

**Manchester City Council
Report for Information**

Report to: Council – 6 March 2015
Subject: Pay Policy Statement
Report of: Chief Executive

Summary

Following approval of the Council's draft Pay Policy Statement for 2015/16 by the Personnel Committee at its meeting on 13 February 2015, the report seeks approval by Council.

The statement is cognisant of the organisational context and the impact of the 2015/16 budget. It sets out the direction of travel in relation to pay for Manchester's officers for the year ahead and details how this will support the delivery of the Council's aims and objectives.

The statement has been developed to comply with the legal requirement set out under section 38 (1) of the Localism Act 2011.

This report should be read in parallel with the proposals regarding an increase to the Manchester Minimum Wage.

Recommendation

Council is asked to approve the content of the draft Pay Policy Statement for 2015/16

Wards Affected

All

Financial Consequences For The Revenue And Capital Budgets

The Pay Policy Statement sets out the direction of travel in relation to the organisation's remuneration policy and practices for 2015/2016. The approach described seeks to align remuneration within the bounds of the organisation's budget for 2015/2016 as agreed by the Executive in February. There is no direct saving or additional expenditure associated to the policy statement.

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Background Documents

Report to Personnel Committee, 12 March 2014: *Pay Policy Statement*

Report to Council, 04 June 2014: *Constitution of the Council Report*

Report to Personnel Committee, 13 February 2015: *Manchester Minimum Wage*

Implications for

Anti-poverty	No
Equal Opportunities	No
Environment	No
Employment	Yes

1. Introduction

1.1 Under section 38 of the Localism Act 2011, local authorities are required to publish a 'Pay Policy Statement' on an annual basis, focused on senior employees. Approval of the Statement cannot be delegated. The Act sets out that a Pay Policy Statement must include:

- A local authority's policy on the level and elements of remuneration for each chief officer¹.
- A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition).
- A local authority's policy on the relationship between the remuneration of its chief officers and other officers.
- A local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.

1.2 The scope of the Pay Policy Statement excludes all staff employed in schools.

1.3 The Council's current Pay Policy Statement was commended by the Personnel Committee on 12th March 2014 and approved by Council on 26th March 2014.

1.4 The Statements of previous years have provided a strong framework for effective governance and transparency with regard to pay and remuneration. The intention is to continue and strengthen these arrangements through the 2015/16 Statement which is aligned to the current approach.

1.5 The 2015/16 Pay Policy Statement is aligned closely to the overall priorities, activities and context of the organisation and wider public sector, and seeks to provide transparency around decisions affecting pay and remuneration in this context.

1.6 The Pay Policy Statement forms a key component of the organisation's approach to managing its workforce in general and reward and recognition in particular and is a key contributor to the priorities set out in this area within the People Strategy.

The Statement is one element of the organisation's overarching approach to transparency and accountability. It is supported by comprehensive information on the organisation's structure and the salary for senior posts which is available on the Council's website and updated on at least an annual basis.

¹ It should be noted, that Manchester currently does not use the term 'Chief Officer' when describing posts. The statutory definition for the purposes of the statement is set out at Appendix A of the Pay Policy Statement for background

2. The Pay Policy Statement

- 2.1 The draft Pay Policy Statement for 2015/16 is appended to this report. The statement summarises the organisation's approach to pay and remuneration for the year ahead in a number of key areas and sets this within the organisational and national context.
- 2.2 The Statement does not set policy, but rather summarises the approaches already endorsed by the Personnel Committee and seeks to bring together key information in one place for clarity. It will act to help the Personnel Committee and the wider public hold the organisation to account for its pay related decisions for the year ahead.
- 2.3 The Pay Policy Statement includes information on the Authority's salary multiple, the ratio between the highest paid officer (the Chief Executive) and the median rate for all officers within the scope of the Statement. As at January 2015 this ratio is 8.89:1. This is a decrease from the ratio set out within the 2014/15 statement of 9.08:1, indicating a narrowing of the gap between the highest paid and the median salary within the Authority.
- 2.4 The Localism Act is clear that the statement must be approved by the Council.
- 2.5 Once approved, the Pay Policy Statement will come into effect on 1 April 2015, being subject to review at least annually through the personnel Committee and Council. Any necessary amendments to the policy in-year will be agreed by the Council.
- 2.6 This year's Statement is largely consistent with that agreed twelve months ago. There is no change to the proposed principles and approach to remuneration.

3. Comments of the Strategic Director (Reform)

- 3.1 This year's Pay Policy Statement provides a continued articulation of the organisation's consistent approach to pay, in particular with regard to senior employees. It will continue to provide a reference point for decisions to support the work of the Personnel Committee for the year ahead in ensuring pay and remuneration decisions represent value for money for the people of Manchester. I have been closely involved in its development and will work to ensure it is adhered to.

