
**Manchester City Council
Report for Resolution**

Report to: Personnel Committee – 8 March 2017

Subject: Pay Policy Statement 2017/18

Report of: Chief Executive

Summary

This report introduces the draft Manchester City Council Pay Policy Statement for 2017/18 and seeks approval of the statement by the Committee prior to its agreement by Council.

The detail of posts evaluated at the SS4 level and above through the recent analytical senior job evaluation process are also set out for approval and endorsement to Council.

The statement is cognisant of the organisational context and the impact of the 2017/18 budget. It sets out the direction of travel in relation to pay for Manchester's officers for the year ahead and details how this will support the delivery of the City Council's aims and objectives.

The statement has been developed to comply with the legal requirement set out under section 38 (1) of the Localism Act 2011 and takes account of the outcomes of the senior pay and grading review undertaken in late 2016.

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

Recommendations

Members are asked to:

1. Note the content of the draft Pay Policy Statement and commend it for approval by the Council at its meeting on 22 March 2017.
2. Note the organisation's Pay and Grading Structure for the financial year 2017/18 appended to the Pay Policy Statement and commend it for approval by the Council at its meeting on 22 March 2017.
3. Recommend for approval by Council at its meeting on 22 March 2017 the grading of posts in the top bands of the Senior Pay and Grading Structure, as set out in paragraphs 3.3 - 3.6 of this report, with these salaries effective from 1 April 2017.

WARDS AFFECTED: All

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The Council's most senior managers drive the work of the organisation to transform and deliver its obligations and objectives. The Pay Policy Statement proposed sets out arrangements which seek to balance the need for the proper remuneration of its employees to attract and retain the skills needed to deliver the organization and City's objectives (Our Manchester) 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.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue and Capital budgets - None

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Background Documents

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

- Report to Personnel Committee, 03 February 2016: *Pay Policy Statement*
- Report to Personnel Committee, 12 December 2016: *Senior Pay and Grading*
- Report to Personnel Committee, 08 February 2017: *Manchester Minimum Wage*

1.0 Introduction

- 1.1 Under section 38 of the Localism Act 2011, local authorities are required to publish a 'Pay Policy Statement' on an annual basis, focused on senior employees. Approval of the Statement cannot be delegated. The Act sets out that a Pay Policy Statement must include:
- A local authority's policy on the level and elements of remuneration for each chief officer¹.
 - A local authority's policy on the remuneration of its lowest-paid employees (together with its definition of "lowest-paid employees" and its reasons for adopting that definition)
 - A local authority's policy on the relationship between the remuneration of its chief officers and other officers
 - A local authority's policy on other specific aspects of chief officers' remuneration: remuneration on recruitment, increases and additions to remuneration, use of performance-related pay and bonuses, termination payments, and transparency.
- 1.2 The scope of the Pay Policy Statement excludes all staff employed in schools.
- 1.3 The Council's current Pay Policy Statement was commended by this Committee on 3rd February 2016 and approved by Council on 16 March 2016.
- 1.4 The Statements of previous years have provided a strong framework for effective governance and transparency with regard to pay and remuneration. The intention is to continue and strengthen these arrangements through the 2017/18 Statement.
- 1.5 The 2017/18 Pay Policy Statement is aligned to the overall priorities, activities and context of the organisation and wider public sector, and seeks to provide transparency around decisions affecting pay and remuneration in this context.
- 1.6 The Pay Policy Statement forms a key component of the organisation's approach to managing its workforce in general and recognition and reward in particular and will be a key contributor to the priorities set out in this area within the new developing People Strategy.
- 1.7 The Statement is one element of the organisation's overarching approach to transparency and accountability. It is supported by comprehensive information on the organisation's structure and the salary for senior posts which is available on the Council's website and updated on at least an annual basis.

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

2.0 The Pay Policy Statement

- 2.1 The draft Pay Policy Statement for 2017/18 is appended to this report. The statement summarises the organisation's approach to pay and remuneration for the year ahead in a number of key areas and sets this within the organisational and national context.
- 2.2 The Statement does not set policy, but rather summarises the approaches already endorsed by this Committee and seeks to bring together key information in one place for clarity. It will act to help this Committee and the wider public hold the organisation to account for its pay related decisions for the year ahead.
- 2.3 The Pay Policy Statement includes information on the Authority's salary multiple, the ratio between the highest paid officer (the Chief Executive) and the median rate for all officers within the scope of the Statement. As at January 2017 this ratio is 8.33:1. This represents a reduction in the multiple from 8.89:1 as set out within the 2016/17 statement.
- 2.4 The Localism Act is clear that the statement must be approved by the Council and approval is sought to present the draft statement to Council for endorsement later this month.
- 2.5 Once approved, the Pay Policy Statement will come into effect on 1 April 2017, being subject to review at least annually through this Committee and, ultimately, Council. Any necessary amendments to the policy in-year will be agreed by the Council.

3.0 Senior Pay and Grading

- 3.1 In August 2016 Personnel Committee requested that an analytical job evaluation scheme for all senior officers above Grade 12 be conducted, with recommendations for senior salaries to be submitted to Personnel Committee and where appropriate to Council for approval. – This represents a significant change to the way senior roles are evaluated and creates a consistency across arrangements for all positions on the organisational structure. 3.2. Following work to develop a scheme and structure suitable for the organisation a proposal was submitted to the Personnel Committee in December 2016. The proposed approach was developed to be fair, transparent and affordable.
- 3.2 Following consultation with staff the final pay structure is included as an appendix to the Pay Policy Statement for approval. The Statement also incorporates a commitment to use an analytical evaluation process to evaluate all senior roles going forward and to determine proposed rates of pay. The creation of such roles will, however, remain subject to the endorsement of this Committee and, in the case of posts graded at the SS4 level and above (where remuneration may exceed £100K) full Council.

- 3.3 As noted by this Committee on 12th December, the approach to incremental progression through the scheme will be subject to consultation with the Trade Unions during 2017 and will be referred back to this Committee for approval once consultation is completed.
- 3.4 The following posts require approval by Council as they have been evaluated at Band SS4, the top of which exceeds £100,000.
- Assistant Chief Executive
 - Deputy City Treasurer
 - Deputy City Solicitor
 - Director of Neighbourhoods
 - Director of Highways
 - Director of HR & OD
 - Deputy Director of Children's Services
 - Deputy Director of Adult Social Services
 - Director of Capital Programmes & Procurement
- 3.5 The following posts have been evaluated within Band SS5, the whole of which exceeds £100,000. In some instances this reflects a change in remuneration which requires the approval of Council:
- **SS5 Point 51** – Chief Information Officer* & Director of Education and Skills
 - **SS5 Point 53** – Strategic Director (Development)
 - **SS5 Point 54** – Joint Director of Health and Social Care, Strategic Director of Children's Services, Strategic Director of Adult Social Services, City Solicitor & Deputy Chief Executive (Growth & Neighbourhoods)
 - **SS5 Point 55** – City Treasurer, Deputy Chief Executive (People, Policy and reform) & Town Hall Programme Director
 - **CEX Rate** – Chief Executive

* An additional market rate supplement of £58,686 is paid in relation to the post of Chief Information Officer.

4.0 Comments of the Deputy Chief Executive (People, Policy & Reform)

- 4.1 I have been consulted on the draft Pay Policy Statement for 2017/18 and am confident that it will continue to provide an effective and open framework for the management of pay to senior officers across the authority.

5.0 Comments from the Trade Unions

To follow.

6.0 Conclusion

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

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

- 6.2 Members are asked to note content of draft Pay Policy Statement and commend it for approval by the Council at its meeting on 22 March 2017

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Pay Policy Statement: 2017/18

1. Introduction and Purpose

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

This document provides Manchester's statement for the 2017/18 financial year in response to the Act within sections 3 and 4. This is set within the current national, local and organisational context in section 2 and linked to relevant information published on the Council's website and within the Annual Statement of Accounts in section 5. The Council's intention is to work to enhance transparency and clarity with regards to its people related policies and further background information will be made available when possible.

The Personnel Committee of the Council is responsible, on behalf of the full Council, for ensuring the provisions set out in this Statement are applied consistently throughout the Council. They will recommend any amendments they consider appropriate to the full Council for consideration. The Personnel Committee will also refer 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 indicated later in this document, the Government are proposing to cap public sector severance payments at £95,000, with current draft regulations indicating that these will be subject to a right for full Council to grant waivers in exceptional circumstances. The Council's approach will be revised to ensure adherence to this cap when any such cap is implemented.

