

# **Pay Policy Statement**

**2012-13**

**1<sup>st</sup> March 2012**

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## 1. PURPOSE AND SCOPE:

1.1 The purpose of a Pay Policy Statement is to increase accountability in relation to payments made to senior employees in the public sector, in particular those in local authorities, by enabling public scrutiny.

1.2 Section 38 (1) of the Localism Act 2011 requires all local authorities in England and Wales to produce and publish a Pay Policy Statement for 2012-2013, and each financial year thereafter.

1.4 As specified in the Act this requirement does not extend to schools and this Statement does not therefore include school based employees.

1.3 The requirements of the Localism Act in respect of transparency about senior pay build on the Accounts and Audit (England) Regulations 2011 with which Nottinghamshire County Council is already compliant; having previously published details of the remuneration of its Chief Executive and Corporate Directors on its public website.

1.5 A Pay Policy Statement must articulate the Council's own policies towards a range of issues relating to the pay of its workforce, in particular its Chief Officers, as defined by the Local Government and Housing Act 1989 and to its lowest paid employees.

1.6 Nottinghamshire County Council's Pay Policy Statement has been drawn up to meet the mandatory requirements of the Act and provides information on Nottinghamshire County Council's Pay and Conditions of Service for its Chief Officers in comparison to the majority of the workforce employed on Local Government Scheme (LGS) terms and conditions. Specifically it covers the Council's policy on the following points:

- the level and elements of remuneration for each Chief Officer
- the remuneration of the Council's "lowest paid employees"
- the relationship between the remuneration of Chief Officers and other officers
- other aspects of Chief Officers' remuneration including remuneration on recruitment, increases and additions to remuneration, use of performance related pay and bonuses, termination payments.

1.7 This pay policy statement includes all direct employees covered by the National Joint Council (NJC) for Local Government Services national agreement on pay and conditions of service and those covered by the Joint Negotiating Committee (JNC) conditions of service for Chief Executives and Chief Officers. It excludes the small numbers employed on Youth and Community worker national terms and conditions, Craft Workers or Soul bury conditions of service.

1.8 **Appendix 1.** contains a structure chart of all Chief Officers employed by the Council as at 1<sup>st</sup> March 2012, as defined by the Local Government and

Housing Act 1989. That is posts that report directly to the Chief Executive or to a post that itself reports directly to the Chief Executive.

For the purpose of this pay policy statement therefore, the definition of “Chief Officer” at Nottinghamshire County Council is:

- Chief Executive
- Corporate Directors
- Service Directors

1.9 All Chief Officers are directly employed by the Council.

1.10 Nottinghamshire County Council’s Pay Policy Statement reflects the wide definition of “remuneration” within the Act. This includes not just pay but also charges, fees, allowances, benefits in kind, increases in or enhancements of pensions and termination payments.

1.11 This Pay Policy Statement will be published on the Council’s website by 1<sup>st</sup> April 2012.

1.12 This Statement will be reviewed annually and amended as necessary to reflect the prevailing legislation at the time; with Full Council approval as required.

1.13 This Statement will be complied with on each occasion when the Council sets the terms and conditions for a Chief Officer.

1.14 Unless otherwise stated the information and data in this Statement is current as at 1<sup>st</sup> March 2012.

## **2. ORGANISATIONAL CONTEXT**

2.1 The following information outlines the Council’s operating basis and general position in respect of employment, pay and conditions of service and is pertinent to the requirements of the Localism Act:

2.2 Nottinghamshire County Council is the 11<sup>th</sup> largest local authority in England. The Council delivers a wide range of over 500 services, including a range of frontline services, to a current Nottinghamshire population of 779,900 people.

2.3 The Council directly employs 10,098 people as at 1<sup>st</sup> March 2012 (excluding those in schools), a significant proportion of whom provide direct services to the public.

2.4 The Council’s gross budget in 2011/12 is £1.3 billion of which £0.9 billion is for the direct running costs of service delivery and £0.4 billion relates to staffing costs. The Council’s budget is financed by a combination of general income £0.2 billion, formula grant £0.2 billion, dedicated schools grant £0.5 billion, general grants £0.1 billion and Council tax £0.3 billion.

2.5 Five posts work within the national conditions of service covered by the JNC for Chief Executives and Chief Officers, these being the Chief Executive, and four posts of Corporate Director. These posts constitute the Council's Corporate Leadership Team.

2.6 All other employees defined by the Localism Act as Chief Officers, including Service Directors, work within the national conditions of service covered by the NJC for Local Government Employees.

### **3. DETERMINATION OF PAY AND TERMS AND CONDITIONS:**

3.1 The Council fully implemented "Single Status" in 2008 (this term was designed by the national employers and trade unions to describe the equal treatment of all employees in respect of their pay, terms and conditions).

