

Pay Policy Statement: 2019/20

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 the 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 2019/20 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. Information in response to the requirement to provide 'Gender Pay Reporting' information in line with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, is also included within Section 3 of the statement in the sub-section 'Equality and Pay'. 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 to Council any decisions affecting the remuneration of any post whose remuneration is or is proposed to be or would become £100,000 p.a. or more.

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 summarised later in this document, the Government brought forward proposals to reduce and standardise severance payments in the public sector in 2017. To date these proposals have still not been implemented, and so are not in force at the time of this Statement's publication.

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 employed in schools, including temporary teaching staff, support staff and agency staff.

- 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.
- Unpaid volunteers or individuals on work experience placements. Such placements are intended to give students and and/or individuals from the Council's social value priority groups experience of working in the public sector. These roles would not normally be expected to last longer than six weeks.

Once approved by the full Council, the Policy Statement will come into effect on 1st April 2019. It will be subject to review at least annually, the policy for the following financial year being approved by 31st March each year.

Legislation and Other Matters Relevant to Remuneration

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

Relevant legislation includes the Employment Rights Act 1996, Equality Act 2010, Part Time Employment (Prevention of Less Favorable 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 discrimination within its pay structures and that all pay differentials can be objectively justified. Where relevant, legislative obligation will supercede 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 2018/19, the Council has continued to respond to legislative and regulatory changes affecting the workforce as well as to monitor proposed changes. Over the coming year the Council will ensure that it is cognisant of future planned and potential legislative changes and will adhere to the associated requirements, including any developments resulting from Brexit, the Parental Bereavement (Leave and Pay) Act 2018 and current government consultation on ethnicity pay gap reporting

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. In 2017, it served a population of over 545,500 according to the Office for National Statistics. Manchester was the fastest growing authority outside London between 2001 and 2011 and continues to grow rapidly, with in-house estimates for mid-2019 putting the population at around 575,000.

The Council provides and commissions a range of services in line with its statutory obligations and stated objectives; supporting the vision of Our Manchester and driving the ambitions of the Greater Manchester City Region.

The Council's gross budget for 2019/20 is outlined in the reports considered by Executive on 13 February 2019 which details a continued commitment to the three-year budget strategy

previously agreed. As of December 2018, approximately 6,208 full time equivalent employees (FTE) work for the Council.

Since 2010/11 the organisation has undergone a period of unprecedented change. Between 2010/11 and 2016/17 there have been savings and budget reductions of £271M with over £100M in savings coming directly from the workforce and associated staffing reductions of around 40% (circa. 4,000 FTE). The volume of workforce reductions over the current three year budget period are more manageable. However, the scale of organisational change required as we continue to closely collaborate with other public sector organisations and embed the Our Manchester way of working will be even greater over the coming years.

As an organisation, there is a focus on driving forward a clear set of corporate priorities as outlined within a new Corporate Plan, Our Plan. This includes work to deliver the Our Manchester Strategy by making the Our Manchester approach 'the way we do things', driving forward work on Our People Strategy, making health and social care integration a reality and reaping the benefits for our residents, ensuring excellence in our core service provision including highways, Children's Services, education and waste, and making inclusive growth a reality for all Manchester residents including through tackling homelessness.

Our Manchester and Our People

The Our Manchester Strategy sets out a shared ambition for the city to 2025. In order to achieve the Strategy's high-level goals a radically different way of working is needed across the city. This radical change is the Our Manchester approach.

The Our Manchester approach puts people at the centre, recognising that people are more important than processes, procedures or organisational boundaries. This will require a fundamental change across and within organisations.

Discussions with a range of partners across the City have helped to identify four central principles of what it means to work in an Our Manchester way. These four Our Manchester basics are:

- **Better lives** – it's about people
- **Listening** – we listen, learn and respond
- **Recognising strengths of individuals and communities** – we start from strengths
- **Working together** – we build relationships and create conversations.

