

**Manchester City Council
Report for Resolution**

Report to: Personnel Committee – 22 March 2023

Subject: Draft Pay Policy Statement 2023-24

Report of: Director of Human Resources, Organisational Development and Transformation

Summary

This report introduces the draft Manchester City Council Pay Policy Statement for 2023/24 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 2023/24 budget. It sets out the direction of travel in relation to pay for Manchester's officers for the year ahead in line with the organisational priorities.

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 asked to:

1. Note the content of the draft Pay Policy Statement and commend it for approval by the Council at its meeting on 29 March 2023.
 2. Note the organisation's Pay and Grading Structure for the financial year 2023/24 appended to the draft Pay Policy Statement and commend it for approval by the Council at its meeting on 29 March 2023.
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Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

This report covers the remuneration of all employees. Fairness and equitable treatment in relation to pay is an important component of attracting and retaining staff all of whom are engaged and essential to achieving this target.

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Our Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	<p>The Council is a major employer in the City and the Pay Policy Statement proposed sets out arrangements which seek to balance the need for the proper remuneration of its employees, existing and prospective, to attract and retain the skills needed to deliver the organisation and the City's objectives (Our Manchester) and the cost of this to the communities it serves.</p> <p>The Council's most senior managers drive the work of the organisation to transform and deliver its obligations and objectives. The Pay Policy Statement 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.</p>
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	

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Background documents (available for public inspection):

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, 13 March 2019: *Pay Policy Statement*

Report to Personnel Committee, 11 March 2020: *Pay Policy Statement*

Report to Personnel Committee, 17 March 2021: *Pay Policy Statement*

Report to Personnel Committee, 16 March 2022: *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 mainly 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 16 March 2022 and approved by Council on 30 March 2022.

1.4 The 2023/24 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 and is a key contributor to the priorities set out within the Council 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.

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 in the Glossary of Terms within the Pay Policy Statement for background.

2.0 The Pay Policy Statement

- 2.1 The draft Pay Policy Statement for 2023/24 is appended to this report. The statement summarises the organisation's approach to pay and remuneration for the year ahead.
- 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 draft 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 November 2022, 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 7.08:1. This represents a slight decrease on the multiple as set out within the 2022/23 statement (7.84:1). This ratio results from the detailed implementation of the pay policies set out in this document and will vary marginally with time as the shape of the organisation and roles change.
- 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 2023, 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. Pay awards for 2022/23 have been agreed for all Council employees with £1925 added to each spinal column point. This incorporates NJC employees, JNC for local authority Chief Officers and JNC for Chief Executives.
- 2.7 The pay award for 2022/23 also includes:
 - The deletion of Spinal Column Point 1 from April 2023
 - An extra day's leave for all 'Green Book' employees from April 2023.
- 2.8 The pay agreement for Chief Officers (JNC) does not include the extra day's leave from April 2023. It is proposed that a local agreement is put in place to agree the additional day's leave for this group of Officers, reflecting that if an additional day's leave were agreed at any future pay agreement, then these employees would not receive the additional day's leave again.
- 2.9 The pay award also does not specify how the additional day of annual leave should be treated in relation to those with 'protected' leave under the Part 3 Framework Agreement (currently circa 700 officers). On this occasion it is

proposed that the additional day be extended to those with 'protected' leave via a local agreement.

- 2.10 Discussions with all national negotiating bodies have begun for the 2023/24 period. When 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 Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017.
- 3.2 The headline figure is a mean gap of 4.6% and median gap of 3.1%². This represents a reduction in the gap between the average pay of men and women from the previous year. This is significantly below the mean and median gap for the UK of 13.9% and 14.9%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.
- 3.2 Although not a subject of this report, members may be interested to know that for the first time a report has been produced and shared with the Trade Unions on the Ethnicity Pay Gap and further work will take place to refine that report.

4.0 Manchester Living Wage

- 4.1 Manchester City Council is an accredited 'Living Wage Employer' and as such is committed to paying the Living Wage Foundation's 'real' living wage (also known as the Foundation living wage). In September 2022, the Living Wage Foundation announced the new real living wage hourly rate for the coming year of £10.90 per hour, an increase of £1.00 per hour. Accredited Living Wage Employers are required to implement the rise by 14 May 2023. The Manchester Living Wage (MLW) will therefore be aligned to the new real living wage rate from 1 April 2023.
- 4.2 There is a longer term and continuing challenge to ensure the NJC pay spine can absorb the impact of significant annual increases to the statutory National Living Wage which are forecast to continue. The organisation's overarching strategy will continue to ensure the cost of its workforce falls within the budget allocation agreed by the Council in March 2023 as part of the organisation's overall budget for 2023/24 whilst working to ensure the pay structure is able to absorb National Living Wage increases in future years.

5.0 Comments from the Trade Unions

None.

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

³ All employees as per ONS, Gender Pay Gap in the UK: October 2022 - Provisional

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 tenth 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 the content of the draft Pay Policy Statement 2023/24 and commend it for approval by the Council at its meeting on 29 March 2023.