



EMPLOYMENT COMMITTEE 22 MAY 2024

EQUAL PAY AUDIT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to inform the Employment Committee of the findings of an Equal Pay Audit which was conducted in April 2024.

Policy Framework and Previous Decisions

2. The Equality Act 2010 (section 149) states that public authorities must comply with the Public Sector Equality Duty which came into force on 5 April 2011. This Duty aims to make sure that public authorities:
 - i. eliminate discrimination, harassment, victimisation;
 - ii. advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - iii. foster good relations between people who share a protected characteristic and those who do not.
3. In order to meet the Public Sector Equality Duty, Leicestershire County Council provides fair pay and reward to Council employees. Completion of an equal pay audit is not mandatory but provides internal reassurance that this aim is being met.

Background

4. An Equal Pay Audit involves comparing pay against a range of staff demographics, which could result in the identification of any equal pay gaps. It includes an explanation of any identified gaps using objective criteria, and how any gaps that cannot be satisfactorily explained on the grounds of work content may be addressed. There is no legal obligation to undertake an equal pay audit, but their completion is seen as being good practice.
5. The Equality and Human Rights Commission (EHRC) recommends that gaps of $\pm 5\%$ or more on basic pay are considered significant and worthy of further investigation. Gaps greater than $\pm 3\%$ but less than $\pm 5\%$ should be reviewed and monitored. Results showing gaps of less than $\pm 3\%$ are

within acceptable levels or the 'margin of tolerance'. It is recommended that actions will be prioritised to address the larger pay gaps, of over $\pm 5\%$.

6. Following data analysis, it is important to identify and understand the causes of any identified gaps. Measures to address pay inequalities need to be considered in the wider context of creating greater equality in the workforce more generally. Implementing equal pay is not a one-off exercise and identified gaps cannot necessarily be addressed quickly; equal pay must be an on-going objective and kept under regular review.

Methodology

7. The scope of the audit included centrally based employees within Leicestershire County Council (including the Eastern Shires Purchasing Organisation) whose salary is based on the Council's main pay grade structure. A total of 4016 posts were assessed in the audit, and for ease of comparison, it did not include those employees who are paid on different salary arrangements, which includes:
 - Leicestershire schools and colleges;
 - Centrally employed teachers;
 - Casual workers.
8. The audit assessed a full twelve months of salary payments that were paid between 1 April 2022 and 31 March 2023 and follows the Equality and Human Rights Commission's five-step model for carrying out equal pay audits:
 - i. Decide the scope of the audit and identify the data needed;
 - ii. Identify where employees are doing equal work, like work, work rated as equivalent, work of equal value;
 - iii. Collect pay data to identify gaps;
 - iv. Establish the cause of pay gaps and decide whether they are free from discrimination;
 - v. Address any pay gaps that are discriminatory.
9. Initial analysis of the data showed that there was enough recorded data to undertake an equal pay audit on sex, ethnicity, age, disability, religion/belief and sexual orientation. However, apart from sex and age, no meaningful conclusions can be made in the remaining areas because of significant under disclosure of several protected characteristics.
10. The introduction of Oracle Recruitment Cloud in April 2023 means that protected characteristic data collected as part of the recruitment process will be added to an employee's record on commencement in post. This

coupled with additional data being manually added from the previous Engage recruitment system will increase disclosure in the future.

11. Data has been excluded where information was incomplete. For example, any posts where payments were made for less than the full twelve-month period, were not considered due to issues of data comparability.

Findings

12. The findings of this audit are as follows:
- i. An examination of basic pay identified a pay gap of 1.9%. This figure demonstrates that there is no direct evidence of sex or age-based pay discrimination in Leicestershire County Council.
 - ii. The Hay Job Evaluation system (which is used across jobs in Leicestershire County Council's main pay grade structure) continues to ensure that there is no significant discrimination in basic pay. This provides significant reassurance that Leicestershire County Council provides fair pay and reward to Council employees.
13. Although preliminary examination of the data may have suggested potential gender-based discrepancies where additional allowances are paid, further analysis identified that the differences in pay related to the nature of the work undertaken and there is no evidence of discrimination.
14. The following tables provide a breakdown of these additional payments, and the gender split within the recipients.