4. Comments from the Trade Unions

No issues identified.

5. Conclusion

- 5.1 The development of a Pay Policy Statement and its approval by the Council is a requirement under the Localism Act 2011. The statement appended below is

Manchester's fourth annual statement and will support a continued understanding of the organisation's approach to remuneration set within the context of the overall direction of the organisation to improve services and, ultimately, deliver better outcomes for Manchester residents.

5.2 Council is asked to approve the draft Pay Policy Statement for 2015/16.



Pay Policy Statement: 2015/16

1. Introduction and Purpose

Under section 112 of the Local Government Act 1972, the Council has the ‘power to appoint officers on such reasonable terms and conditions as authority thinks fit’. This Pay Policy Statement (The ‘Statement’) sets out the Council’s policy with regard to remuneration in accordance with the requirements of Section 38 of the Localism Act 2011 (The ‘Act’) and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013.

This document provides Manchester’s statement for the 2015/16 financial year in response to the Act within sections 3 and 4. This is set within the current national, local and organisational context in section 2 and linked to relevant information published on the Council’s website and within the Annual Statement of Accounts in section 5. The Council’s intention is to work to enhance transparency and clarity with regards to its people related policies and further background information will be made available when possible.

The Personnel Committee of the Council is responsible, on behalf of the full Council, for ensuring the provisions set out in this Statement are applied consistently throughout the Council. They will recommend any amendments they consider appropriate to the full Council for consideration. The Personnel Committee will also refer for decision of Council the salary for any proposed new appointment for which the proposed remuneration will be, or exceed, £100,000 or any changes to existing remuneration levels that will result in them exceeding £100,000.

In accordance with the Supplementary Statutory Guidance on openness and accountability in local pay issued in February 2013, Council will also be given the opportunity to vote before any severance package is offered with a total value of £100,000 or greater.

Scope of this Policy

This Pay Policy Statement relates to staff employed by Manchester City Council whose remuneration including rate of pay and terms and conditions are determined by and within the control of the authority. It therefore does not apply to:

- Staff employed by a third party contracted to work for the authority (although the comments under the sections below on *interim support* and *preventing tax avoidance* should be noted)
- Staff on secondment to or from the authority, where their rates of pay or terms and conditions are not determined by the Authority. The Authority’s approach to secondments sets how pay with regard to individuals in this group is managed.
- All staff working in schools
- Staff employed through the authority on behalf of a third party where remuneration and some or all of the other conditions of employment are not determined by the authority.

- Volunteers or interns on work experience placements. Such placements and internships are intended to give students and recently qualified graduates experience of working in the public sector. These are unpaid roles, which would not normally be expected to last longer than six weeks

Once approved by the full Council, the Policy Statement will come into effect on 1st April 2015. It will be subject to review at least annually, the policy for the following financial year being approved by 31st March each year.

Legislation and other Matters Relevant to Remuneration

In determining the remuneration of all of its employees, the Council will comply with all relevant employment legislation. The Council is also bound by collective agreements and contractual arrangements which cannot be unilaterally altered.

Relevant legislation includes the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000 and, where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended. The Council has taken steps to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified. Where relevant, legislative obligation will supersede the approach and principles outlined in this statement, for example where terms and conditions are preserved as a result of contracts of employment transferring under TUPE.

During 2014/15, the Council has continued to respond to legislative and regulatory changes affecting the workforce, including the employment aspects of the Children & Families Act 2014 and to monitor proposed changes, including public sector exit payments set out in the Small Business, Enterprise and Employment Bill. The Council will ensure that it is cognisant of future legislation and will adhere to its requirements.

2. Context

Manchester City Council serves and supports the citizens, businesses and visitors to the City of Manchester, and works to develop and promote the interests of the City and the wider City Region. It serves a population of over 500,000 and is the centre of the regional economy. Manchester continues to grow, with the population of the City estimated to have grown by 19% between 2001 and 2011, the fourth largest increase of any English Local Authority and significantly greater than the national average of 6.7%.

The Council provides and commissions a range of services in line with its statutory obligations and stated objectives; supporting the vision of the Manchester Partnership as set out in the Manchester Community Strategy, and driving the ambitions of the Greater Manchester City Region.

The Council's gross budget for 2015/16 is outlined in the reports considered by Executive on the 13th February 2015, and is comparable to many large public and

private sector organisations. As of January 2015 approximately 6,414 full time equivalent employees (FTE) work for the Council. Over the 2011/13 and 2013/15 budget periods, the Council has been required to deliver circa £250 million in mainstream budget savings through a radical programme of organisational change and service reductions. This has included the delivery of £94M in workforce savings, with the size of the workforce falling from 10,186 FTE in December 2010 to 6,452 FTE in December 2014 (a reduction of around 38%). Further reductions will be required over the 2015/6 budget period, with a £12.8m reduction in mainstream workforce expenditure included within the budget for this year, expected to reduce the number of posts in the authority by around 450-550 FTE.

