

**Manchester City Council  
Report For Resolution**

**Report to:** Personnel Committee - 8 March 2013

**Subject:** Pay Policy Statement

**Report of:** Chief Executive

---

**PURPOSE OF THE REPORT**

This report introduces the draft Manchester City Council Pay Policy Statement for 2013/14 and seeks approval of the statement by the Committee prior to its presentation to the Council.

The statement is cognisant of the organisational context and the impact of the 2013/15 budget settlement. 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.

Further implications to the work of this Committee arising out of section 38 (1) of the Localism Act 2011 were highlighted as part of the approval of the 2012/13 Pay Policy Statement and were taken into account through the review of the Council's Constitution in May 2012.

**RECOMMENDATIONS**

Members are asked to:

- Note the content of the draft Pay Policy Statement and commend it for approval by the Council at its meeting on 27 March 2013.
  - Agree the suggested amendment to the Council's policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and The Local Government Pension Scheme Regulations 2007 to require Council approval before any severance packages with a value of £100,000 or greater are agreed.
- 

**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 2013/2014. The approach described seeks to align remuneration within the bounds of the organisation's budget for 2013/14 as agreed by the Executive in February. There is no direct saving or additional expenditure associated to the policy statement.

**CONTACT OFFICERS**

**TEL**

**EMAIL**

Richard Paver  
City Treasurer

234 3564 r.paver@manchester.gov.uk

Susan Orrell  
City Solicitor

234 3087 s.orrell@manchester.gov.uk

Geoff Little

Deputy Chief Executive (Performance) 234 3280 g.little @manchester.gov.uk

Sharon Kemp

Assistant Chief Executive (People) 234 7966 s.kemp@manchester.gov.uk

**BACKGROUND DOCUMENTS**

Report to Personnel Committee, 14 March 2012: *Pay Policy Statement*

Report to Council, 16 May 2012: *Constitution of the Council*

Report to Personnel Committee, 12 September 2012: *Manchester Minimum Wage*

Report to Personnel Committee, 13 November 2007: *The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and The Local Government Pension Scheme Regulations 2007*

**WARDS AFFECTED:** All

**IMPLICATIONS FOR:**

Anti-poverty	No
Equal Opportunities	No
Environment	No
Employment	Yes

## 1.0 INTRODUCTION

- 1.1 Under section 38 of the Localism Act, local authorities are required to publish a 'Pay Policy Statement' on an annual basis, focused on senior employees, with the first statement complete and approved by the Council by 31 March 2012. (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 first Pay Policy Statement was commended by this Committee on 14 March 2012 and approved by Council on 28 March. The statement was subsequently amended by commendation of this Committee and approval of Council in September/October to take account of the agreed increase to the Manchester Minimum Wage.
- 1.4 The 2012/13 Statement has provided a strong framework for effective governance and transparency with regard to pay and remuneration during this financial year. The intention is to continue and strengthen these arrangements through the 2013/14 Statement which is aligned to the current approach.
- 1.5 The 2013/14 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 agreed in March 2012.

---

<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 for background

- 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 will be updated early in the new financial year.

## **2.0 THE PAY POLICY STATEMENT**

- 2.1 The draft Pay Policy Statement for 2013-14 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 February 2013 this ratio is 9.2:1. This is a small decrease from the ratio set out within the 2012/13 statement of 9.4:1 indicating a small 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 and approval is sought to present the draft statement to Council for endorsement later this month.
- 2.5 Once approved, the Policy Statement will come into effect on 1 April 2013, 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.

## **3.0 The Council's policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and The Local Government Pension Scheme Regulations 2007**

- 3.1 In February 2013 the Secretary of State issued supplementary guidance on openness and accountability in local pay which Local Authorities must have regard to when developing their Pay Policy Statements. This supplementary guidance re-asserted the intent of the Localism Act with regard to the publication of Pay Policy Statements and accountability with respect to the setting of large salary packages. The 2012/13 Statement and the proposed 2013/14 statement are compliant with both these expectations.
- 3.2 The supplementary guidance also suggests that Authorities increase transparency with regard to large severance packages and offer full Council the opportunity to vote before severance packages of £100,000 or greater are

agreed. The Draft Statement attached has been amended to be consistent with this new guidance.

- 3.3 The Council has defined the value of severance packaged as below for this purpose in line with guidance:

*'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.'*

- 3.4 The current policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and The Local Government Pension Scheme Regulations 2007 was agreed by Personnel Committee in November 2007. This policy gives discretion to award severance payments up to the equivalent of 30 weeks pay with the potential to exceed this in cases of extreme hardship, or where it would be in the financial or legal interests of the City Council with these payments requiring the approval of the Personnel Committee, in the case of Strategy Directors, or the City Treasurer in consultation with the Executive Member for Finance and Human Resources, in other cases.

