



## Pay in local authorities

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This note provides a general overview of pay and grading in local authorities.

The following related standard note covers local authority pensions:

[SN/BT/4115, Local Government Pension Scheme, 2006 - , 28 October 2008, Djuna Thurley, Business and Transport Section](#)

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### 1 Pay negotiations

Pay negotiations are conducted through various Joint Negotiating Committees (JNCs) and National Joint Councils (NJC), for example the National Joint Council for Local Government Services, which incorporates most local council employees, aside from those for whom there are alternative arrangements such as teachers.

Since 1997 when the Single Status Agreement (see below) was signed, there has been one national negotiating body for support staff, Administrative, Professional, Technical and Clerical (APT&C), and manual employees – the National Joint Council for Local Government Services (NJC) – with the *National Agreement on Pay and Conditions of Service* contained in

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a new handbook known as “the Green Book”.<sup>1</sup> Some issues are dealt with at a national level and others by the local authorities themselves. For example the NJC ceased to produce nationally agreed subsistence rates for local government staff in 1996 and since then subsistence rates have been determined locally.

Local Government Employers (LGE) was created by the Local Government Association to work with local authorities, regional employers and other bodies to advise and negotiate on pay, pensions and the employment contract. LGE represents local authorities in negotiations with trade unions and the government over pay and conditions. LGE also advises local authorities and related employers on national negotiating machinery. The general introductory information on the LGE website is as follows:<sup>2</sup>

LGE represents the interests of 410 local authorities in England and Wales as employers and has a key role in providing the main interface between employers and trade unions for consultation and negotiations on pay, pensions, workforce developments and social partnership. The employment groups within LGE's remit include:

- local government staff
- teachers and school support staff
- firefighters
- coroners
- police and police support staff
- forensic medical examiners

LGE works to:

- modernise the pay and conditions agreements in England and Wales to provide affordable, sustainable and flexible employment frameworks
- provide effective representation for local authorities and other stakeholders seeking to modernise their pay and conditions agreements, pension schemes and the employment contract
- offer practical guidance and solutions on pay, pensions and the employment contract to local authorities and other stakeholders

Working in consultation with, and on behalf of local authorities, regional employers and other stakeholders, LGE:

- represents local government employer interests on pay, pensions and employment issues to central government, government agencies, trades unions, and European institutions
- supports the employers' sides of the national negotiating bodies
- provides advice and support for councils implementing national pay and conditions agreements
- offers technical advice, information and training on the Local Government Pension Scheme and related matters
- delivers guidance and advice on employment issues including: employment law, sickness absence management, reward systems and structures, health and safety, age discrimination, productive time and procurement-related workforce matters

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<sup>1</sup> Available to download from the Local Government Employers website, [Green book: National agreement on pay and conditions of service for local government services](#) [on 16 October 2008]

<sup>2</sup> LGE, [Our work](#)

The LGE describes the composition and remit of the NJC as follows:

The pay and terms of conditions of employment for over 1.4 million local government services' workers is determined by the National Joint Council (NJC) for Local Government Services.

The NJC for Local Government Services has 70 members: 12 on the employers' side and 58 on the trade union side.<sup>3</sup>

Craft workers are covered separately by the Joint Negotiating Committee for Local Authority Craft and Associated Employees:

The Joint Negotiating Committee (JNC) for Local Authority Craft and Associated Employees' agreements apply to approximately 6,000\* local authority craft and associated employees. (\* Source: LGE Survey June 2007).

There are 24 members of the JNC for Local Authority Craft and Associated Employees: 12 for the Employers' Side and 12 for the Trade Union Side.