The City's public service workforce will be a critical driving force behind Our Manchester. In order to empower and equip this workforce to realise the Our Manchester ambition over the next ten years a significant programme of work is needed. Through this, cultures, operating practices and skills will all change to be part of Our Manchester.

This represents a significant and long term objective which will require capacity, continued focus and strong leadership from the most senior level. The Council's People Strategy, Our People, has been developed as a framework to help guide this work and now, in its third year of operation, is achieving some clear impacts. Delivering this Strategy will ensure our workforce are focused on Our Manchester in everything they do, ensuring this becomes 'the way we do things around here'. The Strategy seeks to embed the Our Manchester approach through a focus on four new organisational behaviours:

- We work together and trust each other
- We're proud and passionate about Manchester
- We take time to listen and understand
- We 'own it' and aren't afraid to try new things.

There is a clear recognition that the City Council will need to invest in skills for our existing staff and attract, develop and retain new talent to enhance the Council's capabilities for the challenges ahead. This is being supported by a strengthened focus on workforce development of all staff.

Working in partnership with the workforce to embed the Our Manchester behaviours across the organisation and support all employees to develop and hone their skills as part of Our People Strategy will be critical to the overall success of Our Manchester.

Public Service Reform

Changes in Health and Social care will have a profound impact on a large number of staff. A significant number have moved to the new single health and social care commissioning function (MHCC) and the Local Care Organisation (MLCO). All Council staff affected will remain employees of the Council. However, the new ways of working will require significant changes in skills, behaviours and cultures.

Aligned with this, overarching work to bring together public services at a neighbourhood level will have an equally significant impact on staff in these functions and demand new approaches and relationships.

Devolution

Devolution will continue to offer new opportunities at both a City and City Region level and the organisation will have a key role to play in ensuring these opportunities are maximised.

Business Management

Work is progressing to review and strengthen core business processes across the organisation and align our approaches with the principles of Our Manchester. This work will be supported by improvements in technology and will have a significant impact on all staff but, in particular, managers.

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.

In September 2015 the Council developed a Living Wage Policy Statement which emphasised the organisation's support of the UK Living Wage - now the real Living Wage. This has been further underlined by a commitment in the Our Manchester Strategy to 'Ensure everybody is paid at least a real living wage'.

In April 2016 a new National Living Wage was introduced by the Government which provides a supplement to the National Minimum Wage for those aged 25 and over. This rate of pay (£8.21 from 1 April 2019) is below the current real Living Wage (£9.00).

The lowest rate of hourly rate of pay for a Council employee as of April 2019 will be £9.51 (SCP1) which is 51 pence per hour higher than the real living wage. This commitment to paying a fair 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.

3. Remuneration Strategy and Salary Structure

Strategy for 2018 to 2019

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:

- Payment greater than the real Living Wage rate at the lowest grade, which reflects the Council's policy with regard to its lowest paid employees and acts to encourage fair remuneration practices across the City.
- Delivery of its People Strategy, Our People, 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 aligned to the organisation's Social Value priorities.
 - Supporting the skills development and flexibility of the workforce and promoting opportunities across the City to the Council workforce.
- The promotion and development of the Our Manchester behaviors 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 development and 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 2019/20 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 real Living 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 2019 as part of the organisation's overall budget for 2019/20.

The Council remains committed to the national pay structure. In April 2018 agreement was reached between the National Employers and the NJC Trade Union side on the rates of pay applicable from 1 April 2018 and 1 April 2019. The implementation of the 2019/20 pay scales has required a substantive change to the organisation's grading structure. The Council has worked closely with the recognised Trade Unions to secure a collective agreement to implement these required changes which are reflected in the pay and grading structure appended to this statement.

The Authority will continue to consult with the trade unions representing its workforce on the impact of any changes in pay.