These changes have been and will continue to be underpinned by a set of agreed organisational design principles and *m people*.

The Council's most senior managers drive the work of the organisation to transform and deliver its obligations and objectives. Given the high profile status of Manchester, many also play a key role regionally, nationally and internationally on behalf of the City as well as undertaking responsibilities in support of other organisations focused on supporting the people and growth of Manchester and Greater Manchester in the context of the recent devolution agreement.

In 2008 the Council made the decision to adopt the Manchester Minimum Wage Agreement which defined the Council's policy with regard to its lowest paid employees. The main drivers that led to the creation of the Manchester Minimum Wage were the impact of the economic downturn, positive links between wage levels and all aspects of well being, the Council's Community Plan objectives, and the direct contribution this strategy had on the Community Strategy vision. The Manchester Minimum Wage (MMW) was subsequently reviewed and amended in 2012 and 2014 and, most recently, in 2015 when the MMW was increased to £7.85 per hour, which corresponds to the current Living Wage (see section on *The Manchester Minimum Wage*).

The introduction of the Manchester Minimum Wage has assisted the City Council in attracting and retaining employees, thereby reducing the impact of staff turnover, including the costs, time, expense and impact on services and service users of replacing staff within Grade 1 positions.

The Organisation's Direction of Travel and Budget Principles

The 2011/13 budget saw the organisation radically reshape the services it delivers and the way these services are delivered and commissioned. To underpin their approach to making these savings the Council agreed five overarching principles. These principles considered:

- Leadership for Reform
- Universal Services
- Targeted Services
- Neighbourhoods
- The Core

These principles have remained in place throughout the 2013/15 budget period and will continue to set the framework for change as we enter a new cycle of budget savings and associated changes.

The ***m people*** approach, agreed with the Trade Unions in November 2010, set out a framework to more flexibly deploy the workforce to areas of greatest need and develop critical skills for the future and has been a crucial tool in the delivery of these overarching organisational changes.

Over the current budget period the organisation is again faced with the need to make significant savings whilst ensuring best use of all available resources to deliver against the objectives of the Community Strategy. This process is being driven by a focus on the strategic priorities for the City, of Growth, Reform and Place.

Growth	More jobs in Manchester Growth in key sectors New homes Skilled labour market Improved connectivity and infrastructure
Reform	Fewer people out of work Improved educational attainment Health improvements Fewer Looked After Children Better early years experience
Place	Clean and safe neighbourhoods Quality green space Vibrant local areas Major attractors – sport, culture and shopping

A programme of comprehensive service redesigns and changes continues to be progressed to support these priorities, with this programme focused on creating the most effective and efficient delivery models for the City as a whole and taking an overarching view of the role of public services in Manchester and beyond.

This programme is expected to reduce the organisation’s total mainstream workforce budget by circa £12.8m.

This programme is being delivered in line with a set of agreed organisational design principles.

Leadership

- We will lead the Public Service Reform agenda across the City and City region and act to influence national decision making to support improved outcomes for Manchester residents
- The Council’s leadership role in relationship to AGMA and the Combined Authority will grow, focussed on supporting growth and job creation

Place

- Commissioning and delivery will be focused on the needs of people in the context of place
- Neighbourhood teams will be co-located where possible regardless of function
- Teams will be integrated with partners at a neighbourhood level where this is appropriate over time

Integration, Efficiency and Effectiveness

- We will develop a redefined customer offer to Children and Adults and take a 'whole family within a place' approach to the provision and commissioning of services
- Universal services will be promoted to increase independence and ultimately reduce the cost and demand for specialist support
- Early intervention and prevention will be at the heart of change
- We will deliver traded services where this has been tested as the best option for customers and provides the best in terms of value for money

Skills & Behaviour

- We will build resilient and independent communities and encourage activism
- We will focus on growing the skills of Manchester residents aligned to emerging priorities and agendas
- We will promote culture change in our workforce to grow independence and resilience
- Flexible and agile work practices will be adopted to support new ways of working
- We will develop the skills of our workforce linked to the future needs of the City to support growth and public service reform

Collaboration

- Opportunities to progress further collaboration with partners will be exploited

Digital

- Services will use technology to enable self service for customers and staff.
- We will reduce dependency and the level of administrative, business and technical support through the automation and integration of transactional processes
- We will build on the single point of access for our customers and encourage a 'digital by default' shift towards on-line access for the most frequently used transactions.
- Managers will be empowered to be more independent through self-service technology
- Staff will be able to access interactive systems so that they can receive information and undertake simple interactions, where possible remotely