3.2 Arising from this the Council has an established pay and grading structure which is based on a "points to pay" relationship determined through a Job Evaluation process.

#### **3.3 Job Evaluation:**

3.3.1 The consistent evaluation of the relative value of job roles across the Council ensures a fair, open and transparent pay and reward structure that is affordable and compliant with Equal Pay legislation and Single Status requirements.

3.3.2 The County Council uses two job evaluation schemes to evaluate the work of its employees using trained in-house Job Analysts for posts up to management level and independent Hay Analysts for senior posts:

#### **Hay scheme:**

The Hay Group method of job evaluation was selected by the Council as it has been used extensively across the public sector and particularly in local government. It provides a coherent model to compare dissimilar jobs and the characteristics of different levels of work.

If a job scores less than 175 points (band A) under the Hay scheme, the job will then be evaluated under the National Job Evaluation scheme and that score will determine the grade.

#### **National Job Evaluation (NJE) scheme:**

All other jobs are evaluated first under the National Job Evaluation scheme. If the job scores 600 points or more, it will be evaluated under the Hay Group and that score will determine the grade. To ensure consistency across the Council, a joint Moderating Panel sits regularly to quality assure the work of the in-house Job Analysts.

3.3.3 The evaluated job score equates to a pay band on the Council's Salary Scale which is attached as **Appendix 3**

3.3.4 The Hay Group and NJE Job Evaluation Schemes will continue to be used to establish pay grades for all jobs covered by the NJC, including Service Directors.

3.3.5 A copy of the Council's Grading Policy is attached as **Appendix 4**.

#### 3.4 Performance Related Pay:

3.4.1 Nottinghamshire County Council has not introduced Performance Related Pay. The Council has recently introduced a Competency Framework. This provides a standard set of behaviours applicable to all employees against key role descriptors at a range of levels, including Chief Officers. This assessment informs individuals' learning plans and supports effective service delivery but is not related to pay.

#### 3.5 Pay awards:

3.5.1 Nottinghamshire County Council adheres to national pay bargaining in respect of the national pay spine and any annual cost of living increase negotiated on the pay spine. There has been no annual pay increase awarded to Chief Officers since April 2008 or other employees since April 2009.

#### 3.6 Incremental salary progression:

3.6.1 The Chief Executive and Corporate Directors are on fixed salaries. That is, no incremental progression applies. Other employees receive contractual annual increments up to the maximum spinal column point of the evaluated salary band for their post

#### 3.7 Pensions:

3.7.1 The directly employed staff who are the subject of this policy, including Chief Officers, are covered by the Local Government Pension Scheme.

Employees who opt into the Local Government Pension Scheme (LGPS) pay contributions from their salary dependent on earnings as set out in the LGPS Regulations in the table below:

#### **Pension Scheme Contributions - Standard pay band table 2011 / 2012:**

<b>Band</b>	<b>Range</b>	<b>Contribution Rate</b>
1	£0 - £12,900	5.5%
2	>£12,900 - £15,100	5.8%
3	>£15,100 - £19,400	5.9%
4	>£19,400 - £32,400	6.5%
5	>£32,400 - £43,300	6.8%

Band	Range	Contribution Rate
6	>£43,300 - £81,100	7.2%
7	>£81,100	7.5%

3.7.2 These provisions apply equally to Chief Officers whose salaries place them in the top of the band range. Chief Officers, who are members of the scheme, therefore contribute 7.5% of their salary to their membership of the scheme.

3.7.3 The Employers contribution to the pension of all employees at all levels is currently 18.3%.

### 3.8 Professional fees:

3.8.1 The professional fees of qualified Solicitors and Legal Executives and Architects employed by the Council are paid annually by the Council to enable them to continue to practice. No professional fees are currently paid for any other employee groups, including Chief Officers.

### 3.9 Acting Up Allowances and Honoraria:

3.9.1 Nottinghamshire County Council's policy on the payment of Acting Up Allowances and Honoraria is set out in **Appendix 6**. Under current Budget Control measures such payments are only made on an exception basis on the submission of a full business case, at the discretion of the appropriate Chief Officer.

### 3.10 Overtime and other additional payments:

In line with the NJC national agreement on pay and conditions of service, employees on spinal column point 28 (£23,708) and below are entitled to additional payments when required to work:

- on Saturday or Sunday
- on public holidays
- at night
- sleeping in duty
- split shifts
- beyond the full time equivalent hours for the week in question

Members of the Corporate Leadership team are expected to be on call at all times as part of their duties and responsibilities and receive none of the additional payments available to other employees.