Equality and Pay

The Council is committed to equality and diversity in the workplace and to ensuring that remuneration of employees is fair and equitable. The organisation has been rated as 'Excellent' under the Equalities Framework for Local Government (EFLG) which included a review of arrangements in relation to employment. The Council has an agreed Equal Opportunity in Employment policy statement with any changes to this policy statement agreed by the Personnel Committee. This is supported by a programme of work to increase the diversity of the workforce at all levels and address those areas for improvement identified by the EFLG.

Gender Pay Reporting

The Council is required by law to carry out Gender Pay Reporting on an annual basis in line with the the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017. Reporting is based on a 'snapshot' date of 31 March 2018 and must include:

- the difference between the mean and median hourly rate of pay of male and female employees.
- the difference between the mean and median bonus pay received by male and female employees.
- the proportions of male and female employees who were paid a bonus, and
- the proportions of male and female employees in the lower, lower middle, upper middle, and upper quartile.

It is worth emphasising that a 'Gender Pay Gap' is not the same as an issue of 'Equal Pay'. The Council has a long standing commitment to equality and a solid analytical approach to pay and grading in line with the Single Status Agreement as well as an analytical approach to the evaluation of senior roles. As a result, the Council is confident employees receive remuneration within the same grade when carrying out the same or equivalent work. The gender pay gap therefore does not stem from paying men and women differently. Rather, it is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

The tables below provide the information the Council is required to publish in line with the legislation cited above and is based on the snapshot date of 31 March 2018.

Table A: Gender Pay Gap

| Gender Pay Gap (difference in hourly pay) | | |
|---|------|--------|
| | Mean | Median |
| Hourly Pay | 9.0% | 9.8% |

The table above shows the percentage difference between the mean (average) and median (middle value) hourly rate of pay of male and female employees. The closer to 0 the lower the Gender Pay Gap.

Table B: Bonus Pay

| |
|---|
| The Council does not make any Bonus Payments which fall within the definition of Bonus for the purpose of Gender Pay Gap reporting. |
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Table C: Pay quartiles by gender

| Gender Split with each Pay Quartile | | |
|-------------------------------------|-------|--------|
| Hourly Pay Quartile | Male | Female |
| Upper Quartile | 40.0% | 60.0% |
| Upper Middle Quartile | 35.8% | 64.2% |
| Lower Middle Quartile | 37.3% | 62.7% |
| Lower Quartile | 22.6% | 77.4% |

The table above shows the percentage of Male and Female employees in the lower, lower middle, upper middle and upper quartile pay bands. These quartiles have been calculated by working out the hourly pay for each employee and then ranking them in order from lowest to highest paid. This list is then divided (as equally as possible) into four sections to provide the above.

Table D: Pay quartiles by mean gender pay gap

| Mean Hourly Pay within each Pay Quartile | | | Mean GPG by Quartile |
|--|--------|--------|----------------------|
| Hourly Pay Quartile | Male | Female | |
| Upper Quartile | £23.01 | £22.30 | 3.07% |
| Upper Middle Quartile | £15.34 | £15.44 | -0.69% |
| Lower Middle Quartile | £12.05 | £11.97 | 0.65% |
| Lower Quartile | £9.11 | £8.86 | 2.78% |

The above table takes the four quartiles (as per Table C) and provides the mean (average) hourly pay for Male and Female employees within each quartile. The Gender Pay Gap for each quartile is then calculated against the mean hourly pay. Any negative figures show that, on average, Females are paid more than males.

The Council's mean gap of 9.0% (as per Table A) is significantly below the mean gap for the UK of 17.9%¹. However, the Council is committed to further reducing its pay gap.

As Table D above shows, gaps in pay are most pronounced in the bottom and top quartile and align closely with national trends².

The proportion of low paid staff in the workforce (23% of the workforce (over 1,600 employees) in Grades 1 to 3 roles) has a disproportionately high impact on the overall Gender Pay Gap. These roles are often part-time and many of these are term-time-only. Employment in these positions follows the national trend of being predominantly female and has a significant impact on our overall pay gap.

