

EAST HERTS COUNCIL

HUMAN RESOURCES COMMITTEE – 13 JULY 2011

REPORT BY HEAD OF PEOPLE AND ORGANISATIONAL SERVICES

EQUAL PAY AUDIT

WARD(S) AFFECTED: NONE

Purpose/Summary of Report

- To outline the proposed methodology for the 2011 Equal Pay Audit

<u>RECOMMENDATION :</u>	
(A)	To agree the proposed methodology for the 2011 Equal Pay Audit

1.0 Background

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

1.2 This report outlines the proposed methodology for the EqPA and the data to be analysed. These have both been agreed by CMT and LJP.

2.0 Report

2.1 EHRC's 5 Step Process

2.1.1 The Green Book recommends using EHRC's 5 Step Process for conducting EqPAs; this was the method that was followed for the 2004 EqPA. The process is as follows:

Step 1 – Scope

- What employees to include
- Type of info required, for example, all the various elements of both full-time and part-time employees' pay, including pensions and other benefits, and the sex, job, grade or pay band of each employee.
- Who should be involved in carrying out the audit.

Step 2 - Equal work, equal value and job evaluation

- Determine where men and women are doing equal work. Check whether women and men are doing like work, work rated as equivalent or work of equal value.

Step 3 - Collecting and analysing pay data

- Collect and compare pay data to identify any significant pay inequalities between roles of equal value. This will involve calculating average basic pay and total earnings and comparing access to and amounts received of each element of the pay package, on a consistent basis. The pay comparisons should be reviewed to identify any gender pay inequalities that may merit further investigation.

Step 4 - Causes of pay gaps in all elements of pay

- Establish the causes of any significant pay inequalities and assess the reasons for them. Determine whether there is a real, material reason for the difference in pay that has nothing to do with sex of the jobholders and examine pay systems to find out which policies and practices may have caused or may be contributing to any gender pay inequalities.

Step 5 - Developing an equal pay action plan

- Develop an equal pay action plan to remedy any direct or indirect pay discrimination. If the pay differential arises from a factor that has an adverse impact on women or men, it has to be objectively justified.

2.2 Green Book Guidance

- 2.2.1 In the context of the Single Status Agreement an EqPA involves local authorities and trade unions working together to analyse all the pay arrangements for all its employees;
- identify any differences in levels of pay between men and women;
 - review the reasons for, and possible causes of, differences in pay, in particular whether these can be attributed to direct or indirect sex discrimination; and
 - identify how to close gaps in pay that cannot be attributed to reasons/causes other than sex discrimination.
- 2.2.2 EqPAs should be undertaken across the authority at regular intervals, ideally annually. They should be undertaken jointly and should measure trends over time to ensure that equality of pay becomes embedded in the organisation and that it does not slip over time.
- 2.2.3 For a local authority carrying out an EqPA there are two parallel activities that will be required. These are:
1. Identifying where men and women are undertaking work of equal value; and
 2. Collection and analysis of pay and other information to establish any differences in pay between male and female employees (and ethnicity, disability and age).
- 2.2.4 The recognised system for establishing where employees are carrying out work of equal value is to carry out a job evaluation exercise. Where job evaluation exercise has already been completed and the outcomes implemented, the parties should ensure (if they have not already done so) that they undertake equal pay audits of the outcomes including:
- Type of grading structure (broad bands, spot salaries, etc.);
 - Arrangements for assimilation from 'old' to 'new' grading structures;
 - Application of pay protection.
- 2.2.5 The parties will then be in a position to identify any remaining differences in pay between groups of staff carrying out equal work and the possible causes of such differences. The audit should be

documented and jointly signed off by the local parties.

2.3 Data Collection and Analysis

2.3.1 The Green Book states that the basic employee information that will be required for an EqPA will include:

1. Occupational group
2. Department/service
3. Gender (plus ethnicity, age & disability)
4. Grade (job evaluation outcomes)
5. Basic pay
6. Total pay
7. Normal/standard hours worked
8. Additional (overtime) hours worked

2.3.2 In conjunction with the job evaluation outcomes this will enable the parties to identify any gender-based differences in pay for employees undertaking equal work. Where any such pay gaps are identified then the reasons for them can then be analysed.

2.3.3 The parties will also need to verify that the information is accurate, complete (i.e. includes all employees) and up-to-date.

2.3.4 In addition to the basic information outlined above, the parties will also need access to a range of related data to enable them to analyse the possible reasons for pay differences between male and female employees undertaking equal work.

1. Access to other pay elements (and amounts received) including:

- incentive bonus payments
- performance and/or contribution pay
- overtime
- market pay supplements
- unsocial/shift payments
- allowances
- pay protection

2. Access to non-pay benefits, including:

- car allowances or lease cars
- loans
- telephone allowances
- travel expenses
- childcare vouchers

3. 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
- employee appraisal schemes

2.3.5 Finally the parties should map the frequency of men and women in particular job types and pay bands to assess the extent of occupational segregation (the tendency for men and women to be employed in different occupations from each other across the entire spectrum of occupations).

