

EAST RENFREWSHIRE COUNCIL
AUDIT AND SCRUTINY COMMITTEE

9 November 2017

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT
EQUAL PAY IN SCOTTISH COUNCILS

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report *Equal Pay in Scottish Councils*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report *Equal Pay in Scottish Councils*, published in September, has already been circulated to all Audit and Scrutiny Committee Members. The Members of the Committee who are leading the review of this particular report are Councillor Aitken and Councillor Macdonald. The Head of HR, Customer and Communications has provided comments on it and a copy of the feedback provided is attached (see Appendix).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland report: *Equal Pay in Scottish Councils*

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Equal Pay in Scottish Councils

September 2017

BACKGROUND

East Renfrewshire began to receive equal Pay Claims from 2005. These claims were from a mixture of Trade Unions and No Fee Lawyers. The claims that were received were categorised into 3 groups:

- 1st wave claims based on historical pay grades which included the payment of bonus to predominately male groups prior to the implementation of Single Status and job evaluated pay scales.
- Residual claims based on the period between implementation of the new grades May 2007 and the date it was backdated to 1 July 2006
- 2nd wave claims. These claims started being raised in 2010 and were based on the 3 year pay protection amount paid to employees who were losing money as a result of the new pay model. This was deemed to have prolonged the inequality.

FIRST WAVE AND RESIDUAL CLAIMS

On 16 February 2006 the Cabinet approved a report seeking approximately £3.337m for 1st wave claims to fund compromise agreements for 663 then current employees and 119 qualifying former employees. The Deputy Chief Executive was given delegated authority by the council in March 2008 to deal with the current and future Equal Pay claims. The employees were employed in the areas of cleaning, catering, home care, escorts and domestics. As a result further claims were received from lower paid admin and school staff e.g. classroom assistants.

The council settled the majority of 1st wave claims in 2006. A provision was made in the Annual Accounts and from 2006 until December 2014 the council negotiated and settled all remaining 1st wave and residual claims. This settled all 1,238 first wave claims at a total of more than £7.6 million.

SECOND WAVE CLAIMS

A decision was taken in agreement with our Legal advisors and the Tribunal to settle all 1st wave claims prior to negotiating on 2nd wave claims. The council reviewed its level of provision to ensure that sufficient funds were available to deal with 460 second wave claims that had been lodged by August 2011. The council has settled 429 2nd wave claims at a cost of £477,125. All other claims were dismissed as either not being valid, duplicate claims or not being followed up by the claimant. The total costs of settling all equal pay claims totalled £8.1 million.

NATIONAL CONTEXT

The local government watchdog, the Accounts Commission, has reported that Scottish councils still have 27,000 live equal pay cases against them and could face a £1bn bill if more workers bring claims. It found that since 2004 about £750m had been spent by councils on settling pay claims ranging from £1.8 million to £129.9 million per council.

At the time of the Accounts Commission requesting data for the report East Renfrewshire had 6 outstanding claims. These claims were resolved in March 2017 and the council has now dealt with all outstanding claims.

Ensuring women and men receive equal pay for equal work should contribute to closing the pay gap however identifying a direct link between equal pay and a reduction in the gender pay gap is difficult given the complex factors involved. The council has published information on the gender pay gap every 2 years since 2013 which is included in the Council's Equality Mainstreaming Report. To support the analysis carried out within the Council, new reports on the gender pay gap and occupational segregation within the workforce have been created. It is difficult to benchmark as the data is reported in different ways by different organisations. The council welcomes the actions being undertaken by the Scottish Government to develop a suite of indicators, measures and reports in this area.