



NORWICH City Council

Committee name: Cabinet

Committee date: 08/03/2023

Report title: Pay Policy Statement 2023/24

Portfolio: Councillor Waters, Leader of the council

Report from: Head of HR and organisational development

Wards: All wards

OPEN PUBLIC ITEM

Purpose

To note and recommend to full Council the pay policy statement for 2023/24.

Recommendation:

It is recommended that the contents of the pay policy statement for 2023/24 are noted and agreed and that a recommendation is made to full Council to approve the Council's pay policy statement for 2023/24.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority

This report helps to meet the modernising the council objective of the COVID-19 Recovery Plan.

Report details

1. Section 38 (1) of the Localism Act 2011 requires the Council to consider, approve and publish a pay policy statement for each financial year. The pay policy statement must be approved by a resolution of the full Council by 31 March each year.
2. The pay policy statement must as a minimum set out the council's policies relating to:
 - a) the remuneration of its chief officers
 - b) the remuneration of its lowest paid employees
 - c) the definition of the lowest paid employees adopted by the council for the purposes of the pay policy statement and the reasons for adopting that definition
 - d) the relationship between the remuneration of its chief officers and employees who are not chief officers
 - e) the publication of and access to information relating to remuneration of chief officers

It must also comply with the statutory and supplemental guidance issued by the Department for Levelling Up, Housing and Communities.

3. The pay policy statement for 2023/24 is attached as Appendix A.
4. The pay policy statement for 2023/24 incorporates the following changes:
 - a. Updated salaries to reflect the Joint Negotiating Committee (JNC) for Chief Executive and Chief Officer pay award effective from 1 April 2022 to 31 March 2023, para 2.5 of the pay policy statement. This represents an increase of £1,925 per annum on all pay points.
 - b. Updated salaries to reflect the National Joint Council (NJC) for local government services pay award effective from 1 April 2022 to 31 March 2023, para 1.6 of the pay policy statement. This represents an increase of £1,925 on all pay points.
 - c. Amendment to paragraph 3 in relation to deputy chief officers
 - d. Additional clarification has been provided at 6.5 of the pay policy statement regarding reimbursement for use of cycles on official council business.
 - e. Pay multiples have been updated in para 5. The ratio between the highest paid employee and other employees based on the median earner has remained stable and is 1:4.68. The ratio of the highest and lowest pay points has improved from 1:7.45 to 1:6.86.
5. Pay claims have been submitted to the national employers by the trade unions for 2023/24. Agreements on pay increases for 2023/24 have not been reached. The pay rates detailed in the pay policy statement will be updated in line with any agreed pay increase for 2023/24.

6. The pay policy statement meets the statutory requirements of the Localism Act 2011.
7. The councils first pay policy was approved by full Council on 20 March 2012, and in each subsequent year.

Consultation

8. The remuneration and terms of condition of employment contained in the pay policy statement have been subject to formal consultation with Unison, the council's recognised trade union. The pay policy statement for 2023/24 was presented to the Joint Consultative and Negotiating Committee on 6 March 2023.

Implications

Financial and resources

9. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and budget.
10. There are no proposals in this report that would reduce or increase resources. The pay policy statement sets out current remuneration arrangements and there are no additional or increased financial implications arising from the pay policy statement.
11. The salary scales are based on the 2022/23 financial year. The council adopts the nationally negotiated local government pay agreements. The national pay negotiations have not been concluded and increases for 2023/24 have not been agreed and therefore the financial implications are unknown at this time. An assumption of a 4% increase in staffing budgets covering inflation and incremental drift was included in the budget assumptions for 2023/24. The pay claim received by the trade unions for most employees is for RPI plus 2%. Should the nationally negotiated pay agreements exceed the budget assumptions the financial implications will need to be given further consideration.

Legal

12. It is a legal requirement under the Localism Act 2011 for the council to have and publish an annual pay policy statement.

