under Pension Regulations, chief officers may automatically access their pension benefits from age 65, when they leave employment. The Council does not operate a default retirement age whereby employees are dismissed at age 65.
- Early Retirement – Chief officers can request access to their pension from age 55 with the Council's consent, and the Council may choose to waive the actuarial reduction. Chief officers may retire from age 60 without consent but will leave with a reduced pension unless they are protected by the 85 year rule, which will be phased out by 2016.
- Flexible Retirement – Chief officers 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 chief officers would need to be approved by ACOS.
- The Council has the power to grant extra scheme membership and/or to award additional pension to chief officers at the discretion of ACOS supported by a business case. See Appendix 7 for policy details.

#### 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 Transformation will scrutinise and decide whether to approve such requests following a consideration of the skills required and an assessment of value for money.

#### 8.9 The Council's Internal Jobs Market

With effect from 1 April 2013, the Council implemented an internal jobs market called 'Project People' and 'People Plus' which utilises existing employees to fill vacancies and undertake project work as and when they arise (other than on occasion, very specialised or entry level posts, which will be converted to apprenticeships). It focuses on the Council understanding its internal talent pool and planning for what people resource is needed and developing and encouraging employees to flexibly move from one post to another across the organisation. This delivers a resourcing and talent management process that is responsive to citizen needs and flexible and efficient for hiring managers, alongside being motivational and fulfilling for employees.

#### 8.10 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.

#### 8.11 Tax Avoidance

The Council takes its obligations to 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 it's the terms and conditions of the engagement which determine the employment status of the individual. This reduces the risk of employees being engaged in a self employed capacity and making their own tax arrangements, thereby reducing the risk of potential tax avoidance. Only contracts that fully satisfy the self employed criteria will be paid as self employed; all deemed contracts of employments will be remunerated through the payroll system and PAYE applied accordingly

#### 8.12 Shared Senior Management

Currently, the Council has shared management arrangements with other organisations relating to two senior officers. The Director of Public Health is employed and paid by Nottinghamshire County Council but also works for Nottingham City Council. The Acting Head of East Midlands Shared Services (EMSS) is employed and paid by Nottingham City Council but is responsible for the shared service arrangement between Nottingham City Council and Leicestershire County Council.

#### 8.13 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 has agreed to pay as a separate element a Living Wage supplement to all colleagues on Grade A (£12,266 - £12,915) the difference between Grade A and £7.45 effective from 1 April 2014. This proposal is intended to apply to all employees, schools employees and casual workers.

## 9 PUBLISHED DOCUMENTS AND PAPERS REFERRED TO IN THE PAY POLICY STATEMENT

- 9.1 Hutton, W., 2011. *Hutton Review of Fair Pay*. London
- 9.2 Communities and Local Government, 2012. *Openness and accountability in local pay: Guidance under section 40 of the Localism Act*. London
- 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
- 9.4 Local Government Association and Association of Local Authority Chief Executives (ALACE), *Localism Act: Pay Policy Statement Guidance for Local Authority Chief Executives*
- 9.5 One Society, 2012. *Leading the Way on Fair Pay: An Assessment of Principal Local Authorities in England & Wales*. London

## 10 LIST OF APPENDICES

Appendix 1	Nottingham City Council's Chief Officer Structure Chart
Appendix 2	Appointment and Conditions of Service Committee (extract from Nottingham City Council's Constitution Part 2)
Appendix 3	Senior Leadership Management Group (SLMG) and Local Government Scheme (LGS) Pay Scale
Appendix 4	Nottingham City Council's Pay Policy (revision to policy expected from 1 April 2013)
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