



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 31 JANUARY 2018

SUBJECT: EQUAL PAY IN SCOTTISH COUNCILS

BY: ACTING CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

1.1 To inform the Committee of Audit Scotland's report on equal pay in Scottish councils, following completion of the national audit that focused 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

1.2 This report is submitted to Committee in terms of Section III (I) (3) of the Council's Scheme of Administration to consider reports from Audit Scotland concerning Council functions.

2. RECOMMENDATION

2.1 The Audit and Scrutiny Committee is asked to consider and note Audit Scotland's report, Equal Pay in Scottish Councils.

3. BACKGROUND

3.1 The audit provided an insight into how the SSA has been implemented (**Appendix 1**).

3.2 Historically, the pay and conditions of council employees were governed by different national agreements. Equal pay claims about these differences were common in the 1990s and councils made expensive settlements for historical discrimination. National negotiations in the late 1990s began to find a new structure that would ensure councils complied with equal pay legislation.

3.3 Audit Scotland reported considerable difficulty in undertaking audit work due to the lack of good-quality data relating to the implementation of equal pay.

4. KEY MESSAGES

- 4.1 In 1999, Scottish councils and trade unions reached the Single Status Agreement to ensure that women and men receive equal pay for equal work. Implementing the Agreement was a complex process and councils underestimated the challenges involved with all but one council missing the agreed implementation date of 2004. All councils had single status in place by 2010, some 11 years after the agreement was signed, with implementation taking twice as long as initially planned. The report identifies a lack of collective national leadership to overcome the challenges and address equal pay issues in a timely way. However, this is an interest observation in the context of each council being a separate and autonomous employer. Changes to pay and conditions to remedy equal pay required local negotiation and agreement of new pay and conditions arrangements and the settlement of claims could only be achieved by each employer.
- 4.1.1 Moray Council was one of the first five councils to implement a Single Status Agreement in 2006. There had been just one council that implemented an Agreement before then.
- 4.2 Initially, councils worked on the basis that the costs of implementing single status could be offset with savings from changes to staff conditions and by improving staff productivity. No additional funding was provided to implement new pay and grading structures. The reality was single status brought significant costs.
- 4.3 Councils sought to compensate workers who had historically been unfairly paid by offering payments if compromise agreements were signed. Around £232m was paid to 50,000 workers in this way. As payments were often of a relatively low value compared with the difference in pay over time, settlements were refused by some people. Equal pay claims for historical pay discrimination continued to be submitted during implementation of single status.
- 4.4 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 £750m. There are almost 27,000 live equal pay claims and workers could potentially still make new claims against councils.
- 4.4.1 From April 2004 until September 2016, Moray Council received 190 equal pay claims. The total cost of equal pay claims and compensation across the same period totals £6.2m (this figure includes legal costs, cost of equal pay claims and settlement / compromise agreements). As a percentage of all equal pay claims lodged, 3% of claims remain live.
- 4.5 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.

- 4.5.1 Moray Council's pay and grading structure was equality impact assessed at the point of implementation and equal pay audits are undertaken to monitor the situation. The next equal pay audit will be completed within this financial year.

5. **SUMMARY OF IMPLICATIONS**

(a) Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017

While key messages from inspectorates inform planning processes, there are no issues directly arising from this report.

(b) Policy and Legal

Inspection processes provide assurances on the policy and practice adopted by services and contributes to the assessment of, and improvements to, governance arrangements of the council.

(c) Financial implications

No financial implications.

(d) Risk Implications

No risk implications.

(e) Staffing Implications

No staffing implications beyond supporting inspection processes within existing resources.

(f) Property

None.

(g) Equalities

None.

(h) Consultations

The Organisational Development Manager, Audit Manager and Corporate Policy Unit Manager were consulted on this report and their comments have been incorporated.

6. CONCLUSION

6.1 The report provides Committee with key messages from Audit Scotland's Equal Pay in Scottish Councils report.

Author of Report: Louise Marshall, Performance Management Officer
Background Papers: Audit Scotland's Equal Pay in Scottish Councils
Ref: