

REPORT OF:
Lead Member for Finance and Support Services
Chair of the Workforce Panel

TO
Council

ON
15th March 2023

TITLE: Pay Policy Statement 2023-24

RECOMMENDATIONS:

THAT the content of the draft Pay Policy Statement for 2023/24 be noted and approved.

THAT the gender pay gap information is noted including the publication requirements.

EXECUTIVE SUMMARY:

Salford City Council pride ourselves on being an exemplar employer ensuring that all of our remuneration and wider workforce strategies, policy frameworks, procedures and practice reflect the commitments in the Employment Standards Charter and the Greater Manchester Good Employment Charter, leading the way to make Salford a great place to work.

In order to promote openness and accountability in local pay arrangements, the Localism Act 2011 requires the authority to prepare, approve and publish a pay policy statement. This statement must articulate the council's policies towards a range of issues relating to the pay of the workforce, particularly its senior staff and its lowest paid employees.

In line with the Equality Act 2010 (specific duties and public authorities' regulations 2017) Salford City Council is also publishing details of our gender pay gap. The Council has seen a reduction of 4.28% in the mean gender pay gap and 5.70% in the median gender pay gap since reporting began in 2018.

BACKGROUND DOCUMENTS:

KEY DECISION: N/A

DETAILS:

1. Background

Under section 38 of the Localism Act, local authorities are required to publish a pay policy statement annually. This statement must articulate the council's policies towards a range of issues relating to the pay of the workforce, particularly its senior staff and its lowest paid employees.

The Pay Policy Statement relates to people employed by Salford 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 teachers; support staff in schools and academies or people employed by a third party.

The draft Pay Policy Statement sets out the pay arrangements for 2023/24. The statement is attached at Appendix 1 for consideration by Council for approval.

2. Living wage

As the first Local Authority in Greater Manchester to be an accredited living wage employer, we will continue to set our minimum pay rates at or above the Foundation Living Wage of £10.90 per hour. Our revised local pay model effective from 1st April 2023 provides an hourly rate for Council employees on the lowest spinal column point (point 2) of £10.90 in line with the current Foundation Live Wage rate. This is achieved through the payment of a temporary supplement to SCP 2 pending the outcome of national pay negotiations for 2023/24.

National pay negotiations in relation to a pay award for 2023 are yet to be concluded and therefore this supplement will continue to be paid to ensure our minimum pay rates are at or above the Foundation Living Wage rate of £10.90. This will be reviewed and updated in line with any agreed national pay changes.

The Council is also committed to encouraging more organisations and companies to pay the real Living Wage aiming to become the first Living wage City in England. We have already been recognised by the Living Wage Foundation as a Living Wage Place for this ambition and doing more to expand living wage accreditation. We also value the commitment of all of Salford's care workers and the commitment they have to their role therefore with effect from 1st April 2021 Salford City Council and Salford Integrated Care Partnership (formerly Salford CCG) have made a commitment to pay all care workers a minimum rate of the real living wage.

We have 101 accredited Living Wage employers in Salford with many more organisations working towards accreditation or already paying the real Living Wage.

Our aim was to double the number of people working for an accredited Living Wage employer from 10,000 to 20,000 by November 2022 and there are currently 25,212 people in receipt of the Foundation Living Wage across Salford.

3. Local Government Transparency Code 2014

In October 2014, the Department for Communities and Local Government published its Local Government Transparency Code which requires the council to publish certain information relating to senior employees pay and pay dispersion.

The Code requires the council to publish the pay multiple which is defined as the ratio between the highest paid salary and the median salary of the whole of the authority's workforce. The pay policy statement includes these ratios to reflect those requirements.

4. Gender Pay Gap Reporting Requirements

The Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017 introduced specific requirements for public sector employers with more than 250 staff to publish information relating to their gender pay gap on an annual basis.

There are six calculations under the regulations captured on a snapshot date of 31st March 2022. The two key calculations are the mean and median gender pay gap. The mean gender pay difference for Salford City Council is 9.8% and the median gender pay difference is 13.6%. The position has improved since our first report in 2018 with the mean falling by 4.70% and the median by 5.70%.

Gender pay is different to equal pay whereby men and women employed by the same organisation performing equal work must receive equal pay. As a responsible employer we ensure fairness, equity, and equal pay compliance in all our pay structures and monitor robustly through an annual equal pay audit to make sure our male and female employees continue to be paid equally.

