

**Manchester City Council  
Report for Resolution**

**Report to:** Personnel Committee – 15 November 2017

**Subject:** Senior Pay & Grading Update

**Report of:** Director of HROD

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**Summary**

On 12 December 2016 Personnel Committee approved a new senior pay and grading structure with effect from April 2017, subject to completion of the required consultation with individual members of staff, amendment to the Council's Pay Policy Statement and approval by Council of grades where remuneration is or could exceed £100k. At this meeting, commitment was given to submit a further report to Personnel Committee on arrangements for progression through incremental points on the new pay scales following wider consultation.

This report provides an update on progress to date on senior Job Evaluation, and sets out a proposed progression model to be applied to senior pay grades as a basis for consultation.

**Recommendations**

Personnel Committee are requested:

1. To note progress to date on implementing the new senior pay structure.
  2. To agree arrangements for incremental progression contingent, as set out in the body of the report.
  3. To agree that applicable post-holders may progress to the next incremental point in their assigned grade (subject to the grade maximum) in April 2018, and that 2018/19 is to develop and roll-out the performance management framework, to be linked to progression from 2019/20.
  4. To agree specific measures for consideration of incremental progression for new entrants appointed part-way through the calendar year, as set out in the body of the report.
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**Wards affected:** All

**Financial considerations – Revenue:**

The introduction of performance related progression will result in a net additional cost of up to £200k for 2018/19 and a potential further £200k from 2019/20 dependent on the number of people who progress. This will be funded from within the existing

senior pay budgets, including the deletion of two senior posts and the annual allowance made for pay awards.

**Financial considerations – Capital:** None

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**Background documents (available for public inspection):**

Personnel Committee: 12 December 2016 - *Senior Pay & Grading*

Personnel Committee: 8 March 2017 - *Pay Policy Statement 2017/18*

Council: 22 March 2017 - *Pay Policy Statement 2017/18*

Personnel Committee: 26 July 2017 - *Senior Management Team Senior Restructure Implementation*

**Implications for:**

**Anti Poverty Equal Opportunities**

No

Yes

**Environment**

No

**Employment**

Yes

## 1. Introduction

- 1.1 During Autumn 2016 the Council undertook an analytical job evaluation (JE) exercise for every post above Grade 12 (SCP 57), to provide assurance and transparency as to the way that pay is determined for senior management posts. Each post was rated consistently in line with equal pay principles using an approved independent evaluation scheme.
- 1.2. The JE scheme used information from a questionnaire completed by the job-holder, and validated by their manager, to look at four key characteristics within the job:
- (i) **Knowledge** · Technical depth · Breadth and diversity of service managed: Integration with other organisations
  - (ii) **Challenge and discretion** · Nature and variety of problems · Planning timescales and scope to develop new solutions: Level of discretion
  - (iii) **Impact** · Nature of impact - effect of job across the organisation and community: Managerial responsibility
  - (iv) **Responsibility for resources** · Freedom to take action · Area affected by job, e.g. resources managed.
- 1.3 On 12 December 2016 Personnel Committee approved a new senior pay and grading structure with effect from April 2017, subject to completion of the required consultation with individual members of staff, amendment to the Council's Pay Policy Statement and approval by Council of grades where remuneration is or could exceed £100k. The necessary approvals were granted and new grades and rates of pay were applied with effect from 1 April 2017. On 26 July a report to this Committee confirmed that the full evaluation process had concluded, including the resolution of the small number of appeals that were received.

## 2. Implementation of New Grades and Pay

- 2.1 The Chief Executive post was assigned to Grade SS6 on a 'spot' salary. The remaining ranked order of posts were divided into logical management bands to recognise and reflect management tiers. New grades for SS1 - 5 were developed through this exercise, with incremental progression to manage the transition from previous spot salaries and to support building a performance management culture. Each of the grades comprise an initial six incremental points, to be reduced progressively to five and then four spine points over a three year period, by deleting the first spine point in each grade band in year two, and then the penultimate spine point in each grade band in year three.
- 2.2 As part of staff engagement a series of staff briefings took place in November 2016, prior to evaluation scores being communicated to post holders via line managers in December. As far as possible, dependant on the evaluation score, post holders were assimilated to the closest spine point to their

previous salary and there was no loss of pay as a result of JE. In a small number of cases where the new grades could not accommodate previous pay levels, individuals were appointed at the top of the grade band they were assimilated into, and pay protection of up to three years was applied.