The agreement covering national pay and conditions of employment for engineers, electricians, builders and other craft employees of local authorities is known as the Red book.<sup>4</sup>

## 2 Arbitration and the 2008-09 pay dispute

Sometimes pay disputes that cannot be resolved through negotiation are referred to Acas for independent binding arbitration. On these occasions the NJC will agree terms with the unions for the arbitration and then refer it to Acas for resolution. Acas arbitration recently made an award which the employer's side has criticised. The agreed terms of reference for this arbitration were as follows:

The arbitration board is asked to consider the arguments put forward by both sides and resolve the 2008/09 pay dispute. The arbitration board shall take into account annual levels of affordability for all local authorities within the context of the 2008-11 CSR period settlements and the impact of the changing economic circumstances since April 2008.<sup>5</sup>

The LGE press release on the outcome of the award sets out the details and also gives background to the dispute from the employers' perspective:

### **What was the arbitration about?**

It's over this year's pay increase (effective from 1st April 2008). The unions' claim was for 6% or 50p an hour. Councils could not accept such a high pay demand as it was unaffordable and would mean that jobs and/or front line services would be cut.

After an unsuccessful two day strike last July, the unions decided to refer the pay claim to ACAS. The result of this ACAS decision is what has now emerged.

### **What was the result of the arbitration?**

The National Employers have today received notification via ACAS that the arbitration panel appointed to resolve the dispute over the 2008 pay award has ruled that an

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<sup>3</sup> LGE, [National Joint Council for Local Government Services](#)

<sup>4</sup> LGE, [Joint Negotiating Committee for Local Authority Craft and Associated Employees](#)

<sup>5</sup> LGE Press Release, [Employers and unions agree arbitration terms](#), 17 December 2008

increase of 0.30% should be made in addition to the employers' final offer of 2.45%, plus £100 per annum on spinal column points 4, 5 & 6, that was jointly implemented last October.

**Why did the National Employers go to arbitration?**

Under rules previously agreed by both the unions and the employers, councils had no choice but to be part of the arbitration process despite repeatedly warning that the pay increase demanded by the unions was unaffordable and would lead to job cuts.

**Does this apply to the whole of the UK?**

No. The pay award covers the vast majority of England, Wales and Northern Ireland.

**What were the details of the original offer to the unions?**

The Employers' final offer is 2.45% with an extra £100 a year on the bottom three pay points (the increase for the lowest paid is therefore 3.3%). The total cost of the offer is 2.5%. This was paid to employees in October 2008.

**Could this mean job losses?**

Yes. Councils across the country will have to work out how to find the money. With councils already having set their council tax budgets, and not wanting to pass the cost onto taxpayers, it will mean that the money to pay the extra pay awarded by ACAS will have to be found elsewhere. Some councils will have to look very closely as to whether jobs will have to be cut.

**How many staff are employed by councils?**

1.4 million are covered by the claim (which excludes teachers etc as outlined above).

Why could you as councils not do what the unions suggest and dip in to council reserve money?

Council reserves are used for emergencies. As an example, councils had to dip in to help people during the floods in 2007. Many councils are also using them to support businesses during the recession. Using reserves to pay wages is simply a short term sticking plaster solution and would not help local people in any way.

**What type of jobs do council staff do?**

This is not just about refuse collectors and street sweepers. The largest council services are education (where teachers would not be covered by the result - but support staff – including teaching assistants, dinner ladies and school caretakers – would) and social care.

And there are other services such as libraries and leisure centres. With 800 different services provided from archaeology to zoology – it is almost impossible to provide a full list.

**What role does central government have in this matter?**

Government has no formal role. The Department for Communities and Local Government has said that the negotiations are entirely a matter for local authorities and the unions.<sup>6</sup>

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<sup>6</sup> LGE Press Release, [Jobs will have to go to meet council workers' pay rise - council leaders](#), 3 March 2009

More detailed information given by the Employers' Side covering the arbitration mechanism and the events surrounding the dispute was set out in a Local government services employers' circular issued on 17 October 2008. This explained the background to the decision to implement their final offer of 2.45% (plus £100 per annum on spinal column points 4, 5 and 6) made on 2 April 2008.<sup>7</sup>

The Trade Union Side of the NJC gave its account of the dispute over the 2008-09 pay claims in the following terms:

This year's NJC pay claim comes at a time of continuing, radical change in councils, with local government employees facing ever increasing pressure to provide more for less. Pay for the local government workforce fell below inflation last year and needs to catch up with cost of living increases. It has fallen below average earnings rises across the economy. It also needs to match pay elsewhere in the public sector if the Government's aim for joined up service delivery is to be realised.

In submitting this year's NJC pay claim, it is essential to first consider the make up of the local government workforce. Three quarters of all local government employees are women. Over half - 57% of the workforce - work part time and over a quarter - 27%, were on the lowest 6 pay points in 2006 – the most recent period for which workforce data is available. That means they were earning less than £12,747 full-time equivalent salary. A further 30% were on scale points 10 – 17, earning up to £15,825 per year – that's £8,175 less than the median average full time salary across the economy of £24,000.

We believe that our claim is justified. It will do no more than recoup losses from the below-inflation pay awards received since 2004 and catch up with predicted inflation over the coming year. Our claim for a flat rate of 50 pence an hour for the lowest paid would help bring local government workers at the bottom of the pay scale into line with their counterparts in the NHS, the police, higher education and other parts of the public sector.

NJC workers on the bottom rate earn only £11,577 - lower than any other group of public sector workers – except those in 6th Form Colleges. The lowest paid employees in the NHS on scale point 1 of Band 1 currently receive £12,182 before their pay award for 2008. However, most NHS cleaners and catering staff are now on the top scale point 4, earning £13,253 because of new incremental scales arising from Agenda for Change. Many others are on Band 2, earning up to £15,523. Annual leave, London weighting and other conditions are also better in the NHS and other areas of the public sector. Those in higher education will get a minimum of £12,773 from October 2008 while the minimum rate for police support staff is now £12,137. We believe our members deserve to match up to other public service workers.

[...] it can clearly be seen that a cleaner working in local government gets paid almost 12% less than a cleaner in the NHS. A Higher Level Carer/Team Leader working in the health service will receive over 21% higher wages than a Senior Care Worker in local government and NHS Nursery Nurses receive a staggering 24.7% more than their counterparts in local government.<sup>8</sup>

Comparisons were also outlined on the difference in pay between local government workers and those in higher education, the police service and probation intended to show how NJC employees have fallen behind other key groups in the public sector.

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<sup>7</sup> LGE, [Local government services employers' circular: local government pay](#), 17 October 2008

<sup>8</sup> Trade Union Side of the National Joint Council for Local Government Services, [Local Government Pay Claim 2008/2009, England, Wales and Northern Ireland](#), January 2008

### 3 Higher earners

Higher earners within local authority employment may be covered by pay and grading structures such as the Joint Negotiating Committee (JNC) for Chief Officers:

LGE provides the employers' side secretariat for the Joint Negotiating Committee (JNC) for Chief Officers. This covers 7,187 chief officers (comprising: 85.5 per cent male and 15.5 per cent female chief officers). The total paybill for this group of workers is £372m.<sup>9</sup>

The JNC for Chief Officers has 38 members: 12 on the employers' side and 26 on the staff side.

In addition there is a Joint Negotiating Committee for Chief Executives:

LGE provides the employers' side secretariat for the Joint Negotiating Committee (JNC) for Chief Executives.

This covers 407 chief executives comprising: 87.9 per cent male and 12 per cent female. The total paybill for this group of workers is £33.5m.

The JNC for Chief Executives has 27 members: 12 for the employers' side and 15 for the staff side.<sup>10</sup>

### 4 Private sector comparisons

Whilst there have been widespread pay freezes in the private sector (and in some cases unions have agreed to pay cuts to preserve employment) the various public sector pay negotiation mechanisms have generally resulted in pay rises. There are clearly difficulties for any proposals to implement pay freezes in the public sector.<sup>11</sup> Firstly, the public sector has a much higher union density than the private sector. Private sector union density fell by 0.5 percentage points to 16.1% in 2007, whereas public sector union density rose 0.3 percentage points in 2007 to 59%.<sup>12</sup> Secondly, there are a host of pay negotiation bodies and binding agreements covering the public sector which will often limit employer's options. An article in the *Sunday Times* drew attention to the contrast between public and private sector pay settlements in the economic downturn.<sup>13</sup>

### 5 Single Status

The pay and re-grading process in local authorities is a national level agreement with trade unions known as 'Single Status'. It is not an initiative of central government; although central government has attempted to help by allowing local authorities to borrow more to finance the liabilities that have emerged (called 'capitalisation directions').

