

**Report to all Elected Members of Birmingham City Council  
Under  
Section 5 of the Local Government and Housing Act 1989  
By**

**Janie Berry, City Solicitor and Monitoring Officer, Birmingham City Council**

**Date of Report: 21<sup>st</sup> September 2023**

Purpose of Report

1. Members of the Council are asked to consider this Report prepared by the Monitoring Officer. This Report is prepared under Section 5 of the Local Government and Housing Act 1989. I am concerned that the Council has, at the date of this Report, failed to secure a decision relating to the implementation of a job evaluation programme (also known as Pay Equity System [PES]).
2. It is my duty as the Monitoring Officer to prepare a Report to the authority, if at any time it appears to them that:
  - a. *“any proposal, decision or omission by the authority, has given rise to or is likely to or would give rise to a contravention of any enactment or rule of law or of any code of practice made or approved by or under any enactment.”*
3. This includes the proposals, decisions or omissions by any committee or subcommittee of the authority, by any person holding any office or employment under the authority or by any joint committee on which the authority is represented.
4. This Report is published following statutory consultation with both the Chief Executive (Head of Paid Service) and the Interim Director of Finance and s151 Officer.
5. The purpose of this Report issued by the Monitoring Officer is to make it clear to Members of the Council that immediate steps must be taken to secure a robust PES which:
  - a. Is objective, robust and can be consistently applied and be Equality Act 2010 complaint so as to remove the risks of job enrichment, sex discrimination and cannot be open to legal challenge and thus incur future potential equal pay liability; and
  - b. Can mitigate the accruing potential equal pay liability published in June 2023, in the region of £650m-£760m with a monthly accruing liability of between £5m-£14m.

Recommendations

6. That Elected Members of Birmingham City Council consider this Report by Janie Berry, City Solicitor and Monitoring Officer issued under Section 5 Local Government and Housing Act 1989.
7. That this Report be considered at a meeting of Full Council, held no later than the end of 21 days (the maximum allowable period set out within the Local Government and Housing Act 1989) from the date of issue of this Report.
8. That Birmingham City Council (by which this means a meeting of Full Council) decide whether it agrees or disagrees with the views documented within this Report and outline what action it proposes to take because of this Report.

## Summary of key issues

9. A number of issues have arisen over an extended timeline:

### *Context*

- a. The context to the decision around a PES can be found within the Council Business Management Committee papers, dated 1<sup>st</sup> September 2023. The decision of this committee was to agree to proceed with Option 2 as outlined within the appendices to this Report.
- b. The decision by the Council Business Management Committee was required in order to limit the ongoing accrual of a potential liability in relation to Equal Pay which is current estimates to be £650m-£760m, and is accruing at a rate of between £5m-£14m per month after the 1<sup>st</sup> April 2025. Any extension to the timeline to deliver a PES by this date would incur additional liability.
- c. The quantum of this estimated liability was first shared in February 2023. This demonstrates the significant time period over which this issue has been known.

### *Timeline*

- d. Following a Cabinet Meeting on the 25<sup>th</sup> July 2023 the funding envelope for a PES was agreed, with the delegated decision for a new PES given to Council Business Management Committee to be agreed at the earliest date.
- e. Council Business Management Committee were initially due to meet on the 17<sup>th</sup> August 2023. This was reconvened due to a delay in the publishing of papers for this committee, which was driven by the involvement of the Local Government Association in delivery of additional negotiations between Officers and Elected Members.
- f. Council Business Management Committee were subsequently due to meet on 29<sup>th</sup> August 2023 at an extraordinary meeting. This was opened and adjourned due to the receipt of a letter from Minister Rowley informing the Council of the need to ensure Best Value considerations were suitably included within any decision made by the Council.
- g. Council Business Management Committee met on 1<sup>st</sup> September 2023, and the Report to be considered excluded two of the four options on the grounds of unlawfulness as a conclusion and under the Council's Best Value duty.

### *Decision*

- h. The decision made on 1<sup>st</sup> September 2023 to proceed with Option 2, as outlined within the appendices of this Report, was conditional on the agreement of the addendum by the three recognised Trade Unions by 09:00 on Monday 11<sup>th</sup> September 2023.
- i. At the time of writing this Report, two of the recognised Trade Unions have responded confirming that they are unwilling to accept the proposed addendum and the third has not responded in the time allowed or at all.
- j. I have as such notified the Leader of the Council (and Chair of the Council Business Management Committee) of the potential options to progress a subsequent decision by the committee. Notifications had been made on 11<sup>th</sup> September 2023 and 12<sup>th</sup> September 2023.
- k. Following consultation with the Leader on Friday 15<sup>th</sup> September 2023, the Leader agreed that a Council Business Management Committee would be scheduled to propose approval of Option 4 by the Committee.

- l. I have since received a request on Wednesday 20<sup>th</sup> September 2023 from the Leader of the Council that Council Business Management Committee does not meet at this time.
- m. As a result of this, currently there is an omission to act or make a decision on the part of the Chair of the Committee.

#### Consequences of a Section 5 Report

- 10. The effect of a Report issued by the Monitoring Officer is that the decision in question shall be suspended until the end of the first business day following consideration of the Report by an Extraordinary Meeting of Full Council.
- 11. During the period between issuing of the Report and the Extraordinary Meeting of Full Council no steps can be taken which give effect to any proposal or decision relating to the issue in question.

#### Legal Framework

- 12. In preparation of this Report and pursuant to the Local Government and Housing Act 1989, the Monitoring Officer is required to consult with the Head of Paid Service and the S151 Officer and has done so.
- 13. Section 5 of the Local Government and Housing Act 1989 requires an extraordinary meeting of Full Council to consider and decide on the contents of this Report within 21 days beginning on the day the of the Report being issued.
- 14. Further legal implications can be found within the Cabinet and Council Business Management Committee papers which are appended to this Report.

#### Next Steps

- 15. The requirement of this S5 Report is that an Extraordinary Meeting of the Full Council must happen within 21 days at which the Council must agree a response that addresses the issues outlined within this Report. Full Council must consider whether it agrees or disagrees with the views contained within this Report and determine action it proposes to take as a consequence.
- 16. As mentioned above, the Council must make a lawful decision such that a process commences to deliver a Pay Equity Scheme that concludes by 1<sup>st</sup> April 2025.
- 17. The timeline for activity over the coming months is as follows:
  - a. 21<sup>st</sup> September 2023 – Issue S5 Report
  - b. Extraordinary Full Council Meeting by 12<sup>th</sup> October 2023 latest
  - c. Statutory deadline for Full Council to agree a response to this Report by 12<sup>th</sup> October 2023 latest

#### Appendices

- i. Cabinet Report – 25<sup>th</sup> July 2023
- ii. Council Business Management Committee Report – 1<sup>st</sup> September 2023
- iii. S114 Report – 5<sup>th</sup> September 2023

**Janie Berry**

**City Solicitor and Monitoring Officer, Birmingham City Council**

**21<sup>st</sup> September 2023**