Management and Administration

- We will continue to reduce layers of management
- We will streamline and apply the Centre of Excellence model more fully across more functions where appropriate to drive the public sector reform agenda on investment models and strategic development

The People Strategy

The direction of travel with regards to the organisation's workforce and the need to embed this into approaches to resourcing is reflected within the People Strategy. The Strategy outlines a programme of work to develop and support the organisation's workforce aligned to five key areas:

- Developing leadership skills and capacity
- Planning the future workforce
- Developing workforce skills and capacity
- Reducing worklessness
- Reward and recognition

The delivery of the People Strategy will be supported by delivery of the ***m people*** principles and the further development of the organisation's values of **People, Pride and Place**.

The Values were developed in partnership with employees and stakeholders and bring renewed emphasis to a public service relationship that already exists between Manchester's public servants and the support they offer to communities. The values underpin our way of working and are critical as the Council addresses the need to make further savings and reductions in the future and provide key impetus for individuals to go the extra mile for the people of Manchester. In the current climate, an important focus is on supporting both the workforce and residents to be more independent and resilient.

Work is already underway to consider how best to articulate the organisation's continued commitment to and focus on its people once the current People Strategy ends later this year.

3. Remuneration Strategy and Salary Structure

Strategy for 2015 to 2016

As a major employer within the City of Manchester and a significant employer of Manchester residents the Council is cognisant of the link between its employment and remuneration policies and practices and the local economy and communities. The Council's employment policies and practices support the City through mechanisms including:

- The operation of the Manchester Minimum Wage Agreement, as amended, which sets out the Council's policy with regard to its lowest paid employees (see below) and acts to encourage fair remuneration practices across the City.
- Delivery of the People Strategy objectives and, in particular, work to reduce worklessness across the City through both direct action as an employer and influence over other major employers across the City
- Operation of ***m people***, supporting the skills development and flexibility of the workforce and promoting opportunities across the City to the Council workforce.

The organisation remains committed to being seen as an ‘employer of choice’ for high calibre employees at all levels (see also *Recruitment and Retention* below).

The Council’s strategy for remuneration seeks to balance the need for the proper remuneration of its employees to attract and retain the skills needed to deliver the organisation’s objectives and the cost of this to the communities it serves. It is based on the principles of fairness, equality and value for money and in line with both relevant legislative requirements and the framework set by the Council’s Constitution.

The Council will make best use of its employment practice to deliver against the City’s agreed objectives whilst supporting the development of skills and capacity and offering opportunities for progression. This will, in turn, create entry level opportunities and supports the Council’s priority to reduce worklessness.

The Council’s approach to the setting of both salary and overall remuneration (see below) is designed to support this employment strategy within the available budget for the workforce. For many years it has sought to manage remuneration for its whole workforce against common principles and in an open and transparent manner. This will continue to be the approach taken for the coming year.

Collective Bargaining and Pay Levels

The Council has a strong commitment to collective bargaining based on national salary structures and to full and open engagement with its workforce. It links the employment arrangements for all its employees directly to relevant national bargaining arrangements. It will maintain this commitment for the coming year to the extent that this is consistent with principles already agreed and with the need to maintain the direction of travel.

The continued requirement for cost reduction by the organisation will mean that in 2015/16 a balance will need to be struck between any proposed increases in individual remuneration and the need to ensure that workforce expenditure remains in line with the agreed budget for the workforce set in the context of the increased Manchester Minimum Wage.

Where necessary, new or redesigned roles may be required to support delivery of the organisation’s priorities. Remuneration packages agreed will need to align with the available budget and agreed principles whilst supporting the appointment of the most effective candidate, either internally or externally.

The organisation’s overarching strategy will be to ensure the cost of its workforce falls within the budget allocation agreed by the Council in March 2015 as part of the organisation’s overall budget for 2015/16 (subject to any contractual obligations arising from national pay bargaining). The Council’s budget has made allowances for the agreed NJC pay award of 2.2% from January 2015 to March 2016 (and an equivalent award for those members of staff covered by other Conditions of Service), in addition to the increase of the Manchester Minimum Wage,. The Authority will continue to consult fully with Trade Unions representing its workforce on the impact of any changes in pay.

Employment and the City

As a major employer in the City and the wider City Region, the Council is committed to reflect its broad social and economic policies in its employment strategy. It does so through the Manchester Minimum Wage (see below), ***m people*** and its continued commitment to reducing worklessness.

The proportion of Council employees who live in the City as of January 2015 is circa 51.9%, around 4,000 individuals. This means that they not only serve the people of Manchester but are also direct recipients of Council services and contribute their spending to the wider economy.