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	The council applies the National Joint Council (NJC) job evaluation scheme. Decisions on pay are fair, equitable and transparent. An equality impact assessment was carried out when the current pay structure was introduced and equality impact assessments are carried out on policies impacting on employees and on an action specific basis, as appropriate

Consideration	Details of any implications and proposed measures to address:
Health, social and economic impact	The councils pay policy and adoption of living wage foundation living wage supports financial inclusion and is likely to have a health, social and economic impact.
Crime and disorder	None
Children and adults safeguarding	None
Environmental impact	None

Risk management

Risk	Consequence	Controls required
The Council does not fulfil the requirements of the Localism Act 2011 in agreeing and publishing the pay policy statement.	The Localism Act is not complied with.	The pay policy statement will be considered at full Council before 31 March and published on the Councils website within 21 days of approval.

Other options considered

13. None – the production and publication of a pay policy statement is a statutory requirement under the Localism Act.

Reasons for the decision/recommendation

14. To meet the requirements of the Localism Act 2011

Background papers:

None

Appendices:

Appendix 1 Pay Policy Statement 2023/24

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PAY POLICY STATEMENT 2023-24

Introduction

This pay policy statement is provided in accordance with Section 38 of the Localism Act 2011 and is effective from 1 April 2023. The pay policy statement was approved at a meeting of full Council on *(date to be added when agreed by Council)*.

Scope

This document sets out the council's pay and reward arrangements for the whole workforce including senior pay arrangements. The pay policy statement excludes pay arrangements and terms and conditions of employment of employees who have transferred into the council and are protected under the Transfer of Undertakings (Protection of Employment) regulations.

1. Employee remuneration up to and including heads of service

- 1.1 Employees up to and including head of service grades are subject to the National Joint Council (NJC) for local government services national agreement on pay and conditions of service. These are supplemented by locally agreed collective agreements reached with trade unions recognised by the council.
- 1.2 The council's pay structure commences at spinal column point (SCP) 4 up to SCP 59L. SCP's 4 to 43 reflect the NJC national pay points, SCP's 44L to 59L are locally agreed pay points.
- 1.3 There are 14 grades within the pay structure. Grade 1 is the lowest grade and grade 14 is the highest grade. Grades 13 and 14 apply to head of service posts.
- 1.4 Salaries in the pay grades 1 -14 are updated in line with pay awards notified from time to time by the NJC for local government services.
- 1.5 Posts are allocated to the pay grades through a process of formal job evaluation using the NJC job evaluation scheme.

1.6 Pay and grading structure – pay rates 1 April 2022 – 31 March 2023*

Grade	JE score	SCP	Annual salary	Hourly rate
Grade 1	Up to 260	4	£21,189	£10.98
		5	£21,575	£11.18
Grade 2	261 - 291	6	£21,968	£11.39
		7	£22,369	£11.59
Grade 3	292 - 332	8	£22,777	£11.81
		9	£23,194	£12.02
		10	£23,620	£12.24
		11	£24,054	£12.47
		12	£24,496	£12.70
		13	£24,948	£12.93
Grade 4	333 - 373	14	£25,409	£13.17
		15	£25,878	£13.41
		16	£26,357	£13.66
		17	£26,845	£13.91
		18	£27,344	£14.17
		19	£27,852	£14.44
Grade 5	374 - 414	20	£28,371	£14.71
		21	£28,900	£14.98
		22	£29,439	£15.26
		23	£30,151	£15.63
		24	£31,099	£16.12
Grade 6	415 - 455	25	£32,020	£16.60
		26	£32,909	£17.06
		27	£33,820	£17.53
		28	£34,723	£18.00
Grade 7	456 - 501	29	£35,411	£18.35
		30	£36,298	£18.81
		31	£37,261	£19.31
		32	£38,296	£19.85
Grade 8	502 - 547	33	£39,493	£20.47
		34	£40,478	£20.98
		35	£41,496	£21.51
		36	£42,503	£22.03
Grade 9	548 - 593	37	£43,516	£22.56
		38	£44,539	£23.09
		39	£45,495	£23.58
		40	£46,549	£24.13
Grade 10	594 - 644	41	£47,573	£24.66
		42	£48,587	£25.18
		43	£49,590	£25.70
		44L	£51,153	£26.51

Pay and grading structure – pay rates 1 April 2022 – 31 March 2023* (continued)

Grade	JE score	SCP	Annual salary (FT)	Hourly rate
Grade 11	645 - 695	45L	£52,149	£27.03
		46L	£53,480	£27.72
		47L	£54,845	£28.43
		48L	£56,249	£29.16
Grade 12	696 - 751	49L	£56,956	£29.52
		50L	£59,165	£30.67
		51L	£60,683	£31.45
		52L	£62,240	£32.26
Grade 13	752 - 812	53L	£63,119	£32.72
		54L	£65,479	£33.94
		55L	£67,164	£34.81
		56L	£69,257	£35.90
Grade 14	813+	57L	£70,477	£36.53
		58L	£72,487	£37.57
		59L	£74,357	£38.54

*To be updated in line with national pay agreement for 2023/24 when agreed.