- 3.5 It is proposed to amend the above policy to require full Council approval before any severance packages with a cost to the Authority of £100,000 are agreed. This will be based on a recommendation from the Personnel Committee, in the case of Strategic Directors, or the City Treasurer in consultation with the Executive Member for Finance and Human Resources, in other cases.

- 3.6 The new policy will apply to severance packages whether or not made pursuant to a compromise agreement. However, it will 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.

- 3.7 Any necessary changes will be made to the Council's Constitution when it is revised in May.

### **3.0 COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (PEOPLE)**

- 3.1 This year's Pay Policy Statement provides a clear articulation of the organisation's continued and 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.

#### **4.0 COMMENTS FORM THE TRADE UNIONS**

4.1 These will be circulated at the meeting.

#### **5.0 CONCLUSION**

5.1 The development of a Pay Policy Statement and its approval by the Council is a requirement under the 2011 Localism Act. The statement appended below is Manchester's second 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. This statement also strengthens openness and accountability in respect to the agreement of large severance packages in the light of the Secretary of State's guidance issued in February of this year.

5.2 Members are asked to note content of draft Pay Policy Statement and commend it for approval by the Council at its meeting on 27 March 2013.



# Pay Policy Statement: 2013/14

## 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 2013/14 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 in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency 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 it 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. A list of roles falling into this category where the

salary is equivalent to £58,200 or more is available on the Council's website (see Section 5 below). This level is consistent with the information published in accordance with The Code of Recommended Practice for Local Authorities on Data Transparency (see below).

Once approved by the full Council, the Policy Statement will come into effect on 1 April 2013. 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 and, where relevant, the Transfer of Undertakings (Protection of Employment) Regulations 2006. 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.

The Council is working to ensure effective arrangements are in place to comply with planned legislative and regulatory changes in 2013/14 including Pensions Auto-Enrolment and employment law changes in relation to tribunal reform and unfair dismissal.

## **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 around 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, set out in the Manchester Community Strategy, and driving the ambitions of the Greater Manchester City Region.

The Council's gross budget for 2013/14 is circa £1,429 million (inclusive of the waste levy) comparable to many large public and private sector organisations. As of February 2012 approximately 7,540 full time equivalent employees (FTE) work for the Council.

The Council has undergone a radical transformation across the 2011/13 financial years delivering circa £170 million in budget savings with the workforce reducing by around 2,000. This programme of transformation will continue over the 2013/15 period with the need to deliver a further circa £80 million of savings and a likely associated reduction of circa 830 posts.

This programme is 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 residents and economy of Manchester.

### ***The Organisation's Direction of Travel and Budget Principles***

The 2011/13 budget period has seen 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

Through work to deliver against these principles the organisation has achieved a budget reduction of circa £170 Million and reduced the workforce by around 2,000 FTE whilst continuing to focus on the City and the Authority's key priorities. The ***m people*** agreement, 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.

As we enter the 2013/15 budget period the organisation is again faced with the need to transform to ensure best use of resources to deliver against the objectives of the Community Strategy in the context of required budget savings of circa £80 million. This process is being driven by a transformation programme which, through the delivery of Public Service Reform, seeks to:

- Change the shape of our spend, reducing the proportion of spend on **targeted and specialist** services through reducing demand.
- Promote **universal** services to residents and utilise these functions as a key tool to reduce demand for targeted and specialist services in the long term
- Continue to streamline **core** functions through embedding the Centre of Excellence approach and technological opportunities.

A programme of comprehensive service redesigns are being undertaken to support this transformation with an expected workforce reduction of circa 830 posts, approximately 11% of the current workforce.

This programme is expected to reduce the organisation's total workforce budget by circa £23.9M over the two year budget period.

**m people** will continue to be the key tool to supporting the delivery of savings whilst realising the organisation's goals.

This programme will be 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 have been 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.

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

#### ***Strategy for 2013 to 2014***

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 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 has been broadly successful and 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 2013/14 a balance will need to be struck between any proposed increases in individual remuneration and the need to ensure workforce expenditure remains in line with the agreed budget for the workforce.

Where necessary, new 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 Council's overarching strategy will be to ensure the cost of its workforce falls within the budget allocation agreed by the Council's Executive in February 2013 as part of the organisation's overall budget for 2013/14 (subject to any contractual obligations arising from national pay bargaining). Whilst the details of any national pay award for 2013/14 have not yet been published, the Council's budget has made allowances for up to a 1% award in line with the Government's stated position with regard to public sector pay. The Authority will continue to consult fully with Trades 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 February 2012 is circa 51%, in excess of 4,500 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 both private and public sector organisations across the City.

