

WEST DUNBARTONSHIRE COUNCIL
Report by the Executive Director of Corporate Services
Council : 17 December 2008

Subject : Equal Pay Compromise Agreements and Recovery of Arrears

1. Purpose

- 1.1 The purpose of this report is to update Council on the recovery of arrears from employees in receipt of an equal pay compromise award.

2. Background

- 2.1 In August 2008 the Council agreed to offer compromise agreements to employees who had a potential equal pay claim against the Council.
- 2.2 During October and November this year offers of a compromise payment were made to approximately 1,100 employees. The value of compromise payments, net of employer's costs, is £5.3m. Of this number, 391 employees were in arrears to the Council. The value of combined arrears was £1,070,240.

3. Main Issues

- 3.1 The majority of payments were made to staff during the week commencing 1 December 2008. All employees with arrears were contacted by the Finance Recovery Team prior to the pay-out, asking them to contact the Council to come to an agreement to settle their arrears. The closing date of 26 November was put on this request so as to enable payroll to process payments in time for the pay out to go through wages on 4 December 2008 and 10 December for pay out through wages on 18 December
- 3.2 The only deductions made from the awards were in respect of employees who volunteered a deduction from their compensation award. A total of 238 employees mandated a contribution of £226,321 toward arrears. In the absence of an authorisation from the employee, payments were made without any deduction.
- 3.3 If no contribution was volunteered towards arrears, employees were advised that the Council would consider taking further action to recover the arrears. It was made clear to the employees that each case would be treated on an individual basis and accordingly they were encouraged to contact the Finance Recovery Team to discuss their circumstances. It should be noted that the Council has not sought to escalate action against any of these employees since the pay-out was made.
- 3.4 The motion before Council asks *that no follow up sanctions will be taken against employees in this bracket if no consent to a deduction is forthcoming from the employee.* The Council has a fiduciary responsibility to take all reasonable steps to recover sums due to it. As such, the Council would be failing in this duty if an amnesty was granted in respect of a group of employees. In addition, it could be argued that employees would be receiving preferential treatment when compared to the actions taken against the general public.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 The Council's 2008/09 general services budget has a target of a life time council tax collection rate of 97.00%. Failure to collect council tax would have an adverse effect upon the ability of the Council to achieve the budgeted collection rate.

6. Risk Analysis

6.1 The Council has a fiduciary responsibility to take all reasonable steps to recover sums due to it. The Council could be accused in failing in this duty if an amnesty was granted in respect of a group of employees.

7. Conclusions

7.1 The Council has made approximately 1,100 offers of compromise payment to employees with a total value, net of employers costs, of £5.3m. Of this number, 391 employees were in arrears to the Council. The value of combined arrears was just over £1,070,240.

7.2 A total of 238 employees mandated a contribution of £226,321 toward arrears and these were deducted from the payments made.

7.3 No deductions were made without an authorised mandate from any employee and the Council has not sought to escalate action against any of these employees since the pay-out was made.

7.4 The Council has a fiduciary responsibility to take all reasonable steps to recover sums due to it.

8. Recommendations

8.1 Council is requested to note the action taken to date.

Joyce White
Executive Director of Corporate Services
Date: December 2008

Wards Affected: All Wards

Appendix: None

Background Papers: No background papers

Person to Contact: Vincent Gardiner, Manager of Exchequer
Council Offices, Garshake Road, Dumbarton, G82 3PU.
Telephone (01389) 737192
Email: vincent.gardiner@west-dunbarton.gov.uk