1.7 Employees on Grade 1 are defined as our lowest paid employees.

1.8 The council pays employees no less than the Living Wage Foundation living wage rate. The rate is reviewed and updated by the Living Wage Foundation annually, normally in November for implementation within six months. If the council's lowest pay grade falls below the living wage rate, a supplement will be paid to equate to the living wage rate from 1 April following any increase.

2. Chief executive and chief officer pay

2.1 The council's chief executive is the head of paid service, and the executive directors are chief officers. The roles of director are deputy chief officers, however, the pay arrangements for chief officers have also been applied to director roles.

2.2 The current pay arrangements are locally determined and operated. Salaries in these pay grades are updated in line with pay awards notified from time to time by the Joint Negotiating Committee (JNC) for Chief Executives and Chief Officers.

2.3 The pay and grading structure for chief officers was agreed by full Council on 22 September 2020.

2.4 New appointments to be paid a salary package of £100,000 per annum or above are approved by full Council.

2.5 Chief executive and chief officer and director grading structure

Grade	SCP	1 April 2022 – 31 March 2023*	
		Annual Salary (FT) £	Hourly rate £
Chief Executive	150	£133,521	£69.21
	151	£136,511	£70.76
	152	£139,502	£72.31
	153	£142,493	£73.86
	154	£145,483	£75.41
Executive Director	110	£97,736	£50.66
	111	£101,423	£52.57
	112	£105,109	£54.48
Director	106	£79,313	£41.11
	107	£82,998	£43.02
	108	£86,683	£44.93
	109	£90,368	£46.84

*To be updated in line with national pay award for 2023/24 when agreed

- 2.6 The terms and conditions of employment for the chief executive and chief officers are determined in accordance with collective agreements, negotiated from time to time, by the JNC for Chief Executives and the JNC for Chief Officers, as set out in the Scheme of Conditions of Service. These are supplemented by local agreements reached with trade unions recognised by the council and by the rules of the council.

3. Heads of service

- 3.1 In accordance with the Local Government and Housing Act 1989 a non-statutory chief officer for the purposes of this pay policy statement is defined as a person who reports directly to or is accountable directly to the head of paid service. A deputy chief officer is defined as a person who reports directly to or is directly accountable to a statutory or non-statutory chief officer. This definition excludes secretarial, clerical and support services.
- 3.3 These heads of service are not subject to the pay and conditions of service determined by the JNC for Chief Officers of local authorities but are employed under NJC terms and conditions and are paid in line with the pay structure detailed in 1.6.
- 3.4 The head of legal and procurement holds the statutory role of monitoring officer. This role is also subject NJC terms and conditions and the pay structure detailed in 1.6.

4. Other arrangements

4.1 Election fees

The Returning Officer has overall responsibility for the conduct of elections and is appointed under the Representation of the People Act 1983. The role of returning officer is carried out by an employee of the council but is carried out in a personal capacity and is distinct and separate from their duties as an employee. Election fees are paid for the additional duties and are paid separately to the normal salary arrangements.

The chief executive is the council's Returning Officer.

Fees for Parliamentary, Police Commissioner, Referendum and European elections are set by parliamentary statutory order.

Fees for undertaking County and District elections are calculated in accordance with a formula agreed annually by the Norfolk Chief Executives' Group, based on a recommendation by the County Electoral Officers' Group.

The setting of Returning Officer fees is considered by a meeting of the Chairpersons of the Norfolk authorities' member remuneration panels.

Other employees of the council, including senior officers within the scope of this policy may receive additional payment for specific election duties.