The previous Manchester Minimum Wage was set against a context of a reduction in real terms when compared to the National Minimum Wage. Calculated on the new October 2012 National Minimum Wage rate of £6.19p, the differential between the previous Manchester Minimum Wage and the National Minimum Wage had reduced by 36p per hour from £1.01p in 2008/09 to 65p from 1<sup>st</sup> October 2012.

The Manchester Minimum Wage was increased with effect from October 2012 with a stand-alone, non-consolidated pay increase to Grade 1 incremental point SCP 6 to £7.00 and SCP 7 to £7.15 per hour taking place.

SCP 6 on the Council's pay spine is now paid as a 'new starter induction and training rate' for new employees and Apprentices who have yet to complete their framework qualification.

SCP 7 (equivalent to £13,056 per annum) constitutes the new Manchester Minimum Wage for fully-fledged Council employees i.e. employees on Grade 1 who have been through the competency assessment process.

At the time of writing the 'new starter induction and training rate', £12,786 per annum on a full time equivalent basis, is the rate for the lowest-paid employee for the purposes of this Statement.

### ***Enabling Employees***

The Council is committed to equality 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 9.2:1. This is a small decrease from the ratio set out within the 2012/13 statement of 9.4:1.

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 service'. Under such a contract the Council is not required to make either pension or national insurance contributions (on costs).

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 (98.5%) are set via a mechanism in accordance with the Council's Pay Policy through a delegated power from the Personnel Committee. At the time of writing, the policy was last amended by the Personnel Committee in May 2009. Future amendments will be subject to a resolution of the Personnel Committee. This group includes those appointed to roles evaluated at spinal points (SCP) 1 to 57 (approximately £50,000).

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 their salaries is available within the first pages of information on the Council's Website published in alignment with the Department for Communities and Local Government Code of Recommended Practice for Local Authorities on Data Transparency together with information on other whose salary is £58,200 or greater. This information is currently available on the *Open Data* pages of the Council's website and will be updated early in the 2013/14 financial year 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 (circa £50,000) 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. These 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 accepted.

### ***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.

### ***Local Election Fees***

The Council sets and makes payment to the Returning Officer for the management and administration of local elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including Chief Officers) dependant on their role. The Chief Executive does not receive any additional payment for work in relation to local elections.

It should be noted that any fees payable for duties in connection with Parliamentary and European elections, elections for Police and Crime Commissioners or referenda are recouped from Central Government subject to a prescribed aggregate maximum amount, and 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.

### ***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 will be agreed by the Personnel Committee.

On 5 December 2012 the Council's Personnel Committee agreed a time limited amendment to this policy to support delivery of the organisation's transformation programme. This amendment applied to applications received during the time limited period only and has now ceased to be in place with the original policy returning to operation for any applications from 16 February 2013.

In addition to the Council's policy on Voluntary Severance and Voluntary Early Retirement 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.

In accordance with the Supplementary Statutory Guidance on openness and accountability in local pay issued in February 2013 any severance packages with a value in excess of £100,000 will be approved by Council before they are agreed. This change will take effect from 1 April 2013 and will require an amendment to the Council's policy on the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and The Local Government Pension Scheme Regulations 2007. Any necessary changes to the Council's Constitution will also be made when it is updated in May 2013.

The new policy will apply to severance packages whether or not made pursuant to a compromise agreement. However, it will 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.

### ***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, (this 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.

### ***Reengagement***

The Council has a Policy on the reengagement 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 reengaged 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.

The Council will also have regard to the Local Government Modification Order, where a severance payment has been made and the employee is re-employed. The Council does not extend the above policy to the wider public sector.

### **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 posts for which a salary of £58,200 or more is paid is available on the Council's website together with comprehensive information on the organisation's structure and the roles and responsibilities of individual officers. This information will be updated early in the 2013/14 financial year.

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 (eg 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 honoraria must be endorsed by the relevant HROD Strategic Business Partner and Strategic Director and approved by the City Treasurer before they are paid, and are approved for a set period of time.

Honoraria payments are not pensionable.

### **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 £22,221.

### **Market Comparator**

A market comparator for this purpose is a role (or sometimes elements of a number of roles) which is closely similar in purpose or organisational position to that proposed. A market comparator may be internal or external.

### **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.

**Voluntary early retirement / voluntary severance (VER / VS)**

The Council's policy with regard to early release of pension and payment of severance was agreed by the Personnel Committee on 13 November 2007.

In December 2012, the [Personnel Committee](#) agreed a time limited, incentivised amendment to the scheme.

This ran for a limited period of time in support of delivery of the organisation's transformation programme and arrangements in respect of early retirement and severance have subsequently reverted to those agreed under the 2007 policy.