

Manchester City Council Report for Resolution

Report to: Personnel Committee – 11 March 2020

Subject: Pay Policy Statement 2020/21

Report of: Deputy Chief Executive & City Treasurer

Purpose of Report

This report introduces the draft Manchester City Council Pay Policy Statement for 2020/21 and seeks approval of the statement by the Committee prior to its agreement by Council.

The statement is cognisant of the organisational context and the impact of the 2020/21 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 other relevant legislative requirements.

The Statement also includes information on the Council's 'Gender Pay Gap' and work to proactively promote workforce equality, in accordance with the requirement to carry out Gender Pay Reporting set out within The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.

Recommendations

The Committee is requested to:

1. Note the content of the draft Pay Policy Statement and recommend it to the Council for approval.
 2. Note the organisation's Pay and Grading Structure for the financial year 2020/21 appended to the Pay Policy Statement and recommend it to the Council for approval.
 3. Note the formal accreditation of the Council as a 'Living Wage Employer' by the Living Wage Foundation and the alignment of the Manchester Living Wage (MLW) to the new real living wage rate of £9.30 per hour from 1 April 2020.
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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 organisation 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 implications for the 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 above.

Report to Personnel Committee, 15 November 2017: *Senior Pay and Grading Update*

Report to Personnel Committee, 07 March 2018: *Pay Policy Statement*

Report to Personnel Committee, 12 December 2018: *Proposed New Pay Structure*

Report to Personnel Committee, 29 January 2019: *Senior Pay and Grading Update*

Report to Personnel Committee, 13 March 2019: *Pay Policy Statement*

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 13 March 2019 and approved by Council on 27 March 2019.
- 1.4 The 2020/21 Pay Policy Statement aligns 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.
- 1.5 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 is a key contributor to the priorities set out within the Council's People Strategy.
- 1.6 The statement also includes information on the Council's 'Gender Pay Gap' which, as a public sector organisation, the Council is required to publish annually. Alongside the required tables a supporting narrative has been included which details ongoing work by the organisation to proactively promote workforce equality in general and gender equality in particular.
- 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 as well as the equality make-up of the workforce 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 2020/21 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 of January 2020, 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 7.86:1. This represents a 3.8% reduction in the multiple as set out within the 2019/20 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 2020, being subject to review at least annually through this Committee and, ultimately, Council.
- 2.6 The Council remains committed to the national pay structure and the relevant national agreements including those for the National Joint Council (NJC) for local government services, the Joint National Council for Chief Executives and the Joint National Council for Chief Officers. At the time of writing national discussions are ongoing in relation to a pay award for the 2020/21 period. 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.

3.0 Gender Pay Gap Reporting

- 3.1 The Council is required by law to carry out Gender Pay Reporting on an annual basis in line with the the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.
- 3.2 The headline figure is a mean gap mean gap of 8.1% and median gap of 9.8%². Whilst this is significantly below the mean and median gap for the UK

² The difference between the mean and median hourly rate of pay of male employees and female employees

of 16.2% and 17.3%³ respectively the Council is committed to continuing to reduce this differential. Further detail in relation to this is contained within the Pay Policy Statement.

4.0 Manchester Living Wage

- 4.1 On 11 November 2019 Manchester City Council was formally accredited by the Living Wage Foundation as a 'Living Wage Employer'.
- 4.2 Also on 11 November, the Living Wage Foundation announced the new real living wage hourly rate for the coming year of £9.30 per hour, an increase of 30p per hour. Accredited Living Wage Employers are required to implement the rise within six months. The Manchester Living Wage (MLW) will therefore be aligned to the new real living wage rate from 1 April 2020.

5.0 Comments of the Director of HROD

- 5.1 I have been consulted on the draft Pay Policy Statement for 2020/21 and am confident that it will continue to provide an effective and open framework for the management of pay to all employees across the authority.

6.0 Comments from the Trade Unions

To follow

7.0 Conclusion

- 7.1 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 seventh 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.
- 7.2 Members are asked to note the content of the draft Pay Policy Statement and commend it for approval by the Council at its meeting on 25 March 2020.

³ Source: ONS, Gender pay gap in the UK: 2019