

# In Place of Pay Inequality: How Local Authority Pay Policies can help make Greater Manchester more equal and sustainable, and why it matters

The UK is consuming resources beyond safe ecological limits and yet 20% of Britons earn below a Living Wage, the rate deemed adequate for a basic standard of living. This untenable position is the product of 30 years of rising income inequality. 10 years of economic growth in the NW pre-2008 saw incomes for the richest 20% grow at double the rate of those of the poorest. We looked at the pay policies of LA's in Greater Manchester to see what actions they had taken and what more could be done to reduce income inequality.

**Living Wages for the Lowest Paid** Many Authorities have implemented 'living wage policies' for their lowest paid employees but some are below the Living Wage Foundation rate. **Bury** and **Bolton**, have no living wage policy for their employees.

**Pay Policies Towards the Pay of Contractor Staff** Data relating to the pay inequality of suppliers was unanimously not collected or considered in the procurement process. Salford and Oldham are currently the only LA's with policies in place to consider the pay and conditions of staff working for contractors who provide council services. Taxpayers currently subsidise low paying private providers of public services through benefits.

**Pay Multiples** Despite instances of voluntary pay reduction 8 out of 10 GM Chief Executives are in the top 1% of earners in the UK. Substantive policies towards the relationship between executive and non-executive pay are lacking. Many statements claim they do not exceed an arbitrary 1:20 limit rather than developing appropriate multiples which are organisationally specific. Other LA's in the UK have set targets to maintain or reduce their pay multiples. GM is lagging behind best practice in this area.

Authority	Multiple	Top	Bottom	Contract Policy	Living Wage
<b>Manchester</b>	9.2	203934	12786	No	Yes £7.15
<b>Salford</b>	8.4	175096	13874	Yes	Yes £7.45
<b>Tameside</b>	8.3	166929	12841	No	No
<b>Bolton</b>	8.2	170000	12145	No	No
<b>Oldham</b>	8.1	163920	13589	Yes	Yes £7.11
<b>Wigan</b>	8.06	165000	12562	No	Yes £7.45
<b>Trafford</b>	8	170000	12489	No	Yes £7.20
<b>Bury</b>	7	147822	12160	No	No
<b>Rochdale</b>	6.4	130000	13189	No	Yes £7.26
<b>Stockport</b>	6.1	170051	12312	No	Yes
<b>UK LA Average</b>	7.53	157950	12826	-	-

## Recommendations

### Set Justifiable Limits to Pay Multiples

- Councils should develop inclusive and democratic procedures for setting pay multiples with participation from accountable representatives and workers, and explicitly alongside commitments to local economic well-being and sustainability.
- Stop External Benchmarking** Councils concerned to reduce the levels of inequality which prevail should cease the practice of benchmarking outside the sector when setting executive pay.

### Aim for Accreditation as a 'Living Wage Employer'

- Whilst 8 out of 10 LA's have 'living wage policies' the rates vary. Authorities should aim to pay the LWF rate and commit to working with contractors to secure a Living Wage as part of accreditation.

### Strengthen Pay Policies for Contracts

- Contractors which provide public services should also pay employees a living wage. This is crucial to prevent an incentive to outsource public services based on reduced labour costs.
- Consider including the **pay multiples of suppliers** in the procurement process, this should be part of a sustainable procurement strategy which secures 'local benefit' and environmental and social value from public spend. This could be supported by the provisions of The Social Value Act 2012.

### Make GM a 'Living Wage Zone'

- Manchester should explore the opportunity and push for the city region to become a 'Living Wage Zone' through the City Deal arrangements. The Treasury would reimburse Local Governments with respect to the savings the Living Wage produces, helping fund Living Wage take-up.

### Improve Reporting in Pay Policy Statements

- Include the authorities pay policy towards the pay of staff working for contractors. Salford and Oldham have such policies but these are not included.
- Include pay policies towards apprentices.