Scope of this Policy

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

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

- 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 1st April 2017. 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 pay discrimination within its pay structures and that all pay differentials can be objectively justified. Where relevant, legislative obligation will supersede the approach and principles outlined in this statement, for example where terms and conditions are preserved as a result of contracts of employment transferring under TUPE.

During 2016/17, 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, the Manchester Strategy, and driving the ambitions of the Greater Manchester City Region.

The Council's gross budget for 2017/18 is outlined in the reports considered by Executive on the 8th February 2017, and is comparable to many large public and private sector organisations. As of December 2016, approximately 6,005 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 Council is setting a three year budget and the volume of workforce reductions over this period are likely to be more manageable. However, the scale of change required will be even greater.

Our Manchester and Our People

The Our Manchester Strategy sets out a shared ambition for city for the next 10 years. 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 behaviours across the organisation and work in partnership with staff to create an organisation where everyone feels inspired, connected and empowered.

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 as part of the *Our People* strategy and new opportunities including the apprenticeship levy.

Public Service Reform

Changes in Health and Social care will have a profound impact on a large number of staff. A significant number will be moving into the Local Care Organisation and the single health and social care commissioning function. 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 particularly 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 and Greater Manchester.

In 2008 the Council made the decision to adopt the Manchester Minimum Wage Agreement which defined the Council's policy with regard to its lowest paid employees. The main drivers that led to the creation of the Manchester Minimum Wage were the impact of the economic downturn, positive links between wage levels and all aspects of wellbeing, the Council's Community Plan objectives, and the direct contribution this strategy had on the Community Strategy vision. The Manchester Minimum Wage (MMW) was subsequently reviewed and amended in 2012, 2014, 2015 and 2016 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 (£7.50 from 1 April 2016) is below the current UK Living Wage (£8.45).

The 2016 review of the Manchester Minimum Wage has resulted in approval for this rate of pay increase to £8.45 per hour with effect from 1 April 2017, 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 2017 to 2018

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

- The operation of the Manchester Minimum Wage Agreement, as amended, which sets out the Council's policy with regard to its lowest paid employees (see below) and acts to encourage fair remuneration practices across the City.
- Delivery of its People Strategy, 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
 - 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 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 2017/18 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 2017 as part of the organisation's overall budget for 2017/18. In May 2016 pay awards covering both the 2016/17 and 2017/18 financial years were confirmed for NJC employees as well as those covered by other conditions of service. These agreements have been accounted for within the organisation's budget for 2017/18.

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

Employment and the City

As a major employer in the City and the wider City Region, the Council is committed to reflect its broad social and economic policies in its employment strategy. It does so through the Manchester Minimum Wage (see below), 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 2016 is circa 51%, around 3,570 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 96%, around 6,755 individuals

Shared Services

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

The Manchester Minimum Wage

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

The Manchester Minimum Wage was reviewed in early 2017, 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 at £15,014 from April 2017 and 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 2017, which equates to the current UK "Living Wage" rate of £8.45 per hour.

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

Enabling Employees

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.

Employee Cost and Salary Ratios

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

As of April 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 will be 8.33:1. As of January 2017, this represents a reduction in the multiple from 8.89:1 as set out within the 2016/17 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'.

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 will make any changes to current arrangements necessary to comply with the proposed changes in relation to off-payroll working in the public sector announced in the Autumn Statement and anticipated to form part of the 2017 Finance Bill, changes to which are expected to come into effect on 6 April 2017 and will apply to payments made on or after that date.

Preventing Tax Avoidance

The Council will comply with changes in relation to off-payroll working in the public sector and will take care when engaging people essentially to perform the role of an employee to avoid, where possible, contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively controlled by him or her. There will be an online HM Revenue and Customs tool to help the authority determine this, however at the time of drafting this is not yet available.

4. Remuneration

Salary levels for the workforce are set via analytical mechanisms in accordance with the Council's Pay Policy. For the vast majority (98%) of the workforce, pay is set through a delegated power from the Personnel Committee. Future amendments will

be subject to a resolution of the Personnel Committee. This group includes those appointed to roles evaluated at spinal points (SCP) 6 to 57 (£52,551).

