

Essex County Council Equal Pay Audit

December 2015



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The Equal Pay Audit was carried out in 2015 by an independent company who were commissioned to carry out an equal pay review for ECC to determine whether there are any significant average differences in base pay within the protected characteristic 'gender'. The review also covered the protected characteristics 'race', 'age' and 'disability'. Essex County Council employees covered in the audit were:

- Employees on National Terms and Conditions (NJC Green Book)
- Employees on Performance Pay
- Employees on other terms and conditions (eg Soulbury, Connexions, Coroners, public health)
- Employees transferred in from other employers under TUPE.

Casual workers, Lecturers and Teachers have been excluded from this review.

No significant discrepancies were identified in the audit, and the ECC pay and job evaluation process was sound. Some minor aspects for concern were highlighted and actions are progressing to address these (as detailed from page 6 onwards):

Essex County Council Equal Pay Review (EPR) Report December 2015

Executive Summary

Essex has recently received the outcome of the Equal Pay Audit commissioned in July 2015 and overall the results of this equal pay review are positive. As with any review of this nature there are some areas identified for improvement and/or consideration. As with previous audits the review focused on analysing pay data to determine if there were pay discrepancies between men and women (although we also widened the review to look at other equality characteristics including race, disability and age). The review also looked at job evaluation, pay structure and pay progression and allowances. Part 1 of the report identified issues, but none were found to be of significantly high risk to the organisation. Concerns expressed relate to the application of different pay structures through both local and national pay or through inherited TUPE transfers. Time-served progression linked to national pay was also commented on.

The recommendations made are more around best practice rather than posing an equal pay risk. In some identified cases the risks are minimised as only one or two comparators were identified across the organisation, therefore any risk is limited and each case will be investigated to ensure that any differences can be objectively justified.

Introduction

In 2015 Essex County Council engaged Project HR Consultants Ltd to undertake an independent Equal Pay Review (EPR) of our current pay systems and practices. The aim of the review was to identify any areas of risk relating to equal pay. Additionally the Consultant was commissioned to propose solutions for addressing any discrepancies which were not objectively justified. The same Consultant had been used for previous EPRs, and their continued use was intended to promote consistency of approach, thereby improving comparison of data.

In order to establish the right to equal pay under the Equality Act 2010, an employee/ex-employee must identify a “comparator” of the opposite gender, who works in the “same employment”, and then establish that he/she and the comparator are:

- Employed on “like work”, or
- Employed in jobs that are of “equal value” or
- Employed in jobs that have been “rated as equivalent”

An employee can compare themselves with the opposite gender, but not same gender, who is working for the same employer at the same workplace, or for the same employer **but** at a different workplace where common terms and conditions apply.

Scope of the EPR included the majority of employees in the organisation. This included specific employee groups as follows:-

Specific Employees Included	Records Excluded from the Equal Pay Review
<ul style="list-style-type: none"> • Local Government Service – NJC (Green Book) • Senior Managers Performance Pay • Highways • Soulbury • Connexions • Apprentices • VAEF • Coroners • Registration Officers • Youth workers • Public Health 	<ul style="list-style-type: none"> • Lecturers • Teachers • Casual workers • School based employees

The data used is described in the data set box below:

Data Set:
<ul style="list-style-type: none"> • Data provided in May 2015, reflected the grade and salaries of employees at that time. The data included base salary and the diversity characteristics of gender, race, disability and age for a snapshot period in time. • The analyses of base pay are based on all employees described above in post in May 2015. Employees may have changed job or working arrangements or left ECC since the data was submitted.

Methodology

This audit was conducted by broadly following the Equality and Human Rights Commission (EHRC) five step Equal Pay Review Model.

In respect of gender, the analysis indicates the base pay for the Council's employees by gender and employee group/grade. It explores in more detail any differences in average pay which are 3% or more.

For age, the analysis shows the average pay for each age category for each of the grades in scope of the base pay analysis. The information is presented as a percentage of the average pay for all employees in the grade.

With race, the analysis shows the average pay for each ethnicity category for each grade in scope of the base pay analysis. The information is presented as a percentage of the average pay for employees in the grade who are White British.

For disability, the analysis shows the average pay by disability status for each grade in scope of the base pay analysis. The information is presented as a percentage of the average pay for employees in the grade who are not disabled.

Report Detail

Job Evaluation Schemes

Essex County Council use the National Joint Council scheme for roles within Bands 1-4, and the Hay scheme for roles within Bands 5-13. Job evaluation is generally recognised as a robust and defensible method of establishing the relative worth and size of jobs.