Gender pay is the difference in the average hourly earnings of men and women within an organisation and is largely affected by workforce composition. We are pleased that our gender pay gap has continued to reduce since the last reporting period and remains below the national average. Whilst we do have a high proportion of women concentrated in our lowest quartiles (which relates to a high proportion of women occupying our lower paid roles such as catering and cleaning.) We are proud to retain service delivery in house, providing flexible employment opportunities paid the real living wage and 10% above the national living wage to many Salford residents. It should also be noted that 61% of our senior leadership team (Director and above) are women.

We are also looking at focusing on areas of occupational segregation and are proud to be the first Local Authority to continue to support the #TechSheCan programme. As leaders in digital transformation and apprenticeships we are committed to innovation, inclusivity and inspiring the next generation. We have developed a tech talent pipeline initiative to help residents make the most of our digital opportunities

and we want to continue to design and create accessible routes into digital employment for women and other groups underrepresented in tech roles.

Further details are contained within the draft pay policy statement attached at Appendix 1. Whilst legislation only requires that figures relating to the gender pay gap are published a report is being produced to supplement the figures which provides further information and context behind the figures reported.

5. Pay Review

In determining its grading structure and setting remuneration levels, the council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services for the community, delivered effectively and efficiently and at times at which those services are required.

The council will use flexible and innovative approaches to workforce planning, maximising the opportunities which apprenticeships bring, developing skills, capacity and opportunities for progression combined with the creation of entry level opportunities and apprenticeships.

Significant challenges have recently been felt across all sectors regarding recruitment and retention of high-quality staff. Salford City Council has not been immune to these challenges and has experienced a marked increase year on year in staff turnover as well as problems filling vacancies, particularly for specialist positions and senior officer posts which in turn can have a detrimental impact on service delivery as it affects the capacity and capability to deliver quality services for residents and businesses.

These problems have been exacerbated by the offering of more competitive pay rates by similar and neighbouring local authorities, leading to many staff seeking similar positions elsewhere. Additionally, Salford City Council's exemplary commitment to being a Foundation Living Wage employer, whilst pertinent, has presented an issue for fair pay with the erosion in differentials between pay levels as living wage rates have increased on an annual basis.

To rectify these issues, a review and refresh of the current pay structures and pay line in its entirety has been undertaken with a clear focus on fair and equitable pay across the organisation. This review has been undertaken over the past number of months with a range of evidence-led processes being incorporated into the work to ensure robust analysis in reaching a conclusion.

The revised model will be implemented in April 2023 and addresses the key issues as outlined above and negates the need for ongoing payment of market rate enhancements and recruitment and retention allowances. The ability to offer competitive salaries at all levels will aid with the retention of high calibre staff and the ability to attract quality candidates for roles which will improve vacancy rates and in turn reduce the reliance on temporary agency workers thus reducing costs and ensuring stability and continuity in service delivery and capacity and capability to deliver quality services for residents and businesses.

6. Conclusion

Ensuring fair and equitable pay across the organisation is imperative in order to recruit and retain a high calibre of talent and provide quality services. The Pay Policy Statement sets out the council's approach to pay policy in accordance with the requirements of Section 38 of the Localism Act 2011 and due regard to the associated Statutory Guidance including the Supplementary Statutory Guidance issued in February 2013 and the Local Government Transparency Code 2015.

Therefore, Council is asked to:

Note and approve the Pay Policy Statement for 2023/24. And,

Note the gender pay gap information including the publication requirements.

KEY COUNCIL POLICIES:

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

Are contained in the body of the report.

ASSESSMENT OF RISK:

LEGAL IMPLICATIONS Supplied by: Mary Sutton, Head of Litigation and Employment Group m.sutton@manchester.gov.uk

The proposed pay policy complies with the Council's obligations under the Localism Act 2011, the Local Government Transparency Code 2014 and the gender pay gap reporting requirements.

FINANCIAL IMPLICATIONS Supplied by: Paul Hutchings, Head of Financial Management paul.hutchings@salford.gov.uk

Whilst there are no direct financial implications resulting from this report, employee remuneration represents a significant expenditure line for the Council. It must be noted that employee remuneration, as outlined within the Pay Policy Statement, is included within the budget assumptions for 2023/24 and beyond. Given that the national pay negotiations are still ongoing, a provision has been made within the current financial year for the 2023/24 pay award.

Disclosure of senior officer pay is included within the council's annual statement of accounts as described within the pay policy statement.

PROCUREMENT IMPLICATIONS Supplied by: n/a

HR IMPLICATIONS Supplied by:

Are contained within the body of the report.

CLIMATE CHANGE IMPLICATIONS Supplied by: n/a

OTHER DIRECTORATES CONSULTED: ALL

CONTACT OFFICER: Steve Hulme, Strategic HR and OD Manager

WARDS TO WHICH REPORT RELATES: