

REPORT OF THE LEADER OF THE COUNCIL**NOTTINGHAMSHIRE COUNTY COUNCIL'S PAY POLICY STATEMENT
2017-2018****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 2017-2018, which reflects the known situation as at 1st February 2017.

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 Regulations 2015 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 sets 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 1st February 2016 and the end of January 2017.

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 lowest earnings and between 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, this includes salary, any bonuses/performance related pay, and 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 (see top level structure chart Appendix 1).
11. Since the Council's last Pay Policy Statement was published, the Department for Communities and Local Government (DCLG) have not directly updated the requirements of the current Transparency Code (February 2015), which compliments the original requirements of the Localism Act.
12. The Transparency Code carries specific legal requirements to publish specific legal organisation and salary information as follows:
 - The Pay Multiple and median earnings information must reflect a particular date in the year (in this case the Council's annual Pay Policy Statement update as at 1st 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, which is contained in the appendices to the Pay Policy Statement and updated annually
 - Any employees earning in excess of £150,000 must be named. In this Council this currently applies only to the post of Chief Executive as reflected in the Council's updated Pay Policy Statement for 2017-18
 - A mandated organisation chart for the top 3 organisational tiers must be published. A chart reflecting the Council's current senior structure, indicating where posts are filled on a temporary rather than permanent basis and where these are vacant, is available on the public website and will be updated to reflect future structural changes as necessary.
13. All mandatory requirements of the relevant current legislation, as 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 2017/18.

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 1st April each year.
15. The Council's initial Pay Policy Statement was agreed by Full Council on 29th March 2012 and was published on the Council's public website on 30th March 2012 and has been updated annually to reflect the situation as at 1st February and published on the Council's website prior to 1st April each year thereafter.
16. This updated annual Statement reflects the situation as at 1st February 2017, the Council's next Pay Policy Statement for 2018/2019 will reflect the position as at 1st February 2018.

Pay Policy Statement

17. 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 in relation to organisation charts, senior salaries and pay multiple.
18. 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.
19. The key principles underpinning the Pay Policy Statement are that the Council currently:
 - 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.
20. The Government's Exit Pay Reforms, to be introduced during 2017, propose restrictions on public sector exit payments and regulate for their recovery where individuals re-enter public service which will impact on this context. When enacted and implemented, this will be reflected as part of future Pay Policy Statements.

21. The Government's Equality Act 2010 (Gender Pay Gap Information) Regulations introduce a mandatory reporting duty for employers of 250 or more employees, based on data from a specific pay period every April, beginning with the month ending 30th April 2017. Employers have 12 months to calculate and publish their overall mean and median pay gap information and the first publication will be required before April 2018. It is therefore proposed that from 1st February 2018 onward the Council's annual Pay Policy Statement, will be used to comply with the new requirement to publish this information on a regular annual basis.
22. A copy of Nottinghamshire County Council's updated annual Pay Policy Statement 2017-2018, which sets out the position as at 1st February 2017, is attached as an **Appendix** to this report.

Other Options Considered

23. 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.
24. 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

25. 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

26. This report has been compiled after consideration of implications in respect of human resources and equalities.

Equality Implications

27. 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 14/02/17)

28. 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 the Trades Unions and Elected Members, and publishes these for wider public scrutiny.

29. The relevant trade unions have been informed and have noted the information contained in the Pay Policy Statement. The trades unions will be notified of any further changes as part of the annual cycle of review of the Pay Policy Statement.

RECOMMENDATION

It is recommended that Full Council approve the Pay Policy Statement, **as appended**, for publication on the Council's website by 1st April 2017.

Councillor Alan Rhodes
Leader of Nottinghamshire County Council

For any enquiries about this report please contact:

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30. Constitutional Comments (KK 08/03/17)

The proposal in this report is reserved to Full Council for approval.

31. Financial Comments (SS 10/03/17)

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 17th February 2012
- Localism Act 2011- Chapter 8 “Pay Accountability” – 15TH November 2011
- Code of Recommended Practice for Local Authorities on Data Transparency (DCLG) – September 2011
- The Hutton Report on Fair Pay in the Public Sector – 2011
- Equality Impact Assessment

- Transparency Code 2014 – DCLG 1st May 2014
- Local Government Transparency Code and Guidance 2015 – DCLG February 2015.
27 February 2015
- Trade Union comments

Electoral Division(s) and Member(s) Affected

All