

# Y Pwyllgor Iechyd Lles a Llywodraeth Leol

## HWLG(3)-06-09 papur 3

### Ymateb gan Lywodraeth Cynulliad Cymru i argymhellion y Pwyllgor ar Weithredu Tâl Cyfartal

Gweler fel atodiad i'r papur hon ymateb gan Lywodraeth Cynulliad Cymru i argymhellion y Pwyllgor ar weithredu tâl cyfartal mewn llywodraeth leol.

Jonathan Morgan AM  
Chair  
Health, Wellbeing and Local Government Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

20<sup>th</sup> February 2009

Dear Jonathan,

### Implementation Of Equal Pay Arrangements In Local Government

Thank you for your letter of 22<sup>nd</sup> January following my attendance at the Health, Well being and Local Government Committee of 15<sup>th</sup> January on the subject of the implementation of equal pay by local authorities in Wales.

I share the concerns expressed by members of the committee that 40 years after equal pay legislation was introduced, a gender pay gap persists in Wales. As you have acknowledged, this is a complex issue. I am frustrated that the pace of change in addressing the gender pay gap until now has been slow and I have been urging leaders and chief executives in local government at every opportunity to remedy continuing pay inequality with utmost urgency.

I believe that progress is being made across the statutory sector in Wales and that this is not wholly reflected in the annual figures issued by the Office of National Statistics. I am keen to explore any opportunities on how best we can hasten the pace of change and narrow the gender pay gap in Wales further. But at this point in time, inflicting financial penalties on local government as recommended would not, in my view, result in a speedy resolution of agreements yet to be reached.

During the committee session, I agreed to let members have further information about legal powers available to Welsh Ministers that could be used to compel local authorities to proceed more quickly. I note that UNISON Cymru Wales in its evidence referred to Section 77 of the Government of Wales Act 2006.

This section of the Act relates to the duty of Welsh Ministers to ensure equality of opportunity in the exercise of their functions. It does not give the Welsh Minister powers to intervene in instances when other public bodies are not considered to be acting in accordance with a duty to act fairly in terms of equality when carrying out their functions.

In terms of the Welsh Ministers' general powers of intervention as they currently exist, they relate to the power to intervene when authorities are failing in terms of service delivery. Matters of employment do not fall within the category of service delivery.

In response to the question about the additional powers that may be sought following successful passage of the Equality Bill, it is possible that equal pay issues may form part of the specific duties that the Welsh Ministers will wish to impose upon Welsh public authorities to support those authorities compliance with the general public sector duties. Officials are in the process of scoping out what form any specific duty in relation to equal pay may take, beyond any provision that may be included within the Bill designed to improve the transparency of any agreements reached in the settlement of equal pay claims. Any specific duties to be imposed by Welsh Ministers will be subject to public consultation.

In your letter of 22<sup>nd</sup> January, you have also asked for confirmation that the increase in 2007-08 was commensurately higher in order to provide an overall uplift of 4.5%.

Specific resources were identified in the local government settlement announcements for 2005-06 through to 2007-08 to support the implementation of equal pay and single status arrangements. The papers presented to the Partnership Council as part of the settlement consultation process in the lead up to each settlement year identifies the specific amounts that were added as additional resources in respect of equal pay in each year.

For implementation of equal pay, the specific amounts were £17.5 million in 2005-06, followed by £14.9 million and £21.6 million in 2007/2008. This means that the total increase by 2007-08 was £54 million per annum, an increase of 4.5% on the local government pay bill.

I have set out below my response to the committee's specific recommendations for the implementation of equal pay by local authorities in Wales.

**We recommend that the Assembly Government asks the Wales Audit Office to establish urgently:**

**the additional amount in cash terms that each local authority has received as a result of the 4.5% increase in the pay bill;**

**how much money each authority has spent on implementing equal pay systems;**

**how much money each authority has committed to their reserves in anticipation of implementing equal pay systems in future.**

**Not accepted.**

I am unclear what benefits can be derived from gathering this financial information in terms of progressing equal pay. This is also linked to the points raised by some on the committee about the hypothecation of resources. I believe that these are issues best left to local determination and I do not consider that hypothecation is the best way forward. The cost associated with implementing equal pay is an important factor, but is not the only factor and if implemented, this recommendation could unfairly undermine a local authority's negotiating position, or remove their willingness to reach agreements beyond the quantum of funding identified.

**We recommend that the Assembly Government consider setting a date beyond which Assembly Government funding will no longer be available to local authorities that have not concluded equal pay agreements or can demonstrate measurable progress towards doing so. .**

**Not accepted**

I do not agree at this stage that the Assembly Government should consider setting a date beyond which funding will no longer be made available to local authorities that have not concluded equal pay agreements or can demonstrate measurable progress towards doing so.

There are a number of factors beyond the control of local authorities that may prevent local authorities concluding agreements and in my view it would be wrong to penalise local authorities in this way.

**We recommend that, where an authority has self identified as having no liability for back pay and no need to change pay systems that, it should no longer receive any additional funding from the Assembly Government.**

**Not accepted**

Evidence was provided to committee that there are some authorities that do not consider they have any liability for back pay and whose pay systems are already based on equal pay principles.

The additional funding was provided for local government "in recognition of the additional costs faced resulting from the implementation of equal pay agreements". The Assembly Government agreed with local government that, in line with partnership arrangements, the most appropriate arrangement for providing the funding was through the revenue settlement using the needs based formula.

This approach recognises that local authorities have a responsibility to manage the implementation of equal pay agreements and provides the flexibility to authorities to use the resources most effectively and efficiently to deliver these agreements. If a decision was made to remove funding from those that had not concluded equal pay agreements, it would not be possible to continue paying the remainder of authorities through the local government settlement. It would be necessary to remove the funding from the settlement and pay as a specific grant. In doing so, any annual uplift would not be guaranteed and would be disadvantageous to authorities.

I am pleased to note that all of the representatives from whom evidence was taken felt that there had originally been considerable goodwill from all the parties involved to resolve this issue quickly. Whilst I acknowledge the view held by representatives from UNISON that the initial impetus on this issue had been lost, I do not share that view and do not agree that there is a lack of focus on the part of the Assembly Government. Nor do I agree that there is a resistance to implement equal pay where it is appropriate to do so.

**We recommend that the Minister for Social Justice and Local Government convenes an urgent meeting of all the main parties involved with the aim of refocusing attention on this issue and of speeding up progress on the implementation of equal pay arrangements in local government in Wales.**

**Accepted**

This is already being addressed. **I am supporting our partners in the Wales TUC and the Equality and Human Rights Commission in Wales to deliver a range of activities designed to hasten the pace of implementation in Wales.**

An equal pay conference is being convened to be held in Cardiff on March 11<sup>th</sup>. The purpose of the conference will be to explain the benefits to be gained from implementing equal pay, and to share learning about how equal pay has been implemented effectively. This conference is supported by local workshops run by the Wales TUC and I have asked my officials to explore how we can build on this activity in the coming year.

Yours sincerely

**Brian Gibbons AM**

