

**Manchester City Council  
Report for Resolution**

**Report to:** Personnel Committee - 3 February 2016  
Council – 16 March 2016

**Subject:** Pay Policy Statement

**Report of:** Chief Executive

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**Summary**

Following approval of the Council's draft Pay Policy Statement for 2016/17 by the Personnel Committee at its meeting on 3 February 2016, the report seeks approval by Council.

The statement is cognisant of the organisational context and the impact of the 2016/17 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 City 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 elsewhere on the agenda regarding an increase to the Manchester Minimum Wage.

**Recommendation**

Council is asked to approve the content of the draft Pay Policy Statement 2016/17

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**Wards Affected:**

All

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## **Background Documents**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers listed on the previous page..

- Report to Personnel Committee, 13 February 2015: *Pay Policy Statement*
- Report to Council, 04 June 2014: *Constitution of the Council Report*
- Report to Personnel Committee, 13 February 2015: *Manchester Minimum Wage*

## 1.0 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 officer<sup>1</sup>.
- 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 approved by Council on 06<sup>th</sup> March 2015.

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 2016/17 Statement which is aligned to the current approach.

1.5 The 2016/17 Pay Policy Statement is aligned 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 recognition and reward in particular and will be a key contributor to the priorities set out in this area within the new developing People Strategy.

1.7 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.

## 2.0 The Pay Policy Statement

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<sup>1</sup> 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

- 2.1 The draft Pay Policy Statement for 2016/17 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 this Committee and seeks to bring together key information in one place for clarity. It will act to help this 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 December 2015 this ratio is 8.89:1. This is unchanged from the ratio set out within the 2015/16 statement.
- 2.4 The Localism Act is clear that the statement must be approved by the Council and approval is sought to present the draft statement to Council for endorsement later this month.
- 2.5 Once approved, the Pay Policy Statement will come into effect on 1 April 2016, being subject to review at least annually through this Committee and, ultimately, 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 are currently no changes to the proposed principles and approach to remuneration. The statement does, however recognise current government proposals to both require senior officers in the public sector (those earning over £80,000) to repay termination payments in the event that they return to the public sector within 12 months and to introduce a cap on public sector exit payments of £95,000, subject to a right for full Council to grant waivers in exceptional circumstances. These changes are anticipated to come into effect from April and July respectively and the Council will amend its policies to ensure compliance with these changes as required.

### **3.0 Comments of the Strategic Director**

- 3.1 I have been consulted on the draft Pay Policy Statement for 2016/17 and am confident that it will continue to provide an effective and open framework for the management of pay to senior officers across the authority.

### **4.0 Comments from the Trade Unions**

To follow

### **5.0 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 fifth 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 Members are asked approve the draft Pay Policy Statement for 2016/17



## **Pay Policy Statement: 2016/17**

## 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 2016/17 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. As indicated later in this document, the Government are proposing to cap public sector severance payments at £95,000, subject to a right for full Council to grant waivers in exceptional circumstances. The Council's approach will be revised to ensure adherence to this cap when any such cap is implemented.

### **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 1<sup>st</sup> April 2016. It will be subject to review at least annually, the policy for the following financial year being approved by 31<sup>st</sup> 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, the Transfer of Undertakings (Protection of Employment) Regulations 2006, as amended, and the Children & Families Act 2014. 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 2015/16, the Council has continued to respond to legislative and regulatory changes affecting the workforce and to monitor proposed changes. 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 [Strategy](#), and driving the ambitions of the Greater Manchester city Region through the underpinning priorities of Growth, Reform and Place.

The Council's gross budget for 2016/17 is outlined in the reports considered by Executive on the 17<sup>th</sup> February 2016, and is comparable to many large public and private sector organisations. As of December 2015 approximately 5,922 full time equivalent employees (FTE) work for the Council.

Over the 2011/13, 2013/15 and 2015/16 budget periods, the Council has been



required to deliver over £300 million in mainstream budget savings through a radical programme of organisational change, service reductions and reform. This has included the delivery of over £100M in workforce savings, with the size of the workforce falling from 9,849 FTE in December 2010 to 5,922 FTE in December 2015 (a reduction of around 40%). Over the 2016/7 budget period and beyond the size of the organisation will continue to reduce.

Over the coming few years, significant changes to current delivery models are anticipated to take place, which will also impact on the number of staff directly employed by the local authority. This theme is most prevalent in the field of health and social care where more integrated working and devolved responsibilities will have a fundamental impact on the model through which services are delivered. The broader Greater Manchester Devolution Agreement will also have an impact on the role of the organisation and the relationship between officers in Manchester and the Combined Authority. For some staff these changes may mean working in different organisations, however for most staff across the authority this period of reform will require new ways of working underpinned by different behaviours and skills.