2.3.6 Pay information for men and women doing equal work is then compared by calculating average basic pay and total earnings and comparing access to and amounts received of each element in the pay package.

2.4 Previous EqPA (2004)

2.4.1 The EqPA in 2004 covered:

Male/female comparisons
Disability
Ethnicity

2.4.2 The review compared employees doing:

- Equal work- work that is the same or broadly similar
- Equivalent work- equivalent under JE scheme and same grade
- Equal value- work that is different in nature but equal value in terms of demands/worth of the job.

2.4.3 The review looked at:

- Correlation- grade, JE score and length of service
- Average earnings, i.e. mean (average salary), median (mid-level salary) and modal (salary received by most people employed at that grade)
- Range of earnings
- Progression through payscales

- Access to additional benefits

2.4.4 Instead of looking at all employees, a sample of 173 out of 475 employees was used, which equated to 36.4% of the workforce. The reason a sample was used is that rather than using the HAY Job Evaluation Scheme to determine whether jobs were 'like work', 'of equal value' or 'equivalent', individual judgements were made by comparing job descriptions/titles. As detailed later in the report, this method will not be repeated for the 2011 EqPA as the HAY Job Evaluation Scheme covers all three of the points, i.e. people on the same job description are either doing like work, work rated as equivalent or work of equal value and so comparing people on the same grade is sufficient. The Green Book supports this approach.

2.4.5 Recommendations that came out of the 2004 EqPA were:

- Re-look at job evaluation
- Qualitative research with female employees at lower grades to see if their position is due to personal circumstances or real/perceived discrimination
- Review of telephone allowances and standby
- Review pay in light of impending age discrimination legislation

2.5 Hertfordshire County Council EqPA

2.5.1 Hertfordshire County Council are in the process of carrying out an EqPA and provided the following information regarding their data collection and analysis.

- Used the HAY job evaluation scheme to identify work rated as equivalent. There is case law where courts have recognised that this is valid.
- Did not use a sample - covered all employees on NJC, JNC, Soulbury and Teachers pay. In total around 35,000 people.
- Reviewed gender, ethnicity and disability and part-time working.
- Reviewed average salary within each grade and at salaries overall. Used the mean figure through most of the report, although did look at the median overall gap between men and women on Green Book Ts and Cs. There was not a significant difference between the median and mean.

Additional allowances were looked at in the final section of the audit but not the broader benefits package. Looked at pay progression in the broader sense of noting that there are different levels of women/men white/BME etc at different grades but did not attempted to report on this from payroll.

2.6 Proposed Methodology for 2011 Equal Pay Audit

- 2.6.1 Taking into account all of the background information above, the proposed methodology is as follows.
- 2.6.2 The HR department will be carrying out a data cleansing exercise in April/May 2011 where staff will be asked to update their personal information. It is proposed that this done before the EqPA to ensure fuller and more up to date information in relation to disability and ethnicity.
- 2.6.3 The EHRC 5 Step Process will be followed but the review will be extended to the other equality strands (age, disability and ethnicity) as well as gender.
- 2.6.4 The EqPA will firstly consist of a profile of the whole workforce will be produced to understand:
 - The ratio of male to female staff
 - The number of disabled staff employed
 - Age groups of staff
 - Ethnicity groups of staff
- 2.6.5 Each grade will also be examined to determine the age/gender/disability/ethnicity breakdown at each grade. The type of staff (age/gender/disability/ethnicity) working in each service area and Directorate will also be assessed to understand the extent of occupational segregation at the Council.
- 2.6.6 In terms of the EqPA itself, all posts at the Council will be reviewed rather than using a sample. The HAY Job Evaluation Scheme will be 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'.
- 2.6.7 Comparisons between the following equality strands will be made

to determine whether there is 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

2.6.8 The data used to make these comparisons will be:

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 (lease cars 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

2.6.9 Any pay discrepancies identified between the equality strands will be explored and if no mitigating factors can be found, recommendations will be made as how to resolve these in the form of an action plan.

2.6.10 If issues are identified, further exploration of the data might include referring to specific job descriptions and job evaluation scores.

2.6.11 The data cleanse is due to take place in April/May 2011 so it is proposed that the EqPA data is collated and analysed in July/August 2011. Any issues will be explored and then it is estimated that the findings will be reported back to CMT in September/October 2011.

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' (Page 10)**.

Background Papers

None

Contact Officer: Emma Freeman- Head of People and Organisational Services

Report Author: Claire Kirby- HR Officer

ESSENTIAL REFERENCE PAPER 'A'

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:	N/A
Legal:	N/A
Financial:	N/A
Human Resource:	As detailed in the report
Risk Management:	N/A