The following is a selective chronology:

1997	Single Status Agreement signed by unions and local government employers
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<sup>9</sup> LGE, [Joint Negotiating Committee for Chief Officers](#)

<sup>10</sup> LGE, [Joint Negotiating Committee for Chief Executives](#)

<sup>11</sup> For general background on public sector pay see [SN/BT/4605 Public sector pay](#)

<sup>12</sup> BERR, [Trade Union Membership 2007](#), July 2008

<sup>13</sup> ['Pay freeze looms for millions'](#) *The Sunday Times*, 1 March 2009

2004	National Joint Council (NJC) of employers and unions sets the timetable for the completion and implementation of pay and grading reviews to be completed by 31 March 2007.
2005	Unofficial strike action and protests about pay cuts
2006	The Treasury announces it will set a national capitalisation fund for local government liability costs on single status agreements, with a cap of £200m.
31 March 2007	Deadline for the completion of single status. Two-thirds of the 410 local authorities in England and Wales miss the deadline according to the Local Government Employers estimations. Costs predicted to escalate to £5bn in back-pay liabilities and future wage bills.
28 September 2007	Allocation of £500m equal pay capitalisation directions to 46 authorities in England giving them the financial flexibility to make one-off back-payments to thousands of employees - mostly women.
29 July 2008	The Court of Appeal rules in <i>Redcar &amp; Cleveland Borough Council v Bainbridge and others</i> , and <i>Middlesbrough Borough Council v Surtee and others</i> that pay protection schemes are unlawful because they reinforced inequality among men and women in the workplace.
26 September 2008	A further 34 councils given capitalisation directions allowing them to raise £455m to meet equal pay liabilities. Government capitalisation measures cumulatively amount to over £1.1bn of capitalisation over a three-year period.

In 1997, national representatives of local government employers and recognised trade unions (Unison, TGWU and GMB) came together to sign the Single Status Agreement. The purpose of the agreement was to harmonise terms and conditions of employment for support staff, Administrative, Professional, Technical and Clerical (APT&C), and manual employees on a national basis and address inequalities in pay and conditions among local government workers, in particular between men and women.

The main principles of the Single Status Agreement are as follows:<sup>14</sup>

- Local authorities aim to provide training and development opportunities for the employees, in order to deliver high quality services to the local community.
- Equality was to be a core principle, which underpinned employment practice, employee relations and service delivery.
- There should be a flexible approach to providing services to the community, which met the needs of employees as well as employers.
- Local authorities, along with the signatory recognised trade unions, should aim to provide stable industrial relations, through consultation and negotiation.

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<sup>14</sup> Local Government Employers, Key Points, [The 1997 Single Status Agreement](#), undated

The key features of the Single Status Agreement are as follows:

- One pay spine
- Harmonisation of conditions of service
- A standard working week of 37 hours or less
- Grading reviews based on equal pay
- Equal status for part-time employees
- A new deal on training and development
- Partnership working between management and trade unions

Job evaluation is considered to be an essential element in delivering Single Status. This ensures that all jobs within the scope of the “Green Book” are graded in accordance with a fair and non-discriminatory grading structure and provides the base information for an overhaul of existing pay and reward systems. It has been agreed by national representatives of both local government employers and local government trade unions (Unison, T&GWU and GMB) that all jobs covered by the National Agreement on Pay and Conditions of Service will be evaluated by this process. This includes all jobs for which there is no other national negotiating body.

