

**REPORT OF SERVICE DIRECTOR HR AND CUSTOMER SERVICE****NOTTINGHAMSHIRE COUNTY COUNCIL'S PAY POLICY STATEMENT  
2015-2016****Purpose of the Report**

1. To seek the approval of the County Council to the updating of the authority's Pay Policy Statement for the financial year 2015-2016, which reflects the known situation as at 1<sup>st</sup> February 2015.

**Information and Advice****Background**

2. Nottinghamshire County Council is committed to good governance and openness to public scrutiny and accountability. As part of this commitment this Council wishes to demonstrate that decisions on the pay and reward packages for its Chief Executive and senior officers have been made in an open, transparent and accountable manner.
3. Under the terms of the Accounts and Audit (England) Regulations 2011 the Council publishes on its website, and regularly updates, information about its most senior officer's pay, including information relating to the Chief Executive and Corporate Directors.
4. Legislation and supporting Government guidance, identifies the statutory contents of a Pay Policy Statement and how it should be presented
5. Section 38 of the Localism Act 2011 Act set out the requirement for all Local Authorities in England and Wales to publish annual Pay Policy Statements with effect from the financial year 2012-13 onward.
6. Additional requirements contained in the Localism Act (section 40), were set out in further national guidance issued in February 2013.
7. This included a requirement relating to the approval of severance packages for senior officers of, or above, £100,000 to be approved by Full Council. There were no applicable instances in this Council in the 12 months between 1<sup>st</sup> February 2014 and the end of January 2015.

8. The core requirements of the provisions of the Localism Act are that a Pay Policy Statement (PPS), must set out the Authority's policies relating to senior salaries, remuneration and pay multiples, including the:
  - Remuneration of its lowest paid employees
  - Definition used for this group and the reason for adopting this definition.
  - Relationship between Chief Officer Remuneration and that of other staff
  - Pay Multiple relationship between the highest earnings and the median earnings figure for the whole authority workforce.
9. The Act defines Chief Officer remuneration as the level and elements of remuneration for each Chief Officer (including salary, any bonuses/performance related pay, charges/fees/allowances, benefits in kind, enhancement to pension at termination).
10. The definition of a Chief Officer adopted by the Act, as defined by the Local Government and Housing Act 1989, is any post that reports directly to the statutory Chief Officer, the Chief Executive. In the case of this Authority this currently applies to Corporate Directors and those who report to these posts - that is Service Directors and some other senior posts.
11. In addition, since the Council's last Pay Policy Statement was published, the Department for Communities and Local Government (DCLG) have issued a revised Transparency Code (May 2014), which replaces all previous Codes but adds to, not replaces, the requirements of the Localism Act.
12. The new Code includes new and additional legal requirements to publish some organisation and salary information not contained within the format of the Council's previous Pay Policy Statements which includes :
  - The Pay Multiple must now reflect a particular date in the year (in this case the Council's annual PPS update as at 1<sup>st</sup> February each year), and include all elements of remuneration, not just taxable earnings, that is base salary, variable pay allowances and any bonuses or payments in kind, but excluding pension
  - A list of the number of employees with remuneration above £50,000, in brackets of £5,000, with job title and the functions and the services for which they are responsible
  - Any employees earning in excess of £150,000 must be named. In this Council this applies only to the posts of Chief Executive and Deputy Director of Public Health.
  - A mandated organisation chart for the top 3 organisational tiers is available on the public website along with post holder' pay in bands of £5,000. An updated and compliant chart was published on the Council's Public website on 2<sup>nd</sup> February 2015.
13. All mandatory requirements of the relevant current legislation set out in both the Act and the Code, neither of which extend to school based employees, have been reflected in the Council's updated Pay Policy Statement for 2015/16.
14. The Pay Policy Statement must by law be approved by full Council in advance of the financial year to which it relates and must be published in the public domain on the Council's website by 1<sup>st</sup> April each year.

15. The Council's initial Pay Policy Statement was agreed by Full Council on 29<sup>th</sup> March 2012 and was published on the Council's public website on 30<sup>th</sup> March 2012 and has been updated annually to reflect the situation as at 1<sup>st</sup> February and published on the Council's website prior to 1<sup>st</sup> April each year thereafter.
16. This updated annual Statement reflects the situation as at 1<sup>st</sup> February 2015.
17. The Council's next Pay Policy Statement for 2016/2017 will reflect the position as at 1<sup>st</sup> February 2016.

## **Pay Policy Statement**

18. In drafting this Pay Policy Statement the Council has used the current updated guidance available from the national employer's organisation (Local Government Association) and the Government (DCLG) as set out in paragraph 6 of this report and the LGA Local Transparency Guidance 2014, as updated 2015, which includes the mandatory requirements of the Local Government Transparency Code 2014 in relation to organisation charts, senior salaries and pay multiple.
19. The focus of the legislation relates to the overall pay policy and not individual post holders. The guidance does however allow Local Authorities discretion over some additional areas of supporting content. As part of the County Council's commitment to transparency and public accountability, the Council's Pay Policy Statement extends beyond the basic statutory requirements and pulls together a wide and comprehensive range of information on pay and remuneration in one place and presents it in a simple, consistent format in order that the public can understand:
  - How the Council determines pay and terms and conditions for all staff
  - What the Council pays its employees
  - The context and rationale behind decisions
  - How senior officer remuneration relates to that of other employees
20. The key principles underpinning the Pay Policy Statement are that the Council:
  - Has the right to determine senior officer pay locally
  - Has ensured that senior officer pay and terms and conditions are in line with those applicable to other employees
  - Needs sufficient flexibility to cope with a variety of changing circumstances such as market factor supplements
  - Is committed to openness, transparency and public accountability
  - Needs to reflect local circumstances such as shortage of particular key skills
  - Is committed to equity and fairness of treatment across the whole workforce
21. A copy of Nottinghamshire County Council's current annual Pay Policy Statement 2015-2016, which sets out the position as at 1<sup>st</sup> February 2015, is attached as an **Appendix** to this report.