Going forward, these changes will continue to be underpinned by a set of agreed organisational design principles, *m people* and the Council's developing new People Strategy.

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 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, 2014 and 2015 with the rate of pay consistent with the UK Living Wage, as set by the Living Wage Foundation, since April 2014.

In March 2015 a Members' Task and Finish Group asserted the Council's commitment to the UK Living Wage and recommended that: *"If and when there are any discussions around the pay structure of Council employees, either specific to the Council or in terms of national pay negotiations, the Living Wage is considered within any new pay structures that result."*

From April 2016 a new National Living Wage will be introduced which will provide a supplement to the National Minimum Wage for those aged 25 and over. This rate of pay (£7.20) is below the current UK Living Wage (£8.25).

The 2015 review of the Manchester Minimum Wage has resulted in approval for this rate of pay increase to £8.25 per hour with effect from 1 April 2016, which retains its

consistency with the UK 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 and 2015/16 budget periods and continue to set the framework for change.

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 savings whilst ensuring best use of all available resources to deliver against the objectives of the Manchester Strategy. This process is being driven by a focus on the strategic priorities for the city, of Growth, Reform and Place.

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

A programme of comprehensive change and reform across the organisation continues 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 continues to be delivered in line with a set of agreed organisational design principles.

### ***The People Strategy***

A new People Strategy is currently in its final stages of development. This document will set out the strategic framework and priorities for developing the organisation's workforce over the next four years to ensure it is best placed to deliver the Council's priorities and support the vision of the Manchester Strategy.

The delivery of the new People Strategy will continue to be underpinned by the *m people* principles and organisation's values of **People, Pride and Place**.

## **3. Remuneration Strategy and Salary Structure**

### ***Strategy for 2016 to 2017***

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 its People Strategy 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 promotion and development of Manchester's behaviors and values in order to ensure a workforce which is aligned to supporting the city's growth and the development of people and place irrespective of individual roles and responsibilities.

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 2016/17 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 and market conditions.

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 in the current economic context, 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 2016 as part of the organisation's overall budget for 2016/17 (subject to any contractual obligations arising from national pay bargaining). Whilst no agreement has yet been reached in relation to a pay award for the 2016/17 period, the Council's budget has made allowances for a 1% award for NJC employees (and an equivalent 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 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 December 2015 is circa 51%, around 3,602 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. The proportion of Council employees living in the wider Greater Manchester area is circa 91%, around 6,428 individuals

### ***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 organisation 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 early 2016, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the Council's Draft Living Wage Policy, the rate of the National Minimum Wage and the rates of the national and UK Living Wages 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 increase this with a total rate of pay at this level of £15,055 payable from April 2016, which equates to the current UK "Living Wage" rate of £8.25 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 Council's Living Wage policy and the rates for the National Minimum Wage and the rates of the National and UK Living Wages 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. As of January 2016, this is unchanged from the ratio set out within the 2015/16 statement.

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%) 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, 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. This will be considered in line with the Council's policy on market rate supplements for staff remunerated at or below the equivalent to Spinal Column Point 57 within the Council's pay and grading structure and by the Personnel Committee for senior officers.

Where an addition to normal remuneration levels is set for a senior officer, 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 £80,000) to repay termination payments in the event that they return to the public sector within a prescribed period, which is currently proposed as 12 months. The enabling provisions are set out in the Small Business, Enterprise and Employment Act which received Royal Assent in March 2015. The Council will ensure it is compliant with the Small Business, Enterprise and Employment Act, once the detailed provisions to be implemented through regulations come into effect (scheduled for April 2016).

The Government is also proposing to introduce a cap on public sector exit payments of £95,000 (including the capital cost of unreduced pension benefits for staff aged 55 or above). The proposal is that this cap would be subject to a right for Council to grant waivers in exceptional circumstances

The above provisions are being introduced by changes to the Small Business, Enterprise and Employment Act contained in the Enterprise Bill currently progressing through Parliament. Further regulations will also be required to implement the proposals. The Government's aim is to implement these changes by July 2016. Once the precise details of the above proposals are known, the Council will amend its approach accordingly to ensure it is compliant and secure the appropriate approval, which is likely to be via the 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. In accordance with scheme regulations, Pension benefits may be actuarially reduced if they are paid before an individual's normal retirement age.

### ***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 26<sup>th</sup> 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.

### **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.

### **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.