

EAST HERTS COUNCIL

HUMAN RESOURCES COMMITTEE – 11 JANUARY 2012

REPORT BY HEAD OF PEOPLE, ICT AND PROPERTY SERVICES

EQUAL PAY AUDIT

WARD(S) AFFECTED: NONE

Purpose/Summary of Report

- To present the results of the 2011 Equal Pay Audit

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| <u>RECOMMENDATION :</u> | |
| (A) | To note the results of the 2011 Equal Pay Audit and recommendations made |

1.0 Background

1.1 The last Equal Pay Audit (EqPA) undertaken at the Council was in 2004.

1.2 The Equality and Human Rights Commission (EHRC) recommend that EqPAs are carried out every two years and the Green Book recommends they are done annually.

1.3 An Equal pay Audit was completed in July 2011.

1.4 Unison have been consulted on the results of the EqPA and agree with the proposed recommendations.

1.5 The recommendations were agreed by CMT on 13 December 2011.

2.0 Report

2.1 **Essential Reference Paper 'B'** attached to the report now submitted, sets out a summary of the Equal Pay Audit completed in July 2011, together with recommendations. A copy of the full

report is available upon request.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**

Background Papers

Equal Pay Audit July 2011 – Full report

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ESSENTIAL REFERENCE PAPER 'A'

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| Contribution to the Council's Corporate Priorities/ Objectives: | Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i> |
| Consultation: | Unison have been consulted on the results of the EqPA and agree with the proposed recommendations. |
| Legal: | N/A |
| Financial: | N/A |
| Human Resource: | As detailed in the report |
| Risk Management: | N/A |

Equal Pay Audit 2011 – Summary Report

1.0 Background

- 1.1 East Herts Council firmly believes in equality of opportunity in the workplace, and consequently has both a legal and moral duty to ensure that pay and conditions for its employees are fair and transparent.
- 1.2 The 'equality of terms' provisions in the Equality Act 2010 entitle a woman doing equal work with a man in the same employment to equality in pay and other terms and conditions. Any differences in pay must be justified by a genuine and material reason, which is not related to the employee's sex.
- 1.3 The law recognises four forms of sex discrimination:
- **Direct discrimination** (less favourable treatment of a woman than a man (or vice versa) because of their sex)
 - **Harassment** (Harassment is a form of direct discrimination and is defined as unwanted behaviour that takes place simply because someone is a woman or a man. The behaviour is done with the purpose of, or has the effect of, violating the person's dignity, or it creates an intimidating, hostile, degrading, humiliating or offensive environment for her (or him))
 - **Indirect discrimination** (Indirect sex discrimination occurs when an employer applies a provision, criterion or practice equally to both women and men that puts one sex at an unfair disadvantage)
 - **Victimisation** (when an employee is treated less favourably than others because they have made a complaint of discrimination or support someone else to)
(Equality and Human Rights Commission, 2010)
- 1.4 The Equality and Human Rights Commission (EHRC) published a Statutory Code of Practice based on the new

Equality Act 2010. The code of practice helps employers to understand and apply the law on equal pay, and to assist courts and tribunals when interpreting the law. The code provides guidance on how to prevent or eliminate discriminatory pay practices and ensure that there are no unjustifiable pay inequalities.

- 1.5 The code does not itself impose legal obligations but tribunals and courts considering an equal pay claim are obliged to take into account any part of the code that appears relevant to the proceedings. It is therefore in the organisation's best interests to comply with the Code.
- 1.6 The EHRC recommends that all employers regularly review and monitor their pay practices and the code suggests that equal pay audits may be the most effective means of ensuring that a pay system delivers equal pay.
- 1.7 The last Equal Pay Audit (EqPA) undertaken at the Council was in 2004.
- 1.8 The EHRC (2011) recommend following a 5 Step Process for conducting EqPAs, which includes:
 - Comparing the pay of men and women doing equal work – ensuring that this considers work that is the same or broadly similar (like work), work rated as equivalent and work that can be shown to be of equal value or worth
 - Identifying and explaining any pay differences, and
 - Eliminating those pay inequalities that cannot be explained on non-discriminatory grounds.
- 1.9 The Green Book recommend following the EHRC's 5 Step Process and in addition provide guidance specific to local government employers.

2.0 Methodology

2.1 The EHRC 5 Step Process was followed but the review was extended to the other equality strands (age, disability and ethnicity) as well as gender.