5.0 Lowest and highest paid employees

- 5.1 The council's lowest paid employees are paid on Grade 1 of the pay structure. The minimum pay point paid to any employee is SCP 4 of the pay structure. This equates to a basic salary of £21,189 per annum. The salary range for Grade 1 is £21,189 to £21,575 per annum.

The council's highest paid employee is the chief executive. The chief executive salary scale ranges from £133,521 to £145,483 per annum.

5.2 Pay Multiples

The ratio between the highest paid employee and other employees based on the median earner is 1:4.68

The ratio of the highest and lowest pay point, based on full time equivalent salaries at 31 March 2023 is 1:6.86

In calculating the pay ratios, full time equivalent salaries and basic pay have been used. Basic pay excludes overtime, additional hours and other additional salary related payments.

- 5.3 The council does not have a policy on maintaining or reaching a specific pay ratio between the highest and lowest paid employees.

6.0 General principles applying to remuneration of all employees

6.1 Living wage

The council is an accredited Living Wage Foundation living wage employer and has adopted a living wage policy for employees and agency workers and contractors engaged through the council's procurement processes.

6.2 Pay on appointment

Starting salary on appointment is determined by assessment of relevant experience and competence to undertake the job role and taking account of current salary level. Salary on appointment will be within the salary range for the post.

6.3 Pay progression

All employees are remunerated on a pay range. The pay policy recognises that movement through defined pay ranges should continue as employees increase their effectiveness and expertise through knowledge and experience and most employees will normally receive an annual increment on 1 April each year up to the maximum point of the pay grade

Employees appointed between 1 October and 31 March receive their first increment after 6 months in post and any subsequent increments on 1 April each year.

Accelerated increments can be awarded based on special merit or ability, subject to the maximum of the scale not being exceeded.

6.4 Relocation and disturbance

Relocation expenses may be granted where new employees are required to move to the area to take up employment and their circumstances meet the criteria laid down in the relocation assistance scheme.

Existing employees required to move home for their employment or who incur additional costs because of a decision of the council in respect of their employment may be eligible for reimbursement of some expenses depending on the circumstances.

6.5 Expenses and Travel

- **Travel for work**

Employees are not required to provide a car for work purposes and pool cars are available for official business travel.

Employees may choose to use their own transport for official business travel and are reimbursed at the following rates:

Mileage per mile first 8,500 miles	46.9 p
Mileage per mile after 8,500 miles	13.7 p

Employees who choose to use a cycle for official business purposes and have not obtained the cycle through the cycle to work scheme, will be reimbursed in line with the mileage rate applicable for motorised vehicles.

Employees required to have access to a vehicle, because of the nature of their duties are classified as operational users. Operational users have access to pool cars but may use their own vehicle and be reimbursed mileage.

- **Car Parking**

Operational users who work in or from city hall and use their own vehicle for work purposes are provided with a city centre car park pass.

Employees who are required to remain at work or return to work to attend an evening meeting will be provided with a city centre car park pass to enable them to attend the evening meeting.

Employees working at other council buildings may use the parking at the site, where this is available.

- **Subsistence**

Subsistence will be paid to employees who necessarily incur additional expense in the course of their work. Claims will generally be supported by a receipt. Actual expenditure is reimbursed, subject to locally agreed maximum amounts.

6.6 Bonus scheme

The council does not operate a bonus scheme.

6.7 Performance related pay

The council does not operate a performance related pay scheme.

6.8 Professional fees and subscriptions

The council reimburses professional fees and subscriptions as follows:

- employees undertaking approved studies towards a professional qualification, which require professional membership. The subscription is paid for the period of the studies, subject to satisfactory progress being made.
- specified professions where there are proven recruitment difficulties as a recruitment and retention incentive.
- statutory chief officers where the professional membership is a requirement in accordance with their statutory function.

6.9 Overtime and enhancements

Some posts within the council attract enhancements and/or overtime payments. Overtime and enhancements are applied in accordance with set criteria which are nationally and locally agreed.

6.10 Honoraria

If it is appropriate for an honorarium to be paid, this will be in accordance with agreed criteria for payment of honoraria.

6.11 Severance arrangements

On ceasing to be employed by the council, employees will only receive compensation where this is appropriate as outlined below:

- i. Employees who are dismissed on the grounds of redundancy and who have a minimum of two years' continuous service with the council will normally be entitled to be paid statutory redundancy pay, which is calculated according to the individual employee's age, length of service and gross weekly pay subject to a statutory maximum.