### 3.11 Car Leasing Scheme:

3.11.1 The Council's scheme (**Appendix 14**) applies to all employees including Chief Officers. At present no Chief Officers are using vehicles leased under the provisions of the scheme as indicated in **Appendix 2**

### 3.12 Payment of expenses:

3.12.1 Where claimed, expenses incurred by staff, including Chief Officers, in the course of carrying out their duties are paid in line with the Council's Travel and Accommodation Policy. This is part of the nationally agreed terms and conditions of service supplemented by the Council's local conditions as laid down in its policies on Travelling Allowances (**Appendix 11**), and Subsistence Allowance (**Appendix 12**). All expenses claimed by the Chief Executive and Corporate Directors are published on the County Council's website.

### 3.13 Pay Protection:

3.13.1 The Council's Pay Protection Policy was last reviewed as part of the package of changes to terms and conditions and associated policies implemented in April 2010 in response to budget pressures. A copy is attached as **Appendix 13**.

3.13.2 This policy is used in circumstances where the duties of a post change and following revaluation the grade for the post goes down or where individuals are redeployed to a lower graded post to protect them from redundancy.

3.13.3 All employees receive salary protection for a period of two years, but with salary being frozen at the point at which pay protection starts, i.e., employees will not receive any subsequent incremental increases or any annual cost of living pay awards. At the end of the protection period the employee reverts to the maximum spinal column point or spot point of the substantive grade of their post.

### 3.14 Redundancy compensation payments:

3.14.1 Contractual notice and redundancy pay in relation to a redundancy is as set out in the Council's policy on Redundancy and Early Retirement which applies to all employees of the Council, including Chief Officers (**Appendix 7**). If the employee is aged 55 or over, under LGPS Regulations they can, by agreement, access their pension benefits without any reduction.

3.14.2 Local Authorities are able to grant, at their discretion, benefits in excess of the statutory provisions for payments to employees who cease their employment prematurely on the grounds of redundancy. Under the Equality Act 2010, Local Authorities are required to develop and publish their own policy on the award of any discretionary redundancy payments for loss of employment.

3.14.3 Nottinghamshire County Council has exercised this discretion to apply a multiplier of 1.65 on the statutory redundancy formula based on age and local government service, capped at 30 years reckonable service. A copy of Nottinghamshire County Council's redundancy payment calculator is contained in **Appendix 8**.

3.14.4 Contractual redundancy payments are therefore calculated using the discretionary formula which already includes the statutory element. This allows up to 50 weeks actual salary (dependent on age and length of service) regardless of whether the individual is under or over 55 years of age or whether the individual concerned is in the LGPS pension scheme.

3.14.5 No other additional payments or enhancements are payable.

3.14.6 This policy applies to all direct employees, including Chief Officers.

### 3.15 Payment on retirement:

3.15.1 Employees may also leave the employment of the Council under the following types of termination:

Efficiency of the service- As set out in the Council's policy on Redundancy and Early Retirement this provision would only be used in very exceptional circumstances.

Flexible Retirement –As set out in the Council's policy on Redundancy and Early Retirement (**Appendix 9**) employees may apply to access their pension from age 55 but remain working at the Council either on reduced pay or reduced hours. Due to the associated Pension Strain costs this provision has not been applied to Chief Officers.

13.15.2 Under the terms of the LGPS Regulations employees may also retire on the basis of age:

Age Retirement – Under Pension Regulations employees, including Chief Officers, may automatically access their pension benefits, currently from age 60, when they leave employment. As permitted under the Employment Equality (Age) Regulations 2006, the Council does not operate a default retirement age whereby employees are dismissed at age 65.

Early Retirement –As set out in the Council's policy on Redundancy and Early Retirement, under LGPS regulations, employees can request access to their pension from age 55 with the Council's consent, and the Council may choose to waive the actuarial reduction.

### 13.16 Re-engagement of former employees:

Nottinghamshire County Council's policy on the re-employment and re-engagement of former employees is set out in full in **Appendix 10** and applies to all employees, including Chief Officers. Where the former employee has previously received a voluntary or compulsory redundancy payment, part or all of the compensatory element of the redundancy payment may be recovered and abatement of pension could apply.

#### **4. RELATIONSHIP BETWEEN HIGHEST AND LOWEST PAID EMPLOYEES:**

##### **4.1. Highest and lowest paid employees:**

4.1.1 The Council's highest paid employee is its Chief Executive (£184,410).

4.1.2 For the purpose of this Pay Policy Statement, the definition of "Lowest Paid Employee" at Nottinghamshire County Council is LGS employees on Grade 1 spinal column point 4, equating to £12145 annual basic pay. This is the lowest pay point and salary offered for a substantive post at the Council.

##### **4.2 Relationship between the Pay of the Highest and Lowest Earner:**

4.2.1 When expressed as a multiplier of pay, the Chief Executive's salary is currently 15:1 greater than that of the Council's lowest earner.

