

Equal pay



ACCOUNTS COMMISSION 

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The concept of equal pay for equal work for men and women has been enshrined in law since the Equal Pay Act of 1970 and it is a legal obligation under the Equality Act 2010. 'Equal pay' encompasses equality in any part of an employee's pay, terms of employment and benefits such as pension contributions and bonuses. Put simply, this means that men and women employed by the same employer or associated employers who are engaged in equal work must receive equal rewards.

Across the public sector, employers introduced pay agreements and systems with the aim of meeting the requirements of equal pay law. In some cases, pay systems addressed long-standing pay arrangements which had historically favoured some groups of workers over others. Since the implementation of the Equal Pay Act in 1975 litigation has been common with both collective and individual claims made against employers. However, since the mid-2000s the public sector has been subject to a substantial increase in equal pay litigation.

In Scotland, claims for equal pay have been lodged against councils as a result of action taken to implement an agreement known as the 'Single Status Agreement' or the 'Red Book'. This agreement, reached in Scotland in 1999, aimed to harmonise the pay and conditions of one group of employees ('Administrative, Professional, Technical and Clerical Staff') with another (manual workers). Councils and trade unions agreed that pay structures would be introduced to eradicate pay inequality and a national job evaluation scheme was developed to support this objective. Each local authority then had local discretion in implementing the job evaluation scheme and in the pay and grading structures they put in place.

As part of the agreement to implement single status, councils paid compensation to employees for historic pay inequality based on different terms and conditions of service (primarily bonus arrangements for manual workers, but also differences in working hours and other factors). Following their implementation of single status, councils continue to face further

challenges and claims relating to job evaluation schemes, pay and grading structures, and the indirect discrimination of predominantly female occupational groups under pay protection arrangements.

Why is this audit important?

Equal pay remains a substantial issue across local government. At March 2015, Scottish councils had paid £605 million to employees in equal pay compensation and estimated that about 30,000 equal pay cases remain outstanding.

This audit is being carried out on behalf of the Accounts Commission, which operates impartially, and independently of councils and of the Scottish Government. The Accounts Commission identified this as an important issue due to its financial and equality implications.

The work is undertaken in the wider context of a known gender pay gap in the UK. Examining equal pay issues in local government as one aspect of this wider issue, will provide some context for the continuing work by other organisations on the gender pay gap.

What will the scope of the audit be?

Our audit will examine the implementation of the single status agreement in Scottish councils. We will include a broad overview of action taken to address equal pay issues in the public sector, such as in the NHS and the higher education sector. In particular, we will consider the following issues:

- how have councils implemented the Single Status agreement at a local level
- 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
- the effectiveness of councils' governance and oversight arrangements in respect of equal pay

- any lessons to be learned to improve both the current position and any future changes that could affect pay and grading structures in local government.

The audit will not look at individual equal pay claims or interpret legal decisions made by Employment Tribunals. It will not comment on on-going litigation. We will not investigate the specific details of individual staff terms and conditions at councils.

How will we carry out the work?

We will use a range of methods including reviewing documents, collecting and analysing relevant data. We will interview a wide range of stakeholders including representatives from local and central government in Scotland and across the UK, academia, trade unions, the legal profession and equalities organisations.


What impact will the audit have?

We will present an independent assessment of the implementation of equal pay in Scottish councils. We will provide an informed and authoritative view on the volume and cost of equal pay claims across local government. We will evaluate how well councils have implemented the relevant legislation, outline the on-going challenges and assess how councils are addressing these challenges. We will also seek to identify examples of good practice and make recommendations for how lessons learned can be applied to other challenges facing local government and the wider public sector.

Audit timetable

We aim to publish a report in late spring 2017.

Contact

If you would like more information about this audit, please contact Emily Gleeson, Audit Manager, on 0131 625 1712 or by email at egleeson@audit-scotland.gov.uk 



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