

Resources and Equality Scrutiny Panel

Minutes - 29 June 2022

Attendance

Members of the Resources and Equality Scrutiny Panel

Cllr Milkinderpal Jaspal
Cllr Udey Singh (Vice-Chair)
Cllr Jonathan Crofts
Cllr Jaspreet Jaspal
Cllr John Reynolds
Cllr Zee Russell (Chair)
Cllr Tersaim Singh
Cllr Louise Miles
Cllr Ellis Turrell
Cllr Greg Brackenridge

Employees

Earl Piggott-Smith
David Pattison
Sukhvinder Mattu
Julia Cleary

Scrutiny Officer
Chief Operating Officer
Service Lead - HR Policy and Strategy
Systems and Scrutiny Manager

Part 1 – items open to the press and public

Item No. *Title*

1 **Welcome and Introductions**

The Cllr Zee Russell Chair welcomed everyone to the meeting and advised it was being live streamed to the press and public. A recording of the meeting would be available for viewing on the Council's website.

2 **Meeting procedures to be followed**

The Chair explained the protocol to be followed during the meeting for asking questions and reminded everyone that microphones should be muted and cameras off, unless have been invited to speak by the Chair.

3 **Apologies**

Apologies were received from the following:

Cllr Dr Paul John Birch J.P
Cllr Lovinyer Daley

4 **Declarations of interest**

There were no declarations of interest recorded.

5 **Minutes of previous meeting**

The panel approved the minutes of the meeting held on 19 January 2022 as being a correct record.

6 **Ethnicity Pay Gap report 2021 update**

The Chair invited David Pattison, Chief Operating Officer, to introduce the report.

The Chief Operating Officer advised the panel that it would be joint presentation with Sukhvinder Mattu, Service Lead. The Chief Operating Officer advised the panel that there is a statutory duty to produce a gender pay gap report, but the Council decided to go further in the interests of transparency to also produce an ethnicity pay gap report for employees at City of Wolverhampton Council. There are plans to produce report based on disability and LGBTQ pay gap analysis in the future.

The report gives an update on progress made to reduce the ethnicity pay gap.

The Chief Operating Officer invited the Service Lead to present the key findings from the Ethnicity Pay Gap report for 2021.

The Service Lead gave details of the main findings and the survey methodology. The Service Lead commented on the findings and how they compare to a similar report in 2021 and reported that there had been a reduction in the gap between the mean pay of white employees and employees from ethnic groups from 5.13 per cent to 4.71 percent.

The Service Lead gave examples of different initiatives aimed at further reducing the ethnic pay gap.

The panel were invited to comment and or ask questions about the presentation.

The panel welcomed the report and congratulated the Council on taking the initiative to present the figures and the pay gap.

The panel had concerns about the way the information was presented in the report which gave the impression of a “us” and “them” format and would have liked to see more detailed breakdown of the results into specific groups. The panel suggested it would also have been helpful for information about the social factors such as educational or family background to be included in the analysis to help better understand the reasons for the findings.

The panel discussed the ethnicity analysis findings lower quartile, lower middle quartile, upper middle quartile, and the upper quartile and highlighted the finding that the largest pay gap existed in the upper pay quartile. The panel suggested that senior managers should take the lead in reducing the pay gap at this level and challenged the Council to find and recruit candidates from different ethnic backgrounds to fill senior positions.

The Chief Operating Officer accepted that the onus was on members of senior management team to make a difference to reducing the ethnic pay gap at the upper quartile level and offered reassurance about the improvement in terms of terms of diversity at senior levels.

The Chief Operating Officer highlighted current work and other initiatives aimed at improving diversity representation, for example, the Brilliant Leaders scheme (a development programme aimed at people from a non-white background), mentoring

of staff from diverse backgrounds which is supported by members of SEB, the diversity of recruitment panels, and challenging the requirements about the need for non-job specific qualifications.

The Chief Operating Officer advised the panel that there is a commitment to bring a further report on progress to a future meeting of the panel, which will cover the issues highlighted during the meeting.

The Chief Operating Officer responded to concerns from the panel about the tone of the report and agreed to look at how the information could be presented differently. The Chief Operating Officer commented on the challenge presented by the lack of Government guidance on how the information should be presented in the report.

The Chief Operating Officer explained the ethnic groupings are based on the Equality Act 2010 which list the different protected characteristics, which has informed the approach taken when drafting the report.