- 2.3 In January 2017 the JE outcomes and resultant impacts on pay were confirmed by letter, including a right of access to a 3-stage appeal process. Of the 124 posts evaluated 10 post holders exercised their right of appeal, which were re-evaluated by an external provider. Of the appeals lodged, 3 were withdrawn, 3 were upheld and 4 were dismissed. Each of the three upheld appeals resulted in a change in evaluation score, but as two of the amended scores remained within their original band parameters, only one of the appeals resulted in a change in overall grade.
- 2.4 In January 2017, a number of HR&OD staff were trained to operate the LGA Senior Management Job Evaluation Scheme by the scheme designer. On completion of the JE exercise, responsibility for grading senior posts passed to the Council's Workforce Change Team, who now analyse and evaluate all senior posts, under the professional direction of the Director of HR & OD, and make recommendations on grades to Personnel Committee and, where required, seek approval from Council.
- 2.5 The grade structure is set out below; it should be noted that salaries beyond 2017/18 are based on current pay levels and may be subject to change arising from pay awards negotiated nationally.
- 2.6 The spine points provide scope for individuals not assimilated at grade maximum to be progressed within each grade. Whilst there are a number of spine points within each grade, there is no 'automatic' entitlement to an 'annual' increment. It was explained to staff at briefings during November 2016 that arrangements for progression through the grade band would be the subject of further development and consultation, more of which is explained in section 3.

Grade	Point	2017/18	2018/19	2019/20
SS1	11	£ 57,340		
	12	£ 58,494	£ 58,494	£ 58,494
	13	£ 59,656	£ 59,656	£ 59,656
	14	£ 60,849	£ 60,849	£ 60,849
	15	£ 62,066	£ 62,066	
	16	£ 63,308	£ 63,308	£ 63,308
SS2	21	£ 64,574		
	22	£ 65,865	£ 65,865	£ 65,865
	23	£ 67,183	£ 67,183	£ 67,183
	24	£ 68,526	£ 68,526	£ 68,526
	25	£ 69,897	£ 69,897	
	26	£ 71,295	£ 71,295	£ 71,295
SS3	31	£ 74,175		
	32	£ 75,659	£ 75,659	£ 75,659
	33	£ 77,172	£ 77,172	£ 77,172
	34	£ 78,715	£ 78,715	£ 78,715
	35	£ 80,289	£ 80,289	
	36	£ 83,830	£ 83,830	£ 83,830
SS4	41	£ 90,419		
	42	£ 92,227	£ 92,227	£ 92,227
	43	£ 94,072	£ 94,072	£ 94,072
	44	£ 95,953	£ 95,953	£ 95,953
	45	£ 97,872	£ 97,872	£ 97,872
	46	£ 99,830	£ 99,830	
	47	£ 101,826	£ 101,826	£ 101,826
SS5	51	£ 117,314		
	52	£ 119,306	£ 119,306	£ 119,306
	53	£ 122,412	£ 122,412	£ 122,412
	54	£ 127,513	£ 127,513	£ 127,513
	55	£ 131,723	£ 131,723	
	56	£ 137,045	£ 137,045	£ 137,045
SS6	61	£ 195,000	£ 195,000	£ 195,000

- 2.7 One of the key pieces of staff feedback included concerns expressed over the pace at which job evaluation was introduced last year, thus it is important that sufficient time is factored in to allow the new progression arrangements to be developed, communicated and implemented. For this reason a Senior JE Reference Group, comprising a cross-section of staff in scope and the Joint Trade Union Secretary, met and continues to meet, to provide comment and insight on the new arrangements for evaluation, grading and pay.
- 2.8 It is important that reward arrangements are seen to be fit for purpose, to assist the Council in attracting and retaining the best talent to meet the high ambition for the City and driving performance. Given the experiences shared by staff in consultation meetings on how job evaluation was applied, we have recognised the importance of consulting on and communicating arrangements to allow incremental progression and support the planned deletion of the bottom point in each grade. The Senior JE Reference Group will continue to play a key part in developing and sustaining arrangements for incremental progression.
- 3. Performance Management and Incremental Progression**
- 3.1 It was agreed within the original proposals that a mechanism for performance assessment would be determined to inform progression through the grades. New arrangements proposed for incremental progression are being developed

in consultation with the Council's Strategic Management Team, the Senior JE Reference Group and the Trade Unions. It is important to note that pay progression is not being designed to operate as unadulterated performance related pay, as individuals are appointed to a salary within the evaluated grade for the post. However progression to the succeeding (fixed) increment will be determined by performance in post. This approach expands on the principle of performance-based progression which is enshrined between grades 1 - 12, where progression beyond the penultimate spinal column point is conditional upon a successful outcome of a competency assessment, and will support the Council's aim to establish and embed a culture of performance management.