##### **4.3 Median Pay of Workforce:**

4.3.1 For the purpose of this Pay Policy Statement, Nottinghamshire County Council has based the calculation of its "average basic pay" on Government guidance (DCLG) which requires use of the Median figure.

4.3.2 As at 1<sup>st</sup> March 2012 the Council's **Median pay** was: £17,161 per annum (approx spinal column point 18 on the Council's pay scale).

##### **4.4 Pay Multiple:**

4.4.1 The relationship between the Chief Executives pay and that of the Council's median earner (£17,161) is a ratio of 11:1.

4.4.2 Nottinghamshire County Council does not currently have a policy of maintaining or reaching a specific pay multiple target.

#### **5. LEVEL AND ELEMENTS OF REMUNERATION OF CHIEF OFFICERS:**

5.1 The pay of Chief Officers at Nottinghamshire County Council is determined by its democratically elected representatives through its Personnel Committee which, under current constitutional arrangements, has delegated authority from the County Council to make decisions on behalf of the Council relating to pay, terms and conditions (**see Appendix 15**). It is currently proposed that this exercise of power and duty will be retained in the Council's new Governance Arrangements intended to come into effect in May 2012

5.2 Under current Constitutional arrangements, Chief Officer appointments are made by elected members on the Senior Staffing Committee. It is

currently proposed that this exercise of power and duty will be retained in the Council's new Governance Arrangements.

5.3 The comparative level of remuneration of each Corporate Director is decided on the basis of their particular accountabilities and responsibilities (including any statutory responsibilities) and the size of the job, taking into account the range of services provided the number of employees and the size of the population within their remit. This is supported by information from the Hay Group on median pay rates for comparative roles of a similar size in a range of public sector organisations across the country.

5.4 The table at **Appendix 2** sets out a comprehensive breakdown of all pay related terms and conditions offered to the Council's 20 Chief Officers and are in line with those which apply to other members of staff.

#### 5.5 Remuneration of Chief Officers on recruitment:

5.5.1 The starting salary of the Service Directors falls within the pay band for their job as set out in **Appendix 3** and is subject to annual incremental progression to the top point of the pay band.

5.5.2 New Service Directors will normally start on the minimum pay point for their pay banding and will not be offered more than the maximum. In seeking to appoint from outside the Council there may be a need to offer more than the minimum of the grade to secure the appointment of the preferred candidate. In any case the starting salary offered will not be more than the maximum of the pay band for the evaluated grade of the job unless another policy such as Market Factor Supplements is applicable.

5.5.3 On appointment, a Chief Executive or Corporate Director will be appointed to the agreed spot salary for their post.

#### 5.6 Returning / Counting Officer's Fee:

5.6.1 In Nottinghamshire, the County Council's Chief Executive is the Chief Officer nominated as Returning Officer in charge of the running of Local, European, Parliamentary Elections and National Referenda. The Council does not govern the fee payable for these elections as it is funded by central government and is therefore not related to Nottinghamshire County Council's terms and conditions. The fee paid to the County Council for the Chief Executive undertaking this function is retained by the Council. The Chief Executive receives no additional remuneration.

#### 5.7 Deputy Chief Executive

The Council makes an additional payment of £416.67 per month to the Corporate Director nominated to formally deputise for the Chief Executive. Currently this is the Corporate Director Adult Social Care, Health and Public Protection.

## 5.8 Monitoring Officer's Fee:

5.8.1 The Council's Corporate Director, Policy Planning and Corporate Services currently fulfils the statutory obligations of the Monitoring Officer to ensure Nottinghamshire County 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 the Local Government Act 2000. This duty was taken into consideration in the evaluation of the salary of the Corporate Director Policy, Planning and Corporate Services post under the Hay Group Job Evaluation scheme. The County Council also receives payment from the Police Authority for undertaking this role on their behalf. The Corporate Director, Policy Planning and Corporate Services does not receive any separate payment for undertaking this function for either the County Council or Police Authority.

## 5.9 Section 151 Officer

5.10.1 In Nottinghamshire County Council this responsibility under the local Government Act 1972 is undertaken by the Service Director Finance and Procurement. This duty was taken into consideration into evaluation of the salary of the Service Director Finance and Procurement under the Hay Group Job Evaluation scheme. No separate payment is made for undertaking this function.

## 5.10 Payments to Chief Officers on ceasing to hold office or be employed by Nottinghamshire County Council:

5.10.1 Under Part 4 of the Council's Constitution (**Appendix 14**) Senior Officer dismissals are currently reported to Personnel Committee to ensure accountability is maintained. It proposed that this is retained under the new governance arrangements.

5.10.2 The Council's payment to Chief Officers leaving the Council is made under the same types of termination and same rules as for other employees as set out in section 3 and the relevant policies .