## **Other Options Considered**

22. The focus of the Pay Policy Statement is on ensuring that the Council complies with the requirement under the Localism Act to have a Pay Policy Statement, the content of which complies with all mandatory legal requirements and to publish this annually. In addition, the Council has sought to pull together all of the information on the policies relating to pay and remuneration and publish this for public scrutiny in a way which enables the public to understand the operational context and decisions made and rationale for these.
23. This Statement can be amended during the financial year as necessary to reflect the prevailing legislation at the time or as emerging practice or clarification of guidance necessitate.

## **Reason for Recommendation**

24. To ensure that Nottinghamshire County Council is legally compliant in terms of the publication of a Pay Policy Statement and accountable to the public of Nottinghamshire.

## **Statutory and Policy Implications**

25. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **Equality Implications**

26. The council's pay and grading structure is based on a "points to pay" relationship determined through Job Evaluation as a mechanism to ensure the consistent evaluation of the relative value of job roles across the council. This in turn ensures a fair, open and transparent pay and reward structure that is affordable and supports the equal treatment of all employees in respect of their pay, terms and conditions; is compliant with Equal Pay legislation and Single Status requirements. The Council's policies on pay and terms and conditions apply equally to employees at all levels of seniority across the authority.

## **HR Implications (CG/HR/20.2.14)**

27. The HR implications are contained within the body of the report. The Pay Policy Statement pulls together existing policies in relation to pay and terms and conditions, which have previously been agreed by elected members, and publishes these for wider public scrutiny.
28. The recognised trades unions have been informed of the content of this draft Pay Policy Statement and invited to comment. The trades unions will be informed of any proposed changes and as part of the annual review of the Pay Policy Statement.

## RECOMMENDATION

It is recommended that Full Council approve the Pay Policy Statement, **as appended**, which sets out the Council's existing policies, procedures and terms and conditions of employment for all staff for publication on the Council's website by 1<sup>st</sup> April 2015.

**Councillor Alan Rhodes**  
**Leader of Nottinghamshire County Council**

**For any enquiries about this report please contact:**

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### **Constitutional Comments (SMG 16.03.15)**

29. The proposals in this report fall within the remit of Full Council.

### **Financial Comments (SES 11/03/15)**

30. There are no specific financial implications arising directly from this report.

### **Background Papers**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

- Openness and Accountability in Local Pay: Guidance under Section 40 of the Localism Act – DCLG 17<sup>th</sup> February 2012  
Localism Act 2011- Chapter 8 “Pay Accountability” – 15<sup>TH</sup> November 2011
- Code of Recommended Practice for Local Authorities on Data Transparency (DCLG) – September 2011
- Local Government Transparency Code 2014
- The Hutton Report on Fair Pay in the Public Sector – 2011
- Equality Impact Assessment
- Transparency Code 2014 – DCLG 1<sup>st</sup> May 2014.

### **Electoral Division(s) and Member(s) Affected**

All

## **Pay Policy Statement Appendices**

- Nottinghamshire County Council Top Level Structure Chart February 2014 (Appendix 1)
- Chief Officer Pay at Nottinghamshire County Council February 2013 (Appendix 2 a)
- Public Health Pay for Chief Officer Equivalents (Appendix 2b)
- NCC Employees with a Total Remuneration of £50,000 pa or greater at 1/02/2015 (Appendix 2 c)
- Local Government Scheme - Salary Scales 2014-16 (Appendix 3)
- Nottinghamshire County Council's Application of 2014-16 National Local Government Pay Award (Appendix 4)
- Nottinghamshire County Council's Grading Policy (Appendix 5)
- Nottinghamshire County Council's Process for Assessment and Approval of Market Factor Supplements (MFS) (Appendix 6)
- Nottinghamshire County Council's Policy on Acting up and Honoraria Payments (Appendix 7)
- Nottinghamshire County Council's Policy on Redundancy and Early Retirement (Appendix 8)
- Nottinghamshire County Council's Redundancy Payment Calculator (Appendix 9)
- Nottinghamshire County Council's Policy on Flexible Retirement (Appendix 10)
- Nottinghamshire County Council's Policy on the Re-employment or Re-engagement of Former Employees (Appendix 11)
- Nottinghamshire County Council's Policy on the Payment of Travelling Allowances (Appendix 12)
- Nottinghamshire County Council's Policy on the Payment of Subsistence Allowances (Appendix 13)
- Nottinghamshire County Council's Pay Protection Policy (Appendix 14)
- Nottinghamshire County Council's Car Leasing Scheme (Appendix 15)
- Extract from Nottinghamshire County Council's Constitution Part 6 Section C, Employment Procedure Rules (September 2012) (Appendix 16).