Written Submission from the
Local Government and Regeneration Committee

Report to the Equal Opportunities Committee on the Spending Review 2011
and Draft Budget 2012-13

The Committee reports to the Equal Opportunities Committee as follows—

1. At its meeting of 21 September 2011, the Committee agreed to submit a separate report to the Equal Opportunities Committee on the Spending Review 2011 and Draft Budget 2012-13. This decision was taken in response to the invitation from the Equal Opportunities Committee to subject committees to set out what steps they took to include equalities considerations in their draft budget scrutiny and what their findings have been.

The Committee’s approach to equalities considerations

2. The Committee agreed to question relevant witnesses on equal pay and single status agreements and report on this aspect of its budget scrutiny to the Equal Opportunities Committee. The Committee also included a question in its letter to all 32 local authorities on the provision that they had made for potential settlements of equal pay claims and, if so, what proportion of their budgets this was likely to represent. It also asked local authorities to indicate how many cases are still outstanding.

3. In addition, the Committee issued a general call for evidence on the local government budget portfolio. In the written submissions received, a number of concerns were raised about the degree to which the provisions in the UK Welfare Reform Bill will have equalities implications and the extent to which minorities may suffer disproportionately as a result of the decline in local authority budgets.

Equal pay

Background to equal pay

4. The Equal Pay Act 1970 established the requirement for men and women to be paid equally for undertaking the same or similar work. While some progress had been made in local government to tackle pay inequality (for example, an agreement in 1987 to evaluate the jobs of manual workers), there remained a problem of unequal pay. Therefore, in 1999, an agreement was made between local authorities and trade unions called “Single Status”. This agreement sought to harmonise the terms and conditions of manual workers and Administrative, Professional, Technical and Clerical (APT&C) workers in local government. This involved examination of various issues such as pay, grading, working hours, annual leave, sick leave and negotiating mechanisms. Given the requirements of the Equal Pay Act, it was recognised that the central driver of the process was the need to have harmonised, non-discriminatory pay scales. Thus, the issue of Single Status and equal pay have always been inextricably linked.

5. There were significant delays in implementing the 1987 agreement and the issue of equal pay has been subject to scrutiny by the Parliament’s committees to
assess the ongoing liabilities of local authorities and to determine whether or not Single Status has resulted in pay parity.

6. Work carried out by the Local Government and Communities Committee in the third session indicated that the costs arising from outstanding equal pay claims continued to be uncertain and represented a potentially significant liability for local authorities.

**Key findings in relation to local authorities**

7. The evidence received by the Committee from local authorities showed that while councils had sought to settle equal pay claims, many of them still faced outstanding claims that were being progressed through Employment Tribunals. These councils had therefore set aside funds as contingent liabilities in their accounts in order to meet the costs of any claims successful at tribunal. For some councils, this still represented significant sums of money. For example, North Lanarkshire Council still has 1,466 claims against it outstanding\(^1\) and South Lanarkshire Council has 2,187 equal pay claims outstanding from both current and ex-employees.\(^2\)

8. The evidence provided to the Committee on equal pay claims also made reference to the manner in which local authorities had undertaken equal pay reviews in line with the Equality and Human Rights Commission toolkit and sought to improve their employment conditions more generally while at the same time meeting the Single Status Agreement. For example, South Lanarkshire Council explained that it had taken a “holistic approach and included policy development in such areas as diversity, equal opportunities and employee development.”\(^3\)

9. The Committee questioned Douglas Black of Unison on the current situation in relation to the Single Status Agreement. He said—

> A major issue in single status is job evaluation. The trade unions have serious concerns about whether the evaluation scheme is discriminatory and, with the employers, we are reviewing the scheme to address any areas of inequality. Our belief that there are inequalities in the scheme has led to our lodging thousands of equal pay claims, but they have still not been addressed and are sitting in the tribunal system.

> In negotiating any agreement either with individual local authorities or nationally with the Scottish employers, we require as a first step an equality impact assessment, which we use to judge the equality issues that have to be addressed. However, such assessments are not particularly robust and our trade union would like them to be expanded.

10. The Committee is concerned that a substantial number of equal pay claims across local authorities in Scotland have still not been settled. This is

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\(^1\) North Lanarkshire Council. Written submission to the Local Government and Regeneration Committee.

\(^2\) South Lanarkshire Council. Written submission to the Local Government and Regeneration Committee.

\(^3\) South Lanarkshire Council. Written submission to the Local Government and Regeneration Committee.
clearly not a satisfactory situation for councils, which have to make contingent budgets for these claims in a time of declining income, or for the individuals concerned. The issue of equal pay is especially important for women, as they represent a disproportionately large percentage of low paid employees.

11. **The Committee is also concerned by the evidence from Unison arguing that equality impact assessments are not sufficiently robust. The Committee is of the view that it is vital that steps be taken to improve the robustness of equality impact assessments in order to promote equality and ensure that Councils are not exposed to claims in the future on the grounds of inequality.**

**Welfare Reform**

12. The implications for local authorities, and the communities that they serve, of the UK Government’s proposals to reform the welfare system, as set out in the UK Government’s Welfare Reform Bill, arose in both written and oral evidence in the context of the spending review and budget scrutiny. In addition to the increased burdens that this legislation is likely to place on local authorities, there was a broader concern about the social impacts of the legislation in Scotland and its impact on equalities groups especially in terms of the changes to incapacity benefit and disability living allowance.

13. **The Committee draws the attention of the Equal Opportunities Committee to the evidence it has received on the impact of the UK Welfare Reform Bill and the evidence being considered at the time of writing by the Health and Sport Committee as it is clear that there will be major equalities implications emerging from the legislation.**

**Impact of declining local authority budgets on equality groups**

14. The Council of Ethnic Minority Voluntary Sector Organisations (CEMVO Scotland) submitted evidence to the Committee which expressed its concern that the economic situation would “worsen existing inequalities and discrimination for particular equality groups.”

15. In terms of local authorities, CEMVO Scotland was particularly concerned that the budgetary reductions in the spending review would have a “negative impact on current ethnic minority projects and programmes.” CEMVO provided evidence that there has already been a reduction of 11.5% in the funding provided to ethnic minority organisations between 2007 and 2009 and that Equality Impact Assessments had not been used widely in the 12 local authorities considered during this two-year period.

16. CEMVO also expressed concerns about the Single Outcome Agreements and the extent to which the current national indicators had made a difference to

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4 Council of Ethnic Minority Voluntary Sector Organisations. Written submission to the Local Government and Regeneration Committee.

5 Council of Ethnic Minority Voluntary Sector Organisations. Written submission to the Local Government and Regeneration Committee.
Scotland’s ethnic minority communities, as well as concerns about workforce
reductions and procurement processes.

17. The Committee recognises the issues raised by the Council of Ethnic
Minority Voluntary Sector Organisations in Scotland and draws CEMVO’s
evidence to the attention of the Equal Opportunities Committee.

Local Government and Regeneration Committee
16 November 2011