



Report to: Employment Committee - 8 June 2012

Subject: Equal Pay Audit

Report by: Head of Human Resources

1. Purpose

To present the outcomes of the Equal Pay Audit 2011/12, ensuring the Council can fulfil its statutory obligations in respect of equal pay for its employees, and deliver its corporate commitment to equalities.

2. Recommendations

It is recommended that Members:

- 2.1 Note the key findings of the Equal Pay Audit 2011/12.
- 2.2 Agree the recommendations set out within the Equal Pay Audit report.

3. Background

3.1 The National Context

- 3.1.1 The Equality Act came into force on the 1 October 2010. The Act gives women and men a right to equal pay (and other terms and conditions) for equal work. It replaces previous legislation, including the Equal Pay Act 1970 and the Sex Discrimination Act 1975, and the equality provisions in the Pensions Act 1995. Under the Equality Act 2010, pay systems may also be open to challenge on grounds of race, age or other protected characteristics
- 3.1.2 Nationally, the full-time gender pay gap has narrowed since 1975 when legislation on equal pay first came into force, but there remains a gap of 14.9% between women's and men's mean average full-time pay (Office for National Statistics Annual Survey of Hours and Earnings 2011). Historically women have often been paid less than men for doing the same or equivalent work and in some cases this inequality has persisted. The Equality Act provisions on equal pay and sex discrimination are intended to ensure that pay and other employment terms are determined without sex discrimination or bias.
- 3.1.3 Employers in the public sector are subject to the gender equality duty in respect of their functions. They must have due regard to the need to eliminate discrimination and promote equality, and all listed authorities, including all councils in England, have a particular duty in relation to reducing gender pay inequality.

3.1.4 Under the 1997 National Joint Council (NJC) Single Status Agreement, councils undertook to review their pay and grading structures. A key driver for the agreement was the need to address equal pay. The Single Status Agreement aimed to bring together into a single structure the pay structures of manual workers and white collar local government officers. The 2004 NJC National Pay Agreement required local authorities to undertake and implement a local pay review (for all staff other than teachers) and set out timescales to achieve this.

3.2 The Local Context

3.2.1 Following the National Pay Agreement, Portsmouth City Council began negotiations with unions to conduct a Local Pay Review which was completed in 2009. As part of this review, a Local Pay and Conditions Document was developed setting out the Council's policy framework on local pay and conditions.

3.2.2 During the Local Pay Review all job types in the city council were evaluated using the JESS (Job Evaluation Support System) job evaluation scheme, and jobs were placed in the band which contained their job's evaluation score. The JESS scheme continues to be used to evaluate all new or amended posts.

3.2.3 The Council's Equality and Diversity Strategy 2010-13 recognises the statutory requirements on public sector bodies in relation to their roles as employers. The completion of an Equal Pay Audit was included as an objective within the Council's Single Equality Scheme Action Plan.

4. Implementation

4.1 Methodology

4.1.1 The Equality and Human Rights Commission (EHRC) recommends that all employers regularly review and monitor their pay practices, although this is not a formal legal requirement. The EHRC Statutory Code of Practice on Equal Pay suggests that equal pay audits may be the most effective means of ensuring that a pay system delivers equal pay. The Commission has also produced an Equal Pay Audit Toolkit to provide guidance for employers in carrying out an equal pay audit.

4.1.2 Portsmouth City Council has not previously carried out an equal pay audit. The EHRC Equal Pay Audit Toolkit has been used to guide the process and the methodology used to carry out the Audit. Guidance for use in undertaking an in-house Equal Pay Audit will be produced to support the implementation of audits in future years.

4.2 Scope

4.2.1 The Scope of the Equal Pay Audit 2011/12 has included:

- An analysis of pay across all PCC employees, including those working in schools (excluding teachers). The analysis has not included casual or agency staff.
- Comparing the average basic pay and total gross pay of men and women in each pay band (i.e. assessed as doing 'equal work').
- Where any significant pay gaps were identified, undertaking further analysis to identify the causes of the pay gaps.
- An overview assessment of the Council's pay policies and job evaluation scheme.
- Making recommendations on further actions needed.

4.2.2 The Equal Pay Audit 2011 has not included analysis of pay across other protected groups where comprehensive data is currently unavailable, for example in terms of ethnicity and disabilities. The information currently available across these diversity strands is not adequate for the purposes of carrying out an audit.

5. Key Findings and Recommendations

5.1 The key findings are set out in the Equal Pay Audit Report and a summary of recommendations is provided on page 13 of the report.

6. Conclusion

6.1 The Equal Pay Audit has analysed basic pay and has not identified any significant pay gaps between the average pay of males and female employees in each band. The analysis of total gross pay has identified significant pay gaps in four of the Council's pay bands. The causes of the pay gaps have been investigated and in each case the pay gaps have been found to be for justifiable reasons and not due to inequalities. The Council's job evaluation scheme has been checked against the EHRC checklists and the responses indicate that the scheme is at low risk of being discriminatory.

6.3 Through the implementation of the Local Pay Review, Portsmouth City Council has significantly reduced the risks of pay inequalities by introducing a single salary band structure and developing a new model of allowances. The Council can continue to ensure the principles of equal pay are met by endorsing and implementing the recommendations set out in the Equal Pay Audit report.