The implementation of the agreement has been accompanied by various problems ranging from industrial action over pay cuts to equal pay litigation. For example, a number of bin men in Coventry took unofficial strike action over single status pay.<sup>15</sup>

An IDS Pay Report gave an updated account of local government services pay settlements in January 2007:<sup>16</sup>

The Current local government services pay deal, signed in 2004, established a deadline of 31 March 2007 for the completion of single status. As this date fast approaches, it looks very likely that fewer than half of councils will meet this deadline, their progress impeded by costs involved and lack of addition funding from central government. Failure to implement single status has left councils exposed to trade unions and ‘no-win, no-fee’ lawyers taking equal pay cases to employment tribunals, while local authorities, particularly in the North of England and Scotland, are facing huge costs following equal pay claims from female former manual workers for compensation in respect of previous inequalities.

A Written Answer on 5 February 2007 set out the Government’s plans to amend the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* to assist local authorities in meeting these liabilities:

**Local Government: Pay**

**Mr. Mullin:** To ask the Secretary of State for Communities and Local Government what plans she has for bringing forward legislation to deal with the impact of single status and equal pay claims on local government; and if she will make a statement.  
[118100]

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<sup>15</sup> “Council to force single status deal” *Coventry Evening Telegraph*, 1 February 2005

<sup>16</sup> IDS Pay Report 969, January 2007, page 7

**Mr. Woolas:** We have recently consulted on a proposed change to the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003* which would allow local authorities greater flexibility in managing their financial liabilities relating to equal pay. This amendment would allow authorities to defer making financial provision for anticipated liabilities arising from equal pay back pay until the date on which the local authority must make the back payments rather than as soon as they can be reliably estimated, which accounting practices currently require. I am pleased to announce our intention to make this amendment in the current financial year. It is proposed that this new regulation would apply until the end of March 2011.<sup>17</sup>

Single Status and equal pay was the subject of an Adjournment Debate on 8 February 2007.<sup>18</sup> Chris Mullin MP summarised the sequence of events as follows:

First, protracted negotiations between unions and local government employees, during which I am told that it was argued by some on the union side that the exercise would prove cost-neutral, resulted in the signing of the 1997 single status agreement. The agreement envisaged a harmonisation of terms and conditions for the majority of local government employees, accompanied by a huge job evaluation exercise intended to sweep away injustices and anomalies that had accumulated over decades and replace them with a local government pay structure that reflected equal pay for work of equal value. The agreement was to be implemented by 31 March 2007—an honourable ambition.

As the deadline approached, an awful truth began to dawn: there would be losers as well as winners. Indeed, there would be more losers than anyone had anticipated, some of whom would lose out very badly indeed. In Sunderland, for example, bin men and road sweepers found themselves facing cuts of up to 20 per cent. in their take-home pay. Nursery nurses found that they would no longer be paid during holidays. The council's hard-working gardeners found that they too were faced with big pay cuts. Needless to say, they were not happy. That gave rise to a new demand—that there should be no losers and that those faced with potentially catastrophic falls in income should be indefinitely protected.

Reluctantly, and at great expense, the local authority in Sunderland agreed to four years protection. At that point, the lawyers moved in. First, they threatened action against councils who delayed implementation. Then, they took action against unions that had settled for anything less than the maximum. Finally, once protection for the losers had been agreed, they started encouraging those who have already been substantially compensated to sue local authorities, arguing that they should be further compensated in order to maintain parity with those who had been temporarily protected.

One by one, Stefan Cross and his colleagues are unpicking agreements that everyone thought had been signed and sealed. I am told that the week before last, in Sunderland alone, more than 800 new claims were received, mainly from people who have already pocketed up to £9,000 a head in compensation, plus handsome pay rises, and who are now coming back for more. And so it goes on. No one knows where it will end, or how. As if that situation were not dire enough, somewhere along the line an employment tribunal decreed not merely that injustices should be put right and anomalies rectified, but that those found to have lost out should be compensated six years in arrears—as opposed to the two that had been the norm up to that time—thereby adding another huge sum to the local authority pay bills.