The gap in the top quartile of pay again follows the national trend.

The Council also has an aging workforce with a high proportion of female employees. Nationally, the pay gap widens with age: older women experience a larger pay gap compared to their male peers than younger women compared to their male peers.

This data needs to be set against a negative gender pay gap across the middle portion of the organisation (i.e. women, on average, are paid more than men); an overall workforce which is approximately two thirds female and one third male; and a Strategic Management Team (SMT) which has a higher number of women than men (5 out of 8).

¹ October 2018 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures

² Source: Equality and Human Rights Commission, 2017 *The Gender Pay Gap*

Whilst, as noted above, the key factors here align with the national trend, the Council is committed to undertaking action which will support a positive reduction in the gender pay gap (i.e. through increasing the average pay of women and not reducing overall pay or removing lower paid roles from the organisational structure). Key activities in support of this include:

- The review of ways of working across the organisation to identify and promote increased flexibility in working practices has continued, supporting people to more effectively balance home and work commitments; and driving increased flexibility as the norm in roles at all levels of the organisation. The Our Ways of Working programme provides the means with which to take this work forwards. The Council's overarching plan has been reviewed and endorsed by Timewise, with Manchester now formally recognised as a 'Timewise Council'.
- Ongoing work as part of the People Strategy to enhance the Council's core Learning and Development offer and approach to supporting development and progression, with a particular emphasis on strengthening development opportunities for frontline staff.

The Council's mean gender pay gap of 9.0% is a slight decrease from last year's figure of 9.1%: however, such a small movement can be regarded as statistically negligible. It is worth noting that all the available data indicates no significant change in the gender composition of our workforce in comparison to last year, and as such the analysis of the Council's gender pay gap remains much the same.

Ethnicity Pay Gap Reporting

In October 2018, the Government launched its public consultation to bring forward its manifesto commitment to "ask large employers to publish information on the pay gap for people from different ethnic backgrounds". The consultation paper does not specify when the obligation might be introduced, however the Council will continue to monitor and respond accordingly as further details emerge.

Employment and the City

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

The proportion of Council employees who live in the City as of December 2018 is circa 50%, around 3,637 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 95%, around 6,881 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 with the appropriate body. 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 Living 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 defined and sets out the Council's policy with regard to its lowest paid employees.

In 2015 the Council adopted a Living Wage Policy with the overarching aim to:

Ensure that Manchester City Council employees, current and potential contractors and suppliers, and Manchester based employers are fully aware of the City Council's commitment to the Living Wage. The City Council firmly believes that increasing the number of people being paid at least the Living Wage will make a significant contribution to supporting residents out of poverty and reducing dependence on in work benefits. The City Council is also committed to the responsible management of its resources and is clear that the payment of the Living Wage by its suppliers and contractors must not result in any increased costs.

In support of this, the Manchester Minimum Wage has been re-defined as the Manchester Living Wage and now aligns with the value set nationally (£9.00 per hour as of November 2019).

From April 2019, the lowest rate of pay for Manchester City Council employees will be 51p per hour greater than the Manchester Living Wage, £9.51 (£17,364), which reflects the agreed model of implementation of the 2019/20 NJC Pay Award.

Consistent with the Living Wage Policy, the Manchester Living Wage will continue to be reviewed annually in-line with a strategy of alignment to the real Living Wage.

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, accepting the judgement 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.

As of April 2019, the salary multiple between the highest paid officer (the Chief Executive) and the median rate for all officers within the scope of this policy is 8.17:1. This represents a reduction in the multiple as set out within the 2018/19 statement (8.33:1).

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 on a temporary basis.

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. The Council has made and implemented all the necessary adjustments required to assure compliance with the changes in relation to off-payroll working in the public sector (IR35) which came into effect from 6 April 2017.