Shared Services

The Council works closely with other local authorities in a range of areas, bilaterally, as part of the Greater Manchester Combined Authority and through the Association of Greater Manchester Authorities (AGMA). A number of officers at all levels of the organisations perform roles in relation to a wider sphere of responsibility that extends beyond the City. Where appropriate, the authority recovers proportionate costs for this work in line with relevant agreements made by the appropriate body (e.g. the Combined Authority). When new posts are agreed or changes to salary occur as a result of a shared service or a lead authority approach, then such changes will be subject to approval by the appropriate body, in most cases the Personnel Committee.

The Manchester Minimum Wage

The Council is concerned to ensure that wages (salaries) in the City can sustain families and individuals and underpin a thriving economy. In 2008 the Council adopted the Manchester Minimum Wage Agreement which defines and sets out the Council's policy with regard to its lowest paid employees, and follows the practice of a number of private and public sector organisations across the City.

The Manchester Minimum Wage was reviewed in February 2015, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the rates for the National Minimum Wage and the "Living Wage" at the time. Following this review, the Council's approach to remuneration for our lowest paid employees was revised in line with the below.

Grade 1 on Manchester's NJC pay spine consists of Spinal Column Points (SCP's) 6 and 7. SCP 6, currently agreed at a national level at £13,614, is paid as a 'new starter induction and training rate' for new employees and apprentices at levels 1-3 who have yet to complete their framework qualification.

SCP 7 is the Manchester Minimum Wage for fully fledged Council employees, and is currently agreed at a national level at £13,715. The Council uses non-consolidated supplements to augment the NJC pay spine in order to pay staff at this level, paying an additional payment of £610, for a total of £14,325, which equates to the current "Living Wage" rate of £7.85 per hour.

The Manchester Minimum Wage will be reviewed annually, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the rates for the National Minimum Wage and the “Living Wage” at the time.

Enabling Employees

The Council is committed to equality and diversity in the workplace and to ensuring that remuneration of employees is fair and equitable. ***m people*** is designed to support greater access for employees to opportunities and the process is monitored to ensure that equality objectives are achieved. The Council has an agreed Equal Opportunity in Employment policy statement with any changes to this policy statement agreed by the Personnel Committee.

Employee Cost and Salary Ratios

The Council does not have a target for the ratio between the pay of the highest earners and other employees. It does not propose to set one for the foreseeable future, accepting the judgement as summarised on page four of the Hutton Report, that such targets serve no useful purpose. However, it will monitor this relationship to ensure that the remuneration of the highest paid is not excessive and remains consistent with the needs of the Council as expressed in this policy statement.

The current salary multiple between the highest paid officer (the Chief Executive) and the median rate for all officers within the scope of this policy is currently 8.89:1. This is a small decrease from the ratio set out within the 2014/15 statement of 9.08:1.

This ratio results from the detailed implementation of the pay policies set out in this document and will vary marginally with time as the shape of the organisation and roles change.

Interim Support

Where the Council is unable to recruit officers, or there is a need for interim support to undertake essential work or provide cover for a substantive post, the Council will, where necessary, consider engaging individuals through a framework or under a ‘contract for services’. Under such a contract the Council is not required to make either pension or National Insurance contributions (on costs), as the individuals are responsible for their own tax arrangements.

Such individuals will be sourced through a relevant procurement process in line with legal requirements, financial regulations and standards and the Council’s agreed processes. This will ensure the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service and full compliance with legal requirements.

Preventing Tax Avoidance

The Council will take care when engaging people essentially to perform the role of an employee to avoid, where possible, contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by

that person, such as paying the individual through a company effectively controlled by him or her.

4. Remuneration

Salary levels for the vast majority of the workforce (98.4%) are set via an analytical mechanism in accordance with the Council's Pay Policy through a delegated power from the Personnel Committee. Future amendments will be subject to a resolution of the Personnel Committee. This group includes those appointed to roles evaluated at spinal points (SCP) 6 to 57 (£51,516).

The Personnel Committee is ultimately responsible for setting remuneration for all roles within the Council's organisational structures up to £100,000 and recommends the appropriate remuneration to Council, at and above that level. For roles up to SCP 57, salary levels are set under the delegated authority of the Council's Pay Policy, whilst for more senior roles the Committee will approve salary levels on an individual basis.

For the purposes of this Pay Policy Statement remuneration of employees consists of the salary, additions to salary and additional allowances. It does not include reimbursement of non taxable expenses, which are paid on the basis of actual reasonable costs.

The remuneration and main contractual conditions of all employees of the Council are linked to a national pay bargaining structure relevant to their role and status. All employees receive a salary set in accordance with the structures and the principles set out above.

