

Equal Misery?

Mo Baines explains how local authorities and trade unions are dealing with equal pay in a climate of equal misery.

With the deadline of April 2007 fast approaching many councils are still chasing the seemingly illusive dream of an equal pay proofed pay and grading system. For those providing local authority direct services the dream has scarier overtones of a nightmarish scenario, forcing escalating costs, with potentially unsympathetic clients and worse still living in fear of the councils very own 'Misery star Kathy Bates' played out by the City Treasurer.

The theatrical flare by certain claims chasing lawyers, pursuing litigation to right the wrongs, under the guise of modern day robin hoods (getting at the big bad council on behalf of those isolated part time women who have faced discrimination) is now viewed as one of the biggest threats to jobs and service stability in the very areas where ironically the 'wronged women' are employed.

Few would argue that women in local government have been treated abysmally. Sweeping aside the legal technicalities of equal pay legislation and applying a common-sense approach the men got more pay than the women for jobs rated as equal. No excuses. It was wrong. It is wrong. It needs to stop. The dilemma however, that direct service providers face, is that even when recognising past mistakes the potential impact of equal pay will arguably continue to affect the female areas of employment, in councils, far more than male dominated areas and here's why.

Despite all of the litigation around equal pay councils still have large swathes of employees in single sex occupational groupings. In the areas where workers have, and in some cases still do, receive bonus payments the workforce is dominated by full time male workers; such as gardening, street cleansing, refuse collection and building maintenance. It is in these areas that the outcomes of job evaluation, whilst arguably still creating a cost pressure, have had less of a distortion in the departmental pay envelope for the service. This is quite simply because the bonus payments can be recycled (once formerly terminated) to offset the natural increases in basic pay following a job evaluation exercise. This is not so in the female areas.

Because bonus was either withdrawn as part of compulsory competitive tendering or was never (or very rarely) within the departmental pay envelope for the female occupational groups, such as catering staff, cleaners and home care workers, there has traditionally been very little room for manoeuvre in the pay envelope. With no bonus to recycle any new or increased costs are very real on the trading account. And all that is before we get into a debate on compensation.

The unions and employers have tried to negotiate local agreements to settle the pay line but the sticking point is increasingly becoming the vexed question of compensation. Where compensation is paid through either a court settlement or through the council's own arrangements the debate then ensues as to where or how these costs should be met. The costs of compensation are alarmingly high, which is not to say that they ought not to be paid, but the reality is that few trading accounts or service business plans could predict or withstand the whole cost of compensation – figures of compensation in the region of £10 million plus from just one individual service area is not uncommon. It is akin to placing around six years (or five in Scotland) worth of inflation busting pay rises, on to the trading account in one giant step and then, on top of that, adding into this financial conundrum the increased and on-going labour costs on the revenue account to reflect the new job evaluated pay rates. And of course in the female areas the job-evaluated pay rates are more than likely to produce increases in the wage bill because job evaluation rewards the skills that have previously been overlooked or undervalued.

So into the mixing pot of equal pay the female dominated areas of employment end up with the riskiest of financial plans. The dilemma of what to do to bring budgets back into kilter, whilst maintaining a semblance of normality with their client base, and working out the psychological profile of the City Treasurer and the army of bean-counters has become the new su-doku amongst catering, cleaning and social care managers!

Increased costs cannot simply be passed onto clients. In many cases such as grouped service level agreements costs are fixed for the larger part over a longer term to provide the client with budget stability, an important factor when dealing with clients such as schools or groups of schools. This can mean little room for increased prices.

Moreover many of the recent policy initiatives, laudable as they may be, have already started to impact on the female areas of work. Take for example the improvements to school meals. Whilst parents and schools are demanding new school menus, compliant with food and nutrient based standards, the outcomes for the school caterer is an increase in both food and labour costs. Food costs increase because quality has made a welcome return to the fore. Labour costs increase because preparation time is needed if the cook is to keep the infamous turkey twizzlers firmly out of the school kitchen and concentrate efforts in to preparing freshly cooked food. But who pays?

There is a natural cut off point at which meals become too expensive for parents. The local authority and the in-house provider has to then make a decision as to who will make up the difference, the subsidy, between what the meal costs to produce and what the parents and client school is prepared to pay. Coupled with the double whammy of increased labour costs and the prospect of equal pay compensation payments it is hardly surprising that many managers, in these service areas, fear job cuts or loss of contracts as being the end result. The scenario doesn't of course end with catering and could easily be applied to social care in the context of

'independence well being and choice' and to cleaning service changes as a result of extended schools arrangements. The list goes on.

But does it have to be so gloomy a picture? Thankfully not. Many APSE member authorities are reporting small but significant breakthroughs in getting clients to understand that quality needs to be paid for and that includes the staff delivering the service. Deals have been struck for 'one off' increases fixed over a longer term providing much needed stability to everyone's accounts both provider and client.

There is also a recognition that oversimplified threats of outsourcing services rarely works to fend off equal pay claims. The unions have made it clear that these types of veiled threats will simply bring forward the day of reckoning in terms of launching equal pay action. In any event the likelihood is liabilities for equal pay claims would transfer across making for a very unwelcome transfer bed-fellow.

Moreover the increased costs have had some positive effects, allowing managers to look at better career paths, in areas where opportunities for progression have too often been neglected, and having the added bonus of making recruitment more attractive in areas traditionally dogged by poor image and accompanying low pay. Thankfully too the 'Kathy Bates treasurers' are few and far between. The majority of councils have recognised that to plough efforts into forcing compensation debts against trading accounts is akin to putting a sticky plaster over a gaping wound. Instead, and sensibly in APSE's view, councils have recognised that equal pay is a corporate issue and that the management of the overall pay envelope and legal compensation issues should be dealt with at the centre, without resorting to a blame culture.

So where to now for direct service providers, particularly those with predominantly female employees? Well they rose to the challenge of CCT and have come through Best Value with excellent records and innovative service delivery options for clients. Grasping equal pay has been difficult but undoubtedly they will continue to thrive and to serve the public despite the financial misery.

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