The Local Government (early termination of employment) (Discretionary Compensation) England and Wales Regulations 2006 enable local authorities to pay discretionary compensation in certain circumstances above the statutory entitlement. The council has exercised its discretion to increase the redundancy payment as follows:

- the statutory upper pay limit will be disregarded when calculating a week's pay for the purposes of the statutory redundancy payment and will calculate redundancy payments based on actual week's pay.
- the redundancy payment will be enhanced by a factor of 1.5.

Redundancy calculation is the same across the council irrespective of position and pay grade.

Employees aged 55 and over and who are redundant and are members of the local government pension scheme immediately become entitled to receive their pension benefits. Pension benefits are not increased or augmented in these circumstances.

- ii. In exceptional circumstances and where the business case supports it, the council may agree to a severance package in relation to termination of employment, to avoid or settle a legal claim.
- iii. Severance packages of £100,000 or more will be considered at full Council.

6.12 Pension

All employees who have a contract of employment for at least 3 months and are under age 75 are eligible to join the Local Government Pension Scheme. Employees who are eligible for membership automatically become members of the scheme unless they opt out.

The council contribute to the employee's pension, expressed as a percentage of the employee's pensionable pay. The contribution rate is assessed and set every three years following an actuarial valuation of the Norfolk Pension Fund.

The employee also contributes to their pension. The employee contribution rates vary from 5.5% to 12.5% of actual pensionable pay.

The council auto enrolls all eligible employees into the Local Government Pension Scheme in accordance with legislative requirements.

6.13 Flexible retirement

The council considers requests for flexible retirement from employees aged 55 and over who reduce their grade and/or hours of work. This enables the employee to have immediate access to their Local Government Pension Scheme benefits whilst retaining employment.

Requests are normally only granted when the overall financial impact is neutral or results in savings for the council.

The council does not waive any actuarial reductions resulting from early payment of pension benefits for flexible retirement.

6.14 Market supplements

The council will consider the payment of market pay supplements in exceptional circumstances and where there are significant external market pressures impacting on recruitment and retention. Market supplements are applied, reviewed and withdrawn in accordance with the council's market supplement policy.

6.15 Re- engagement

All posts are advertised in accordance with the council's recruitment policies. Appointments and any decision to re-employ a former employee, who left employment in receipt of a severance or redundancy payment, will be made on merit.

6.16 Contracts for services

The council will seek to appoint individuals to vacant posts using the recruitment procedures on the basis of contracts of employment and apply direct tax and national insurance deductions from pay through the operation of PAYE.

Interim appointments are made in accordance with the council's procurement policies and the provisions for contract for services.

Consultants and agency workers are not employees of the council and are not covered by this pay policy statement but may be appointed as an officer of the Council by the Chief Executive or an Executive Director for the purposes of delegating functions and decisions.

Where there is a need for consultant/interim support, the council will seek to avoid contractual arrangements which could be perceived as being primarily designed to significantly reduce the rate of tax paid by that person, such as paying the individual through a company, effectively controlled by him or her.

In line with the Agency Workers Directive, the council will aim to pay workers engaged through a contract for services at a rate consistent with the pay and reward of the councils directly employed workforce. In some instances, there may be a need to consider market factors in determining an appropriate pay level.

Where interim workers are employed by the Council, an assessment will be completed to establish whether they fall within the scope of IR35 legislation using the HMRC status tool. Workers that fall within scope will have income tax and national insurance contributions deducted.

6.17 Salary sacrifice

The council provides salary sacrifice arrangements for childcare vouchers and the cycle to work initiative.

6.18 Gender pay gap

The Government implemented mandatory gender pay gap reporting for employers with 250 or more employees in April 2017.

Gender pay gap information for the council can be viewed on the gender pay gap service.

<https://gender-pay-gap.service.gov.uk>

7.0 Amendment and review of pay policy

The council's pay policy statement will be reviewed and agreed by full council on an annual basis and before 31 March each year.

If it is necessary to amend the pay policy statement during the year that it applies, any amendment will be by resolution of the full Council.

The policy and any subsequent amended policy will be published on the council's website within 21 days of full council approval.