All additional payments and allowances			
Sex	No. of Posts	No. of Posts receiving payments	%of Posts receiving payments
Female	2739	1199	43.77%
Male	1127	917	81.36%
Total	3508	2116	60.32%

Sex	No. of Post	Additional Hours	% of Posts	Night Shift Payments	% of Posts	Stand-By Payments	% of Posts
Female	2739	239	8.2%	8	0.29%	48	1.75%
Male	1127	145	12.86%	34	3.01%	14	1.24%

Sex	No. of Post	Honoraria	% of Posts	Other Allowances Eg first aid, pay protection	% of Posts	Market premia	% of Posts
Female	2739	46	1.68%	910	33.22%	187	6.83%
Male	1127	17	1.58%	505	44.81%	202	17.92

15. Payment of other additional allowances will continue to be monitored to ensure that they remain appropriate.
16. The results of the equal pay audit present reassurance that through the HAY job evaluation system, Leicestershire County Council continues to provide fair pay to Council employees.

Gender Pay Gap Comparators

17. Further analysis of published Gender Pay Gap data has been conducted, following the discussion at Employment Committee in February 2023.
18. The table below provides comparator data across local county councils and Leicester City Council. Nottinghamshire County Council and Derbyshire County Council deliver an in-house home care service and so are directly comparable with Leicestershire County Council. The results indicate that there is a correlation between the high percentage of women in the lower pay quartiles and a higher mean and median gender pay gap. Where the percentage is more equal, as at Leicester City the Gender Pay Gap is reduced or eliminated.

	Leicestershire County Council (over 5K employees)	Leicester City Council (over 5K employees)	Warwickshire County Council* (1K to 5K employees)	Nottinghamshire County Council (over 5K employees)	Derbyshire County Council* (over 5K employees)
Mean	9% lower than Males	1.2% higher than Males	0.4% lower than Males	6.8% lower than Males	11% lower than Males
Median	9% lower than Males	0.2% higher than Males	2.5% lower than Males	8.8% lower than Males	16% lower than Males

Lower quartile	17% Male 83% Female	45% Male 55% Female	29% Male 71% Female	16% Male 84% Female	11% Male 89% Female
Lower middle quartile	28% Male 72% Female	46% Male 54% Female	30% Male 70% Female	21% Male 79% Female	18% Male 82% Female
Upper middle quartile	26% Male 74% Female	46% Male 54% Female	34% Male 66% Female	23% Male 77% Female	28% Male 72% Female
Upper quartile	31% Male 69% Female	42% Male 58% Female	32% Male 68% Female	25% Male 75% Female	30% Male 70% Female

*Also reported use of bonus.

Future Actions

19. Whilst these results are positive, several actions will still be undertaken to ensure that this good practice is continued. These include:
 - i. To reduce the high percentage of additional payments as a percentage of pay point salary, the high volume of additional hours payments should be addressed. Managers should ensure that the appropriate contract and contracted hours are provided to employees to meet service demand. In addition, managers with responsibility for awarding other additional pay elements need to be reminded of the potential for equal pay liability.
 - ii. Allowances need to continue to be reviewed to ensure consistency of application across the County Council.
 - iii. Additional payments such as honoraria and market premia payments should continue to be reviewed regularly to ensure that such payments are still justified.
 - iv. A review of this equal pay audit will be completed within three years, with the results again being shared with Employment Committee.

Recommendations

20. Employment Committee is asked to note:

- a) the findings of the Equal Pay Audit, particularly that the current job evaluation system (HAY) continues to ensure that pay is determined on an equal basis;
- b) that additional payments such as honoraria and premia payments will continue to be reviewed regularly to ensure that such payments are still justified and do not discriminate;
- c) Comparator data in respect of the Gender Pay Gap

Background Papers

Equality Act 2010:

<https://www.legislation.gov.uk/ukpga/2010/15/contents>

Public Sector Equality Duty

<https://www.gov.uk/government/publications/public-sector-equality-duty>

Gender Pay Gap, Employment Committee 2 February 2023:

<https://democracy.leics.gov.uk/documents/s174561/Gender%20Pay%20Gap%20-%20Employment%20Committee%20020223.pdf>

Circulation under the Local Issues Alert Procedure 15

- 21. None.

Equality Implications

- 22. The Gender Pay Gap analysis has not identified any specific concerns, given the nature and profile of the workforce. Each department within Leicestershire County Council has also completed Equality and Human Rights Impact Assessments (EHRIA's) at least once since 2014-2015. Results from these have also not highlighted any specific concerns and there are therefore no equality implications arising from the recommendations in this report.

Human Rights Implications

- 20. There are no human rights implications arising from the recommendations in this report.

List of Appendices

Equal Pay Audit 2023

Officer(s) to Contact

Sarah Short
HR Service Manager
Tel: 0116 3057380

Email: sarah.short@leics.gov.uk

Gordon McFarlane
Assistant Director (Corporate Services)
Tel: 0116 3056123
Email: gordon.mcfarlane@leics.gov.uk

This page is intentionally left blank