

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

18 SEPTEMBER 2012

Present: County Councillor Clark (Chairperson);
County Councillors Bale, Hunt, Knight, Lloyd, Mitchell,
Robson and Walker

Apologies: County Councillor Keith Jones

**(The Policy Review and Performance Committee on 24 October 2012
amended these proceedings as indicated in bold italics Minute
Number 17, Page Number 5.)**

16 : PROPOSED EQUAL PAY SETTLEMENT

The Committee received a report on the Council's proposed Equal Pay Settlement. The Committee was asked to consider the proposed settlement and whether Members wished to relay comments or observations to the Cabinet prior to the Cabinet's consideration of the matter on 20 September 2012.

The report set out the background to the equal pay issue. Members were advised that at present there are 1,571 outstanding equal pay claims lodged against the Council. Following negotiations between the Council and trade unions, an agreement in principle was secured on 2 August 2012. Members received the draft 'Memorandum of Understanding' governing the settlement and also received details of the legal advice provided by Geldards, the Council's legal advisors on this matter.

The Chairperson welcomed Councillor Russell Goodway, Cabinet Member for Finance, Business and Local Economy; Philip Lenz, Corporate Chief Officer (Shared); Christine Salter, Corporate Chief Officer (Corporate) and representatives of the trade unions GMB, Unison and UNITE to the meeting. Councillor Goodway was invited to address the Committee.

Councillor Goodway stated that the Equal Pay issue pre-dated the election. Although, given the timescales, Councillor Goodway had anticipated that an agreement would have been reached by now between the Council and the Unions; the Cabinet would shortly be considering the proposed settlement. Councillor Goodway welcomed the Committee's pre-decision scrutiny of the subject.

Philip Lenz, Corporate Chief Officer (Shared), was invited to deliver a presentation on the Equal Pay settlement. The presentation provided an overview of the historical context of the Equal Pay issue. The key elements of the proposed agreement were set out as follows:

- the agreement will apply to Equal Pay Claims submitted prior to 19 April 2012
- settlement calculations are based on a period 6 years from the date of the claim lodged and up to 1 April 2012 subject to personal circumstances
- based on Job Evaluation score, earnings of claimant v consolidated earning of bonus earning comparator
- offer subject to sign of a COT3 agreement

Members were asked to consider the financial implications of the proposals. These implications were summarised as follows:

- costs estimated at circa £7.5m
- the need to balance costs of payments to eligible claimants against the costs to the Council during budgetary constraints
- tax/National Insurance to be borne by Council-composite rate to be sought from Her Majesty's Revenue and Customs
- any variances to be met from general fund resources
- costs at Employment Tribunal with an adverse finding against the Council could be significant

Members also received an overview of the legal implications of the settlement. Members were asked to note that the negotiated settlement, as the preferred route for both the Council and Trade Unions, would enable the overall cost of the settlement to be kept to a minimum.

The Chairperson invited comments from the Trade Union representatives Steve Belcher of Unison and Mike Payne of GMB. Both unions welcomed the agreement reached. Although the offer made by the Council in 2008 was not supported, the Trade Unions applauded the Council for reaching this 'historic' settlement, which offered improved terms for their members.

The Chairperson invited questions and further discussion on the information received regarding the proposed Equal Pay settlement. During the discussions the following observations and comments were made:

- In 2008 85% of staff eligible accepted the Council's offer, despite the unions advising their members not to accept that settlement. Approximately 400 staff did not accept that offer.
- The current proposed offer was a 60% settlement, with an average payout in the region of £7k. Members of staff are to be offered £100 to opt out from pension contributions. Experience from other authorities has shown that less than 10% of staff opt to make additional contributions to their pensions, as they are required to pay employee contributions. Most prefer to forgo their future pension entitlement.
- The Committee was advised that the £7.5 million figure for this settlement did not include the ongoing costs. Funding had been identified and it was hoped that this settlement would draw a line under a significant proportion of Equal Pay claims. Officers were unable to estimate the final cost for the Council's legal advice but a commitment was given to provide these details to the Committee.
- The number of new claims expected in the future was not quantifiable. However, officers expected that this figure would not be onerous and could be managed.