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<sup>17</sup> HC Deb 5 February 2007 c751W

<sup>18</sup> HC Deb [8 February 2007](#) cc1091-1098

The response from local authorities has varied. Some, like Sunderland, bit the bullet and sought to implement the agreement as swiftly and fairly as possible. The cost to local taxpayers so far in Sunderland is £15 million and could be tens of millions more if the worst comes to the worst. Sunderland has been advised that, on a worst case scenario, costs could touch £50 million. Some other local authorities have tended to bury their heads in the sand in the hope that it will all go away. One north-east local authority initially adopted a policy of paying out only in response to successful tribunal claims. So far it has shelled out nearly as much as Sunderland on a much smaller number of claims.

Across the north-east, the total cost of claims could be as high as £300 million, but it is not just a north-east problem—far from it. The west midlands is said to be facing claims of nearly £1 billion, the north-west £740 million, London £123 million, and the south-west £100 million. Nationwide, the bill is estimated to be as high as £2.7 billion, but could eventually be higher. What is to be done? Emphatically, I am not suggesting that the Chancellor be asked to write out a cheque. No sensible person would do that. It has been suggested that the cost could be capitalised and paid off over 40 or 50 years, but that is a very expensive option and, in any case, insufficient to deal with a problem of this magnitude.

My hon. Friend the Minister has recently announced a modest change to local authority accounting rules that would allow local authorities to defer making provision for equal pay liabilities. That is welcome but, as I am sure that he understands, it does not begin to address the magnitude of the problem. It has also been suggested and I understand recently agreed by Ministers that, at least as far as school caretakers and dinner ladies are concerned, the cost could come from the substantial surpluses that some schools retain. That may help some authorities, but it will inevitably give rise to the charge of unfairness, because some schools have surpluses and others do not. In any case, the majority of those involved are not school employees.

In September 2007 the Government announced support for councils to help speed up meeting the equal pay commitments, particularly relating to back pay:

The Government has moved to help councils speed up equal pay for women working in local government by allowing significant amounts of equal pay back pay to be treated as capital expenditure. This enables them to spread the cost or fund from receipts.

Communities and Local government announced today (Friday 28 September) the allocation of £500m equal pay capitalisation directions to 46 authorities in England giving them the financial flexibility to make one-off back-payments to thousands of employees - mostly women.

The Department has also responded swiftly to requests from local government by announcing decisions about the amounts allocated early in the financial year to make it easier for local authorities to manage their budgets.

Local Government Minister John Healey said:

"Local authorities have to settle their equal pay obligations but we recognise the position for many is tough and I want to do what I can to give them the financial flexibility they need to implement fair pay systems. However, this is not a new pressure and I would like to see some authorities doing more to tackle the issue in a pro-active and affordable manner.

"We have already amended the regulations on capital finance to improve the process of identifying and dealing with any equal pay liabilities. Today's

allocations go a step further by allowing councils to treat significant amounts of back-pay costs in 2007/08 as capital. This gives them the flexibility they need to get on and work with unions representing their staff to ensure people get the benefit of equal pay to which they are entitled."<sup>19</sup>

A PQ from June 2008 suggested that some councils were choosing to reduce wages rather than increase the wages of women:

**Lynne Featherstone (Hornsey and Wood Green) (LD):** Does the Minister share my concern about reports that Nottingham city council is reducing the wages of 1,400 of its employees to achieve equal pay, rather than increasing the salary of the women? Should not equal pay mean levelling up, not levelling down?

**Barbara Follett:** Obviously it should, but local authorities are responsible for addressing their equal pay issues and we recognise that that is a difficult and costly pressure for many of them. However, I am glad to say that progress is being made. The latest figures show that 47 per cent. of councils have either implemented or completed their pay reviews with only 3 per cent. yet to start them. [...]<sup>20</sup>

An article in *Personnel Today* reports that the negotiation and implementation of equal pay deals has been accompanied by further legal problems:

Thousands of new equal pay claims could be lodged against local authorities and the NHS in addition to those already in the system, thanks to a landmark court ruling.