2.2 The EqPA firstly consists of a profile of the whole workforce to understand:

- The ratio of male to female staff
- The number of disabled staff employed
- Age groups of staff
- Ethnicity groups of staff

2.3 In terms of the EqPA itself, all posts at the Council were reviewed rather than using a sample. The HAY Job Evaluation Scheme was used to identify like work, work rated as equivalent and of equal value, i.e. jobs at the same grade. The Green Book supports this approach, stating that 'the recognised system for establishing where employees are carrying out work of equal value is to carry out a job evaluation exercise'.

2.4 Comparisons between the following equality strands were made to determine whether there was any direct or indirect discrimination in terms of pay differences for certain groups:

- Gender - male/female comparisons
- Age - comparisons between age groups
- Disability – disabled/non-disabled comparisons
- Ethnicity - comparisons between ethnicity groups

2.5 The data used to make these comparisons was:

1. Directorate/service
2. Grade (job evaluation outcomes)
3. Occupational group (identified through points 1 and 2)
4. Average basic pay

5. Average total pay
6. Length of service
7. Range of earnings, i.e. mean, median and modal salaries within each grade
8. Normal/standard hours worked
9. Access to other pay elements (and amounts received) including:
 - overtime
 - market pay supplements (being phased out)
 - unsocial/shift payments
 - allowances
 - pay protection
10. Access to non-pay benefits, including:
 - car allowances or lease cars (car allowances/lease cars are being phased out)
 - loans
 - travel expenses
 - childcare vouchers
11. Policies and procedures affecting entitlements, including:
 - pay entry points
 - pay progression arrangements
 - promotion policies
 - job transfers
 - acting up, honoraria and secondments
 - long service increments and awards

2.6 Any pay discrepancies identified between the equality strands were explored and recommendations in the form of an action plan were made to resolve these discrepancies.

2.7 The data used were correct as at 15 July 2011.

3.0 Data Cleanse

3.1 In order to prepare for the Council's obligations under the Equalities Act 2011 Human Resources carried out a data cleanse exercise in April 2011. Staff were asked to update all their personal information including monitoring details for gender, marital status, nationality, ethnicity, religion, sexual

orientation and disability in accordance with the protected characteristics set out in the Equalities Act.

- 3.2 Staff were given the option of declaring their monitoring information or simply stating 'prefer not to say' in categories they did not wish to disclose. The return rate was 97%. Some staff did choose to use the option of not declaring however in general they were willing to share information.
- 3.3 The data cleanse exercise supported the Equal Pay Audit, ensuring data was up to date and accurate when comparisons were made.

4.0 Key Findings

4.1 Workforce Profile

- 4.1.1 Of the 340 people employed by East Herts Council as at 15 July 2011, 64% were female and 36% were male. This is unsurprising, female workers are found consistently to be in the majority in the public sector, with around 65% of public sector workers being female (Damant and Jenkins, 2011).
- 4.1.3 Of the 331 employees who returned their Personal Details Update Form, 13 recorded a disability.
- 4.1.4 The workforce of East Herts Council is very predominantly white. This is reflective of the East Herts district as a whole, where 97% of people are white (East Herts Council, 2011).
- 4.1.4 Around 35% of staff are aged 40-49 and 25% aged 50-59. This is consistent with the public sector in general where 45% of public sector workers are aged 35-49. Around 8% of staff are aged between 16 and 25, which is also consistent with the public sector as a whole where 5% are aged 16-24 (Damant and Jenkins, 2011).

4.2 Results

- 4.2.1 East Herts Council appears to generally be operating free of gender, age, disability or ethnicity bias. The distribution of salaries between men and women, disabled and non-disabled employees and between different age groups and ethnicities is generally even. Access to other pay elements is also generally fair and justifiable.
- 4.2.2 Pay is strongly linked to grade and length of service. The HAY job evaluation scheme is a well recognised and fair mechanism to ensure that 'like work', 'work rated as equivalent' and of 'equal value' are paid the same, i.e. are the same grade. Pay being linked to length of service is appropriate given that length of service is the basis of pay structures for most local government organisations.
- 4.2.3 However, some discrepancies were identified that should be addressed.
- 4.2.4 There was some evidence of occupational segregation between men and women, with women being more likely to work in support services and traditionally male dominated areas of work such as Building Control still being done by males. However, this is similarly to the picture across the UK where 19.5% of women in employment do administrative or secretarial work compared with 4% of men. Women are also more likely than men to be employed in the personal services (15% of women compared to 2%) and in sales and customer services (11% of women compared to 4.8% of men) (TUC, 2009).
- 4.2.5 It was also more common for males to occupy higher graded posts than females. This pay gap between men and women is echoed across the UK, with the pay gap between full-time men's and women's median earnings currently stands at 10.2%, whereas the overall gap when comparing the pay of all men and women in work is 19.8% (Home Office, 2011).