The panel welcomed the report and the progress made to reduce the ethnic pay gap. The panel discussed the use of the category of “white” and “ethnic” in the report and queried if it was appropriate in view of changing public views about the issue. The panel suggested it might also be helpful to add a note to future reports to explain the approach to presenting the information.

The panel acknowledged the challenges in collating this data and welcomed the initiatives to increase representation of different groups to support the aims outlined in the report.

The panel discussed the impact of a range of external factors, which are not covered in report but will influence the Council’s efforts to reduce the ethnic pay gap and representation at senior levels.

The panel discussed the issue of recruitment and the impact by the Council of unconscious bias training in helping to address the ethnic pay gap issue.

The panel commented on the research which questioned the impact of such training on behaviour and emerging evidence of unintended consequences.

The Chief Operating Officer welcomed the questions and discussion about the effectiveness of unconscious bias training in changing behaviour and commented that ‘no offence training’ had been introduced to supplement this training to provide a much better understanding about lived experiences of underrepresented groups.

The panel suggested the Wolverhampton Homes has produced some useful policies which could help inform efforts to reduce the ethnic pay gap.

The panel discussed the impact and influence of schools in terms of future workforce and the challenges this would present in reducing the ethnic pay gap. The Chief Operating Officer highlighted the importance of school governing bodies being more diverse due to their role in appointing people to senior posts in schools. The Chief Operating Officer commented that data on school exclusions and suspensions will be presented to the panel at a future meeting to better understand the issue.

The panel discussed the salary rates and wanted clarification that advertised job rates are not based on the ethnicity of the candidates. The Chief Operating Officer

confirmed that advertised salary rates are not based on the ethnicity of the potential candidates.

The panel discussed the value of advertising senior posts in community publications and suggested the likelihood is that senior professionals would use 'traditional' job sites when looking for vacancies and there was a need to think about other ways of attracting senior professionals. The Chief Operating Officer commented on the importance of finding the best person for the role and making sure that there are no barriers in place.

The panel thanked the presenters for the report.

Resolved:

1. The panel agreed to note the report and welcomed the progress made in reducing the ethnic pay gap.
2. The panel asked for the comments made to be considered when presenting an update report in January 2023.
3. The panel agreed to receive a report on school exclusion and suspension rates to a future meeting.

7 **Arrangements for Monitoring Linked bodies**

The Chair invited David Pattison, Chief Operating Officer to present the report.

The Chief Officer advised the panel that an annual governance statement is published with the Council's audit report which provides assurance about the arrangements for good governance and that the Council is acting legally.

The Chief Operating Officer advised the panel that auditors will be focusing this year on the arrangements for monitoring linked bodies and considered it would be helpful to give details about the types of linked bodies, the process for setting them up, local examples of trading companies, learning from reviews and plans for responding to the challenges that have arisen from audit investigations into how other authorities have managed their commercial enterprises.

The Chief Operating Officer advised the panel that commercial trading companies are covered by the Local Government Act 2003.

The Chief Operating Officer advised the panel that a survey by Grant Thornton in 2018 reported that there were over 740 Local Authority companies, primarily England, Scotland, Wales, and the largest percentage related to property and investment.

The Chief Operating Officer outlined the criteria that apply to each of the Council's linked bodies. The Chief Operating Officer briefed the panel on the four City of Wolverhampton Council linked bodies – Wolverhampton Homes, WV Living, Yoo Recruit, and Help 2 Own.

The Chief Operating Officer briefed the panel on the national challenges that have arisen following the setting up linked bodies and gave details of the lessons learnt from Nottingham City Council and London Borough of Croydon in audit inspection reports. The Chief Operating Officer briefed the panel on the action taken in response to the audit report findings and recommendations.

The Chief Operating Office advised the panel about the current governance arrangements and reassured the panel that in his role as Monitoring Officer his view was that there was confidence that the relevant rules are being complied with and that there is good oversight over each of the Council's linked bodies.

The Chief Operating Officer advised the panel that the Council's external auditors reported that they were satisfied with the approach the Council has taken in terms of the arrangements for the oversight of Council owned and evolved bodies. A detailed report on each of the relevant linked bodies listed will be presented to the relevant scrutiny panel so that there is full transparency of the governance arrangements.

