

APPOINTMENT AND CONDITIONS OF SERVICE COMMITTEE – 5 FEBRUARY 2019

Title of paper:	PAY POLICY STATEMENT 2019/20	
Director(s)/ Corporate Director(s):	Richard Henderson, Director of HR and Customer	Wards affected: ALL
Report author(s) and contact details:	Elaine Harrison, HR Consultant elaine.harrison@nottinghamcity.gov.uk, 01158762766	
Other colleagues who have provided input:	Ian Curryer – Chief Executive Daemian Greaves – HR Data Analyst Jo Worster – Team Leader, Strategic Finance Andy Cross – Pensions Consultant Sarah Wilson – Electoral Services Manager Gary Robbins – Senior Accountant – Tax Jon Ludford-Thomas – Senior Solicitor	
Date of consultation with Portfolio Holder(s) (if relevant)	10 January 2018	
Relevant Council Plan Key Theme:		
Strategic Regeneration and Development		<input type="checkbox"/>
Schools		<input type="checkbox"/>
Planning and Housing		<input type="checkbox"/>
Community Services		<input type="checkbox"/>
Energy, Sustainability and Customer		<input type="checkbox"/>
Jobs, Growth and Transport		<input type="checkbox"/>
Adults, Health and Community Sector		<input type="checkbox"/>
Children, Early Intervention and Early Years		<input type="checkbox"/>
Leisure and Culture		<input type="checkbox"/>
Resources and Neighbourhood Regeneration		<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users):		
This report introduces the Council's Pay Policy Statement for 2019/20 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(s):		
1	To note the Council's Pay Policy Statement for 2019/20, which is being presented to the Full Council meeting on 5 March 2019.	

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.
- 1.2 Councillors will be aware that the Council now has a new Senior Officer pay model and terms and conditions with effect from 1 October 2018, which are now referred to within the Pay Policy Statement.

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), 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 2018 when the structure was as follows; the Council employed approximately 6633 people, of which 45 posts fall within the Chief Officer post definition outlined in the Local Government and Housing Act 1989 (and includes 1 Chief Executive, 4 Corporate Directors, 5 Strategic Directors, 1 Executive Director, 15 Directors, 10 Heads of Service and 9 managers or specialists). This represents approximately 0.7% of the Council's overall non-schools' workforce. This year's figures include officers reporting into the Section 151 Monitoring Officer role which has now been designated as a Strategic Director as well as officers reporting to the Director of Public Health and the Midlands Engine Programme Director.
- 2.6 In the structure used for this analysis, there was an increase in Chief Officer Posts this year due to changes to the management structure and reporting lines, as outlined above, which has extended 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 more 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 (£83,670) to that of the non-Chief Officer average earner including guaranteed payments¹ (£26,552) is 1:3. The

¹ Includes basic FTE salary, pension – employer contribution on FTE basic pay, salary protection, market supplements, allowances and enhancements paid between 01/04/2018 to 31/10/2018

relationship between the Chief Executive's pay (£166,480) to that of the Council's non-Chief Officer average earner excluding allowances (£24,627) is a pay multiple of 1:7. The ratio between the Chief Executive's pay and the Council's non-Chief Officer average has remained static for the last three reporting cycles. The relationship between the average Chief Officer's pay and the average non-Chief Officer's pay has narrowed from 1:4 to 1:3.

- 2.9 As at 31 October 2018, there were no Chief Officers in receipt of bonus payments, increments, performance related pay and other pay enhancements (overtime, weekend, evening, night working, etc).
- 2.10 There has been a national agreement to a two-year Chief Officer Pay increase of 2% for both April 2018 and April 2019.

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.

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 2018/19 up to October 2018 adjusted to an annual figure.*

Joanne Worster
Finance Team Leader Strategic
Finance
7 January 2018.

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

5.1 Legal Implications

- 5.1.1 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.

- 5.1.2 The statement must also state:-

- 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.

- 5.1.3 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,
- the approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- the publication of and access to information relating to remuneration of chief officers.

5.1.4 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.

5.1.5 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 2019 for the forthcoming financial year.

Jon Ludford-Thomas
Senior Solicitor
Legal Services
2 January 2019

5.1.6 There are no procurement considerations associated with this report.

Rosalie Parkin,
Category Manager
Procurement
31 December 2018

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISION RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE) (AREA COMMITTEE REPORTS ONLY)

6.1 N/A

7 EQUALITY IMPACT ASSESSMENT

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

No



An EIA is not required because:

(Please explain why an EIA is not necessary)

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.