

Report

Report to:	Finance and Corporate Resources Committee
Date of Meeting:	7 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland Report - Equal Pay in Scottish Councils
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an overview of the Audit Scotland report on Equal Pay in Scottish Councils and the current position for South Lanarkshire Council

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the content of the Audit Scotland report on Equal Pay in Scottish Councils be noted;
- (2) that the Council's position in relation to equal pay be noted; and
- (3) that the report be forwarded to the Risk and Audit Scrutiny Forum for discussion.

3. Background

3.1. The Audit Scotland work was carried out during 2016/2017 and reported in September 2017. The report, attached at Appendix 1, examines equal pay in local government, focusing on five themes:-

- ◆ how councils implemented the Single Status Agreement (SSA)
- ◆ how much councils have spent settling equal pay claims
- ◆ how councils demonstrate that they are dealing effectively with equal pay claims and minimising future risks
- ◆ how effective the governance and oversight arrangements of the SSA are
- ◆ what lessons can be learned for the future

The audit provides an overview around how the SSA has been implemented but it does not look at individual councils' job evaluation schemes, or consider employee terms and conditions at individual councils.

3.2. The audit work involved an extensive survey of local authorities and visits to five reference sites which included South Lanarkshire Council.

4. Main Findings

4.1. The Audit Scotland report findings are summarised in the following paragraphs:-

All employers have a legal responsibility to ensure that women and men receive equal pay for equal work and the Single Status Agreement reached in 1999 aimed to harmonise local government pay and employment terms and conditions, and eliminate pay inequality.

Implementing the Single Status Agreement was a complex process, particularly around full job evaluation and councils underestimated the challenges involved - all but one missed the agreed implementation date of 2004. It was not until 2010 that all councils in Scotland had single status in place.

There was a lack of collective national leadership to overcome the challenges and address equal pay issues in a timely way.

No additional funding was received by councils to cover the significant costs of implementing single status and some councils and trade unions found themselves balancing the risk of industrial unrest with affordability. This meant that some of the approaches taken by councils when implementing single status did not always prioritise pay equality and were later found to be discriminatory.

Councils sought to compensate workers who had historically been unfairly paid by offering payments if they signed compromise agreements. Councils paid around £232 million to approximately 50,000 workers in this way. The payments made were often of a relatively low value compared with the difference in pay over time, so some people refused them. Even while councils were implementing single status, they continued to receive thousands of equal pay claims for historical pay discrimination.

All councils received equal pay claims after implementation. There were many reasons for these claims, and since 2004, around 70,000 equal pay claims have been lodged against councils. The cost of compensation agreements and settling claims, along with legal fees, amounts to around £750 million. The number of claims made against councils varies widely. Some of this variation can be explained by how actively 'no-win no-fee' lawyers have encouraged claims in different council areas. There are almost 27,000 live equal pay claims and workers could potentially still make new claims against councils.

Councils need to be confident they have fair and transparent pay arrangements and take necessary action, such as regular equal pay audits, to deliver pay equality in line with their public sector equality duty. Elected members need to continue to oversee, scrutinise and challenge councils' approaches to delivering equal pay and reducing the gender pay gap.

5. Council Position

- 5.1. In relation to the Audit Scotland findings, South Lanarkshire Council was the only authority to fully implement the Single Status Agreement within the agreed timeframe. In part, this was due to work that was already underway in relation to job evaluation, but is also reflective of the partnership working approach with the Trade Unions and the direction provided by the Council.
- 5.2. The report highlights the need for elected members to oversee, scrutinise and challenge the approach to delivering equal pay and reducing the gender pay gap. Regular reports have been presented to committee covering these topics in the past and, in addition, member's briefings and awareness sessions on equal pay were presented. In terms of the current arrangements for updating elected members, these are formed of both regular equalities reports, which include detailing the work around the gender pay gap, and specific reports where required on any equal pay issues.

6. Employee Implications

- 6.1. There are no additional employee implications arising from this report.

7. Financial Implications

- 7.1. There are no additional financial implications arising from this report.

8. Other Implications

- 8.1. There is a risk of pay inequality if arrangements are not regularly reviewed and actions taken. This is mitigated by the reporting and monitoring arrangements currently in place which include elected member oversight as recommended within the Audit Scotland report.
- 8.2. There are no sustainability issues arising from this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 9.2. There was no requirement to undertake any consultation in terms of the information contained in this report.

Paul Manning
Executive Director (Finance and Corporate Resources)

18 January 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, effective, efficient and transparent
- ◆ Fair, open and sustainable
- ◆ Excellent Employer

Previous References

- ◆ None

List of Background Papers

- ◆ Audit Scotland Report – Equal Pay in Scottish councils

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Kay McVeigh, Head of Personnel Services

Ext: 4330 (Tel: 01698 454330)

E-mail: kay.mcveigh@southlanarkshire.gov.uk