- 4.2.6 Males earn on average more than females at the Council, although this can be explained by the fact that females are more likely to be part-time and work in lower graded jobs.
- 4.2.7 There was some evidence that males earned more overtime than females but this is likely to be due to the fact that the areas who claim the most overtime tend to be male dominated (IT, Caretakers etc).
- 4.2.8 Pay tends to decrease slightly with age for some grades at the Council but this can be explained by the fact that older staff are more likely to be part-time at these particular grades.
- 4.2.9 As certain policies and procedures at the Council are based on length of service, older employees are more likely to have access to more generous benefits but legislation states that an employer does not have to justify pay differentials based on length of service, even if the resulting pay structure is indirectly discriminatory.

5.0 Recommendations

- 5.1 The recommendations from the 2004 Equal Pay Audit were as follows:
 - 5.1.1 **Review the Job Evaluation Scheme appeals procedure**
The Job Evaluation Policy and Appeals procedure were updated in January 2008 and July 2011.
 - 5.1.2 **Conduct another EqPA once the repercussions of the new Job Evaluation scheme have settled down**
This has now been actioned with the completion of the EqPA 2011.
 - 5.1.3 **Conduct some qualitative research with female employees employed at lower grades, to check that their position is due to personal choice and circumstances as opposed to any real or perceived discrimination on the part of East Herts Council**

The Council carries out a staff survey every two years which staff are asked their opinion on career progression. No issues have been raised. A further recommendation is made (see action plan below).

5.1.4 Keep standby and telephone allowances under continuous review

Standby allowances have been made consistent and a policy has been written to ensure this. All telephone allowances have ceased.

5.1.5 Conduct a local labour market review, comparing pay and benefits packages with those available in other local authorities

The HR Team regularly benchmark pay and benefits packages at the Council with other local councils, and where there have been particular recruitment and retention issues, such as in Planning and Building Control, specific benchmarking work has been commissioned.

5.2 Recommendations based on the findings of EqPA 2011 are detailed in the action plan below.

| Subject | Action | Resources | Timescales |
|----------------|---|---|------------|
| Job Evaluation | Arrange for HAY to quality assure a selection of recent job evaluations and appeals to ensure that job evaluators are still assessing jobs correctly. | <ul style="list-style-type: none"> • HAY • Trained job evaluators | 2011/12 |
| Job Evaluation | Arrange for HAY to run a refresh training course for trained Hays evaluators to ensure skills and knowledge are up to date and evaluators are assessing jobs correctly. | <ul style="list-style-type: none"> • HAY • Trained job evaluators | 2011/12 |
| Gender | Research whether female employees are employed at lower grades due to personal choice and circumstances as opposed to any real/perceived discrimination on the part of East Herts Council. The staff survey may be used to check this as staff are asked their opinions on career progression at the Council. Some additional research may need to be undertaken if the staff survey does not produce the required results. | <ul style="list-style-type: none"> • HR Officer (as delegated by Head of PIP) • Staff survey 2011 | 2011/12 |
| Gender | Conduct an overtime review (these have been conducted annually for the past 2 years) with particular focus on access to overtime between men and women at the Council to check whether there are any unjustified discrepancies. | <ul style="list-style-type: none"> • HR Officer (as delegated by Head of PIP) • Payroll | 2012/13 |

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| General | Conduct EqPAs every 2 years in line with published guidance to ensure compliance with the Equality Act 2010. | <ul style="list-style-type: none"> • HR Officer (as delegated by Head of PIP) | 2013/14 |
| General | To introduce a new HR IT system to enable pay data to be analysed in more detail in time for the next scheduled EqPA. In the interim period before a new system is introduced, HR will make arrangements to record information that was not available from the system for this EqPA, such as pay entry points. | <ul style="list-style-type: none"> • Head of PIP | 2013/14 |

5.2.1 Should any follow-up actions arise as a result of completing the recommendations detailed above, these will also be addressed.

References

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