The EPR has identified that the use of two job evaluation schemes is not ideal, and could lead to problems when roles fall in between the scope of the two schemes. This is a minor risk, however, and no such issues have been experienced to date.

The EPR mentioned the wide grade ranges for HAYPP Bands 4 to 13 and the significant overlap. ECC has constructed these grades to ensure that it remains competitive and it takes recruitment and retention seriously. Wider grades give flexibility in the market and create roles with greater depth and scope and opportunities for improved career progression.

The EPR commented on time-served career progression for NJC Bands 1 – 3 and performance related pay for bands 4 to 13. ECC already has in place a performance scheme for all employees. Incremental progression will not apply to non performing employees. In April 2015 ECC introduced local pay for Band 4 employees and has recently concluded negotiations to bring Band 1 -3 employees into the local pay and performance scheme.

Gender Profile

Gender distribution by employee group and negotiating body are shown in Table 1 below. The table shows there are 8,468 employees included in the review: 6,228 (73.5%) are female and 2,240 (26.5%) are male.

This is a typical gender profile for a large County Council that comprises large groups of female-dominated roles.

Table 1 – Gender distribution by employee group and negotiating body

Group	Female				Male				Total			
	Full time		Part time		Full time		Part time		F	F%	M	M%
Chief Officers - JNC	1	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.0%		0.0%
ECC Apprentices	32	0.4%	4	0.0%	19	0.2%	12	0.1%	36	0.4%	31	0.4%
EST Connexions (TUPE)	0	0.0%	1	0.0%	0	0.0%	0	0.0%	1	0.0%		0.0%
Highways - Basildon	1	0.0%		0.0%	3	0.0%	0	0.0%	1	0.0%	3	0.0%
Highways - Epping		0.0%	1	0.0%	3	0.0%	0	0.0%	1	0.0%	3	0.0%
Highways - Standard	4	0.0%	3	0.0%	5	0.1%	0	0.0%	7	0.1%	5	0.1%
LG Conditions (Green book TUPE Policy)	1	0.0%	1	0.0%	0	0.0%	0	0.0%	2	0.0%		0.0%
LG Conditions (Green book)	3,496	41.3%	2,305	27.2%	1,638	19.3%	382	4.5%	5,801	68.5%	2,020	23.9%
Public Health	5	0.1%	1	0.0%	5	0.1%	0	0.0%	6	0.1%	5	0.1%
Registration Officers	15	0.2%	19	0.2%	0	0.0%	1	0.0%	34	0.4%	1	0.0%
Senior Managers Performance Pay	102	1.2%	17	0.2%	94	1.1%	1	0.0%	119	1.4%	95	1.1%
Soulbury	62	0.7%	41	0.5%	17	0.2%	0	0.0%	103	1.2%	17	0.2%
VAEF TUPE Staff	1	0.0%	2	0.0%		0.0%	4	0.0%	3	0.0%	4	0.0%
Youth Workers	43	0.5%	70	0.8%	17	0.2%	38	0.4%	113	1.3%	55	0.6%
Youth Workers 36 hrs	0	0.0%	0	0.0%	0	0.0%	1	0.0%		0.0%	1	0.0%
Grand Total	3,763	44.4%	2,465	29.1%	1,801	21.3%	439	5.2%	6,228	73.5%	2,240	26.5%

Base Pay Analysis by gender

The purpose of this analysis was to determine whether there were any significant average differences in base pay between men and women. Although some of the differences at first seem quite large, these differences are not indicative of an equal pay problem. There are five times as many women than men who work part-time in the County Council and are more widely spread through the grade structure. No significant risk was identified.

Gender	No of Employees	Average Base Pay
Women	6,228	£26,889
Men	2,240	£30,162
Average Difference (£)		-£3,273
Pay Gap (%)		10.9%

It is worth noting that at the last EPR the pay gap was 13.7% so a significant reduction in this difference has been achieved.

Report Highlights and Action Plan

The below findings of the report indicate areas of low to medium risk. There are no identified areas of high risk found by the EPR.

Grade structure and overlaps within the main pay structure are commented upon. Base Pay analysis has identified across the organisation a disproportionate level of base pay in favour of White males and older workers, women's starting salaries were significantly lower – compounded in particular where performance ratings for Band 5 and above accelerate any gaps moving forward.

The EPR identified ECC Apprentices to have significant pay differences between men and women's pay with a difference of 25.06%. Within the NJC Miscellaneous grade there were two female employees paid significantly more than the other employees in this group. It was recommended that a review of apprentices' salaries be carried out to ensure that pay is fairly and consistently applied.

