

# Pay Policy Statement: 2018/19

## 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 2018/19 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 not been ratified 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 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.
- Unpaid volunteers or interns on work experience placements. Such placements and internships are intended to give students and recently qualified graduates experience of working in the public sector. These roles, which would not normally be expected to last longer than six weeks.

Once approved by the full Council, the Policy Statement will come into effect on 1<sup>st</sup> April 2018. 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 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 pay 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 2017/18, the Council has continued to respond to legislative and regulatory changes affecting the workforce and to monitor proposed changes. This includes new requirements in relation to gender pay gap reporting. The Council will ensure that it is cognisant of future legislation and will adhere to its requirements.

## **2. Context**

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

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

The Council's gross budget for 2018/20 is outlined in the reports considered by Executive on 7 February which details a continued commitment to the three-year budget strategy agreed last year. As of December 2017, approximately 6,051 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 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: delivering 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. A new People Strategy for the Council, Our People, has been developed as an initial step in this journey. 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.

After five years of restricted external recruitment and increasing demands there is a 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 will be 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 already moved to the new single health and social care commissioning function (MHCC) and more will be moving to the Local Care Organisation over the coming months. 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.

Work to strengthen the integration of 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 2008 the Council made the decision to adopt the Manchester Minimum Wage Agreement which defined the Council's policy with regard to its lowest paid employees. The main drivers that led to the creation of the Manchester Minimum Wage were the impact of the economic downturn, positive links between wage levels and all aspects of wellbeing, the Council's Community Plan objectives, and the direct contribution this strategy had on the Community Strategy vision. The Manchester Minimum Wage (MMW) has subsequently been reviewed and amended on a number of occasions with the rate of pay consistent with the UK Living Wage, as set by the Living Wage Foundation, since April 2014.

In September 2015 the Council developed a Living Wage Policy Statement which emphasised the organisation's support of the UK 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 (£7.83 from 1 April 2018) is below the current UK Living Wage (£8.75).

The 2018 review of the Manchester Minimum Wage has resulted in approval for this rate of pay increase to £8.75 per hour with effect from 1 April 2018, which retains its consistency with the UK Living Wage (see section on ***The Manchester Minimum Wage***).

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

### **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:

- The operation of the Manchester Minimum Wage Agreement, as amended, which sets out 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's 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 2018/19 a balance will need to be struck between any proposed increases in individual remuneration and the need to ensure that workforce expenditure remains in line with the agreed budget for the workforce set in the context of the increased Manchester Minimum Wage and market conditions.

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

The organisation's overarching strategy will be to ensure the cost of its workforce falls within the budget allocation agreed by the Council in March 2018 as part of the organisation's overall budget for 2018/19.

The Council remains committed to the national pay structure. At the time of writing national discussions are ongoing in relation to any pay award for the 2018/19 period and beyond. However, as and when any national agreement is reached, this will be reflected in the Council's 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.

The Council is required by law to carry out Gender Pay Reporting on an annual basis from April 2018 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 2017 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 the same remuneration 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 2017.

Table A: Gender Pay Gap

Gender Pay Gap (difference in hourly pay)		
	Mean	Median
Hourly Pay	9.1%	8.8%

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	40.3%	59.7%
Upper Middle Quartile	36.3%	63.7%
Lower Middle Quartile	39.2%	60.8%
Lower Quartile	21.4%	78.6%

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 with each Pay Quartile			
Hourly Pay Quartile	Male	Female	Mean GPG
Upper Quartile	22.55	21.88	2.99%
Upper Middle Quartile	15.07	15.23	-1.07%
Lower Middle Quartile	11.77	11.76	0.13%
Lower Quartile	8.79	8.59	2.24%

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 9.1% (as per Table A) is significantly below the mean gap for the UK of 17.4%<sup>1</sup>. However, the Council is committed to continuing to reduce this differential. As Table D above shows, gaps in pay are most pronounced in the bottom and top quartile and align closely with national trends<sup>2</sup>.

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 which are term-time-only. Employment in these positions follow 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 ageing 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.

<sup>1</sup> October 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures

<sup>2</sup> Source: Equality and Human Rights Commission, 2017 *The Gender Pay Gap*

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).

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 roll out of Universal ICT access to all staff to enable equal access to information including development opportunities and vacancies. In the past year this work has commenced with approximately 1,000 staff in the lowest paid (predominantly female) roles now having ICT access with this roll-out to continue and conclude during 18/19.
- A review of ways of working across the organisation to identify and promote increased flexibility in working practices which will act to support people to more effectively balance home and work commitments and drive increased flexibility as the norm in roles at all levels of the organisation. This activity is being progressed through the “Our Ways of Working” programme and supported by work as part of the Timewise Councils initiative. (An approach overseen by the LGA and Timewise to support Council’s to develop an improvement plan to strengthen flexibility of employment at all levels informed by national best practice.)
- Independent research into the experience of staff across the Council from all communities of identity and a review of best practice to support the development of an overarching plan to promote diversity in the workforce in terms of recruitment, retention, progression and engagement levels.
- 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.