Remuneration can include a number of other elements applicable only to a specific group of employees, for example contractual arrangements and terms of the relevant national agreement. This includes, for example, specific allowances and additions to pay (e.g. overtime, flexibility payments and honoraria, which are time limited and subject to approval.) In limited circumstances, time and cash limited pay protection may be applicable, arrangements for which have been agreed in accordance with relevant negotiating bodies.

Other additions to the salary of officers may be made in accordance with the Council's Constitution and stated policies (e.g. car user allowance and relocation expenses). Such payments will be made in accordance with the principles of this statement and with approval by the delegated budget holder or approver. All such payments are made in order to support the delivery of effective services and with regard to the principle of value for money.

Policy on Remunerating Chief Officers

The Council's chief officers are the Strategic Management Team which includes the Chief Executive and those officers directly responsible for the key functions of the organisation. Information regarding salaries paid to senior roles is available within the information published on the Council's website. This information is currently available on the *Open Data* pages of the Council's website and will be updated on at least an

annual basis to reflect changes to pay and the organisational structure and to support the Council's aim of enhancing transparency and clarity. Additional information, in accordance with the Accounts and Audit (England) Regulations 2011, is also included within the Council's Annual Statement of Accounts.

Remuneration for this group as well as all those roles which have salaries higher than Spinal Column Point 57 in the Council's pay and grading structure (£51,516) is set or recommended by the Council's Personnel Committee to reflect the specific requirement and circumstances of the role that is sufficient to attract and retain staff of the appropriate skills, knowledge, experience, abilities and qualities that is consistent with the Council's requirements of the role. In addition to Manchester's chief officers, this group includes all those who fall under the statutory definition of 'Chief Officer' as set out in the Act. In creating organisational structures and for this Group the Personnel Committee has regard to a number of criteria and the Council's Constitution:

- The Council's organisational priorities
- The over-arching principles for the organisation's direction of travel
- The organisation's agreed design principles
- Value for money in respect of the use of public funding
- Alignment to proposals under consideration to ensure effective delivery of services.

Employment arrangements for chief officers are linked to the relevant national agreements including the Joint National Council for Chief Executives and the Joint National Council for Chief Officers.

Three of Manchester's chief officers (the Chief Executive, City Treasurer and City Solicitor) perform additional leadership roles for the Greater Manchester Combined Authority and hold statutory responsibilities on behalf of the Combined Authority, in return for which a contribution is made to the City Council. No additional payments are made to these individuals for this work.

A number of chief officers also represent the legal, commercial and strategic interests of the City on a number of Boards of associated or independent companies for which no additional remuneration is paid. In the event that any additional remuneration became payable in respect of an appointment to the Board of an outside body on behalf of the Council, such remuneration would be subject to the approval of the Personnel Committee or Council as appropriate. Where officers are appointed to the Boards of outside bodies on behalf of the Council, there is a general indemnity provided to the officers in respect of that work.

Bonus, Performance and Earn Back

The Council does not pay bonuses, operate a performance related pay system or Earn-Back (withholding an element of base pay related to performance) for chief

officers within the scope of this statement as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Election Fees

The Council is required to provide funding to the Returning Officer to discharge statutory functions relating to the administration of local government elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including to chief officers) in accordance with their role. The Chief Executive does not receive any additional payment for the role of Returning Officer for local government elections.

It should be noted that any fees payable for duties undertaken in connection with national elections and referenda (Parliamentary and European Parliamentary elections, Police and Crime Commissioners Elections and national referenda) are funded by central government in accordance with Fees and Charges Orders made by Parliament, which prescribe a maximum recoverable amount payable to the Returning Officer for the administration of such polls as well as the maximum recoverable amount for services provided personally by the Returning Officer for the particular election. Consequently, any such payments made to those officers who undertake specific duties in relation to these elections and referenda (including to chief officers and to the Chief Executive as Returning Officer) are not funded by the Council.

Recruitment and Retention

The Council's policy with regard to recruitment, including the recruitment of senior officers and chief officers is set out within the Recruitment and Selection Policy agreed by Personnel Committee. This is aligned to the *m people* agreement. Any changes will be subject to a resolution of the Personnel Committee.

As indicated above, the Council aims to set appropriate remuneration levels, balancing costs with the need to attract and retain employees who contribute the appropriate skills, behaviours and experience needed to deliver its functions. From time to time, it is necessary to make adjustments to the Council's remuneration framework in order to secure or retain staff, with the appropriate capacity (skills, qualifications, experience), notably in roles where there is a national or regional shortage of such capacity.

When this is necessary the Council will ensure the proposed remuneration for such a role, or group of roles, is objectively justified. It will seek to do so by reference to clear and transparent evidence of relevant market comparators. This will be considered by the Personnel Committee who will review data as appropriate.