The Chief Operating Officer reassured the panel that there will be regular reporting to Cabinet and the Leader of the Opposition about the governance arrangements and welcomed ideas about how this can be further strengthened.

The panel were invited to comment on the report.

The panel welcomed the work being done to monitor the work of linked bodies in a much more organised way as detailed in the report. The panel queried the reason for the still Council retaining a third of the director posts on Wolverhampton Homes Board

The panel commented on the findings from auditors in the presentation about Nottingham City Council which highlighted a concern that having councillors on company boards can lead to a failure to properly separate the two sets of interest and wanted assurance about the separation of roles in terms of governance of Wolverhampton Homes.

The Chief Operating Officer commented that the planned governance review will look at what helps the representatives in their role and reassured the panel that reference to wanting to see 'clear blue water' in terms of roles and responsibilities will also be an issue that will be considered in the review. A review of Wolverhampton Homes governance arrangements is currently ongoing.

The panel queried the arrangements for monitoring the performance of Yoo Recruit which is being now managed by a private company and wanted to better understand the work the company is doing on behalf of the Council.

The Chief Operating Officer confirmed that a private company manages Yoo Recruit on behalf of the Council. The contract ends in 2024. The planned 'deep dive' into Yoo Recruit will review the current governance arrangements and that the contract is being properly monitored by the Council.

The panel discussed the role of officers when advising Councillors in the report by auditors about the issues in Nottingham City Council; whilst accepting that the Councillors are unlikely to be specialists in these areas of business. The panel commented on whether senior officers were not sufficiently challenging to elected members if there were concerns about the management of the company in the examples given in the presentation

The Chief Operating Officer made it clear that it is the duty of senior officers to make Councillors aware when are issues about the performance and or governance arrangements of linked bodies.

The panel commented on the performance of Wolverhampton Homes and specifically the number of customer enquiries which are either on hold or outstanding in reports published by the Council Inquiry Unit. The panel suggested that role of Councillors in scrutinising the performance of the service should also be included as part of the governance review.

The Chief Operating Officer commented that there are regular discussions with the Councillor Inquiries Unit about Wolverhampton Homes to make sure that issues are dealt with in a timely way.

The panel queried the reason for not including Wolverhampton College in the list of linked bodies covered in the presentation.

The panel also queried the rationale and the process for nominating Directors to be represented on external bodies and the lack of information on modern.gov. about the performance and budgetary details about linked bodies such as Yoo Recruit. The panel supported the plan to scrutinise the service in detail.

The Chief Operating Officer commented in respect of Wolverhampton College that the focus of the presentation was on those companies which the Council effectively owns and has a significant shareholding. The Chief Operating Officer reassured the panel that updates are given to the Cabinet Members and the Leader of the Opposition about the performance of linked bodies, such as Wolverhampton College.

The Chief Operating Officer agreed that the questions posed by the panel to be considered at the start when deciding if a linked company were key. The Chief Operating Officer added that the business case document will include a judgement about whether to continue with the company or if indeed that it should be wound up.

The Chief Operating Officer commented that the question about whether Council officers and Councillors should be Directors on company boards is an issue being discussed currently among local authorities and recommendations about the proposed way forward will be presented later in the year. In terms of Yoo Recruit, information will be presented to the panel as part of the planned review which will include details of the business case and its financial accounts.

The panel discussed the powers given to local authorities under national legislation to set up linked bodies.

The Chief Operating Officer reassured the panel that there is good governance arrangement in place for each of the Council's linked bodies.

The panel discussed the financial situation of Wolverhampton Homes and asked for details of the asset valuation to the borrowing levels presented as a ratio in a future report.

The Chief Operating Officer confirmed that the planned 'deep dive' in Wolverhampton Homes will provide the level of detail requested by the panel and will be considered by the relevant scrutiny panel.

The panel queried if the financial information on the linked bodies will be shared in a public meeting.

The Chief Operating Officer advised the panel that most of the information will be available in the public domain. The approach will to be make information publicly available where possible.

The Chair and Cllr Jonathan Crofts declared a non-pecuniary interest as Board members of Wolverhampton Homes.

The panel welcomed the report and agreed to receive a further report on the governance of Yoo Recruit at a future meeting.

Resolved:

1. The panel comments on the presentation to be noted.
2. The panel to receive a governance report on Yoo Recruit at a future meeting.