AGREED – That the Chairperson write a letter to Councillor Russell Goodway, Cabinet Member, Finance, Business and Local Economy, on behalf of the Committee, thanking him and his officers for attending the meeting and to advise him of the following observations:-

- The Committee felt that the advised approach seemed to be a satisfactory way of dealing with the situation. The Committee acknowledged the benefits of a good working relationship between the Council Officers and trade unions during the discussions.
- The Committee request that Council Officers give appropriate advice to staff regarding the pension implications of the proposal. The Committee also ask to be updated of the outcomes of the data cleansing exercise.
- The Committee look forward to receiving details of the costs of the legal advice to secure the Equal Pay settlement as offered during the meeting.

17 : IMPLEMENTING THE LIVING WAGE

The Committee received for information a report on the implications for the Council of the implementation of the Living Wage, based on the concept that of the amount of money that is needed to live both with dignity and provide a decent standard of living, prior to the issue being considered by Cabinet at its meeting of 20 September 2012. The Committee was asked to note the information contained in the report.

Members were advised that in July 2012 the Cabinet, within its 2013/14 Budget Strategy report agreed in principle the adoption of the Living Wage for all employees of Cardiff Council. Members received a copy of the draft Cabinet report which outlined the implications for the Council. The Cabinet report examined the impact of the Living Wage on the Single Status pay structure, on pay differentials, benefits links with enhancement and implications for schools based employees.

The cost of implementing the Living Wage was approximately £1 million per financial year and was to be paid in 2012/13 from reserves, and in future years from the Medium Term Financial Plan.

Councillor Russell Goodway, Cabinet Member for Finance, Business and Local Economy was invited to deliver a statement on the Living Wage report. The Committee was advised that the new administration considered that the delivery of the Living Wage in Cardiff was a manifesto commitment and a political priority for the new administration.

Mr Philip Lenz advised that an information pack had been prepared for all affected staff. Work was underway to introduce the Living Wage in October, with pay back-dated to September 2012. The Council was investigating with external accreditation with the Living Wage Foundation for Cardiff Council to be recognised as a Living Wage employer.

The Trade Union representatives welcomed the announcement and supported the implementation of the Living Wage in Cardiff. The representative from Unison suggested that the Living Wage would pay for itself through increased productivity, higher moral and lower absenteeism.

The Chairperson invited questions and further discussion on the information received on the report. During the discussions the following observations and comments were made:

- The introduction of the Living Wage would benefit low-paid, mainly female staff. Approximately 86% of those benefiting will be women.
- Further investigation was needed as to how the authority could encourage its contractors to pay the Living wage.
- Officers gave a commitment to monitor how the implementation of the Living Wage affected levels of absenteeism.
- The Committee discussed the likely effect of the Welfare Reform Bill upon staff.
- Preston City Council was an example of an authority which references the Living Wage directly through its procurement policy. Cardiff was researching how this could be achieved. The Council, along with the *Welsh* Government (*this amendment was requested at the meeting of the Committee on 24 October 2012*) and other local authorities, had formed a Joint Working Group in Wales which was developing a tool kit aimed as assisting other bodies to adopt the Living Wage ideal.
- Basic pay grades would not be affected by the Living Wage. Job vacancies would be advertised at their Single Status scale with an additional Living Wage supplement.
- Community Schools will adopt the Living Wage. Voluntary aided schools and Foundation schools cannot be forced to adopt it, but will be encouraged to do so.
- The authority, as an employer, recognised that the introduction of the living wage would affect the differential pay between staff and their managers and supervisors.

AGREED – That the Chairperson write a letter to Councillor Russell Goodway, Cabinet Member, Finance, Business and Local Economy, on behalf of the Committee, thanking him and his officers for attending the meeting and to advise him of the following observations:-

- The Committee were pleased to hear about the proposal to ensure that Council staff received the Living Wage. The Committee looked forward with interest to observing how the initiative is implemented.

18 : CORRESPONDENCE

The Committee received copies of correspondence sent and received in relation to matters previously scrutinised by this Committee.

AGREED – That the correspondence report and attached documentation be noted.

19 : FUTURE MEETING DATES

The Committee was consulted on the date of 31 October, 2012 meeting and AGREED - that to maximise witness availability the meeting would be brought forward to 24 October 2012 at 4.30pm.