- 3.2 In addition to day-to-day management of services, individuals and teams, a key requirement of all senior management roles is responsibility for overseeing and enabling the performance and development of their employees. Performance management underpinned by training and development processes, business and workforce planning and succession planning will support improvement, innovation and change across Manchester through individuals and groups taking responsibility for the continuous improvement of services, and of their own skills, behaviours and contribution.
- 3.3 The People Strategy, Our People, sets a clear ambition for how the organisation will develop and the change the workforce will experience over the coming years, which will be critical to the achievement of the city's objectives. The Council recognises that employees are more engaged and perform most effectively when they have clear expectations of their job role and purpose, their own targets and objectives, together with an understanding of the wider aims of the service and the strategic goals of the Council. As part of the People Strategy approved by Personnel Committee on 11 January 2017, About You, was introduced as the new appraisal system to support and develop staff working in a modern, flexible organisation.
- 3.4 As a principal, grade progression will be contingent on 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. Objectives would cover a range of operational and strategic indicators, on a "balanced scorecard" approach including, for example:
- Meeting or exceeding service delivery objectives in a manner consistent with Our Manchester behaviours.
  - Evidencing quality core delivery indicators (budgetary and establishment control, staff training delivery including leadership, effective sickness absence management and management development, compliance with core business planning processes e.g. service plans and staff About You completion).
  - Staff engagement measures.
  - Demonstrating a corporate contribution outside of normal service leadership role.
- 3.5 To ensure consistency of approach all performance discussions would be completed in line with the About You framework, to support a rounded

- assessment of the individual's role, performance, aspirations, wellbeing and development needs.
- 3.6 A decision on readiness for incremental progression would be made in the final quarter of each year, supported by a review against the criteria set out above. For example, objectives would be set in April; there would be ongoing dialogue through performance management across the year, followed by formal consideration of performance in January. Advancement to the next spine point in the grade from the following April would be subject to demonstrable improvement across the four core areas. To ensure consistency of approach, participants would be responsible for collating their portfolio of evidence each year to inform the assessment and to demonstrate an audit trail between objectives set and tangible achievements/contribution.
- 3.7 If overall improvement is demonstrated a recommendation will be made for the individual to proceed to the next spine point in the grade with effect from 1 April in the upcoming year. It should be noted that there is no incremental progression for 2017/18.
- 3.8 If improvement is not evidenced the individual remains on their current spine point. If the individual is on spinal point 5, at the time when this spine point is deleted (in 2019/20), then they will maintain the salary equivalent to the obsolete spine point until they are assessed as suitable for progression to the next point, the following year. Continued non-achievement of objectives may result in performance management processes being applied.
- 3.9 The process will be validated and quality assured through a number of measures:
- 3.9.1 Benchmark indicators of organisational expectations for performance at each grade level, have been developed, to ensure that objectives set are fair, appropriate and consistent in application, relative to levels across the senior management cohorts.
- 3.9.2 All staff participating in the scheme will receive skills training on the process of setting and measuring objectives to the full senior management cohort, including particular development in having difficult conversations and managing performance.
- 3.9.3 A 'Grandparent' system, where the manager's manager for endorses the sign-off objectives at the start of the process and the evaluation of outcomes at the assessment stage. Strategic Directors retain ultimate accountability for process completion and quality for assessment of all senior post-holders within their directorates. The exception to this arrangement would be for posts that report direct to the Chief Executive, for which the Chief Executive will have full sign-off responsibility.
- 3.9.4 There will be bespoke arrangements agreed for staff on secondment - Council staff seconded to partner organisations will continue to be paid by Manchester City Council and remain subject to arrangements for performance

management and incremental progression. In these circumstances, there needs to be clarity around the parties agreeing the objectives, and who acts as the “grandparent”.

3.9.5 The Senior JE Reference Group will act as a corporate moderation panel to quality assure proposed outcomes. The moderation panel would be a sub-group of SMT, chaired by the Director of HR & OD and would be responsible for:

- Ensuring compliance with the process
- Validating the evidence provided as a basis for progression
- Overseeing outcomes by directorate and equality group for example gender, ethnicity or age, including analysing trends and making recommendations to SMT to deal with any issues arising.

#### **4. Timescales**

- 4.1 The new pay structure was applied with effect from 1 April 2017. As stated above, the grade structure is planned to transform over three years from an initial six incremental points, to five and then four spine points by deleting the first spine point in each grade band in 2018, and then the penultimate spine point in each grade band in 2019.
- 4.2 The primary purpose of introducing arrangements for incremental progression through an assessment of performance against a set of corporate and directorate objectives is to encourage and develop a culture of performance, of achieving personal objectives and of striving to be the best working through the Our Manchester behaviours.
- 4.3 Whilst there has been a corporate appraisal mechanism in place for a number of years, with the About You approach rolled in early 2017, there is unlikely to be sufficient time for the additional criteria which would inform the decision on whether to award an increment to be finalised and matured by the end of this calendar year, which would be the timeframe for commencing assessments. Furthermore it is good practice and makes practical sense for all of the performance standards and benchmarks to be set prior to the implementation of the scheme.
- 4.4 In order to introduce and embed performance-based progression, with an emphasis on staff participating in the design, development and implementation of the scheme, it is proposed that the scheme is soft-launched in January 2018, through assessments conducted using the individual (service-based) performance objectives set for 2017-18, and data from the existing workforce dashboards to inform consideration of performance.
- 4.5 For the inaugural year only, it is recommended that incremental progression is not contingent on the performance assessment, but that the process and assessments conducted in January 2018 are used as a practice run for full roll-out with effect from April 2018. It is felt that this approach provides a sensible compromise between allowing sufficient time to introduce the scheme properly, providing a reasonable interval within which to gauge performance

on objectives that have been set in the correct context - driving performance and influencing pay. Thereafter any staff assessed who are not deemed to have attained the required standard to progress to the next increment within their grade, will remain on their existing spine point (at least) until consideration for the following year takes place. Clearly a facility to withhold progression for 2018-19 could be built in, allied to other management action, in cases where there were fundamental concerns about individual performance.

- 4.6 The performance assessment process will normally run from April to March, with the decision on suitability for progression to the next increment taken during Quarter 4 (January – March). It is also necessary to agree a position on treatment of new starters or staff who gain promotion, to ensure they are not put at a financial disadvantage. As annual assessments for the following year will normally be conducted after Quarter 3 (early in the calendar year), it is proposed that new entrants must serve at least 3 full quarters before they can be considered eligible for incremental progression by assessment – e.g. –
- New entrants starting in Q2 (July – September) would be assessed in Q2 the following year and progress, if applicable from July.
  - New entrants starting in Q3 (October – December) would be assessed in Q3 the following year and progress, if applicable from October.
  - New entrants starting in Q4 (January – March) would be picked up in the ‘normal’ cycle in the following year.

## **5. Conclusion**

- 5.1 The senior pay structure is embedded; the Council has developed internal capacity to design and grade posts going forward. The next steps, to develop pay progression underpinned by a culture of performance management is critical. This report outlines the proposed approach and timescale for its implementation for consideration and agreement by Personnel Committee.

## **6.0 Key Policies and Considerations**

### **(a) Equal Opportunities**

A full Equality Impact Assessment was undertaken prior to the implementation of the Senior JE scheme. As noted above, the Senior JE Reference Group will consider any equality implications arising from the annual progression process.

### **(b) Risk Management**

None

### **(c) Legal Considerations**

The provision of a transparent pay structure, buttressed by a robust job evaluation scheme, and with potential for career progression ensures that

appropriate talent is attracted and maintained, and demonstrates a fair approach to pay.

## **7.0 Comments of the Director of HROD**

- 7.1 The proposed approach outlined above represents an important opportunity to embed performance management and a culture of continuous improvement into the organisation's senior pay and grading structure. Taking time to implement this approach in partnership with staff is important and will be critical to the overall success of these new arrangements.

## **8.0 Trade Union Comments**

To follow