Preventing Tax Evasion and Tax Avoidance

The Council is fully compliant with the rules governing the prevention of tax evasion. In addition to this, the Council is committed to taking no part in the aiding of any form of tax avoidance. Council employees must take care not to engage in contractual arrangements which could be perceived as being primarily designed to reduce the rate of tax paid by any person or company.

4. Remuneration

Salary levels for the workforce are set via analytical mechanisms in accordance with the Council's Pay Policy. The Personnel Committee is ultimately responsible for setting remuneration for all roles within the Council's organisational structures up to £100,000 and for making appropriate recommendations to Council, at and above that level. For roles up to SCP 51 (circa. £55,000), salary levels are set under the delegated authority of the Council's Constitution, whilst for more senior roles the Committee will approve or commend salary levels on an individual basis in line with the policy on remunerating chief officers set out below.

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 51 in the Council's pay and grading structure is set or recommended by the Council's Personnel Committee³. Salary levels are proposed or agreed in accordance with an analytical evaluation process within five pay bandings (with additional spot salary levels for the Deputy Chief Executive & City Treasurer and Chief Executive) as set out within the appendix to this Statement.

Senior Grades SS1-3 & SS55 were agreed for the financial year 2017/18 comprising of six incremental points, with a subsequent reduction to five and then four over the following two years. SS4 was agreed initially comprising of seven points, reducing to six and five respectively.

For the purpose of clarity, senior grade spine points have been renumbered for 2019/20 to account for the planned deletion of incremental points that has taken place over the previous two years. Grades for 2019/20 are included within the pay and grading structure appended below.

As agreed by the Personnel Committee in November 2017, with effect from 2018/19 progression through the incremental points within these grades is dependant on individuals demonstrating overall annual improvements in performance, measured by delivery against a set of corporate and directorate objectives which is set at the start of each year and covers a range of operational and strategic indicators which are monitored throughout the year.

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.

Bonus, Performance and Earn Back

The Council does not currently pay bonuses for chief officers within the scope of this statement (notwithstanding the link between incremental progression and pay noted above)

³ 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.

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 which may be payable for duties undertaken in connection with national elections and referenda (such as Parliamentary General Elections or national referenda) or elections undertaken on a regional basis (Greater Manchester Combined Authority Mayoral Election) 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. 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.

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.

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 2000 and 2006 and the Local Government Pension Scheme Regulations 2007 as agreed by the Council's 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.

Provisions in the Finance (No.2) Act 2017 changed the rules on the taxation of termination payments to remove the distinction between contractual and non-contractual payments in lieu of notice, effective from April 2018. The Council continues to comply with these requirements.

From April 2020 employers will be liable to pay Class 1A national insurance contributions on termination payments above £30,000 that are subject to income tax by the employee. The Council will fully comply with this requirement.

The Government is also 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 Enterprise Act which received Royal Assent in May 2016. However, there is still no clear timeline for the implementation of these provisions.

In addition, the Government is 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. It is expected that draft regulations and guidance will be issued for consultation with or just after the recovery regulations noted above are laid before Parliament. Again, there is no clear timeline for implementation here.

Alongside the above measures the government is introducing a new framework to ensure that a fair and appropriate level of compensation is provided for employees who are required to leave public sector jobs, whether on a mutually agreed or voluntary basis, or through compulsory redundancy. These reforms will apply to the majority of the public sector workforce, including civil servants, teachers, NHS workers, local government workers, armed forces personnel, police officers and firefighters. The main policy principles are:

- A maximum tariff for calculating exit payments of three weeks' pay per year of service. Employers could apply tariff rates below these limits.
- A ceiling of 15 months on the maximum number of months' salary that can be paid.
- A maximum salary on which an exit payment can be based. As a starting point the government will expect this to align with the existing NHS scheme salary limit of £80,000.
- A taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension age.