### ***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 2017 is circa 50%, around 3,524 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 6,675 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 Minimum Wage***

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

The Manchester Minimum Wage was reviewed in early 2018, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the Council's Living Wage Policy Statement, the rate of the National Minimum Wage and the rates of the National and UK Living Wages at the time. Following this review, the Council's approach to remuneration for our lowest paid employees was revised in line with the below.

Grade 1 on Manchester's NJC pay spine consists of Spinal Column Points (SCP's) 6 and 7. SCP 6, has been agreed at a national level and is currently £15,014. This is paid as a 'new starter induction and training rate' for new employees and apprentices at levels 1-3 who have yet to complete their framework qualification.

SCP 7 is the Manchester Minimum Wage for fully fledged Council employees, and has been agreed at a national level at £15,115. The Council uses non-consolidated supplements to augment the NJC pay spine in order to increase this with a total rate of pay at this level of £15,420 payable from April 2018, which will equate to the current UK "Living Wage" rate of £8.75 per hour.

As noted above, discussions are ongoing in relation to a national pay award for the period 2018/19 and beyond. If, once determined, nationally agreed rates of pay at SCP 6 and 7 exceed these levels they will be increased accordingly.

The Manchester Minimum Wage will be reviewed annually, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the Council's Living Wage policy and the rates for the National Minimum Wage the rates of the National and UK Living Wages at the time and the Council's Living Wage Policy Statement.

## ***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 December 2017, 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 8.33:1. This represents no change in the multiple as set out within the 2017/18 statement.

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

### ***Interim Support***

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

Such individuals will be sourced through a relevant procurement process in line with legal requirements, financial regulations and standards and the Council's agreed processes. This will ensure the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service and full compliance with legal requirements. The Council has made all the necessary adjustments required to comply 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 57 (circa. £50,000), 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 57 in the Council's pay and grading structure is set or recommended by the Council's Personnel Committee<sup>3</sup>. Salary levels are proposed or agreed in accordance with an analytical evaluation process within five pay bandings (with a spot salary for the Chief Executive) as set out within the appendix to this Statement.

Senior Grades SS1-5 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. Grades for 2018/19 (each comprising five points) 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 will, ultimately, be dependant on individuals demonstrating overall annual improvements in performance, measured by delivery against a set of corporate and directorate objectives which would be set at the start of each year and cover a range of operational and strategic indicators which are monitored throughout the year.

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<sup>3</sup> 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.

However, to allow time for effective implementation, those not at the top of their grade band will progress automatically to the next incremental point in April 2018. Thereafter, individuals will work within the more structured annual framework of performance with progression in April 2019 reviewed against those objectives which will be set in April 2018.

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.

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

### ***Bonus, Performance and Earn Back***

The Council does not currently pay bonuses for chief officers within the scope of this statement (notwithstanding the link between incremental progression and pay noted above) 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 (Parliamentary and European Parliamentary elections or national referenda) or elections undertaken on a regional basis (Greater Manchester 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 2006 and the Local Government Pension Scheme Regulations 2007 as agreed by the Personnel Committee. The Council applies this policy to all employees and in all cases. Any changes to this policy, whether permanent or time limited, will be agreed by the Personnel Committee.

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

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

From April 2018 taxation arrangements in relation to termination payments will change in line with the provisions of the Finance Act (2) (2017). The Council will fully comply with these new requirements.

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 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 (£52,551 as of April 2018) 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. The current median salary is £23,398.

### **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

Appendix: Pay & Grading Structure  
2018/19

Grade	SCP	Basic Pay (including MMW Supplement)
Grade 1	6	£15,014
	7	£15,968
Grade 2	8	£16,187
	9	£16,296
	10	£16,406
	11	£16,515
Grade 3	12	£16,734
	13	£16,844
	14	£16,953
	15	£17,072
	16	£17,419
Grade 4	17	£17,772
	18	£18,070
	19	£18,746
	20	£19,430
	21	£20,138
	22	£20,661
Grade 5	23	£21,268
	24	£21,962
	25	£22,658
	26	£23,398
Grade 6	27	£24,174
	28	£24,964
	29	£25,951
	30	£26,822
	31	£27,668

Grade	SCP	Basic Pay
Grade 7	32	£28,485
	33	£29,323
	34	£30,153
	35	£30,785
	36	£31,601
Grade 8	37	£32,486
	38	£33,437
	39	£34,538
	40	£35,444
	41	£36,379
Grade 9	42	£37,306
	43	£38,237
	44	£39,177
	45	£40,057
	46	£41,025
Grade 10	47	£41,967
	48	£42,899
	49	£43,821
Grade 11	50	£45,031
	51	£46,000
	52	£47,172
	53	£48,189
Grade 12	54	£49,313
	55	£50,375
	56	£51,455
	57	£52,551

Grade	SCP	Basic Pay
SS1	12	£58,494
	13	£59,656
	14	£60,849
	15	£62,066
	16	£63,308
SS2	22	£65,865
	23	£67,183
	24	£68,526
	25	£69,897
	26	£71,295
SS3	32	£75,659
	33	£77,172
	34	£78,715
	35	£80,289
	36	£83,830
SS4	42	£92,227
	43	£94,072
	44	£95,953
	45	£97,872
	46	£99,830
SS5	47	£101,826
	52	£119,306
	53	£122,412
	54	£127,513
	55	£131,723
CEX	56	£137,045
	61	£195,000