Equal Pay Report	Potential Risk	Recommendations	Priority	Action to be taken	ECC Comments
<p>1. Job Evaluation (JE)</p> <p>Job evaluation Schemes currently adopted by ECC</p> <ul style="list-style-type: none"> • NJC • HAY 	<p>The use of two schemes is not ideal as jobholders evaluated under one scheme could make an equal pay claim with another employee on the other scheme. ECC could not, in these circumstances, use the job evaluation schemes as a defence. However, as the JE schemes are used vertically across the organisation the risk of comparison is relatively low.</p>	<p>Consider moving to a single JE scheme</p>	<p>Low</p>	<p>Should a case arise an early intervention will take place as part of the appeals process to manage a mutually acceptable outcome.</p>	<p>While the point is acknowledged there have been no issues to date. HAY is used at a relatively high level and the majority of jobholders have been evaluated using NJC scheme. Both schemes are established and widely used in the Public Sector, and would offer a robust defence if challenged. Use of a single JE scheme could be considered at a point in the future.</p>

Equal Pay Report	Potential Risk	Recommendations	Priority	Action to be taken	ECC Comments
2. Number of grading structures	Operating more than one pay structure may compromise an employer's defence in the event of an equal pay claim.	No specific recommendation made.	Low	ECC has successfully concluded negotiations with the recognised trade unions to replace Bands 1-3 (NJC for Local Authority Services) with local pay arrangements. This will bring the majority of employees under a single pay arrangement in 2016.	Will be achieved by April 2016 through implementation of the Collective Agreement.
3. Payment beyond or below grade boundaries	Equal pay claims could arise if employees are not paid within the upper or lower boundaries of the evaluated grade.	An investigation should be undertaken into identified cases to determine justification.	Low	All cases to be investigated and remedial action taken as necessary.	Investigation and action to be agreed in 2016.
4. Grade Overlap	There is significant grade overlap between Bands 4-13 which may give rise to "work rated as equivalent" claims between grades.	Recommended that the Council ensures it would be able to provide an objective justification for the significant overlaps within its local pay structure in the event of a legal challenge.	Low	The matter will be kept under review.	The ECC local grading structure was designed by the HAY Group with grade overlaps to recognise that fully qualified, experienced, capable high performing employees in a lower grade can be of the same "value" as higher graded employees at the lower end of their pay scale.

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5. Removal of Bar points	Equal pay claims could arise if there are not fair, consistent and equitable arrangements in place for progressing employees above bar points.	Recommended that the Council ensures that there are fair, consistent and equitable arrangements in place for progressing employees above bar points.	Low	The negotiated outcome to extend the local pay scheme to Bands 1-3 through a Collective Agreement will mean that all bar points will be removed with effect from 1 December 2015.	Will be achieved by April 2016 through implementation of the Collective Agreement.
6. Review of Performance Pay and Performance Ratings	Equal pay claims could arise if performance pay is not equally applied	Recommended that ECC undertakes a review of performance related pay to ensure fair and consistent approach for all employees	Low	ECC has negotiated a Collective Agreement with the trade unions to further extend local performance pay. As part of this process, an Equality Impact Assessment was undertaken.	There have been no equal pay claims arising from the current arrangements but this will be kept under review particularly in relation to the extension of local pay arrangements from April 2016. A new online performance management system will be introduced from April 2016 that will assist with consistent performance management.

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7. ECC Apprentices	Significant differences found in the range of 42% between the starting salary of a small proportion of men and women. Apprentices are engaged by individual service areas agreeing spot salaries. Check payments to ensure payment of national minimum wage where appropriate	Further review of how the title of Apprentice given the current application of this role and flexible use of commencing salary. A uniformed approach will minimise the risk of comparators	Medium /High	Identify anomalies and adjust ECC guidance on use of apprentices accordingly	Legislative changes to the use of the title Apprentice will be adhered to (Enterprise Bill 2015/16).
8. Base Pay	A small number of cases were identified, across the factors of grade, age, race and disability	Recommended that these cases be investigated further	Medium	Identify if substantive reasons exist for the differences and adjust if necessary	Investigation and action to be agreed in 2016

This information is issued by
Essex County Council, Corporate and Customer Services.

You can contact us in the following ways:

By email:

equalities@essex.gov.uk

Visit our website:

essex.gov.uk

By telephone:

0845 743 0430

By post:

**Essex County Council, Corporate and Customer Services
County Hall, Chelmsford, Essex CM1 1QH**

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