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, salary levels are set under the delegated authority of the Council's Pay Policy, 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 nontaxable 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 Committee². Salary levels are proposed or agreed in accordance with an analytical evaluation process across five pay bandings (with a spot salary for the Chief Executive) as set out within the appendix to this Statement. Incremental progression through the bandings will not require separate approval from Personnel Committee or Council. The scheme for progression through the incremental grades will be consulted on during the coming year and the Pay Policy Statement will be amended to reflect the agreed scheme in 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, operate a performance related pay system or Earn-Back (withholding an element of base pay related to performance) for chief officers within the scope of this statement as it believes that it has sufficiently strong performance management arrangements in place to ensure high performance from its senior officers. Any areas of under-performance are addressed rigorously.

Election Fees

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

It should be noted that any fees 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

² 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.

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.

The Government is seeking to introduce legislation to require senior officers in the public sector (those earning over £80,000) to repay termination payments in the event that they return to the public sector within a prescribed period, which is currently proposed as 12 months. The enabling provisions are set out in the Enterprise Act which received Royal Assent in May 2016. The Council will ensure it is compliant with the Enterprise Act, once the detailed provisions to be implemented

through regulations come into effect. These regulations are expected to be laid before Parliament in early 2017.

The Government is also proposing to introduce a cap on public sector exit payments of £95,000 (including the capital cost of unreduced pension benefits for staff aged 55 or above). The proposal is that this cap would be subject to a right for Council to grant waivers in exceptional circumstances. It is expected that new draft regulations and guidance will be issued for consultation with or just after the recovery regulations noted above are laid before Parliament.

Alongside the above measures the government is to introduce 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 proposals 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.

Once the precise details of the above proposals are known, the Council will amend its approach accordingly to ensure it is compliant and secure the appropriate approval, which is likely to be via the Personnel Committee.

Flexible Retirement

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

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

Re-engagement

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

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

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

5. Publication

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

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

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

Glossary of Terms

Chief Officer (statutory definition)

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

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

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

Flexibility Payment

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

FTE - Full Time Equivalent

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

Honorarium

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

Any honorarium must be approved by the City Treasurer before being paid, and is approved for a set period of time. Any honorarium taking the overall remuneration of an individual above the top of Manchester's Grade 12 (£52,551 as of April 2017) 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 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 2017/18

Grade	SCP	Basic Pay (including MMW supplement)			
Grade 1	6	£15,014	Grade 7	32	£28,485
	7	£15,420		33	£29,323
Grade 2	(MMW)		Grade 8	34	£30,153
	8	£15,639		35	£30,785
	9	£15,749		36	£31,601
Grade 3	10	£15,858	Grade 9	37	£32,486
	11	£15,968		38	£33,437
	12	£16,187		39	£34,538
	13	£16,491		40	£35,444
	14	£16,781		41	£36,379
Grade 4	15	£17,072	Grade 10	42	£37,306
	16	£17,419		43	£38,237
	17	£17,772		44	£39,177
	18	£18,070		45	£40,057
	19	£18,746		46	£41,025
	20	£19,430		47	£41,967
Grade 5	21	£20,138	Grade 11	48	£42,899
	22	£20,661		49	£43,821
	23	£21,268		50	£45,031
	24	£21,962		51	£46,000
	25	£22,658		52	£47,172
Grade 6	26	£23,398	Grade 12	53	£48,189
	27	£24,174		54	£49,313
	28	£24,964		55	£50,375
	29	£25,951		56	£51,455
	30	£26,822		57	£52,551
	31	£27,668			

Grade	Point	Basic Pay
SS1	11	£ 57,340
	12	£ 58,494
	13	£ 59,656
	14	£ 60,849
	15	£ 62,066
SS2	16	£ 63,308
	21	£ 64,574
	22	£ 65,865
	23	£ 67,183
	24	£ 68,526
SS3	25	£ 69,897
	26	£ 71,295
	31	£ 74,175
	32	£ 75,659
	33	£ 77,172
SS4	34	£ 78,715
	35	£ 80,289
	36	£ 83,830
	41	£ 90,419
	42	£ 92,227
SS5	43	£ 94,072
	44	£ 95,953
	45	£ 97,872
	46	£ 99,830
	47	£ 101,826
CEX	51	£ 117,314
	52	£ 119,306
	53	£ 122,412
	54	£ 127,513
	55	£ 131,723
	56	£ 137,045
	61	£ 195,000