- Increase the minimum age at which an employee is able to receive an employer funded pension top up, so that this minimum age is closer to or otherwise linked more closely with the individual's normal pension age in the scheme in which they are currently accruing pension benefits or to which they would be entitled to belong if they were accruing benefits.
- Action to limit or end employer-funded early access to pension within exit packages. As part of an overall package the government will consider proposals appropriate to each workforce, including action to:
 - cap the amount of employer funded pension 'tops ups' to no more than the amount of the redundancy lump sum to which that individual would otherwise be entitled
 - remove the ability of employers to make such top ups altogether, or offer greater flexibility to employers as to the circumstances in which they are available.

The option to adopt the new framework across the sector on a voluntary basis has been available since summer 2017. However, much of the detail is still emerging, including how these areas will be incorporated into specific pension schemes, such as the Local Government Pension Scheme (LGPS). Once this emerges and is ratified, the Council will amend its approach accordingly to ensure it is compliant.

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 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.

In order to comply with the regulations in relation to gender pay gap reporting the Council figures will, in addition to publication in this Statement, also be submitted via the dedicated government portal for publication on the designated government website.

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

Detailed information on the equality make-up of the organisation's workforce is also available on the Council's website.

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 (£54,674 as of April 2019) beyond a 12 month period must also be approved by the 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. In April 2019 median salary will be £24,799.

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 51.

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

Appendix A: Pay & Grading Structure 2019/20

| Grade | SCP | Basic Pay | Grade | SCP | Basic Pay | Grade | SCP | Basic Pay |
|----------|---------|-----------|----------|----------|-----------|---------|---------|-----------|
| Grade 1 | 1 | £17,364 | Grade 7 | 26 | £29,636 | SS1** | 11 | 60,857 |
| | 1A* | £17,520 | | 27 | £30,507 | | 12 | 62,066 |
| Grade 2 | 2 | £17,711 | | 28 | £31,371 | | 13 | 63,307 |
| | 3* | £18,065 | | 29 | £32,029 | | 14 | 65,865 |
| Grade 3 | 4 | £18,426 | | 30* | £32,878 | | 21 | 68,526 |
| | 5 | £18,795 | | Grade 8 | 31 | | £33,799 | 22 |
| | 6* | £19,171 | 32 | | £34,788 | 23 | 71,295 | |
| Grade 4 | 7 | £19,554 | 33 | | £35,934 | 24 | 74,175 | |
| | 8 | £19,945 | 34 | | £36,876 | 31 | 78,715 | |
| | 9 | £20,344 | 35* | | £37,849 | 32 | 80,289 | |
| | 10 | £20,751 | Grade 9 | 36 | £38,813 | 33 | 81,895 | |
| 11* | £21,166 | 37 | | £39,782 | 34 | 87,217 | | |
| Grade 5 | 13 | £22,021 | | 38 | £40,760 | 41 | 95,953 | |
| | 14 | £22,462 | | 39 | £41,675 | 42 | 97,872 | |
| | 15 | £22,911 | | 40* | £42,683 | 43 | 99,829 | |
| | 17 | £23,836 | | Grade 10 | 41 | £43,662 | 44 | 101,827 |
| | 19* | £24,799 | 42 | | £44,632 | 45 | 105,940 | |
| Grade 6 | 21 | £25,801 | 43* | | £45,591 | 51 | 124,126 | |
| | 22 | £26,317 | Grade 11 | 44 | £46,851 | 52 | 127,357 | |
| | 23 | £26,999 | | 45 | £47,858 | 53 | 132,664 | |
| | 24 | £27,905 | | 46 | £49,078 | 54 | 142,582 | |
| | 25* | £28,785 | | 47* | £50,136 | DCX | 153,000 | |
| Grade 12 | 48 | £51,305 | | 48 | £51,305 | CEX | 202,878 | |
| | 49 | £52,410 | 49 | £52,410 | | | | |
| | 50 | £53,535 | 50 | £53,535 | | | | |
| | 51* | £54,674 | 51* | £54,674 | | | | |

* Progression subject to competency review

** Progression dependent on individuals demonstrating overall annual improvements in performance