Where an addition to normal remuneration levels is set, to address specific market conditions or a specific need, the Council will either i) time limit the variation or ii) ensure that the requirement is kept under review.

When an individual is appointed to a role remunerated at a higher grade with multiple scale points, whether through internal or external recruitment, the individual will be appointed to the bottom point of the relevant grade. In exceptional circumstances appointment at a higher scale point can be considered and agreed by the relevant Chief Officer. In no circumstances can appointment be made to the top point of a grade.

Payments on Termination

The Council's approach to severance and discretionary payments on termination of employment is set out within its policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the Local Government Pension Scheme Regulations 2007 as agreed by the Personnel Committee. The Council applies this policy to all employees and in all cases. Any changes to this policy, whether permanent or time limited, will be agreed by the Personnel Committee.

In addition to the Council's Severance and Early Retirement (Efficiency) Policy Statement the City Solicitor has the authority to settle, if appropriate and in the interests of the Council, any actual or threatened legal proceedings as set out in Part 3 Section F of the Council's Constitution.

Any severance packages with a value in excess of £100,000 will be approved by Council before they are agreed. This policy applies to severance packages whether or not made pursuant to a settlement agreement. However, it does not apply in relation to the cost of early access to, and/or enhancement of a retirement pension, where the employee's employment is terminated on grounds of ill health.

The Government is seeking to introduce legislation to require senior officers in the public sector (those earning over £100,000) to repay termination payments in the event that they return to the same part of the public sector within a prescribed period, which is currently 12 months. The provisions are set out in the Small Business, Enterprise and Employment Bill which the Government aims to pass before the 2015 general election and which would come into effect by April 2016. In the event that the proposals come into effect before that date, the Pay Policy Statement will be reviewed and any changes required will be subject to the approval of the appropriate body, which is likely to be Personnel Committee.

Flexible Retirement

The Council's approach to flexible retirement is set in accordance with the Local Government Pension Scheme (LGPS) (Amendment) Regulation 2006, Section 17.

Any employee of the Council who is a member of the LGPS and who is aged 55 or over can reduce their hours or grade and draw their pension benefits whilst continuing in employment. Approval for this must be sought from the appropriate senior officer, which will be the City Treasurer where there is a cost to the Authority. Pension benefits may be actuarially reduced if they are paid before the age of 65.

Re-engagement

The Council has a policy on the re-engagement of employees who have left the Council under voluntary early retirement or voluntary severance. This policy sets out that those employees who have left under such terms will not be re-engaged by the Council for a minimum period of 2 years from the date they left employment on these grounds. Changes to this policy will be subject to agreement by the Personnel Committee.

On 26th November 2014 the Personnel Committee agreed an amendment to this re-engagement policy to allow staff who have left the organisation through voluntary early retirement or voluntary severance to fulfil any role that is required by the Electoral Registration Officer in respect of electoral registration or the delivery of a local or general election, provided that the return is on a time-limited basis and is confined to duties in connection with the election or electoral registration within a two year time period after the termination of their employment.

The Council will also have regard to the Local Government Redundancy Modification Order, where a severance payment has been made and the employee is re-employed by another local authority or prescribed body within four weeks of leaving the Council. The Council does not extend its non re-engagement policy to the wider public sector. The Council will have regard to the proposed changes affecting public sector exit payments referred to above.

5. Publication

This Statement will be published on the *Open Data* pages of the Council's Website once it has been approved by Council.

In addition, details of senior posts are available on the Council's website together with information on the organisation's structure and the roles and responsibilities of individual officers. This information will be updated on at least an annual basis.

Additional information on the organisation's workforce expenditure is set out in the Council's Annual Statement of Accounts.

Glossary of Terms

Chief Officer (statutory definition)

Section 43(2) of the Localism Act defines a 'Chief Officer' for the purposes of the Pay Policy Statement as meaning the following :-

- (a) the Authority's Head of Paid Service
- (b) the Authority's Monitoring Officer
- (c) the Authority's Director of Children's Services
- (d) the Authority's Director of Social Services
- (e) the officer having responsibility for the administration of the Authority's financial affairs
- (f) any officer for whom the Authority's Head of Paid Service is directly responsible; or who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the Authority's Head of Paid Service; or who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to the Authority itself or any committee or sub-committee of the Authority.
- (g) any officer who, as respects all or most of the duties of his post, is required to report directly or is directly accountable to one or more of the officers listed at points (a) to (f) above.

The definition of 'Chief Officers' excludes any officer 'whose duties are solely secretarial or clerical or are otherwise in the nature of support services'.

Flexibility Payment

A flexibility payment is paid for roles where an employee is contractually required to work between 6.00 hours and 22.00 hours, Monday to Sunday, as part of their normal contractual working week. A graduated allowance will be included as part of the basic salary for the job, depending on the degree of inconvenience.