In the consolidated cases of *Redcar & Cleveland Borough Council v Bainbridge and others*, and *Middlesbrough Borough Council v Surtee and others*, the Court of Appeal ruled this morning that both councils' pay protection schemes were unlawful because they reinforced inequality among men and women in the workplace.

A judge ruled that transitional arrangements protecting male workers' pay – even while measures were put in place to bring comparable female workers' pay up to the same level – were discriminatory.

In this case, Bainbridge and her colleagues argued not that pay protection was wrong, but that they should also have benefited from it, since, had they have been paid equally to men in the first place, they too would have suffered a loss of income and would have been entitled to pay protection.

Redcar & Cleveland and Middlesbrough Councils argued unsuccessfully that they should be allowed to provide pay protection to their male employees regardless of the discriminatory background to the payments. [...]

Earlier this month the Appeal Court also ruled that the GMB union indirectly discriminated against female workers at Middlesbrough Borough Council when it prioritised pay protection for men over obtaining back-pay for female members in the earlier stages of the equal pay saga. Lawyers said the ruling meant such claims were less likely to be settled out of court.<sup>21</sup>

In September 2008 Local Government Minister John Healey announced further support to councils to help meet equal pay liabilities:

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<sup>19</sup> Department for Communities and Local Government, [Government gives councils more financial flexibility on equal pay](#), 28 September 2008

<sup>20</sup> HC Deb, 19 June 2008 c1071

<sup>21</sup> Personnel Today, [Equal pay court ruling opens way to more local government claims](#), 29 July 2008

Mr Healey gave the green light to 34 councils to raise £455m to meet equal pay liabilities, either by borrowing against or selling assets - known as capitalisation. This will enable them to make one-off back - payments to thousands of employees - mostly women on low pay.

The Government has acted to help councils make equal pay settlements, approving over £1.1bn of capitalisation over a three-year period.

This has been widely welcomed by local government and trades unions as practical support that enabled councils to meet their commitments as employers. Evidence suggests progress is speeding up as a result - the Local Government Employers report that in July 2007 only around two in five of authorities had either implemented or completed their local pay reviews, but by the end of July this year it had reached three in five.<sup>22</sup>

Since this announcement some councils have expressed further concern about how meeting the equal pay commitment may result in increased council tax or cut-backs on capital projects:

TAXPAYERS could face years of higher taxes as the region was landed with a £150m equal pay bill.

Local authorities are bracing themselves for a big hit on their multi-million pound reserves – the interest from which is vital to keep council tax down.

And with some of the liabilities faced by the councils dwarfing their cash pots, money direct from taxpayers could be required to pay the bill.

Other unpalatable options in front of moneymen are selling off land and buildings or going into debt – North Tyneside has already been given the right to borrow £15m.

The Government has now offered councils the chance to sell assets such as land or buildings to raise money, or enter into yet more debt to pay off the claims.

Many North East authorities have already been forced to pay compensation to women employees previously made to accept lower wages than male counterparts.

Northumberland Council alone faces an overall bill of up to £50m.

If it loses ongoing legal action it will have to wipe out its reserves of £27m and would see capital projects such as new road building grind to a halt.

And city leaders know if ongoing legal action goes against them they will have to look at increasing future council tax rates and cutting services.<sup>23</sup>

## 6 Further reading

- T&G, Unison, GMB, [Trade union side guide to local government grading and pay reviews](#), undated
- Local Government Employers, [LGE survey of pay structure development](#), July 2006
- Local Government Employers, [Local government services pay update](#), 1 Oct 2008

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<sup>22</sup> Department for Communities and Local Government, [Healey announces support for councils to deliver equal pay](#), 26 September 2008

<sup>23</sup> Journal Live, [Council equal pay bill set to raise council tax](#), 2 October 2008