



EMPLOYMENT COMMITTEE: 4 FEBRUARY 2021

EQUAL PAY AUDIT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of 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 October 2020.

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 considered to be 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 4,755 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;
 - Soulbury pay scales;
 - Apprentices;
 - Casual Workers.

8. The audit assessed a full twelve months of salary payments that were paid between 1 April 2019 and 31 March 2020 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.

8. 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, with the exception of sex and age, no meaningful conclusions can be made in the remaining areas because of significant under disclosure of several protected characteristics. Further work as part of the introduction of Oracle Fusion will take place to remind employees the importance of self-disclosure.

9. 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

10. The findings of this audit are as follows:
 - i. Our examination of basic pay identified a pay gap of -0.104%. This figure therefore 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.

11. Preliminary examination of the data however suggested that there may be gender based discrepancies where additional allowances are paid. Further examination showed that these discrepancies are related to particular job roles where there is a disproportionate gender representation. For example, payments for additional hours in Waste Operations and Highways where a large majority of staff are male. As these post holders' genders are not equally balanced, they therefore do **not** demonstrate discrimination.
12. The following table provides a breakdown of these additional payments, and the gender split within the recipients.

Type of additional payment		Female	Male	Total
Additional Hours	No. receiving payment	827	480	1307
	% of posts	24.12%	36.20%	27.48%
Night Shift	No. receiving payment	47	68	115
	% of posts	1.37%	5.13%	2.42%
Stand-by	No. receiving payment	39	95	134
	% of posts	1.14%	7.16%	2.82%
Honoraria	No. receiving payment	35	22	57
	% of posts	1.02%	1.66%	1.20%
Other allowances (e.g. market premia, first aid, pay protection)	No. receiving payment	386	234	620
	% of posts	11.26%	17.65%	13.04%

13. Since the results of this audit, a new policy has been created with regards to standby payments, which will help ensure that there no inconsistencies in remuneration for these situations. Payment of other additional allowances will continue to be monitored to ensure that they remain appropriate.

Conclusion

14. 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.

Future Actions

15. Whilst these results are extremely positive, several actions will still be undertaken to ensure that this good practice is continued. These include:
- i. A reminder to employees over the importance of self-disclosure will be undertaken at the launch of the new Oracle Fusion system; and

- ii. A review of this equal pay audit will be completed within 3 years, with the results again being shared with Employment Committee.

Recommendations

16. The 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; and
 - c) that a further report on equal pay will be presented to the Employment Committee within 3 years.

Background papers

17. None.

Circulation under the Local Issues Alert Procedure

18. None.

Equality and Human Rights Implications

19. There are no equality and human rights implications arising from this report.

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