FTE - Full Time Equivalent

This term relates terms of employment (e.g. part time hours) to that applying to an employee who is full time.

Honorarium

An honorarium is a payment made to an individual in a structured, funded role for specific, time-limited additional duties undertaken on top of their substantive role. This can be a way of developing staff whilst making sure the service is working effectively.

Any honorarium must be approved by the City Treasurer before being paid, and is approved for a set period of time. Any honorarium taking the overall remuneration of an individual above the top of Manchester's Grade 12 (currently £51,516) beyond a 12 month period must also be approved by the Personnel Committee.

m people

m people is the Council's way of developing and shaping our workforce. It enables us to work towards our vision of a Manchester where people choose to live here and live longer, healthier, wealthier and happier lives. The **m people** framework was agreed with the Trade Unions in November 2010 and approved by the Council's Personnel Committee.

Median Salary

The authority's median salary is based on the salary which is the numerical 'mid point' when the organisations salaries are arranged from top to bottom in order of size. It is based purely on the actual salary assigned to the post (assuming the post is worked at 1 FTE). Salaries of empty posts, casual members of staff, contractors, and other non-employees are not used for the purposes of this calculation. The current median is £22,937.

Market Comparator

A market comparator for this purpose is a role (or elements of a number of roles) which may be similar in purpose or organisational position (although not necessarily identical) to that proposed within Manchester City Council. Market comparators can be identified through a range of benchmarking mechanisms, and may be either internal or external and from either the public or private sector.

On costs

These are the additional costs of employment, over and above what is paid (or provided) to the employee by way of remuneration. There are two types of on cost, *direct*, which for the purpose of this Statement is deemed to be employer's National Insurance and pension costs and *indirect* which include items such as premises costs, the cost of support functions etc and are not applicable to this Statement

Pay / Remuneration

For the purpose of this Statement 'pay' is referred to as Remuneration and is consistent within the definition contained within the Localism Act.

Pay Bill

The total sum paid by the organisation inclusive of salary and on-costs.

Principles for Organisational Reform

The following principles have been determined to guide the Council through the process of organisational change:

A: Leadership for Reform

- Budget decisions should be taken from the perspective of our responsibility for the long term strategic leadership of the City and for leading the reform of public services.
- Our principal focus must be to create the conditions for economic growth - promoting private sector investment, creating jobs, reducing worklessness and dependency.
- When we are forced to move away from direct universal provision we must prioritise supporting external leaders of universal services to raise standards for all, enabling all residents to reach their potential to access jobs and wealth.

B: Universal Services

- Our role in relation to Universal services will include some direct provision, but increasingly should relate to strategic commissioning, planning provision to meet need, and ensuring the delivery of the highest standards of services.
- Our responsibilities must also be to ensure that Universal services play their full part in reducing dependency and promoting growth.

C: Targeted Services

- We need to provide sufficient resources to provide for effective safeguarding and to protect the most vulnerable residents.
- We should pioneer a radical new approach to integrated, targeted and specialist services to reduce dependency with families with the most complex needs with a single pot of funding which can include funding contributions from partners.
- The role of Regeneration must be developed as the key to integrated commissioning to tackle worklessness at neighbourhood level and to coordinate investment priorities based upon place.

D: Neighbourhoods

- Budgets should be neighbourhood focused, wherever possible with integrated delivery teams providing all residents better services at less cost.
- A new Community Services focus should be developed involving culture, Libraries, Leisure and Youth which should also be subject to integrated commissioning.

E: Core

- Additional Centres of Excellence should be developed to drive the public sector reform agenda on investment models etc and strategic development.
- The protection of front line services will drive reduction in the back office staff.
- The Council's leadership role in relationship to AGMA and the Combined Authority should remain focused on supporting growth and job creation, with a more sharply focused strategic planning, housing and regeneration capacity.

Salary / Spot Salary

For the purpose of this Pay Statement, Salary refers to its normally accepted meaning i.e. monetary pay.

A spot salary is a salary set at a specific sum, does not form a part of a pay band or contain increments to which the employee is entitled. Spot salaries are normally subject to increase in line with contractual provisions with regard to inflation

Senior Manager (Senior Officer)

Any Officer in receipt of a basic salary in excess of Spinal Column Point 57.

Severance Package

Severance packages can comprise of a number of different payments or benefits made in relation to the termination of a person's employment, which include (but are not limited to):

- lump sum severance payments
- redundancy compensation
- termination payments on ground of business efficiency
- early access to, and/or enhancement of, pension benefits (in respect of this the value is defined as the capital cost to the Council of the early release / enhancement).
- salary paid in lieu of notice
- holiday pay or any bonuses, fees or allowances paid.